



德成控股有限公司

TEK SENG HOLDINGS BERHAD 200201011909  
(579572-M)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As At</b>	<b>As At</b>
	<b>31.12.21</b>	<b>31.12.20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	80,685	59,066
Right-of-use assets	5,963	5,765
Investment properties	115,236	118,306
	<u>201,884</u>	<u>183,137</u>
<b>Current assets</b>		
Inventories	31,062	29,065
Trade receivables	28,502	30,524
Other receivables, deposits and prepayments	1,797	1,550
Current tax assets	1,499	140
Cash and bank balances	47,116	63,322
	<u>109,976</u>	<u>124,601</u>
<b>TOTAL ASSETS</b>	<u>311,860</u>	<u>307,738</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	115,002	115,002
Retained earnings	105,176	100,222
	<u>220,178</u>	<u>215,224</u>
Non-controlling interests	40,439	41,132
<b>Total equity</b>	<u>260,617</u>	<u>256,356</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	19,875	19,970
Lease liabilities	281	91
Deferred tax liabilities	4,757	4,662
	<u>24,913</u>	<u>24,723</u>
<b>Current liabilities</b>		
Trade payables	5,043	4,648
Other payables	17,839	19,644
Borrowings	1,808	0
Lease liabilities	307	176
Current tax liabilities	1,333	2,191
	<u>26,330</u>	<u>26,659</u>
<b>Total liabilities</b>	<u>51,243</u>	<u>51,382</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>311,860</u>	<u>307,738</u>
Net Assets per Share (RM)	0.61	0.60
Net Assets (RM'000)	220,178	215,224

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2021

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.21	31.12.20	31.12.21	31.12.20
	RM'000	RM'000	RM'000	RM'000
Revenue	45,843	48,517	181,142	191,093
Cost of sales	(35,835)	(35,038)	(142,389)	(144,824)
<b>Gross profit</b>	<u>10,008</u>	<u>13,479</u>	<u>38,753</u>	<u>46,269</u>
Other operating income	3,222	4,193	13,888	14,845
Operating expenses	(6,335)	(7,828)	(27,019)	(25,690)
Finance costs	(140)	(172)	(499)	(706)
<b>Profit before tax</b>	<u>6,755</u>	<u>9,672</u>	<u>25,123</u>	<u>34,718</u>
Tax expense	(1,696)	(1,490)	(6,139)	(7,801)
<b>Profit for the period</b>	<u>5,059</u>	<u>8,182</u>	<u>18,984</u>	<u>26,917</u>
<b>Other comprehensive income, net of tax</b>	0	0	0	0
<b>Total comprehensive income for the period</b>	<u>5,059</u>	<u>8,182</u>	<u>18,984</u>	<u>26,917</u>
<b>Profit / (Loss) for the period attributable to:</b>				
- Owners of the parent	4,822	8,164	18,469	27,413
- Non-controlling interests	<u>237</u>	<u>18</u>	<u>515</u>	<u>(496)</u>
<b>Total comprehensive income / (loss) for the period attributable to:</b>				
- Owners of the parent	4,822	8,164	18,469	27,413
- Non-controlling interests	<u>237</u>	<u>18</u>	<u>515</u>	<u>(496)</u>
<b>Earnings per ordinary share attributable equity holders of the Company:</b>				
Basic and diluted earnings per share (sen)	<u>1.35</u>	<u>2.28</u>	<u>5.15</u>	<u>7.65</u>

(The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2021**

	Share Capital RM'000	<u>Distributable</u> Retained Earnings RM'000	Total Attributable To Owners of The Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
As at 1 January 2020	112,137	74,443	186,580	43,858	230,438
Profit / (Loss) for the financial period	0	27,413	27,413	(496)	26,917
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income / (loss) for the period	0	27,413	27,413	(496)	26,917
<b>Transactions with owners</b>					
Issuance of ordinary shares - exercise of warrants	2,865	0	2,865	0	2,865
Acquisition of shares from non-controlling interests	0	(1,634)	(1,634)	(2,230)	(3,864)
Total transactions with owners	2,865	(1,634)	1,231	(2,230)	(999)
As at 31 December 2020	<u>115,002</u>	<u>100,222</u>	<u>215,224</u>	<u>41,132</u>	<u>256,356</u>
As at 1 January 2021	115,002	100,222	215,224	41,132	256,356
Profit for the financial period	0	18,469	18,469	515	18,984
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income for the period	0	18,469	18,469	515	18,984
<b>Transactions with owners</b>					
Acquisition of shares from non-controlling interests	0	(892)	(892)	(1,208)	(2,100)
Dividends	0	(12,623)	(12,623)	0	(12,623)
Total transactions with owners	0	(13,515)	(13,515)	(1,208)	(14,723)
As at 31 December 2021	<u>115,002</u>	<u>105,176</u>	<u>220,178</u>	<u>40,439</u>	<u>260,617</u>

