



**TEK SENG HOLDINGS BERHAD**

Registration No. 200201011909 (579572-M)  
(Incorporated in Malaysia)



**2022**  
ANNUAL REPORT

**GROWING TOWARDS  
GREENER FUTURE**

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## Transforms Challenges Into Opportunities. >

Tek Seng Holdings Berhad cares the challenging times and expands its business into more medical line. Despite into other line of products, we still ensure all of our products and solutions to be the best, satisfying all of our consumers' needs and expectations. We will stand together with our shareholders, employees and consumers, growing further in the international market despite hardships and achieve remarkable results.

# CORPORATE PROFILE



## About Us

Tek Seng Holdings Berhad ("Tek Seng" or "the Company") was incorporated in Malaysia under the Companies Act, 1965 on 10 May 2002 as a private limited company under the name of Tek Seng Holdings Sdn. Bhd. On 16 May 2003, it was converted to a public limited company and assumed its present name. Tek Seng was listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 2 November 2004. On 22 September 2006, Tek Seng was successfully transferred from the Second Board to the Main Board of Bursa Securities.

Tek Seng is an investment holding company and its subsidiaries are principally involved in the manufacturing and trading of PVC related and non-woven related products, trading of solar cell products, generate and supply the renewable energy and letting of properties.

The Group (Tek Seng and its subsidiaries) has a track record of more than 30 years in the PVC industry with the late Loh Phah Seng @ Loh Boon Teik as the original founder until 1989, when Loh Kok Beng, his eldest son took over the management of the business.

# CORPORATE INFORMATION

## Board of Directors.

**Mr. Loh Kok Beng**  
Executive Chairman

**Mr. Loh Kok Cheng**  
Managing Director

**Mr. Loh Eng Chun**  
Executive Director

**Mr. Loh Jia Wooi**  
Executive Director

**Mr. Leow Chan Kiang**  
Independent Non-Executive Director

**Mdm. Tan Soo Mooi**  
Independent Non-Executive Director

**Mr. Loh Chin Phang**  
Independent Non-Executive Director

### Audit & Risk Management Committee

**Mr. Leow Chan Kiang (Chairman)**  
Independent Non-Executive Director

**Mdm. Tan Soo Mooi**  
Independent Non-Executive Director

**Mr. Loh Chin Phang**  
Independent Non-Executive Director

### Remuneration Committee

**Mdm. Tan Soo Mooi (Chairman)**  
Independent Non-Executive Director

**Mr. Leow Chan Kiang**  
Independent Non-Executive Director

**Mr. Loh Chin Phang**  
Independent Non-Executive Director

### Nominating Committee

**Mr. Loh Chin Phang (Chairman)**  
Independent Non-Executive Director

**Mdm. Tan Soo Mooi**  
Independent Non-Executive Director

**Mr. Leow Chan Kiang**  
Independent Non-Executive Director

### Company Secretaries

**Mr. Lee Peng Loon** (MACS 01258)  
SSM PC NO. 201908002340

**Ms. P'ng Chiew Keem** (MAICSA 7026443)  
SSM PC No. 201908002334

### Registered Office

51-21-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah, 10050 George Town, Penang  
Telephone No : (04) 210 8833  
Facsimile No : (04) 210 8831

### Share Registrar

**Plantation Agencies Sdn. Bhd.** 195501000033 (2603-D)  
3<sup>rd</sup> Floor, 2 Lebuhr Pantai  
10300 George Town, Penang  
Telephone No : (04) 262 5333  
Facsimile No : (04) 262 2018  
Email : sharereg@plantationagencies.com.my

### External Auditors

**BDO PLT** (201906000013 (LLP0018825-LCA) & AF 0206)  
Chartered Accountants  
51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah, 10050 George Town, Penang

### Principal Bankers

**Citibank Berhad** 199401011410 (297089-M)  
**Malayan Banking Berhad** 196001000142 (3813-K)  
**Public Bank Bhd** 196501000672 (6463-H)  
**United Overseas Bank (Malaysia) Berhad**  
199301017069 (271809-K)

### Solicitors

**Salina, Lim Kim Chuan & Co.**  
Advocates & Solicitors (Corporate Division)  
9-9 Livingston Tower  
170, Jalan Argyll, 10050 George Town, Penang

**Annual & Foong**  
Advocates & Solicitors  
Level 5, Tamarins House,  
No. 46, Weld Quay 10300 Pulau Pinang

### Stock Exchange Listing

**Bursa Malaysia Securities Berhad**  
Main Market  
Stock Name : TEKSENG  
Stock Code : 7200

# CORPORATE STRUCTURE



**Tek Seng Holdings Berhad**  
200201011909  
(579572-M)



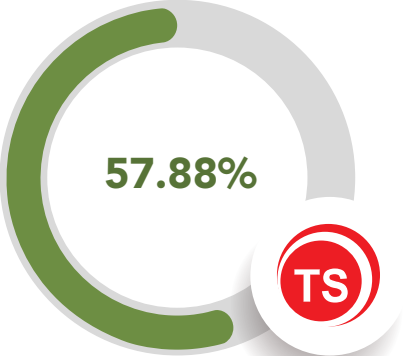
**Tek Seng Sdn. Bhd.**  
197801005836  
(42879-T)



**Wangsaga Industries Sdn. Bhd.**  
199501018381  
(347584-P)



**Pelangi Segi Sdn. Bhd.**  
199101006539  
(216849-M)



**TS Solartech Sdn. Bhd.**  
201001036650  
(920573-K)



**Double Grade Non-Woven  
Industries Sdn. Bhd.**  
199201001940  
(233444-T)

# BOARD OF DIRECTORS

**Mr. Loh Kok Beng**  
Executive Chairman



**Mr. Loh Kok Cheng**  
Managing Director



**Mr. Loh Eng Chun**  
Executive Director



**Mr. Loh Jia Wooi**  
Executive Director



**Mr. Leow Chan Khiang**  
Independent Non-Executive  
Director



**Mdm. Tan Soo Mooi**  
Independent Non-Executive  
Director



**Mr. Loh Chin Phang**  
Independent Non-Executive  
Director



## DIRECTORS' PROFILE



**Mr. Loh Kok Beng**  
Executive Chairman

57 | Malaysian | Male

Mr. Loh Kok Beng was appointed as a Director of Tek Seng on 16 August 2004.

He graduated from Han Chiang High School in 1984 with Sijil Pelajaran Malaysia. After completing his elementary education, he joined the family business whose business activity is trading of PVC based materials. As the Group's Executive Chairman and founder, he has been instrumental in the development, growth and success of the Group. In early 1980s, he started working as sales personnel under the guidance of the late Loh Phah Seng @ Loh Boon Teik, the original founder. Subsequently in 1989, he took over the management of the business and together with his brother, Mr. Loh Kok Cheng, they expanded the Group's trading businesses by establishing Pelangi Segi Sdn. Bhd. and Double Grade Non-Woven Industries Sdn. Bhd..

In 1995, he initiated into the manufacturing of PVC products and set-up Wangsaga Industries Sdn. Bhd.. In 2004, Tek Seng was listed on the Second Board of Bursa Securities and 2 years later Tek Seng was successfully transferred to the Main Board of Bursa Securities. In 2014, the Group ventured into the manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules.

He does not have any other directorships in public companies and listed corporations.

He is the brother of Mr. Loh Kok Cheng, a Director and major shareholder of the Company, father of Mr. Loh Eng Chun, who is also a Director of the Company and uncle of Mr. Loh Jia Wooi, who is also a Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

He had attended all five Board meetings held during the financial year ended 31 December 2022.

Mr. Loh Kok Cheng was appointed as a Director of Tek Seng on 16 August 2004.

He graduated from Chung Ling High School in 1985 with Sijil Pelajaran Malaysia. After completing his elementary education, he joined the family trading business and worked as sales personnel. He is the co-founder of Tek Seng where he had assisted in the development of the Group and accumulated more than 31 years in the PVC industry.

He had travelled to many continents to expand the Group's business as well as exploring new business opportunities. Since year 2000 onwards, the Group had exported its products to more than 50 countries worldwide.

Mr. Loh Kok Cheng is currently responsible in overseeing the overall operations and management of the Group. He is also involved in developing overseas businesses and execution of the Group's strategies.

He does not have any other directorships in public companies and listed corporations.

He is the brother of Mr. Loh Kok Beng, a Director and major shareholder of the Company, father of Mr. Loh Jia Wooi, who is also a Director of the Company and uncle of Mr. Loh Eng Chun, who is also a Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

He had attended all five Board meetings held during the financial year ended 31 December 2022.



**Mr. Loh Kok Cheng**  
Managing Director

56 | Malaysian | Male

# DIRECTORS' PROFILE (Cont'd)



**Mr. Loh Eng Chun**  
Executive Director

32 | Malaysian | Male

Mr. Loh Eng Chun was appointed as a Director of Tek Seng on 13 January 2015.

He graduated from University of Melbourne with a Bachelor of Commerce in Business Management and Marketing.

After completed his tertiary education, he began his career as an executive in a property development company listed on the Main Market of Bursa Securities where he was involved in product positioning strategy, presentations and property sales operation. Subsequently, he joined the property division of another Malaysian public company which is listed since 1964 with diverse business interests ranging from healthcare, automobile, financial services, plantation to property business and development.

Currently, he is attached with Tek Seng Group in which his primary responsibility entails the Public Relations tasks in strategising and implementing revenue enhancement initiatives for the Group's businesses including the Investor Relations functions of the Group. He is also overseeing the sales division in Tek Seng Group.

He does not have any other directorships in public companies and listed corporations.

He is the son of Mr. Loh Kok Beng, a Director and major shareholder of the Company, nephew of Mr. Loh Kok Cheng, a Director and major shareholder of the Company and cousin brother of Mr. Loh Jia Wooi, who is also a Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

He had attended all five Board meetings held during the financial year ended 31 December 2022.

Mr. Loh Jia Wooi was appointed as a Director of Tek Seng on 01 January 2022.

He graduated from University of Edinburgh with a Bachelor of Science in Biological Science.

He has overseas working experience in a global company whereby he was involved in project coordinating, which includes design, develop and test of experiments and presentation of research developments.

Currently, he is responsible in overseeing the sales division in Tek Seng Group. He is involved in developing and implementing sales and marketing strategies and initiatives.

He does not have any other directorships in public companies and listed corporations.

He is the son of Mr. Loh Kok Cheng, a Director and major shareholder of the Company and nephew of Mr. Loh Kok Beng, a Director and major shareholder of the Company and cousin brother of Mr. Loh Eng Chun, who is also a Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

He had attended all five Board meetings held during the financial year ended 31 December 2022.



**Mr. Loh Jia Wooi**  
Executive Director

28 | Malaysian | Male



## DIRECTORS' PROFILE (Cont'd)



### Mr. Leow Chan Kiang

Independent Non-Executive Director  
Chairman of Audit &  
Risk Management Committee  
Member of Remuneration Committee  
Member of Nominating Committee

57 | Malaysian | Male

Mr. Leow Chan Kiang was appointed as a Director of Tek Seng on 01 July 2017.

Leow Chan Kiang is a Chartered Accountant and a member of the MIA and a Fellow member of the Association of Chartered Certified Accountants, United Kingdom ("FCCA"). He also holds a Master Degree in Business Administration from Northern University of Malaysia and a Bachelor Degree in Economics from University of Malaya.

He began his career in 1991 as corporate banking executive in Hong Leong Bank Berhad and resigned in 1996 to join Malaysian International Merchant Bankers Berhad ("MIMB"). In MIMB, he was responsible for various corporate debts and fund raising exercises as well as general advisory works. In 2001, he resigned from his position as an assistant manager of MIMB and joined a local logistic company for a short stint of one year. In 2002, he joined CAB Cakaran Sdn. Bhd. as a director of corporate finance and subsequently in 2003 appointed to the board of CAB Cakaran Corporation Berhad ("CAB") as an executive director where he was responsible for corporate planning, accounting and tax as well as joint ventures matters. In 2007, he resigned from CAB and was subsequently appointed to the board of SLP Resources Berhad as a non-independent non-executive director.

Presently, he is an independent non-executive director of Ni Hsin Resources Berhad, Salutica Berhad and Iconic Worldwide Berhad, all are public companies listed on Bursa Securities. He is also a director and shareholder of few private limited companies involved corporate and financial services, food and confectionery.

He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

He had attended all five Board meetings held during the financial year ended 31 December 2022.

Mdm. Tan Soo Mooi was appointed as a Director of Tek Seng on 01 July 2019.

Mdm. Tan is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA"). She also holds a Bachelor Degree in Accounting (Honour) from University of Malaya.

She started her career as an Auditor from year 1992 to 1994 where she gained her audit experience in auditing of clients of different type of industries ranging in trading, manufacturing and stockbroking. She then switched her career path to commercial industries by joining subsidiary companies of public listed companies as an Accountant from year 1994 to 1998. She subsequently joined a multinational company from year 1998 to 2017 where she first started as Deputy Finance Manager and promoted as Group Financial Controller thereafter. She also sat on the Board of group of companies in Malaysia and Thailand since year 2011. Her job responsibilities in the commercial industries were mainly in the areas of accounting, finance, taxation, internal control, corporate governance, purchasing and administration.

Currently, she sits on the Board of Muar Ban Lee Group Berhad, a Company listed on Bursa Malaysia Securities Berhad as an Independent Non-Executive Director. She is a Director of Sin-Kung Logistics Berhad.

She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

She had attended all five Board meetings held during the financial year ended 31 December 2022.



### Mdm. Tan Soo Mooi

Independent Non-Executive Director  
Chairman of Remuneration Committee  
Member of Audit & Risk Management  
Committee  
Member of Nominating Committee

56 | Malaysian | Female

# DIRECTORS' PROFILE (Cont'd)



**Mr. Loh Chin Phang**

Independent Non-Executive Director  
Chairman of Nominating Committee  
Member of Remuneration Committee  
Member of Audit &  
Risk Management Committee

65 | Malaysian | Male

Mr. Loh Chin Phang was appointed as a Director of Tek Seng on 01 July 2022.

He graduated from Saint Xavier Institution with Malaysia Certificate of Examination (MCE). He started his career as a Team Leader with Public Bank Bhd Internal Audit Division From 1983 to 1991. He continued his career in Public Bank Bhd as Assistant Branch Manager from Year 1991 to 1995 and he was promoted to Branch Manager in the same year until 2021.

His job responsibilities were mainly to oversee the overall branch operations in banking operations, wealth management, credit operations and to comply and adhere to statutory regulations. As the appointed Branch Anti money laundering officer, he has to ensure compliance with Bank Negara Malaysia policies

He does not have any other directorships in public companies and listed corporations.

He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Since his appointment on 01 July 2022, he had attended all the Board meetings held during the financial year ended 31 December 2022.

# KEY SENIOR MANAGERMENTS' PROFILE



## **Mdm. Loh Joo Eng**

Group General Manager

63 | Malaysian | Female

Mdm. Loh Joo Eng graduated from Penang Chinese Girls' High School in 1978 with Malaysia Certificate of Education. She has been with the Group since 1978. She is responsible for the daily operations and procurement of raw materials for the Group. She has more than 37 years of experience in PVC based industry.

She does not have any directorships in public companies and listed corporations.

She is the sister of Mr. Loh Kok Beng and Mr. Loh Kok Cheng, who are the Directors and major shareholders of the Company and aunty of Mr. Loh Eng Chun and Mr. Loh Jia Wooi, the Directors of the Company. She does not have any conflict of interest in any business arrangement involving the Company.

## **Look Fong Lian**

Accountant

47 | Malaysian | Female



Ms. Look Fong Lian obtained her professional accounting qualification from University of Putra Malaysia with a Bachelor of Accountancy in 2001. She has been with the Group since 2003, starting off as an account executive. Over the years, she has been involved in the preparation of group financial statements, review of financial performance, budgeting and taxation. She was appointed to the position of Accountant on 27 February 2006 handling mainly the Group's corporate finance and accounting matters. She is a member of Malaysian Institute of Accountants (MIA).

She does not have any directorships in public companies and listed corporations.

She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.



## **Lim Li Ming**

Deputy General Manager

38 | Malaysian | Female

Ms. Lim Li Ming graduated from Sheffield Hallam University with a Bachelor Degree in Accounting and Finance in 2007 and completed her professional degree (ACCA) in year 2011. She has more than 15 years experience in accounting, auditing and taxation and has experienced in serving at Big Four accounting firm. She was appointed to the position of Deputy General Manager of TS Solartech Sdn. Bhd. on 29 September 2015. Currently, she is assisting General Manager in financial and administrative affairs of the Group.

She does not have any directorships in public companies and listed corporations.

She does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

### **Conviction of Offences**

None of the Directors and key senior management have been convicted for offences within the past 5 years or any public sanction or penalty imposed by the regulatory bodies during the financial year other than traffic offences (if any).

### **Directors' Shareholdings**

The details of the Directors' shareholdings in the Company are set out under the Analysis on Shareholdings in page 103 of this Annual Report.

# FINANCIAL HIGHLIGHTS

|  | 2022<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Revenue  | 182,634        | 181,142        | 191,093        | 172,604        | 184,010        |
| Profit/(Loss) Before Tax                           | 14,587         | 25,123         | 34,718         | (38,690)       | (110,884)      |
| Profit/(Loss) Attributable to Owners of The Parent | 10,165         | 18,469         | 27,413         | (16,254)       | (48,691)       |
| <b>Total Assets</b>                                | <b>316,690</b> | <b>311,970</b> | <b>307,738</b> | <b>280,226</b> | <b>308,740</b> |
| <b>Total Liabilities</b>                           | <b>49,716</b>  | <b>51,353</b>  | <b>51,382</b>  | <b>49,788</b>  | <b>30,970</b>  |
| <b>Shareholders' Funds</b>                         | <b>226,730</b> | <b>220,178</b> | <b>215,224</b> | <b>186,580</b> | <b>203,922</b> |
| <b>Performance Indicators</b>                      |                |                |                |                |                |
| Earnings/(Loss) Per Share (Sen)                    | @2.82          | ^5.12          | *7.65          | ##(4.67)       | ** (13.99)     |
| Dividend Per Share (Sen)                           | 1.00           | 3.00           | 0.5            | 0              | 0              |
| Dividend Per Share (%)                             | 4.00           | 12.00          | 2.00           | 0              | 0              |
| Net Assets Per Share (RM)                          | 0.63           | 0.61           | 0.60           | 0.54           | 0.59           |
| Net Gearing Ratio (Times)                          | 0.09           | 0.10           | 0.09           | 0.11           | 0              |
| Return on Equity (%)                               | 4.62           | 8.62           | 12.51          | (22.90)        | (52.44)        |

@ Based on 360,668,137 weighted average number of ordinary shares as at financial period ended 2022.

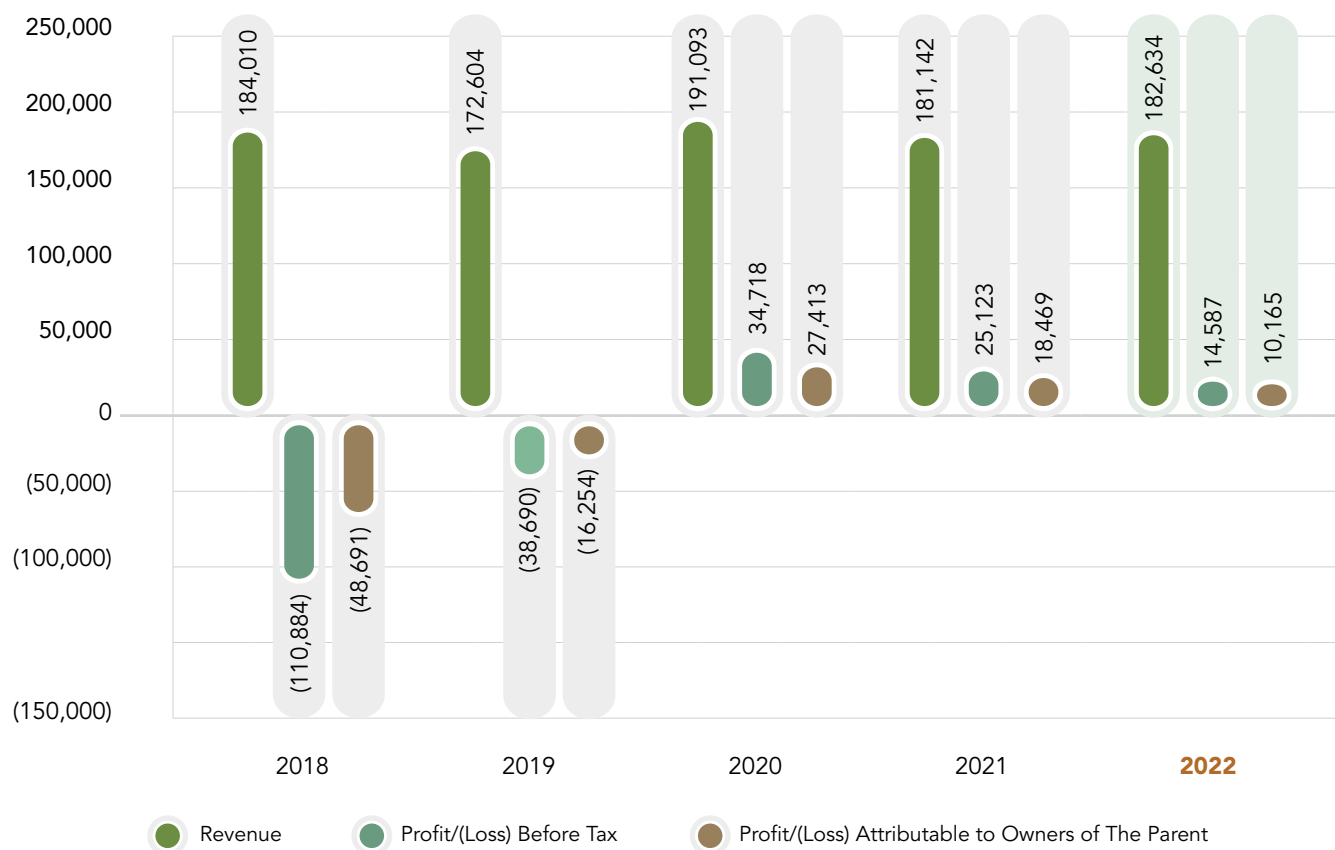
^ Based on 360,668,137 weighted average number of ordinary shares as at financial period ended 2021.

\* Based on 358,449,992 weighted average number of ordinary shares as at financial period ended 2020.

## Based on 348,196,897 weighted average number of ordinary shares as at financial period ended 2019.

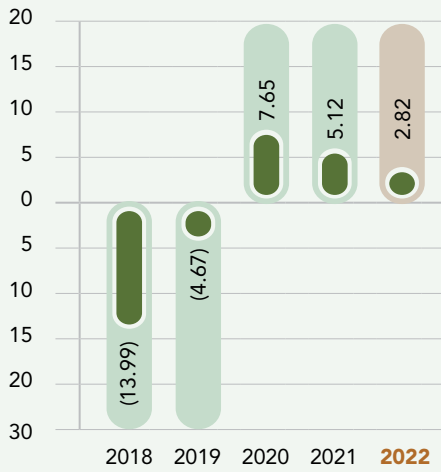
\*\* Based on 348,135,493 weighted average number of ordinary shares as at financial period ended 2018.

## Group Financial Results (RM'000)

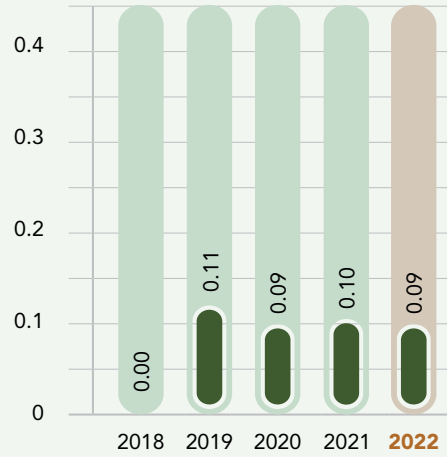


# FINANCIAL HIGHLIGHTS (Cont'd)

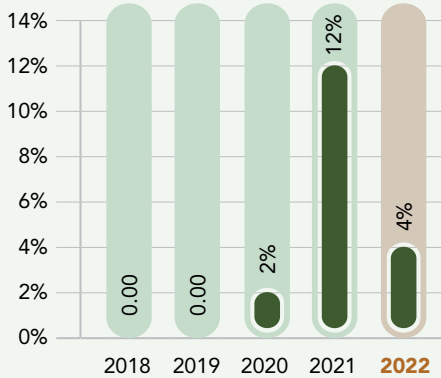
### Earnings/(Loss) Per Share (Sen)



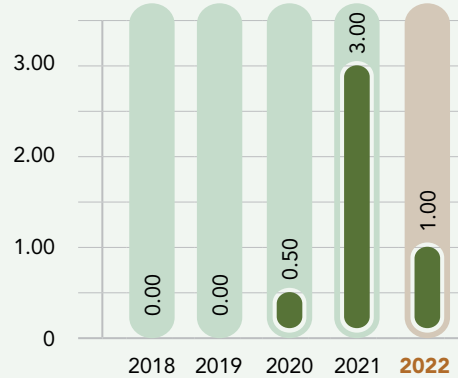
### Net Gearing Ratio (Times)