(The Unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2021**

	<b>12 months ended</b>	
	<b>31.12.21</b>	<b>31.12.20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	25,123	34,718
Adjustments for :		
Bad debts written off	18	523
Reversal of impairment losses on receivables	(3)	(363)
Depreciation of property, plant and equipment	7,391	5,583
Depreciation of investment properties	2,648	1,807
Depreciation of right-of-use assets	426	351
Interest expense	499	706
Interest income	(939)	(1,010)
Net unrealised gain on foreign exchange	(36)	(84)
Gain on modification of lease term	(13)	(4)
Impairment losses on property, plant and equipment	62	552
Loss on disposal of investment properties	186	0
Gain on disposal of property, plant and equipment	(58)	(371)
Operating profit before working capital changes	35,304	42,408
(Increase) / Decrease in inventories	(1,997)	2,903
Decrease / (Increase) in trade and other receivables	1,782	(6,297)
(Decrease) / Increase in trade and other payables	(1,449)	23
Cash generated from operations	33,640	39,037
Interest paid	(29)	(11)
Interest received	939	1,010
Tax refunded	0	6
Tax paid	(8,261)	(5,734)
Net cash from operating activities	26,289	34,308
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment properties	237	0
Proceeds from disposal of property, plant and equipment	91	645
Purchase of property, plant and equipment	(29,106)	(5,926)
Accretion of interests in a subsidiary	(2,100)	(3,864)
Net cash used in investing activities	(30,878)	(9,145)
<b>Cash flows from financing activities</b>		
Dividends paid	(12,623)	0
Proceeds from short term bank borrowings	7,188	0
Repayments of short term bank borrowings	(5,380)	0
Repayments of interest on term loans	(545)	(676)
Repayments of lease liabilities	(310)	(203)
Proceeds from issuance of shares pursuant to exercise of warrants	0	2,865
Net cash (used in) / from financing activities	(11,670)	1,986
<b>Net (decrease) / increase in cash and cash equivalents</b>	(16,259)	27,149
<b>Effect of exchange rate changes on cash and cash equivalents</b>	53	83
<b>Cash and cash equivalents at beginning of the financial period</b>	63,322	36,090
<b>Cash and cash equivalents at end of the financial period</b>	47,116	63,322



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2021 (Continued)**

Cash and cash equivalents at the end of the financial period comprise of the following :

	<b>As at 31.12.21 RM'000</b>	<b>As at 31.12.20 RM'000</b>
Cash and bank balances	1,643	4,210
Deposits with licensed banks	45,473	59,112
	<u>47,116</u>	<u>63,322</u>

**Reconciliation of liabilities arising from financing activities**

	<b>Lease liabilities RM'000</b>	<b>Term loans RM'000</b>	<b>Short term bank borrowings RM'000</b>
As at 1 January 2021	267	19,970	0
Cash flows			
- (repayments) / drawdown	(310)	(545)	1,808
Non-cash flows			
- addition of lease liabilities	791	0	0
- unwinding of interest	20	450	0
- effect of modification of lease term	(180)	0	0
As at 31 December 2021	<u>588</u>	<u>19,875</u>	<u>1,808</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards ('MFRS') No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2020.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest rate Benchmark Reform - Phase 2*  
Amendment to MFRS 16 *Leases Covid-19-Related Rent Concessions beyond 30 June 2021*

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS 17 *Insurance Contracts*  
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*  
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*  
Annual Improvements to MFRS Standards 2018 - 2020  
Amendments to MFRS 3 *Reference to the Conceptual Framework*  
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*  
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*  
Amendments to MFRS 17 *Insurance Contracts*  
Amendments to MFRS 101 *Presentation of Financial Statements*  
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*  
Amendments to MFRS 112 *Income Taxes*

**A2. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

**A3. Seasonal and Cyclical factors**

Other than solar segment, the Group's products are subject to some seasonality whereby will be peaks before the major festivals such as Hari Raya, Christmas day, New Year and Chinese New Year.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows because of their nature, size, or incidence for the current quarter under review and financial year to date.