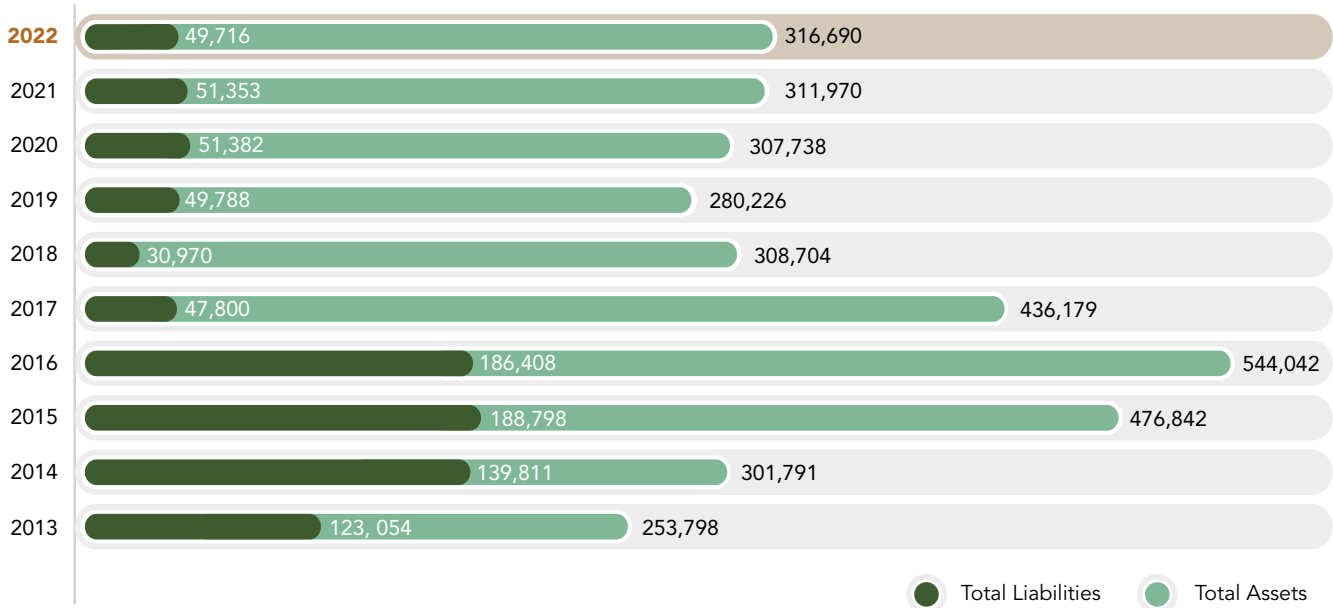
### Percentage of Dividend



### Dividend Per Share (Sen)

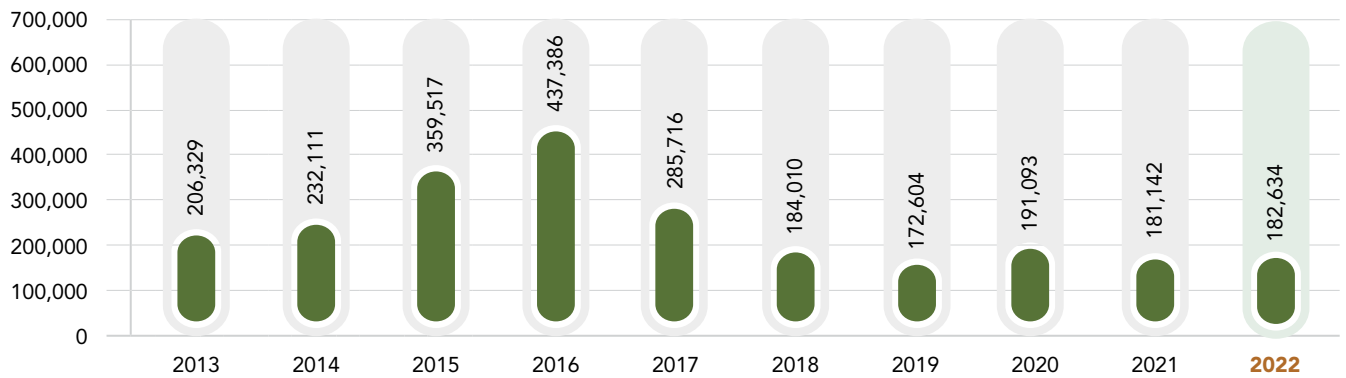


## Group Financial Results (RM'000)

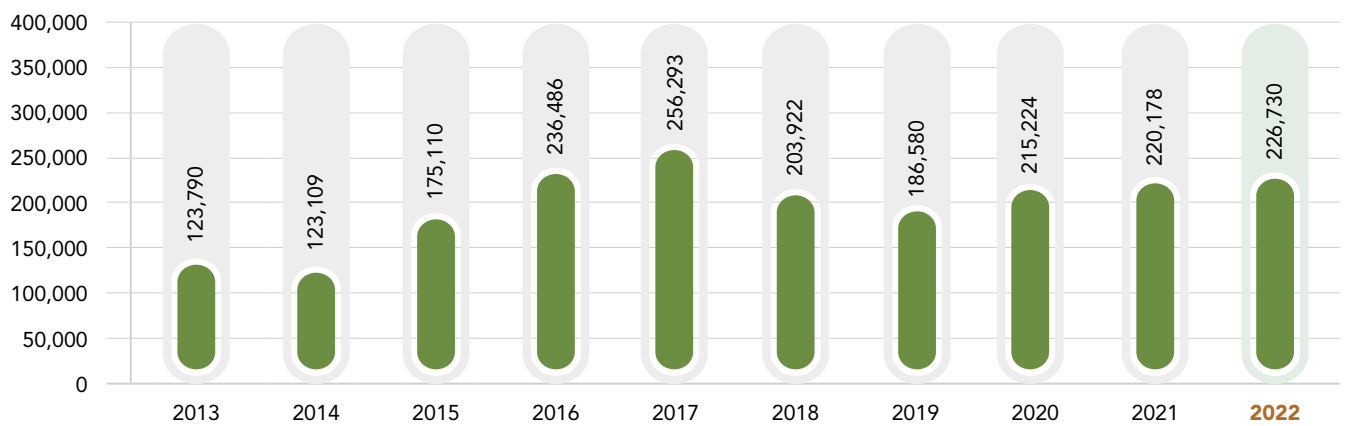


# FINANCIAL HIGHLIGHTS (Cont'd)

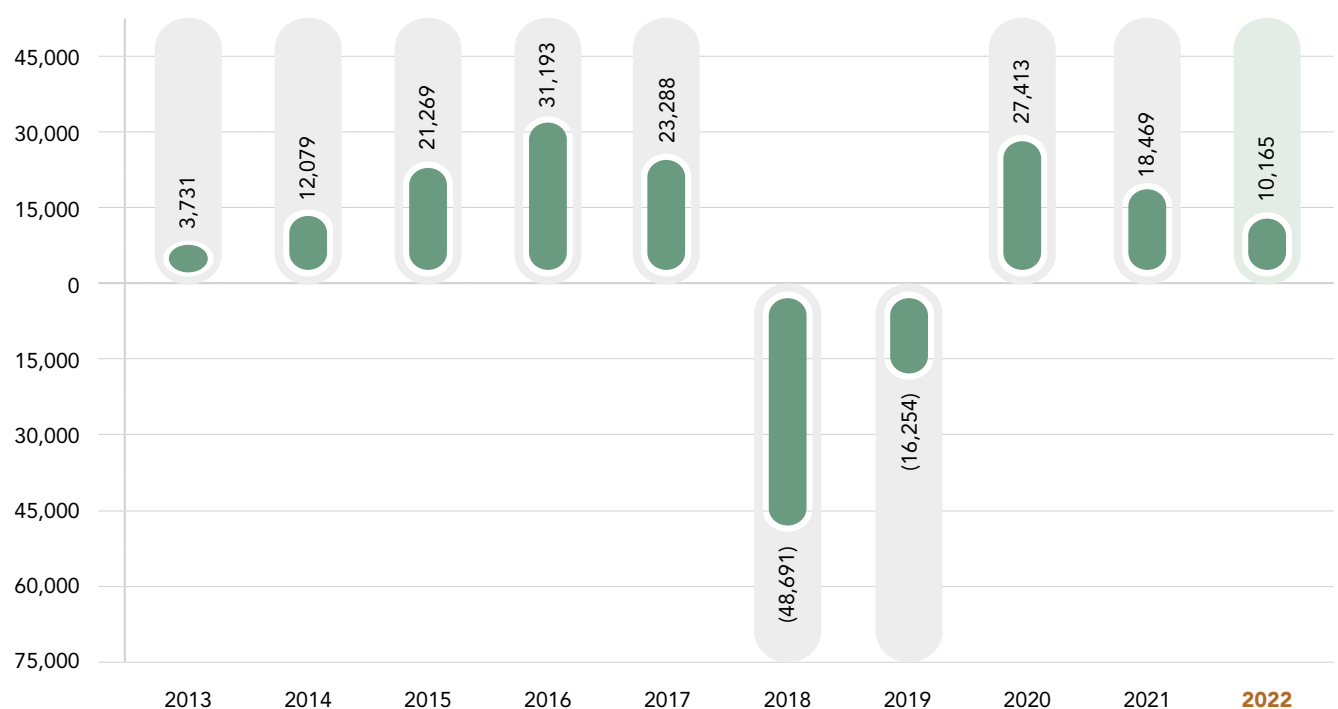
## Revenue (RM'000)



## Shareholders' Funds (RM'000)



## Profit/(Loss) Attributable to Owners of The Parent (RM'000)



# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) provides an analysis of the financial performance of Tek Seng and its subsidiaries for the financial year ended 31 December 2022 (“FYE 2022”). The MD&A contains commentary from the Management on the performance of the Group and of the Company, key business strategies, risks and future prospect of the Group.

The MD&A should be read in conjunction with the audited financial statements of the Group and of the Company in this Annual Report.

## OPERATION AND BUSINESS REVIEW

The Company is an investment holding company. The Group operates through three (3) segments:

- (i) **Polyvinyl Chloride (“PVC”) segment**, which is engaged in manufacturing and trading of PVC sheeting, PolyPropylene (“PP”) Non-Woven, PVC leather related products, Cast Polypropylene sheeting;
- (ii) **Photovoltaic Solar segment** which is engaged in trading of solar cell products and generating and supplying the renewable energy; and
- (iii) **Renting of Properties** which is engaged in rental income from investment properties.

The Group has three (3) manufacturing plants all centrally located at Penang industrial areas. Two (2) manufacturing plants are located at Bukit Minyak Industrial Estate and one (1) plant is located at Penang Science Park.

The Group has more than 30 years of track record in PVC based industry and this serves as a concrete platform for our presence in this industry globally. Our product quality and reputable customer service have also aided us to expand our customer base to more than 450 customers and across different continents. The Group possesses the ability to manufacture PVC sheeting to suit its customers’ product requirements in terms of PVC design and colour. Having over 400 designs and products type, we are looking at more customer-oriented business operations as well as venturing into new PVC product which will be suitable for industrial use and also for the personal hygiene industry. One of our products, PP Non-Woven was gradually expanded to supply products for the hygiene industry.

## FINANCIAL PERFORMANCE

The table below highlights the Group’s key financial performance for FYE 2022:

|                                 | 2022           | 2021    | Changes  |
|---------------------------------|----------------|---------|----------|
| Revenue (RM’000)                | <b>182,634</b> | 181,142 | 1,492    |
| Finance Costs (RM’000)          | <b>527</b>     | 499     | 28       |
| Other Operating Income (RM’000) | <b>8,186</b>   | 13,686  | (5,500)  |
| Gross Profit (RM’000)           | <b>37,074</b>  | 38,753  | (1,679)  |
| Gross Profit Margin (%)         | <b>20.30</b>   | 21.39   | (1.09)   |
| Profit Before Tax (RM’000)      | <b>14,587</b>  | 25,123  | (10,536) |
| Profit Before Tax Margin (%)    | <b>7.99</b>    | 13.87   | (5.88)   |
| Profit After Tax (RM’000)       | <b>10,464</b>  | 18,984  | (8,520)  |
| Profit After Tax Margin (%)     | <b>5.73</b>    | 10.48   | (4.75)   |

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## FINANCIAL PERFORMANCE (CONT'D)

### Revenue

For the FYE 2022, the Group recorded revenue of RM184.93 million, a decrease of RM2.92 million or approximately 1.56% as compared to RM187.85 million in the preceding year ended 31 December 2021 ("FYE 2021"). The Group's sales by segments and markets are summarised as follows:

| Revenue | 2022            |                   |                                      |                   |        | 2021            |                   |                                      |                   |        |
|---------|-----------------|-------------------|--------------------------------------|-------------------|--------|-----------------|-------------------|--------------------------------------|-------------------|--------|
|         | PVC<br>(RM'000) | Solar<br>(RM'000) | Renting of<br>Properties<br>(RM'000) | Total<br>(RM'000) | %      | PVC<br>(RM'000) | Solar<br>(RM'000) | Renting of<br>Properties<br>(RM'000) | Total<br>(RM'000) | %      |
| Export  | 83,794          | 0                 | 0                                    | 83,794            | 45.31  | 74,965          | 0                 | 0                                    | 74,965            | 39.91  |
| Local   | 91,851          | 1,614             | 7,670                                | 101,135           | 54.69  | 104,334         | 1,843             | 1,843                                | 112,884           | 60.09  |
| Total   | 175,645         | 1,614             | 7,670                                | 184,929           | 100.00 | 179,299         | 1,843             | 6,707                                | 187,849           | 100.00 |

The Group's photovoltaic solar segment recorded revenue of RM1.61 million in FYE 2022, a decrease of RM0.23 million or 12.43% from RM1.84 million recorded in FYE 2021 mainly due to income from sale of solar energy. For the PVC segments, the Group recorded revenue of RM175.65 million in FYE 2022, down by RM3.65 million or 2.04% from RM179.30 million in FYE 2021. This was mainly due to the increase in cost of livings which reduced the purchasing power thus resulted to weaker demand. Other challenges were the fluctuations in US Dollar, strict containment measures in China, the ongoing geopolitical conflicts, as well as prolonged supply-related disruptions which weighed down the economy globally.

For FYE 2022, export market accounted for 45.31% of the Group's revenue while the remaining 54.69% was from local market. The main export market for PVC segment was South East Asian which contributed more than 50%.

Total revenue is not in agreement with the consolidated revenue as the Group classified full rental income as other operating income in the previous financial year.

### Other Operating Income

The Group's other operating income decreased from RM13.69 million in FYE 2021 to RM8.19 million in FYE 2022. This was mainly due to the reclassification of rental derived from the solar segment to revenue during the year.