**A5. Material Changes in Estimates**

There were no other changes in accounting estimates of amounts reported in prior interim periods or the current financial period or changes in estimates of amounts reported in prior financial years.

**A6. Issuances and repayment of debt and equity securities**

For the financial year to date, there was no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

**A7. Dividends paid**

A single tier interim dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2021 has been paid on 15 April 2021.

A single tier second interim dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2021 and interim dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020 has been paid on 06 August 2021.

A single tier third interim dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2021 has been paid on 27 December 2021.

**A8. Other Operating Income**

	Current Quarter 31.12.2021 RM'000	12 months Cumulative 31.12.2021 RM'000
Interest income	206	939
Gain on disposal of property, plant and equipment	7	58
Foreign exchange gain	0	279
Rental income	1,792	6,815
Other income	1,217	5,797
Total other operating income	<u>3,222</u>	<u>13,888</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

	Current Quarter 31.12.2021 RM'000	12 months Cumulative 31.12.2021 RM'000
Depreciation of property, plant and equipment	421	1,741
Depreciation of investment properties	662	2,648
Salaries, allowances and bonus	2,215	8,469
Transportation	2,155	8,397
Water and electricity	8	345
General repairs and maintenance	332	1,461
Loss on disposal of investment properties	0	186
Depreciation of right-of-use assets	89	331
Impairment losses on property, plant and equipment	62	62
Others	391	3,379
Total operating expenses	<u>6,335</u>	<u>27,019</u>

A10. Finance costs

	Current Quarter 31.12.2021 RM'000	12 months Cumulative 31.12.2021 RM'000
Interest on term loans	121	450
Interest on lease liabilities	8	20
Interest on bank overdraft	0	13
Others	11	16
Total finance costs	<u>140</u>	<u>499</u>

A11. Segmental Reporting

The Group is principally involved in investment holding and its subsidiaries are principally engaged in manufacturing and trading of Polyvinyl Chloride ('PVC') related products and Polypropylene ('PP') Non-Woven, trading of Solar Cell products and generate and supply the renewable energy.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies.

The reportable segments are summarised as follows:

- (i) PVC  
Manufacturing and trading of PVC Sheeting, PP Non-Woven, PP Transparent and Translucent Sheet, PVC Leather related products for industrial and consumer use.
- (ii) Solar  
Trading of Solar Cell products and Generate and supply the renewable energy.

	PVC RM'000	Solar RM'000	Group RM'000
<b>1 October 2021 to 31 December 2021</b>			
<b>Revenue</b>			
Total revenue	56,751	429	57,180
Elimination	(11,337)	0	(11,337)
Revenue from external customers	<u>45,414</u>	<u>429</u>	<u>45,843</u>
<b>Results</b>			
Segment results	4,731	(1,058)	3,673
Other operating income	1,488	1,734	3,222
Finance costs	(19)	(121)	(140)
Profit before tax	6,200	555	6,755
Income tax expense	(1,696)	0	(1,696)
Profit for the period	<u>4,504</u>	<u>555</u>	<u>5,059</u>
<b>1 October 2020 to 31 December 2020</b>			
<b>Revenue</b>			
Total revenue	61,956	406	62,362
Elimination	(13,845)	0	(13,845)
Revenue from external customers	<u>48,111</u>	<u>406</u>	<u>48,517</u>
<b>Results</b>			
Segment results	7,237	(1,586)	5,651
Other operating income	2,436	1,757	4,193
Finance costs	(6)	(166)	(172)
Profit before tax	9,667	5	9,672
Income tax expense	(1,490)	0	(1,490)
Profit for the period	<u>8,177</u>	<u>5</u>	<u>8,182</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting (continued)