### Operating Expenses

In FYE 2022, carriage outwards increased by RM1.24 million from RM8.37 million in FYE 2021 to RM9.61 million. Staff costs also increased from RM20.1 million to RM21.1 million and realised loss on foreign exchange increased to RM1.01 million due to part of the Group's purchases were denominated in USD.

### Profit Before Tax

In FYE 2022, the Group recorded profit before tax ("PBT") was recorded at RM14.59 million which was mainly contributed by the Group's PVC segment. When compared to FYE 2021, the profit before tax was recorded at RM25.12 million.

Performance of the respective operating business segments for the period ended 31 December 2022 as compared to the previous year corresponding period is analysed as follows:-

- 1) PVC - The decrease in profit before tax by RM10.90 million from RM23.92 million to RM13.02 million was mainly due to higher materials costs, operating costs and lower other operating income.
- 2) Solar - The profit before tax was RM0.27 million, a slightly increase of RM0.01 million during the financial period.
- 3) Renting of properties - The increase in profit before tax by RM0.34 million from RM0.95 million to profit before tax RM1.29 million was mainly due to the additional rental income by renting out the extra space to existing tenants.



# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## FINANCIAL PERFORMANCE (CONT'D)

### Profit After Tax

In FYE 2022, the Group recorded profit after tax ("PAT") of RM10.46 million. The decrease in profit after tax was mainly due to the higher raw materials costs, operating costs and lower other operating income of our PVC segment.

### Financial Position

|  | 2022           | 2021    | Changes |
|--|----------------|---------|---------|
| Total Assets (RM'000)                  | <b>316,690</b> | 311,970 | 4,720   |
| Total Liabilities (RM'000)             | <b>49,716</b>  | 51,353  | (1,637) |
| Shareholders' Equity (RM'000)          | <b>226,730</b> | 220,178 | 6,552   |
| Total Equity (RM'000)                  | <b>266,974</b> | 260,617 | 6,357   |
| Total Borrowing (RM'000)               | <b>19,886</b>  | 21,683  | (1,797) |
| Cash and Bank Balances (RM'000)        | <b>54,568</b>  | 47,116  | 7,452   |
| Issued and Fully Paid Capital (RM'000) | <b>115,002</b> | 115,002 | -       |
| Net Asset Per Share (RM)               | <b>0.63</b>    | 0.61    | 0.02    |
| Basic Earnings Per Share (sen)         | <b>2.82</b>    | 5.12    | (2.30)  |
| Dividend Per Share (sen)               | <b>1.00</b>    | 3.00    | (2.00)  |

### Assets

Non-current assets comprised the property, plant and equipment, investment properties as well as right-of-use assets. The non-current assets reported a decrease of RM2.19 million from RM201.88 million as at 31 December 2021 to RM199.69 million as at 31 December 2022, which was mainly attributed from increase in property, plant and equipment and investment properties of RM6.7 million after offsetting depreciation charges of RM8.51 million.

Current assets increased from RM110.09 million as at 31 December 2021 to RM117.00 million as at 31 December 2022, which was mainly contributed by the increase of RM7.45 million in cash and bank balances of RM54.57 million and RM4.21 million inventories of RM35.27 million.

### Liabilities

Non-current liabilities comprised the borrowings, lease liabilities and deferred tax liabilities, stood at 24.46 million as at 31 December 2022, which is slightly lower than RM0.45 million reported as at 31 December 2021.

Current liabilities comprising mainly trade payables, other payables as well as lease liabilities and current tax liabilities, decreased by RM1.19 million or 4.49% to RM25.25 million as at 31 December 2022 (31 December 2021: RM26.44 million). The said decrease was mainly due to the decrease in trade payables from RM5.03 million as at 31 December 2021 to RM2.79 million as at 31 December 2022, which was due to prompt payment to suppliers.

### Capital Structure, Capital Resources and Liquidity

As at 31 December 2022, our shareholders' equity stood at RM226.73 million as compared to RM220.18 million as at the end of the previous financial year. The increase in shareholders' equity for FYE 2022 was due to higher retained earnings.

The Group's net assets per share increased to RM0.63 as at the end of FYE 2022 (FYE 2021: RM0.61 per share). Whilst Group's basic earnings per share stood at RM0.03 per share as at the end of FYE 2022 as compared to RM0.05 per share as at the end of FYE 2021.

The Group's bank balances as at the end of FYE 2022 stood at RM54.57 million showing an increase of RM7.45 million or 15.81% as compared to RM47.12 million as at the end of FYE 2021.

Net cash from operating activities recorded at RM20.18 million in FYE 2022 which was mainly driven by profits from operation as well as decrease in receivables.

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# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## FINANCIAL PERFORMANCE (CONT'D)

### Capital Structure, Capital Resources and Liquidity (Cont'd)

Net cash used in investing activities reported a decrease from RM30.88 million as at 31 December 2021 to RM26.67 million as at 31 December 2022 which was mainly due to the acquisition of property, plant and equipment amounting to RM29.11 million in FYE 2021.

Net cash used in financing activities reported at RM6.16 million as at 31 December 2022 as compared to RM11.67 million as at 31 December 2021, which was mainly due to higher dividends paid during FYE 2021.

The Group long term borrowings as at 31 December 2022 stood at RM19.89 million. Our business operations was mainly from the internal source of funds. The internal source of funds mainly comprises of cash generated from our operations.

The management believes that taking into account our cash and bank balances as well as the funds to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day- to-day business operation requirements.

Whereas for capital commitments, we have enter into RM1.2 million capital expenditure agreement as of 31 December 2022.

## RISKS, STRATEGIES AND OUTLOOK

The Group had shown its resilience in FYE 2022 and managed to record a positive end to FYE 2022. The purchasing power of consumers were mainly hit hard by uncertain external factors such as strong US Dollar globally and supply chain disruptions. The Group had seen a weaker demand for domestic household products, upholstery and also personal protective equipment sector.

Reopening of borders globally had shifted consumers spending away to tourism sector and thus reduced domestic household purchases. The revenge spending for travelling domestically or internationally had dampened the consumers purchasing power. Strong appreciation of USD and increasing interest rate also contributed to the weaker economy in general.

Moving forward FYE 2023, we look forward to more stable economic situation globally. The easing of restriction globally allows the supply chain to operate normally and the Group is hopeful to manage supply and cost effectively. The Group is also actively participating trade fairs internationally to explore business opportunities.

However, the Group will be more proactive, cautious and defensive in term of managing business in FYE 2023. The Group's main strategy will be retaining existing customers as well as innovating to add value to existing and new customer base. The reopening of China border had proved to be a mixed of fortune for businesses. Competitions increased, thus causing price war to retain market share.

As for the newly purchased land, it had been amalgamated and will be subdivided as planned by the Group. The Group is also actively looking for opportunities for investment which align with the Group future planning for expansion.

In a nutshell, the Group will continue to enhance its operation efficiency to achieve better profits in the FYE 2023 and to reward the shareholders accordingly.

## DIVIDEND

A single tier interim dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2022 was paid on 31 March 2022.

## APPRECIATION NOTE

In conclusion, we would like to thank our valued shareholders, customers, suppliers, business associates, bankers and all relevant authorities for their continuous support and confidence in the Group. Most importantly we wish to express our sincere appreciation and acknowledgement to the Board of Directors and the employees for their commitment, dedication and contribution in steering the company forward.

# SUSTAINABILITY REPORT

The Board of Tek Seng is pleased to present its Sustainability Report in accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Securities Bursa Securities Practice Note 9 and the Sustainability Reporting guide Issue. This report described our approach to sustainability matters and the measures we had implemented for the Company and its subsidiaries for the financial year ended 31 December 2022 (FY2022).

Tek Seng Group is committed to embed and practice the values of being economically, environmentally, and socially responsible as the Group believes its business and long-term growths are tied to the Group’s ability to manage its material economic, environmental, and social (ESS) impact. The Group will continue to put its best efforts to practice and utilize sustainable practice on every aspect of its business where possible for the benefits of future generations and remain steadfast in achieving excellence in its corporate responsibility.

The Group’s objectives and mission are always revolving around ‘go on managing, steadily developing, improve environment and redound upon society’.

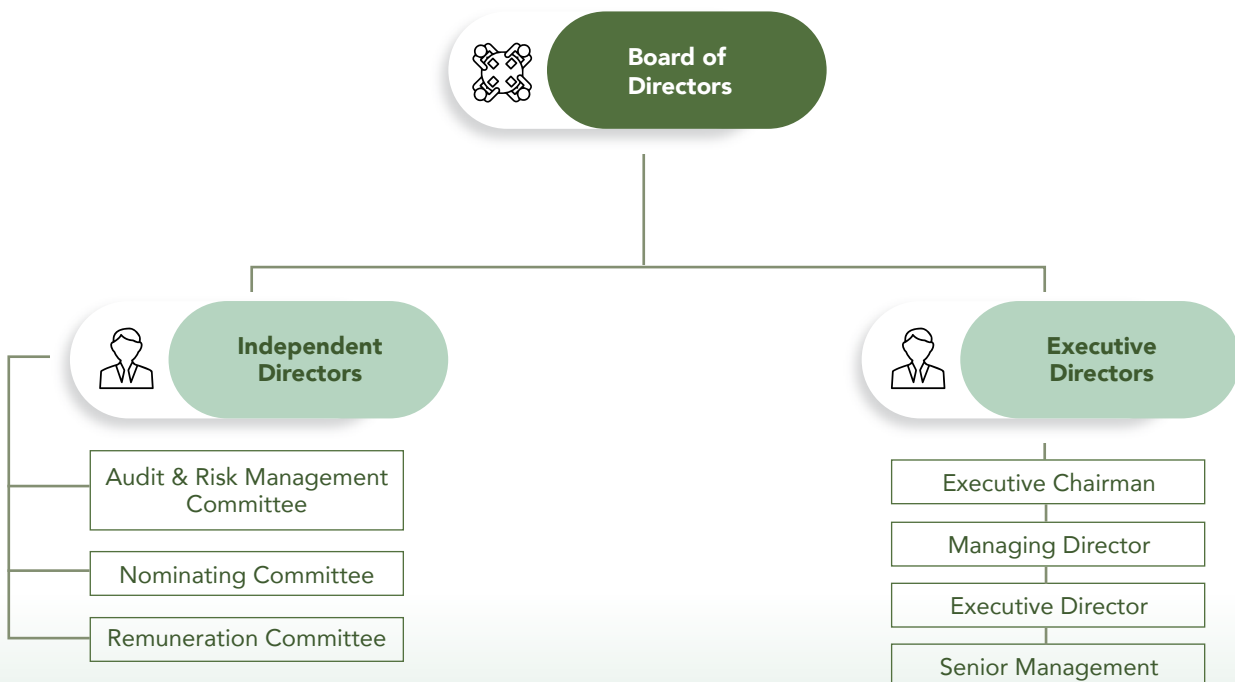
## SCOPE AND COVERAGE

This report covers sustainability activities and matters of our core business operations for the financial year ended 31 December 2022 (FY 2022). It includes the Company and all subsidiaries in Malaysia. Our core business operations include manufacturing and trading of PVC related products, manufacturing and trading of Polypropylene Non-woven products and leasing of properties.

## SUSTAINABILITY GOVERNANCE STRUCTURE

As part of our commitment towards sustainability, we established a clear governance structure to ensure compliance and performance from economic, environmental and social perspective. All matters relating to sustainability will be evaluated, communicated and resolved by the Executive Directors and Senior Management through discussions and meetings led by the Executive Chairman. The Executive Chairman is tasked to report to the Board of Directors.

Our sustainability Governance Structure is as follows:



# SUSTAINABILITY REPORT (Cont'd)

## MATERIALITY MATRIX

The materiality matrix is the evaluation of the expectation and assessments by the Group and various stakeholders. This is to make sure that By identifying the 3 mains economic, environment and social impacts. This included reviews and dialogue with internal and external stakeholders.

The Group has identified the importance and significance of each aspect to the stakeholders and the Group as set out as below.



- |                             |                               |                                       |
|-----------------------------|-------------------------------|---------------------------------------|
| (1) Financial Performance   | (5) Energy & Waste Management | (9) Code of Ethic and Anti-Corruption |
| (2) Products Innovation     | (6) Environmental Compliance  | (10) Health and Safety of Personnel   |
| (3) Cost Management         | (7) Diversity and Equality    | (11) Training and Development         |
| (4) Supply Chain Management | (8) Employee's Welfare        | (12) Social Welfare                   |

# SUSTAINABILITY REPORT (Cont'd)

## STAKEHOLDERS' ENGAGEMENT

The Board of Directors do also engage with stakeholders for the Group to consistently improve in the sustainability journey. Engagement with our stakeholders not only provides us with insight but also enables us to build stronger relationships through meaningful dialogue. The stakeholders are being identified as follows.

| Stakeholders            | Objectives   | Stakeholders' Interest   | Engagement Methods   |
|-------------------------|--|--|--|
| Shareholders /Investors | <ul style="list-style-type: none"> <li>To provide a good return and reward for shareholders</li> <li>To have long term support</li> <li>To provide timely and regular update on Company's prospects</li> </ul> | <ul style="list-style-type: none"> <li>Maximization of shareholders Value</li> <li>Return of Investment</li> <li>Dividend payouts</li> <li>Company's future roadmap</li> </ul> | <ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Disclosing information through Company website</li> <li>Investors Relations email</li> </ul>   |
| Customers               | <ul style="list-style-type: none"> <li>To grow together</li> <li>To have better brand name and market shares</li> <li>To fulfill customers' requirements</li> <li>Reliable services</li> </ul>                 | <ul style="list-style-type: none"> <li>Customers' satisfaction</li> <li>Product Innovations</li> <li>Value adding products and services</li> </ul>                             | <ul style="list-style-type: none"> <li>Visit clients regularly</li> <li>Meetings and discussions</li> </ul>  |
| Suppliers               | <ul style="list-style-type: none"> <li>To be more cost competitive</li> <li>To have a complete sustainable supply chain</li> <li>To have more products innovations</li> </ul>                                  | <ul style="list-style-type: none"> <li>Long term procurement</li> <li>Timely payments</li> </ul>   | <ul style="list-style-type: none"> <li>Meetings and discussions</li> <li>Products sampling</li> <li>Technical updates and trainings</li> </ul>   |
| Employees               | <ul style="list-style-type: none"> <li>To secure and retain talented employees</li> <li>Human management</li> </ul>  | <ul style="list-style-type: none"> <li>Remuneration packages</li> <li>Welfare and benefits</li> <li>Job security</li> <li>Job safety</li> </ul>                                | <ul style="list-style-type: none"> <li>Employee handbook</li> <li>2-ways approach</li> <li>Training and development</li> <li>Annual appraisal</li> </ul>   |
| Communities             | <ul style="list-style-type: none"> <li>To support and contribute to society</li> <li>Minimize impact to society and environment</li> <li>Be socially responsible</li> </ul>                                    | <ul style="list-style-type: none"> <li>Compliance with rules and regulations</li> <li>Social welfare</li> </ul>  | <ul style="list-style-type: none"> <li>Trainings and updates on rules and regulations</li> <li>Consult and comply with authorities</li> <li>Engage with Non-profit organizations</li> <li>Donations and assistance to the needy</li> </ul> |

## ECONOMIC SUSTAINABILITY

The Group strives to ensure its sustainability business practices propelling in economic growth. The Group continuously seeks improvements in creating values for its suppliers and customers and places high priority in enduring business relationships that are built on trust. It is also a commitment and responsibility for the Group together with its stakeholders to preserve, protect, improve and create a sustainable environment and contribute to economic growth.

### Warehouse Management System

The Group had an internal and in-house Warehouse Management System (WMS), complimenting the SAP Business One. This WMS allows the Group to have accurate real-time stock counts and better control of logistics and shipping of goods. All products manufactured are labelled with barcode accordingly and stored accordingly based on types, specifications, colors and designs.

This WMS covers most of the finished goods produced in the PVC and PP manufacturing plant. In FY 2023, the Group is looking to further expand to incoming and work-in-progress raw materials. This enables the Group to have leaner and more efficient stock management, allowing better cash management for the Group.

### Supply Chain Management

The Group emphasizes the importance of localization. The Group believes growing together and adding value to each other will be a more sustainable long-term project. One of the Group major raw PVC materials are mainly sourced locally.

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# SUSTAINABILITY REPORT (Cont'd)

## ECONOMIC SUSTAINABILITY (CONT'D)

### Supply Chain Management (Cont'd)

All suppliers are assessed and evaluated annually. Procurement processes are written clearly and it is a requirement for the employees and stakeholders to adhere to especially the Code of Business Conducts and Anti-Bribery & Anti-Corruption policies.

### Product Innovation

With ISO 9001:2015 and ISO 13485:2016 certifications for both main manufacturing divisions, namely the PVC and Polypropylene division, the Group can produce excellent quality products for all various types of industry. The Group also engage regularly with SGS testing body to ensure that the components used and produced are safe, reliable and meet stringent regulatory standards.

The Group's client base ranges from household to furniture to automotive as well as construction sector. Customer engagement is important for the Group to customize each of every product up to the specifications and qualities required.

## ENVIRONMENTAL SUSTAINABILITY

The Group's waste management efforts and objectives focus on 3 R's – Reduce, Reuse and Recycle. The Group has undertaken various measures and explored feasible opportunities to minimize and reduce any adverse impact from our manufacturing operations, waste disposal and products' design and packaging. The Group look to comply with the sustainability conditions, including the use of environmentally friendly raw materials.

The Group has always strived to meet the objectives: -

- Reduce, reuse and recycle waste
- Minimize carbon dioxide emission
- To use alternative renewable energy such as solar energy (additional solar system being installed)
- Setting up E-portal to reduce paper usage
- Installation of long bag pulse filter dust collecting system

### Recycling PVC Materials

The Group was committed to reducing environmental impact of the PVC production. The Group had implemented a in-house waste management site. The Group is able to shred down and crush any PVC materials into PVC compounds for its production use. The Group managed to inform clients to repurchase the PVC wastage as this is one of the initiatives the Group had implemented to protect the environment. These initiatives reduced the usage of PVC resin thus indirectly reduced the use of petroleum and helped in balancing the ecosystem.

In FY 2021, the Group had processed and recycled more than 7600 tonnes of PVC materials. For FY 2022, we have recycled almost 9000 tonnes of shredded PVC arising from cables, pipes and other PVC by products. The aim is to reduce waste as much as possible, preserve the environment and reduce our operational cost of using all new PVC resins.

The Group will continue its commitment to improve its production processes to process more recycled materials and reduce the use of new PVC resin, an extraction of the petroleum to FY2023 and beyond.

### Setting Up E-Portal

At the same time, the Group had introduced and implemented an in-house E-portal for its employees. The function of this E-portal is to reduce the use of paper from time to time. This aligned with the culture within the Group to minimize waste and paper usage.

### Scheduled Wastes Management

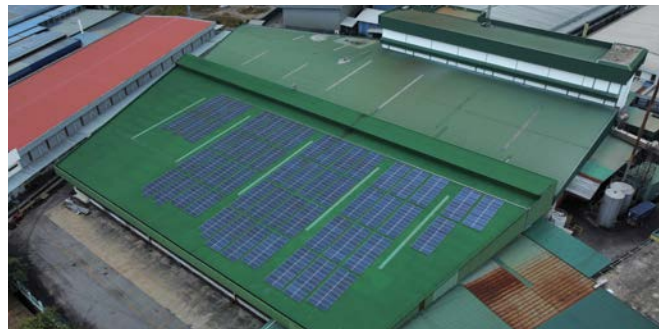
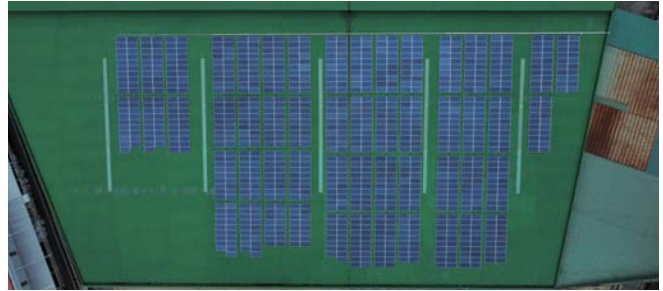
All the schedule waste is handled and managed in accordance with the Environmental Quality (schedule Waste) Regulations 2005. The schedule waste produced during the manufacturing process was disposed through a licensed waste collector on monthly basis.

# SUSTAINABILITY REPORT (Cont'd)

## ENVIRONMENTAL SUSTAINABILITY (CONT'D)

### Long Bag Pulse Filter Dust Collecting System

One of the many significant implementation was the installation of the Long Bag Pulse Filter Dust Collecting System. This filter system installed on boilers allow the Group to have better alternatives for boiler system. As a socially and environmentally responsible manufacturing player, the Group had invested and implemented new bag filter system in all its available boilers at its PVC manufacturing plant. With these, the air emitted will be cleaner and particles emissions are to be less than 50mg.



### Photovoltaic Solar System

Energy management is one of the top priorities of the Group in environmental related matters. In FY22, the Group installed a Net Metering Solar System on the rooftop of its warehouse. The 332.64 kWh system generated an average of 1,000 kWh per day, equivalent to approximately RM 337 in electricity savings. This allowed the Group to (i) utilize the vacant area of the roof, (ii) help in reducing carbon emission and (iii) reduce electricity costs. This is one of the initiatives that allowed the Group to play a part in tackling global warming.

Together with this, the Group had installed a total of: -

- 1) 1 MWh Feed-in-Tariff Solar System
- 2) 440 kWh Self-Use Solar System
- 3) 176.6 kWh Feed-In-Tariff Solar System
- 4) 332.64 kWh Net-Metering Solar System

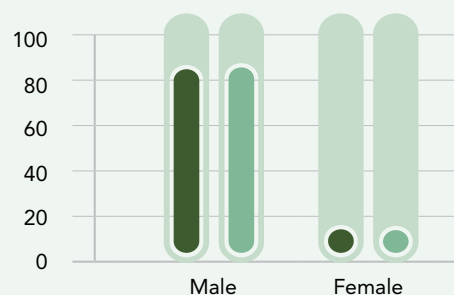
## SOCIAL SUSTAINABILITY

### Diversity and Equality

The Group understands the significance of having a diversified workforce and provides equal opportunity for employees to strive. The Group does have a written diversity policy in accordance with the Malaysian Code on Corporate Governance's guideline and the Group believes that a well-managed diversity will strengthen the knowledge, skills, and cross-cultural understanding as well as multi-generational aspects towards a better work-life balance environment, improvement of productivities and performance of the Group.

Currently, 89% of our work force are male employees in view of the nature of work. We have 11% female employees in the Group. Female recruitments are widely welcomed in all position areas. Most of our office staffs are female.

### Employees by Gender



# SUSTAINABILITY REPORT (Cont'd)

## SOCIAL SUSTAINABILITY (CONT'D)

### Diversity and Equality (Cont'd)

The Group understands the need to have a harmony and multicultural working environment. As a diverse company, the Group is committed to providing equality to all its employees, regardless of gender, age, race, religion and cultural background. The Group also recognizes sustainability in business perspectives and promoting younger generation has been one of our key principles to avoid an aging workforce.



The Group will continue to be prudent in ensuring the recruitment process is purely based on experience, competence and potential career path without any bias and free of discrimination.

### Human Capital Management and Employees' Welfare

The employees are our greatest assets as they are the key driving force of our successes and achievements. We are committed to ensure fairness and opportunities regardless of their religions, ethnicity, genders, age and nationalities in our work environment.



# SUSTAINABILITY REPORT (Cont'd)

## SOCIAL SUSTAINABILITY (CONT'D)

### Human Capital Management and Employees' Welfare (Cont'd)

To recognize the employees' contribution, the Group ensures that its employees are offered attractive remuneration packages and benefits. The Group always explores initiatives including various talent retention programs for its employees.

The benefits and privileges provided to our permanent full-time employees are as follows:

#### Statutory Benefits



- Minimum wages
- EPF, SOCSO, EIS and HRDF contributions
- Overtime payments
- Annual leave, paid medical leave, hospitalization leave, maternity leave, marriage leave, compassionate leave, training leave

#### Employment Benefits



- Telephone allowance
- Company cars and mileage claims
- Domestic and overseas travel expenses
- Group medical insurance including hospitalization and personal accident
- Medical subsidies including health screening, dental and outpatient medical claim

#### Employee Welfare



- Bereavement including families
- Monthly birthday celebrations
- Retirement benefits
- Hostel for operators
- Transportation
- Weekly sports day
- Complimentary travel stay

#### Extra Facilities



- Prayer rooms
- Cafeteria
- Personal lockers
- Rest area
- Secured carparks



### Employee Engagement

The Group is committed to providing an open, fair and honest working environment and the importance of 'two-way' communication. We understand the needs of different people and we are committed to providing a harmony and friendly working culture among peers. Employees are welcome to submit any feedback, misconduct, criminal offences or unfair treatment to the management.

Communication will be direct delivered to one of the management personnel and will remain anonymous.

During the year, no cases were reported in terms of non-compliance and violations.

### Code of Ethics and Anti-Corruption

The Group recognizes and practices the importance of conducting its affairs ethically and lawfully. The Group had its own Code of Business Conducts and Ethics and Anti-Bribery Anti-Corruption policies in place.

# SUSTAINABILITY REPORT (Cont'd)

## SOCIAL SUSTAINABILITY (CONT'D)

### Health and Safety of Personnel

The Environmental, Safety & Health Committee was established and tasked to inspect regularly to ensure all the employees, customers and stakeholders comply with the SOP issued by the Government as per Occupational Safety and Health (Safety and Health Committee) Regulation 1996. The meetings are properly recorded to monitor the safety progress in the Group. The Group also provided safety facilities and equipment as well as other personal protective equipment to further protect the health and well-being of the employees.

Any incidents that occur will be reported accordingly to the committee to ensure a high workplace health and safety standard for its employees and stakeholders.



The aim was to provide a sound, efficient and effective procedure to ensure compliance with regulatory requirements and industry best practices.

During FY2022, the Group placed great emphasis on protecting the health and safety of its employees to ensure business continuity. Amongst others, the Group has been constantly reviewing its workplace and policies to ensure a safe and conducive working environment.

- 1) Road signage to ensure employees and its stakeholders' safety within the Group's manufacturing site. There had been 0 cases reported regarding any incident or accident in FY 2022.



# SUSTAINABILITY REPORT (Cont'd)

## SOCIAL SUSTAINABILITY (CONT'D)

### Health and Safety of Personnel (Cont'd)

#### 2) Distribution of Reflective Vest to Employees

The Group prioritized the safety of its employees in and outside of the manufacturing compound. The Group distributed reflective vests to personnel to provide better visibility for road users, especially at night. Safety reflective vests were widely used within the Group's compound.