	<u>PVC</u> RM'000	<u>Solar</u> RM'000	<u>Group</u> RM'000
<b>1 January 2021 to 31 December 2021</b>			
<b>Revenue</b>			
Total revenue	223,338	1,843	225,181
Elimination	(44,039)	0	(44,039)
Revenue from external customers	<u>179,299</u>	<u>1,843</u>	<u>181,142</u>
<b>Results</b>			
Segment results	16,794	(5,060)	11,734
Other operating income	7,170	6,718	13,888
Finance costs	(49)	(450)	(499)
Profit before tax	<u>23,915</u>	<u>1,208</u>	<u>25,123</u>
Income tax expense	(6,139)	0	(6,139)
Profit for the period	<u>17,776</u>	<u>1,208</u>	<u>18,984</u>
<b>Assets</b>	<u>181,914</u>	<u>129,946</u>	<u>311,860</u>
<b>Liabilities</b>	<u>26,760</u>	<u>24,483</u>	<u>51,243</u>
<b>1 January 2020 to 31 December 2020</b>			
<b>Revenue</b>			
Total revenue	239,693	554	240,247
Elimination	(49,154)	0	(49,154)
Revenue from external customers	<u>190,539</u>	<u>554</u>	<u>191,093</u>
<b>Results</b>			
Segment results	27,373	(6,794)	20,579
Other operating income	8,358	6,487	14,845
Finance costs	(30)	(676)	(706)
Profit / (Loss) before tax	<u>35,701</u>	<u>(983)</u>	<u>34,718</u>
Income tax expense	(7,801)	0	(7,801)
Profit / (Loss) for the period	<u>27,900</u>	<u>(983)</u>	<u>26,917</u>
<b>Assets</b>	<u>175,118</u>	<u>132,620</u>	<u>307,738</u>
<b>Liabilities</b>	<u>27,149</u>	<u>24,233</u>	<u>51,382</u>

A12. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment by the Group since the last audited financial statements for the financial year ended 31 December 2020.

A13. Subsequent Events

There were no material events between the end of the reporting quarter and the date of this announcement.

A14. Changes In The Composition of The Group

As at 04 January 2021, TS Solartech, was a 56.07% owned subsidiary of TSHB. On 05 January 2021, pursuant to the ordinary shares purchased from non-controlling interest of TS Solartech, TSHB's equity interest in TS Solartech had been increased to 57.36% and whereas non-controlling shareholders' shareholdings had been reduced from 43.93% to 42.64%. TS Solartech does not have any subsidiary or associate company.

A15. Contingent Liabilities

	<b>31.12.2021</b> RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	23,660
Unsecured corporate guarantees given to suppliers of subsidiaries	4,176
	<u>27,836</u>

A16. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment for the interim financial statements as at 31 December 2021.





**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1. Review of Performance**

**Table 1 : Financial Review for current quarter and financial period to date**

	Current Quarter 3 months ended		Changes + / -		Cumulative Quarter 12 months ended		Changes + / -	
	31.12.21 RM'000	31.12.20 RM'000			31.12.21 RM'000	31.12.20 RM'000		
			RM'000	%	RM'000	%		
Revenue	45,843	48,517	(2,674)	(5.51)	181,142	191,093	(9,951)	(5.21)
Gross profit	10,008	13,479	(3,471)	(25.75)	38,753	46,269	(7,516)	(16.24)
Profit before interest and tax	6,689	9,628	(2,939)	(30.53)	24,683	34,414	(9,731)	(28.28)
Profit before tax	6,755	9,672	(2,917)	(30.16)	25,123	34,718	(9,595)	(27.64)
Profit for the period	5,059	8,182	(3,123)	(38.17)	18,984	26,917	(7,933)	(29.47)
Profit attributable to owners of the parent	4,822	8,164	(3,342)	(40.94)	18,469	27,413	(8,944)	(32.63)

**a) Current Year-to date vs. Previous Year-to-date**

For the period ended 31 December 2021, the Group recorded a revenue of RM181.1 million while profit before tax was recorded at RM25.1 million. The major contributor of the Group's revenue was from PVC segment for the period ended 31 December 2021. When compared to corresponding period of 31 December 2020, the revenue was recorded at RM191.1 million while profit before tax was recorded at RM34.7 million.