Safety meetings between the management, safety committee and production personnels were held every fortnight. This enabled us to properly analyze and mitigate any incident effectively to prevent any recurrence in the future.



|  | FY2021 | FY2022 |
|--|--------|--------|
| Minor incident involving staffs                | 8      | 3      |
| Major incident involving staffs                | 0      | 0      |
| Minor incident involving external stakeholders | 0      | 0      |
| Major incident involving external stakeholders | 0      | 0      |

The Group's vision and aim is to minimize any work-related incident and achieve better occurrence rate. Therefore, it is the Group utmost importance to continuously monitor and improve its health and safety standards.

### Training and Development

The Group emphasized personal training and development for all employees to enhance and improve their individual skills and knowledge. The Group held various comprehensive continuous learning and development programs throughout the year to equip our employees with skills and knowledge relevant to their work functions and to meet the changing needs of our business. We also promote a holistic development of their capabilities.

The Group practiced yearly internal training for its employees. Activities are as follows: -

- 1) Fire Drills
- 2) Chemical Spillage Training
- 3) Emergency Response
- 4) Identifying Chemicals and Labelling of Chemicals
- 5) JKPP Resgitered Crane Training

In addition, the Group also reaffirmed the importance of being safe in the workplace and provide a safe environment. The Group had engaged 3rd parties and organized safety training for the employees in understanding the risks of each item and also handling of hazardous substances.

The trainings attended throughout the year such as:-

- 1) Human Resource – Return to Work Perkeso
- 2) Human Resource – Understanding of Employment Act 1955
- 3) Cybersecurity – Combat of Web Application – Hacker Vs Developer
- 4) Cybersecurity – Run & Gun: Network Penetration Testing
- 5) Safety – Kursus Penyelaras Keselamatan Dan Kesihatan Secara Dalam Talian
- 6) Safety – Webinar Pengurusan Buangan Terjadual 2022
- 7) Production – Webinar Pengurusan Buangan terjadual Dan Impak Kepada Alam Sekitar

# SUSTAINABILITY REPORT (Cont'd)

## SOCIAL SUSTAINABILITY (CONT'D)

### Training and Development (Cont'd)

Moving forward, the Company is looking towards achieving different ISO standards in relation to environment and safety within the workplace as one of its priorities in sustainability initiatives.

### Social and Welfare Contributions

We had been consistently cultivating a caring culture to the less fortunate communities by rendering monetary support to various non-profit organizations to improve their living standards and to contribute to the local education sector. We also encourage our employees to participate in charitable activities. We are committed that regular community engagement will have positive impacts to the society.

The non-profit organizations that we had supported and/or participated are as follows: -

- 1) One Hope Charity & Welfare
- 2) Association For The Blind
- 3) and other orphanage / handicapped / charitable homes

By participating in community events and activities, this also helps to promote and encourage teamwork and compassion towards each other in the workplace, thus shaping a sustainable, harmony and healthy working culture in the Group.



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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board is committed to the Company's shareholders and various stakeholders in promoting good corporate governance culture within the Group in creating and delivering sustainable value and long-term success of the Group's businesses.

This Corporate Governance Overview Statement is prepared in accordance with the Main Market Listing Requirements and the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission Malaysia. This statement gives the shareholders an overview of the corporate governance (CG) practices of the Company during the FYE 2022 and it is to be read together with the CG Report which is available at the Company's website [www.tekseng.com.my](http://www.tekseng.com.my).

In FYE 2022, the Company had adopted 39 out of the total 43 recommended practices in MCCG. The recommended practices not adopted / not applicable are as follows:

- (i) **Practice 5.2**  
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.
- (ii) **Practice 5.9**  
The board comprises at least 30% women directors.
- (iii) **Practice 8.2**  
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- (iv) **Practice 12.2 (Not applicable)**  
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

The reason for departure are disclosed in the Corporate Governance Report.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board has primary responsibility for the governance and management of the Group, and fiduciary responsibility for the financial and organisational health of the Group. In discharging the fiduciary and leadership functions, the key roles and responsibilities of the Board are as follows:

1. Reviewing and approving material investment, acquisitions and disposals of property, plant and equipment.
2. Reviewing and approving related party transactions.
3. Reviewing the adequacy of the Group's internal control policies.
4. Monitoring compliance with relevant laws & regulations and accounting standards within the corporate and business environment.
5. Reviewing and approving annual financial statements and quarterly financial results.

The Company has a clear distinction and separation of roles between the Executive Chairman and the Managing Director, with division of responsibilities clearly defined in the Board Charter. A copy of the Board Charter is available on the Company's website at [www.tekseng.com.my](http://www.tekseng.com.my). The Board Charter will be reviewed annually to ensure it is relevance and compliance. The last review was on 21 February 2023.

The Executive Chairman, Mr. Loh Kok Beng is responsible to ensure Board effectiveness, implementation of Board's policies and decisions, corporate affairs and the overall financial performance of the Group.

As the Executive Chairman, he plays a vital role in leading and guiding the Board, and also serves as the communication point between the Board and the Managing Director.

The Managing Director, Mr. Loh Kok Cheng leads the management in the operations and has overall responsibility over the operation units and organisational effectiveness.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

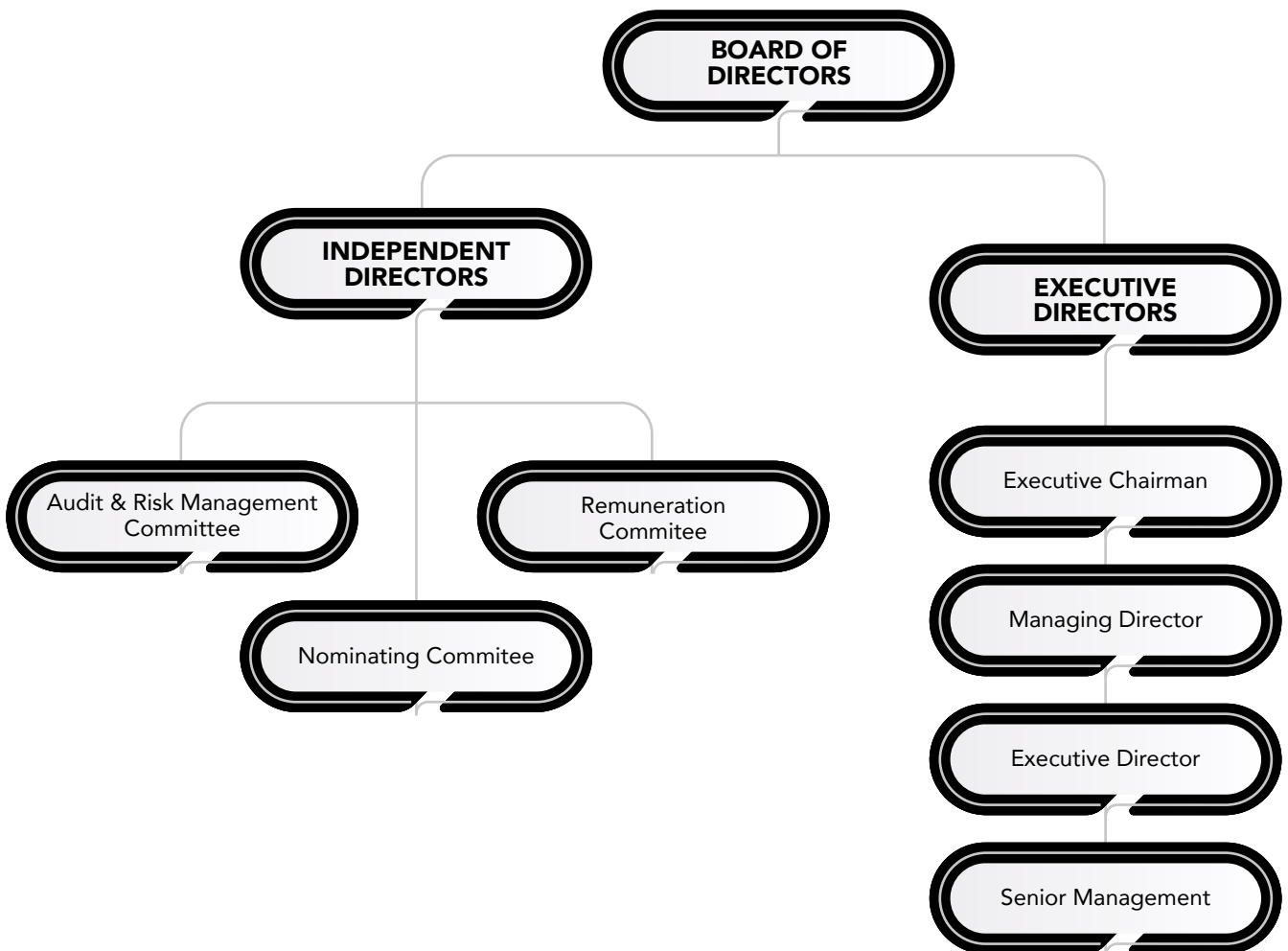
## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Responsibilities (Cont'd)

The Board delegates certain areas of responsibilities to Board Committees, each with predefined terms of reference and responsibilities and the Board receives reports of their proceedings and deliberations. Where the Board Committees have no authority to make decisions on matters reserved for the Board, recommendations would be tabled to the Board for its approval. The Chairman of the respective Board Committees shall report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board meetings.

The Independent Non-Executive Directors play a role in the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee. They are primarily responsible to provide objective and independent judgements to the decision making of the Board.

Below is the Group's Governance Model where specific powers of the Board are delegated to ensure responsibilities and duties are discharged orderly:



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# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Responsibilities (Cont'd)

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties and to ensure all rules, requirements and regulations are complied with.

The Company Secretaries are responsible for proper maintenance of secretarial records, preparation of resolutions, recording minutes of proceedings and other key secretarial functions. The Directors have unrestricted access to the services of the Company Secretaries for guidance on matters relating to the companies law, rules and regulations of the regulatory authorities as well as best practices on governance.

Both Company Secretaries are members of professional bodies and qualified to act as company secretaries. They regularly keep themselves abreast with the regulatory changes and developments via participations in various training programmes.

### Composition of the Board

The Company has an experienced Board comprising four (4) Non-Independent Executive Directors and three (3) Independent Non-Executive Directors. The number of the Independent Directors on the Board complies with Paragraph 15.02 of the MMLR which requires that at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

All the three (3) Independent Non-Executive Directors provide independent views and objective judgement to the Board's decision making process. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter. The Nominating Committee ("NC"), upon its annual assessment of the independent directors is satisfied that the independent directors had discharged their responsibilities in an independent manner.

### Tenure of Independent Director

Practice 5.3 of MCCG stipulates that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director.

The Company does not have a policy which limits the tenure of its independent directors to nine (9) years. However, the Company currently does not have Independent Director who has served more than nine (9) years in the Board.

### Gender Diversity

The Board is supportive of gender diversity in the Board composition and senior management. The Board has established a gender policy of having at least one female representatives on the Board of the Company. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

### Appointment & Re-election

In making the recommendations for the board appointment of new candidates, the NC would consider candidates proposed by the existing board members, any other senior executive, Director or major shareholder. The NC may also utilise independent sources including industry and professional association, open advertisements or independent search firms to identify suitably qualified candidates.

New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board.

In accordance with the Company's Constitution, one-third (1/3) of the directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. Provided always that, all directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he retires.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Appointment & Re-election (Cont'd)

The Board through its NC conducts annual assessment of the effectiveness of the Board, the Board Committees, individual directors and senior management of the Company, Board Skills Matrix and Boardroom Diversity.

The assessment of the Board as a whole, Board Committees, individual directors and senior management are carried out by way of evaluation questionnaires. The responses are then compiled and presented to the NC for evaluation and consideration. The NC will evaluate and table its recommendations to the Board. The director's and senior management's concern shall abstain from deliberating on his/her own assessment.

The Board had on 11 April 2022 adopted the Directors' Fit and Proper Policy in line with the new requirement of the MMLR to ensure a formal and transparent process for the appointment and re-election of directors of the Company. The Directors' Fit and Proper Policy is available at the Company's corporate website at [www.tekseng.com.my](http://www.tekseng.com.my).

During financial year 2022, the NC had held two meetings. One meeting with full attendance and one meeting is with two out of three members were present. The NC had discussed and assessed the Board, the Board Committees, term of Audit & Risk Management Committee and members of the Audit & Risk Management Committee, individual directors, the independence of independent directors, senior management, boardroom diversity, directors' training and re-appointment or re-election of directors at the forthcoming AGM of the Company.

The NC, upon its recent annual assessment carried out, is satisfied that the current size and composition of Board, Board Committees, its directors and Senior Management are adequately appropriate for its purpose with relevant mix of skills, experience, competency, ethnicity and age.

### Directors' Training

The External Auditors had briefed the Directors on the changes of the Malaysian Financial Reporting Standards that affect the Group's financial statements. Other trainings attended by the Directors are as follows:

| Name                | Description of training   |
|---------------------|---|
| Mr. Loh Kok Beng    | SAP Business One  |
| Mr. Loh Kok Cheng   | SAP Business One  |
| Mr. Leow Chan Kiang | Detecting Financial Fraud, Value of Enterprise Risk Management in Strategic Planning and Cybersecurity Risk<br>Board Briefing - Key Points for Boards and Senior Management on Task Force on Climate Related Financial Disclosures  |
| Mdm. Tan Soo Mooi   | Anti Money Laundering Act<br>Cyber Security Awareness<br>The Anti Bribery And Corruption (ABC) of Social Media<br>Tax Corporate Governance Framework Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework |
| Mr. Loh Eng Chun    | TCFD 101 : Getting Started With Climate-Related Financial Reporting<br>TCFD 102 : Building Experience in Climate-Related Financial Reporting<br>SAP Business One  |
| Mr. Loh Jia Wooi    | TCFD 101 : Getting Started With Climate-Related Financial Reporting<br>TCFD 102 : Building Experience in Climate-Related Financial Reporting<br>SAP Business One  |



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Directors' Training (Cont'd)

| Name               | Description of training                 |
|--------------------|---|
| Mr. Loh Chin Phang | Mandatory Accreditation Programme (MAP) |

The Board was satisfied with the Directors' own evaluation of their training needs in FYE 2022 as all the Directors had attended various programmes to enhance their skills and knowledge. Thus, a fixed policy on directors' training is not required.

### Remuneration

The Board has in place a Remuneration Policy which is clear and transparent to attract and retain the Directors and the Senior Management of the Company. The Remuneration Committee ("RC") of the Company comprising solely of independent directors is headed by Mdm. Tan Soo Mooi, an Independent Non-Executive Director. The RC is responsible to review the policy and ensure fair remuneration policies and procedures are in place.

The RC is also empowered by the Board with the terms of reference to review and recommend the remunerations of the executive and non-executive directors. The director's concern shall abstain from deliberating on his/her own remunerations.

During financial year 2022, the RC had held one meeting with full members present. The RC had discussed and recommended to the Board the remuneration package of executive directors, directors' fees and benefits.

Aggregate remuneration paid to Directors for the FYE 2022 are categorised into the following components:

| Name                                     | N1<br>Fees<br>(RM'000) | N2<br>Salary<br>(RM'000) | N2<br>Bonus<br>(RM'000) | N2<br>Other<br>Emoluments<br>^ (RM'000) | Total<br>(RM'000) |
|--|------------------------|--------------------------|-------------------------|---|-------------------|
| Loh Kok Beng                             | 29                     | 1,292                    | 332                     | 200                                     | 1,853             |
| Loh Kok Cheng                            | 29                     | 1,210                    | 298                     | 186                                     | 1,723             |
| Loh Eng Chun                             | 29                     | 264                      | 59                      | 43                                      | 395               |
| Loh Jia Wooi                             | 29                     | 144                      | 36                      | 24                                      | 233               |
| Leow Chan Khiang                         | 34                     | 0                        | 0                       | 0                                       | 34                |
| Tan Soo Mooi                             | 33                     | 0                        | 0                       | 0                                       | 33                |
| Loh Chin Phang                           | 16                     | 0                        | 0                       | 0                                       | 16                |
| Tuan Haji Mohamed Haniffah Bin S.M Mydin | 16                     | 0                        | 0                       | 0                                       | 16                |
|  | 215                    | 2,910                    | 725                     | 453                                     | 4,303             |

N1 – Received on Company Level

N2 – Received on Group Level

^ other emoluments comprising of performance incentives, allowances and statutory contributions to regulatory bodies

Directors' benefits approved at last AGM from 10 June 2022 until the conclusion of the 21<sup>st</sup> AGM are as follows:

| Directors' Benefits                    | Actual benefits paid/incurred up to 28 February 2023 (RM'000) |
|--|---|
| Travelling Allowance                   | 3   |
| Insurance                              | 5   |
| Training                               | 3   |
| Total Benefit Paid                     | 11  |
| Approved limit at 20 <sup>th</sup> AGM | 50  |

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# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## **PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

### **Remuneration (Cont'd)**

In determining the remuneration packages of the Group's senior management, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

On the disclosure of remuneration of the Group's senior management, the Board is of the view that it would not be in the best interest of the Company to make such disclosure in view of the competitive nature of the human resource market and to support the Company's efforts in attracting and retaining executive talents, it should maintain confidentiality on employee remuneration matters.

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee ("ARMC") consists of three (3) independent non-executive directors. The current ARMC Chairman is professionally qualified accountant with vast experience in the financial reporting. On the Group's quarterly reports, the Board had engaged the external auditors to review the Company's quarterly reports 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 reviews the Group's quarterly reports before presenting to the ARMC for review.

The ARMC assists the Board in reviewing and ensuring the Company's quarterly reports and an annual audited financial statements are prepared in compliance with applicable financial reporting standards and makes its recommendation to the Board for approval and release to Bursa Securities and shareholders of the Company. The ARMC also assists the Board in the establishment of an effective risk management and internal control framework and ensure that the internal audit function is effective and able to function independently.

The ARMC has an appropriate and transparent relationship with the external auditors. The ARMC has been conferred with the authority to directly liaise with both the External and Internal Auditors. The ARMC will review the appointment and re-appointment of External Auditors and to assess the performance and independency of the External Auditors on annual basis. The existing auditors, Messrs. BDO PLT had confirmed to the ARMC in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The ARMC, upon its recent annual assessment carried out, is satisfied with their work done and independence and had recommended to the Board for their re-appointment at the forthcoming AGM.

For the FYE 2022, the ARMC held five (5) meetings and the summary of work of the ARMC including the internal audit functions are set out in the ARMC Report section of this Annual Report.

### **Risk Management and Internal Control Framework**

The Board has the overall responsibility in the risk governance and internal control of the Group. The Board and the ARMC worked closely with the Senior Management to identify, evaluate, manage and report major risks that affect the Group as well as the measures taken, and also to review the adequacy and effectiveness of the internal control on an ongoing basis. The Board is of the view that the system of internal control and risk management in place during the financial year, is sound and sufficient to safeguard the Group's assets and the interests of various stakeholders.

An overview of risk management and the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control section of this Annual Report.

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# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **Communication with Stakeholders**

The Board has in place a Corporate Disclosure Policy to ensure transparent, timely, accurate and quality disclosure of material information to the investing public and stakeholders. All confidential information are properly handled by the Directors, the employees and other relevant parties to avoid leakage and improper use of such information. The Company's website provides all relevant information of the Group, which is accessible to the public. All information and announcements are uploaded to its website on a timely manner and categorised in an orderly and structured manner for the ease of reference by the investors, stakeholders and the public.

The Corporate Disclosure Policy is available on the Company's website at [www.tekseng.com.my](http://www.tekseng.com.my)

### **Conduct of General Meetings**

The Company's general meetings are important avenues for communication and dialogue with the shareholders. The Company will issue notice of AGM to shareholders at least 28 days before the AGM to allow shareholders have more time to make the necessary arrangements to attend in person or by corporate representatives, proxies or attorneys.

Each item of special business included in the notice of AGM will be accompanied by explanatory statement to facilitate a full understanding and evaluation of the proposed resolution.

The Company's Chairman will invite shareholders to raise questions pertaining to each proposed resolution before putting the motion to vote by poll in all general meetings. Board members and senior management will be present to respond to any questions raised from the shareholders. The Company's external auditors are also present to address issues relating to the auditors' reports.

All the proposed resolutions put to the meeting will be voted upon by poll as poll voting reflects shareholders' views more accurately and fairly as every vote is properly counted in accordance with the one share, one vote principle. The Company will appoint scrutineers to validate the votes cast at the general meetings.

Before the commencement of poll voting, the Company Secretary will share with shareholders the poll voting process on all resolutions put to the meeting.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 05 April 2023.

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# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities, the Board of Directors ("the Board") of Tek Seng Holdings Berhad ("the Company") is pleased to provide the following statement on risk management and internal control of Tek Seng Holdings Berhad and its subsidiaries ("the Group") for financial year ended 31 December 2022. This has been prepared in accordance to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and "Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers".

## BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of internal control and risk management framework. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and effectiveness of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

## RISK MANAGEMENT

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by, or potentially exposed to the Group in pursuing its business objectives. The Risk Management Process comprises risk identification, risk analysis, risk planning, risk monitoring and control.

The process of identifying, evaluating and managing the significant risks are embedded in the various work processes and procedures of the respective departments. It is the responsibility of key management and heads of department to identify, evaluate and manage the significant risks faced by the Group on an ongoing basis. Any significant risks and related mitigating activities are then reported to the executive directors. The executive directors shall compile the risk register and report to the ARMC. The ARMC report to the Board on the risks profiles as well as the on-going risk management implementation and actions undertaken to mitigate the risks identified. The Board oversees the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place.

During the financial year, the process of identification of principal risks and managing such risks had been conducted formally. Principal risk areas that are considered significant to the Group are as follows:

- Operational risk
- Financial risk
- Business risk

i) Operational Risk

- Fluctuation in raw material price, failure to deliver on time and unable to maintain good quality

To monitor the progress and evaluate supplier performance, source for new or alternate suppliers and forecast the stock level and demand.

ii) Financial Risk

- Fluctuation in foreign exchange rate and aggressive raise of interest rate

To continue practice by importing and exporting using same currency and monitor daily exchange rate in order to reduce the foreign exchange risk and keep better cash management.

i) Business Risk

- Economic slowdown and decrease in global demand

Expand market share by innovation of products and look for market penetration

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# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional consulting firm to provide the assurance it requires regarding the effectiveness, adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the ARMC. The audit focuses on areas with high risk and inadequate controls to ensure that adequate action plans have been put in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis, the internal auditors report to the ARMC on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

## INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- Organisation structure with defined scopes of responsibility, clear lines of accountability and appropriate levels of delegated authority;
- Documented internal policies and procedures for financial, operational and human resource management, which are subject to review and improvement;
- Annual and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;
- Regular Board and Audit & Risk Management Committee meetings;
- Staff training to enhance their skills, knowledge and competencies; and
- Daily visits to operating units by members of the Board and senior management.

## BOARD ASSESSMENT

The Board has received assurance from the Executive Chairman and Managing Director that the Group's risk management and internal control systems are operating adequately and satisfactorily, in all material aspects, to meet the Group's objectives during the financial year under review.

As at 31 December 2022, the Board is of the opinion that the Group had adequately addressed the significant risks identified which are relevant and material to the Group's operations and has in place a sound internal control systems by adopting all the suggested improvements by the internal auditors in ensuring the systems of internal control and risk management are in place.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This statement is issued in accordance with a resolution of the Directors dated **05 April 2023**.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

## COMPOSITION, MEETINGS AND ATTENDANCE

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. During the FYE 2022, five (5) ARMC Meetings were held at The Conference Room of Tek Seng Holdings Berhad and the details of attendance are as follows:-

| Name of Members  | Designation | No. of Meetings Attended |
|--|-------------|--------------------------|
| Mr. Leow Chan Khiang   | Chairman    | 5 out of 5               |
| Mdm. Tan Soo Mooi  | Member      | 5 out of 5               |
| Mr. Loh Chin Phang (Appointed on 01.07.2022)                       | Member      | 2 out of 2               |
| Tuan Haji Mohamed Haniffah Bin S.M. Mydin (Resigned on 10.06.2022) | Member      | 1 out of 3               |

## TERMS OF REFERENCE

The terms of reference of the ARMC is available on the Company's website at [www.tekseng.com.my](http://www.tekseng.com.my).

## SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR

The work carried out by the ARMC during the financial year are as follows:-

### Financial Reporting

- Reviewed the quarterly and annual financial statements of the Company and of the Group with the executive director, focusing particularly on changes in appropriate accounting policies due to adoption of new accounting standard by the Management, any adjustments arising from the audits, prudent judgements and reasonable estimates made by the Management are in accordance with the financial reporting standards and other legal requirements to ensure that the financial statements presented a true and fair view of the Group's financial performance before recommending them to the Board for approval.

### External Audit

- Reviewed with the external auditors in relation to the announcements on quarterly results.
- Reviewed with the external auditors, the external audit plan, nature and scope of the audit plan and coordination of the external auditors to meet the key deliverables timeline.
- Reviewed with the external auditors, the audit review memorandum arising from audits of the Company and its subsidiaries together with comments and responses of the management including the assistance given by the management and employees of the Group.
- Assessed the independence, resources and the overall performance of the external auditors and upon assessment, recommended them to the Board for re-appointment.
- Held private sessions with the external auditors without the presence of the executive directors or the Management of the Company to reinforce the independence of the external audit function of the Company.
- Held private sessions with the external auditors without the presence of the executive directors or the Management of the Company to enquire about any extraordinary matters or material concerns related to the Group which required immediate attention of the ARMC.

### Risk Management and Internal Control

- Reviewed with the internal auditors, the internal audit plan to ensure adequate coverage of key functional areas and business activities of the Group.
- Reviewed with the internal auditors, the internal audit reports to ensure appropriate corrective actions had been taken by the management to implement the audit recommendations.

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# AUDIT & RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

## SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR (Cont'd)

### Risk Management and Internal Control (Cont'd)

- Reviewed with the internal auditors, the follow-up review reports on the status of implementation by the Management of the audit recommendations.
- Reviewed and report to the Board on the risks profile including the activities in mitigating the principal risks identified.
- Reviewed and report to the Board on the adequacy of the scope, function and effectiveness of the internal audit function.
- Held private sessions with the internal auditors without the presence of the executive directors or the Management of the Company to reinforce the independence of the internal audit function of the Company.
- Assessed and report to the Board on the resources, competencies and the overall performance of the internal auditors and re-appointment of Internal Auditors.

### Recurrent Related Party Transactions

- Reviewed the report by the Management and internal auditor in respect of recurrent related party transactions to ensure all related party transactions were undertaken on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies, which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

### Annual Reports

- Reviewed the Statement on Risk Management and Internal Control, Audit & Risk Management Committee Report and recommended to the Board for inclusion in the Company's Annual Report for FYE 2022.