Performance of the respective operating business segments for the period ended 31 December 2021 as compared to the previous year corresponding period is analysed as follows:-

1) PVC - The decrease in profit before tax by RM11.8 million from RM35.7 million to RM23.9 million was mainly due to lower revenue resulted from implementation of the FMCO and NRP Phase 1 and 2, where operation for non essential products was not allowed to operate. But, as vaccinations and recovery took place, PVC sheets demand had been steadily increasing during the financial period of 2021. PVC segment had contributed significantly especially from the household, furniture as well as the stationery supplies industry. PVC segment had endured a strong rebound since the turn of the year due to the reopening of economics sectors globally. PP Non-woven demand had been steady and consistent, mainly by Personal Protective Equipments sector followed by household industrial products.

2) Solar - The increase in profit before tax by RM2.2 million from loss before tax RM1.0 million to profit before tax RM1.2 million was mainly due to increase of revenue and other operating income and lower impairment loss of property, plant and equipment during the financial period.

**b) Current Quarter vs. Previous Year Corresponding Quarter**

For the current quarter, the Group recorded a revenue of RM45.8 million while profit before tax was recorded at RM6.7 million. When compared to corresponding quarter of 31 December 2020, the revenue was recorded at RM48.5 million while profit before tax was recorded at RM9.7 million.

Performance of the respective operating business segments for the current quarter as compared to the previous year corresponding quarter is analysed as follows:-

(1) PVC - The decrease in profit before tax by RM3.5 million from RM9.7 million to RM6.2 million was mainly due to lower revenue and other operating income .

(2) Solar - The increase in profit before tax by RM0.6 million from RM5,000 to profit before tax RM0.6 million was mainly due to increase of revenue and other operating income.

**B2. Variation of Results Against Preceding Quarter**

**Table 2 : Financial Review for current quarter and compared with immediate preceding quarter**

	Current Quarter 01.10.21-31.12.21	Preceding Quarter 01.07.21-30.09.21	Changes	
	RM'000	RM'000	RM'000	%
Revenue	45,843	40,664	5,179	12.74
Gross profit	10,008	7,431	2,577	34.68
Profit before interest and tax	6,689	3,251	3,438	105.75
Profit before tax	6,755	3,489	3,266	93.61
Profit for the period	5,059	2,755	2,304	83.63
Profit attributable to owners of the parent	4,822	2,503	2,319	92.65

The Group revenue increased by RM5.2 million in the current quarter, representing 12.7% increase from RM40.7 million in the preceding quarter due to higher revenue contributed by the PVC segments.

The Group's profit before tax for the current quarter is RM6.7 million compared to profit before tax RM3.5 million as recorded in the preceding quarter. This was mainly due to higher revenue in the 4th quarter of 2021.

**B3. Prospects**

The Board of Directors foresees the performance of the Group for 2022 will be very challenging for its PVC business due to fluctuation in the price of raw materials, unexpected rise of shipping cost and the impact from the fluctuation in foreign currency which was due to the market uncertainty resulted from the progression of the COVID-19 pandemic and uncertainties surrounding the Delta and now Omicron variants that have further dampened the economic activities. The shortage of various raw material has driven the cost of manufacturing to a new high. This unprecedented situation has impacted the global supply chain as the Group purchases are mainly from Taiwan, China and Singapore.

However, the Group will be more cautious in managing our incoming supplies for 2022 and taking cautious approaches to mitigate the exposure by improving its operational efficiency, product quality and product innovation as a positive step forward to sustain the Group's business growth as well as monitoring financial aspect more closely. The Group will also look into exploring new market share globally.

For the industrial land acquired on August 2021, the Group is looking to set up a new warehouse, factory and a worker's dormitory. The Group is also looking to restructure our current manufacturing facilities in order to provide leaner and more efficient way of operation. Currently, the industrial land still subject to approval of amalgamation from Authorities.

As for solar segment, the factory buildings of TS Solartech Sdn. Bhd. had been rented out and the Company continues to generate income from the 1.18 MW solar energy arising from the solar panel installed.



NOTES TO THE INTERIM FINANCIAL REPORT

**B4. Variance of Actual and Forecast Revenue**

Not applicable.

**B5. Income Tax Expense**

	Current Quarter 31.12.21 RM'000	12 months Cumulative 31.12.21 RM'000
<b>Current tax expense</b>		
- current	1,465	6,398
- prior years	(354)	(354)
<b>Deferred tax expense</b>		
- Origination and reversal of temporary differences	585	95
Total tax expense	<u>1,696</u>	<u>6,139</u>

The Group's effective tax rate for the current period differs from the statutory tax rate due to certain expenses which are not deductible for tax purposes.

**B6. Sale of Unquoted Investments and/or Properties**

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.

**B7. Status of Corporate Proposal**

There were no corporate proposals announced as at the date of issue of this interim financial report.

**B8. Trade Receivables**

	At end of current financial quarter 31.12.2021 RM'000	At end of previous financial year 31.12.2020 RM'000
Trade receivables	29,097	31,122
Less : Impairment losses	(595)	(598)
	<u>28,502</u>	<u>30,524</u>

The trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days terms.

a) Ageing analysis of trade receivables of the Group is as follows:

	At end of current financial quarter 31.12.2021 RM'000	At end of previous financial year 31.12.2020 RM'000
Not past due	16,848	21,664
Past due		
1 to 30 days	9,266	6,702
31 to 60 days	1,733	1,591
61 to 90 days	774	896
More than 91 days	476	269
	<u>12,249</u>	<u>9,458</u>
Impairment	29,097	31,122
	(595)	(598)
	<u>28,502</u>	<u>30,524</u>

b) The Group assesses the impairment on trade receivable based on expected credit loss model.

**B9. Related party disclosures**

i) Identity of related party

- The Company has controlling related party relationship with its direct subsidiaries.

ii) The Group had no transaction with related party during the financial period.

**B10. Group Borrowings**

The Group's borrowings as at the end of the reporting quarter were as follows:

	As at 31.12.2021		
	Short term RM'000	Long term RM'000	Total RM'000
<b>Secured</b>			
Term loans	0	19,875	19,875
	<u>0</u>	<u>19,875</u>	<u>19,875</u>
<b>Unsecured</b>			
Foreign currency trust receipt	1,808	0	1,808
	<u>1,808</u>	<u>0</u>	<u>1,808</u>



NOTES TO THE INTERIM FINANCIAL REPORT

**B11. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B12. Material Litigation**

The Group is not engaged in any material litigation as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B13. Earnings Per Share**

**(a) Basic Earnings Per Share**

The basic earnings per share for the current financial quarter and current financial year-to-date had been calculated by dividing the Group's profit for the period attributable to equity holders of the Company by the weighted average number of shares in issue.

	<b>Individual Current Quarter 31.12.21</b>	<b>12 Months Cumulative To Date 31.12.21</b>
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	<u>4,822</u>	<u>18,469</u>
Weighted average number of ordinary shares in issue ('000)	<u>358,450</u>	<u>358,450</u>
<b>Basic Earnings Per Share based on weighted average number of ordinary shares in issue (sen)</b>	<b><u>1.35</u></b>	<b><u>5.15</u></b>

**(b) Diluted Earnings Per Share**

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any potential dilutive ordinary shares in issue.

**B14. Provision of Financial Assistance**

There has been no additional financial assistance provided pursuant to Paragraph 8.23 of the Main Market Listing Requirement during the current quarter.

**B15. Reviews By External Auditors**

The Board had engaged the external auditors to review and report on the condensed consolidated financial statements of Tek Seng Holdings Bhd. for the forth quarter ended 31 December 2021 in accordance with International Standard on Review Engagements 2410 (ISRE2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The external auditors reported to the Board that nothing has come to their attention that causes them to believe that the said condensed consolidated financial statements were not presented fairly, in all material respects, in accordance with MFRS134 : Interim Financial Reporting in Malaysia. The report was made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

**By order of the Board**

**TEK SENG HOLDINGS BERHAD**

**LOH KOK BENG**  
**EXECUTIVE CHAIRMAN**  
Dated : 25 February 2022