## INTERNAL AUDIT FUNCTION

The Board has established an internal audit function which is independent of the activities in audits. The Internal Auditors report directly to the ARMC. During the financial year, the Company had outsourced its internal audit function to an external professional firm to perform an independent and systematic reviews of the Group's systems of internal audit in order to provide reasonable assurance that the Group's internal audit function continues to operate satisfactorily and effectively. The costs incurred for the internal audit function in respect of the FYE 2022 was RM32,000.00.

The work carried out by the internal auditors during the financial year are as follows:-

1. Reviewed the systems of internal controls covering the Property, Plant and Equipment Management, Management Information System, Credit Control, Sales and Marketing, Human Resources Management and General Safety and ascertained the extent of compliance with the established policies, procedures and statutory requirements.
2. Reported to the ARMC on findings and improvement opportunities identified together with the management action plans to address the same. Certain recommendations had been implemented and the balance recommendations will be followed up and update in due course by the Management.
3. Conducted follow-up reviews on the status of management action plans documented and reported the overall results to the ARMC. The Management had implemented most of the recommended action plans during the financial year.

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# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge that they are responsible for the Annual Audited Financial Statements so as to give a true and fair view of the state of affairs as at the end of the financial year of the Group and of the Company and of their results and their cash flows.

In preparing the financial statements for the FYE 2022, the Directors are satisfied that:

1. Reasonable and prudent judgement and estimates were made; and
2. The relevant applicable Approved Accounting Standards in Malaysia have been complied.

The Directors also responsible for ensuring that the Company maintains appropriate accounting policies that disclose with reasonable accuracy of the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

This Statement is issued in accordance with a resolution of the Directors dated 05 April 2023.



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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are mainly engaged in manufacturing and trading of Polyvinyl Chloride ('PVC') related products and Polypropylene ('PP') Non-Woven, trading of photovoltaic products, generate and supply the renewable energy and renting of properties. Further details of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

## RESULTS

|                               | Group<br>RM | Company<br>RM |
|-------------------------------|-------------|---------------|
| Profit for the financial year | 10,463,832  | 37,080,573    |
| Attributable to:              |             |               |
| Owners of the parent          | 10,164,776  | 37,080,573    |
| Non-controlling interests     | 299,056     | 0             |
|                               | 10,463,832  | 37,080,573    |

## DIVIDENDS

Dividends paid and declared by the Company since the end of the previous financial year were as follows:

|   | RM        |
|---|-----------|
| In respect of the financial year ended 31 December 2022:<br>Single tier interim dividend of RM0.01 per ordinary share,<br>paid on 31 March 2022 | 3,606,681 |

The Directors do not recommend any payment of final dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

# DIRECTORS' REPORT (Cont'd)

## DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

### Tek Seng Holdings Berhad

Loh Kok Beng

Loh Kok Cheng

Loh Eng Chun

Leow Chan Kiang

Tan Soo Mooi

Loh Jia Wooi (Appointed on 1 January 2022)

Loh Chin Phang (Appointed on 1 July 2022)

Loh Joo Eng (Resigned on 1 January 2022)

Mohamed Haniffah Bin S.M. Mydin (Resigned on 10 June 2022)

### Subsidiaries of Tek Seng Holdings Berhad (excluding those who are already the Directors of the Company)

Shen, Wei-Jiun

Hsu, Ting-Ning

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

| <-----Number of ordinary shares-----> |                           |        |      |                             |
|---------------------------------------|---------------------------|--------|------|-----------------------------|
|                                       | Balance as at<br>1.1.2022 | Bought | Sold | Balance as at<br>31.12.2022 |

### Shares in the Company

#### Direct interests:

|                |            |   |   |            |
|----------------|------------|---|---|------------|
| Loh Kok Beng   | 74,106,830 | 0 | 0 | 74,106,830 |
| Loh Kok Cheng  | 73,857,030 | 0 | 0 | 73,857,030 |
| Tan Soo Mooi   | 70,000     | 0 | 0 | 70,000     |
| Loh Chin Phang | 24,000     | 0 | 0 | 24,000     |

#### Indirect interest:

|                |         |   |   |         |
|----------------|---------|---|---|---------|
| Loh Kok Beng # | 200,000 | 0 | 0 | 200,000 |
|----------------|---------|---|---|---------|

# Shares held by family members by virtue of Section 59 of the Companies Act 2016 in Malaysia.

# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS (Cont'd)

By virtue of their interests in the ordinary shares of the Company, Loh Kok Beng and Loh Kok Cheng are deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

The interest and deemed interests in the ordinary shares of its non-wholly owned subsidiary, TS Solartech Sdn. Bhd., held by Loh Kok Beng and Loh Kok Cheng were as follows:

| <-----Number of ordinary shares-----> |                           |           |      |                             |
|---------------------------------------|---------------------------|-----------|------|-----------------------------|
|                                       | Balance as at<br>1.1.2022 | Bought    | Sold | Balance as at<br>31.12.2022 |
| <b>Shares in a subsidiary</b>         |                           |           |      |                             |
| - TS Solartech Sdn. Bhd.              |                           |           |      |                             |
| <u>Indirect interests:</u>            |                           |           |      |                             |
| Loh Kok Beng                          | 133,054,000               | 1,200,000 | 0    | 134,254,000                 |
| Loh Kok Cheng                         | 133,054,000               | 1,200,000 | 0    | 134,254,000                 |

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as Directors of the Company and its subsidiaries as disclosed in Note 21 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

|  | Group<br>RM      | Company<br>RM  |
|--|------------------|----------------|
| Fees                                       | 215,900          | 215,900        |
| Short term employee benefits               | 3,650,057        | 0              |
| Contributions to defined contribution plan | 436,929          | 0              |
|  | <b>4,302,886</b> | <b>215,900</b> |

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# DIRECTORS' REPORT (Cont'd)

## **INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS**

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM4,835.

No indemnity was given to or insurance effected for the auditors of the Group and of the Company.

## **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### **(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

# DIRECTORS' REPORT (Cont'd)

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 21 December 2022, the Group had entered into Sale and Purchase Agreement for the acquisition of two (2) units three storey shophouses situated in Rawang, Selangor for a purchase consideration of RM2,400,000. ('Proposed Acquisition 1').

The Proposed Acquisition 1 has not been completed as at the date of this report.

- (b) On 5 April 2023, the Group had entered into Sale and Purchase Agreement for the acquisition of a piece of freehold vacant land known as Lot No. 1700, Mukim 14, Daerah Seberang Perai Tengah, Penang for a purchase consideration of RM26,982,947. ('Proposed Acquisition 2').

The Proposed Acquisition 2 has not been completed as at the date of this report.

- (c) On 5 April 2023, the Group had entered into Sale and Purchase Agreement for the acquisition of two pieces of freehold vacant land known as Lot No. 1668 and Lot 1701, Mukim 14, Daerah Seberang Perai Tengah, Penang for a purchase consideration of RM2,181,947 and RM4,795,107 respectively. ('Proposed Acquisition 3').

The Proposed Acquisition 3 has not been completed as at the date of this report.

## AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

## AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

|                 | Group<br>RM    | Company<br>RM |
|-----------------|----------------|---------------|
| Statutory audit | 108,105        | 15,980        |
| Other services  | 21,000         | 21,000        |
|                 | <b>129,105</b> | <b>36,980</b> |

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Loh Kok Beng**  
Director

**Loh Kok Cheng**  
Director

Penang  
5 April 2023

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# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 51 to 99 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Loh Kok Beng**  
Director

**Loh Kok Cheng**  
Director

Penang  
5 April 2023

## STATUTORY DECLARATION

I, Loh Kok Beng (I/C No.: 660415-07-5199), being the Director primarily responsible for the financial management of Tek Seng Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed at Georgetown in  
the state of Penang this 5 April 2023

**Loh Kok Beng**

Before me,

Commissioner for Oaths

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# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TEK SENG HOLDINGS BERHAD

Registration No. 200201011909 (579572-M)

(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Tek Seng Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (i) Recoverability of trade receivables

As at 31 December 2022, the Group had trade receivables amounting to RM20,234,684, which were net of impairment losses of RM785,624. The details of trade receivables and their credit risks have been disclosed in Note 11 and Note 29 to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

#### **Audit response**

Our audit procedures included the following:

- (a) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (b) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (c) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.



# INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF TEK SENG HOLDINGS BERHAD

Registration No. 200201011909 (579572-M)

(Incorporated in Malaysia)

## Key Audit Matters (Cont'd)

### (ii) Impairment of amount owing by a subsidiary (Company level)

As at 31 December 2022, amount owing by a subsidiary of the Company was RM6,798,357, which was net of impairment losses of RM765,826 as disclosed in Note 11 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by a subsidiary, appropriate forward-looking information and estimated cash flows recoverable in worst-case scenarios.

#### **Audit response**

Our audit procedures included the following:

- (a) challenged assessments performed by management and assessed adequacy of expected credit losses based on expected cash flow recoverable from the subsidiary in worst-case scenarios;
- (b) assessed and challenged reasonableness of discount rate used in calculating the present value of amount owing by a subsidiary over its expected repayment periods; and
- (c) assessed actual loss events subsequent to the end of reporting period, if any, for its relationship with the indicators of significant increase in credit risk applied by management.

### (iii) Impairment assessment of carrying amount of investments in subsidiaries (Company level)

As at 31 December 2022, investments in subsidiaries of the Company was RM101,392,518, which was net of impairment losses of RM85,586,575 as disclosed in Note 8 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the recoverable amount of the investments in subsidiaries. The recoverable amount of the investments in subsidiaries are determined based on discounted future cash flows projections, which require judgement on the part of management estimation of the future financial performance and key assumptions used, in particular profit margins, growth rates and pre-tax discount rate.

#### **Audit response**

Our audit procedures included the following:

- (a) compared cash flow projections against recent performance and assessed and challenged the key assumptions used in the projections by comparing to actual gross margins and growth rates and corroborate the findings from other areas of our audit;
- (b) compared prior period projections to actual outcomes to assess reliability of management forecasting process;
- (c) verified the pre-tax discount rate by comparing to the weighted average cost of capital and relevant risk factors of the subsidiary; and
- (d) performed sensitivity analysis to stress test the key assumptions in the impairment model.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

# INDEPENDENT AUDITORS' REPORT (Cont'd)

## TO THE MEMBERS OF TEK SENG HOLDINGS BERHAD

Registration No. 200201011909 (579572-M)

(Incorporated in Malaysia)

### Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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# INDEPENDENT AUDITORS' REPORT (Cont'd)

## TO THE MEMBERS OF TEK SENG HOLDINGS BERHAD

Registration No. 200201011909 (579572-M)

(Incorporated in Malaysia)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters, that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **BDO PLT**

201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

#### **Lee Beng Tuan**

03271/07/2024 J  
Chartered Accountant

Penang  
5 April 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

|  | Note | Group              |             | Company            |             |
|--|------|--------------------|-------------|--------------------|-------------|
|  |      | 2022<br>RM         | 2021<br>RM  | 2022<br>RM         | 2021<br>RM  |
| <b>ASSETS</b>                                      |      |                    |             |                    |             |
| <b>Non-current assets</b>                          |      |                    |             |                    |             |
| Property, plant and equipment                      | 4    | <b>77,050,074</b>  | 80,685,165  | <b>0</b>           | 0           |
| Investment properties                              | 5    | <b>117,125,894</b> | 115,235,802 | <b>0</b>           | 0           |
| Right-of-use assets                                | 6    | <b>5,515,242</b>   | 5,962,544   | <b>0</b>           | 0           |
| Trademark  | 7    | <b>0</b>           | 0           | <b>0</b>           | 0           |
| Investments in subsidiaries                        | 8    | <b>0</b>           | 0           | <b>101,392,518</b> | 70,128,208  |
| Other investment                                   | 9    | <b>6</b>           | 18          | <b>0</b>           | 0           |
| Other receivables                                  | 11   | <b>0</b>           | 0           | <b>1,594,558</b>   | 5,212,637   |
|  |      | <b>199,691,216</b> | 201,883,529 | <b>102,987,076</b> | 75,340,845  |
| <b>Current assets</b>                              |      |                    |             |                    |             |
| Inventories  | 10   | <b>35,272,409</b>  | 31,061,778  | <b>0</b>           | 0           |
| Trade and other receivables                        | 11   | <b>24,788,360</b>  | 30,409,196  | <b>5,379,632</b>   | 2,074,068   |
| Current tax assets                                 |      | <b>2,369,482</b>   | 1,498,679   | <b>0</b>           | 34,652      |
| Cash and bank balances                             | 12   | <b>54,568,088</b>  | 47,116,609  | <b>40,400,830</b>  | 37,977,362  |
|  |      | <b>116,998,339</b> | 110,086,262 | <b>45,780,462</b>  | 40,086,082  |
| <b>TOTAL ASSETS</b>                                |      | <b>316,689,555</b> | 311,969,791 | <b>148,767,538</b> | 115,426,927 |
| <b>EQUITY AND LIABILITIES</b>                      |      |                    |             |                    |             |
| <b>Equity attributable to owners of the parent</b> |      |                    |             |                    |             |
| Share capital                                      | 13   | <b>115,001,955</b> | 115,001,955 | <b>115,001,955</b> | 115,001,955 |
| Retained earnings                                  |      | <b>111,727,700</b> | 105,175,725 | <b>33,682,964</b>  | 209,072     |
|  |      | <b>226,729,655</b> | 220,177,680 | <b>148,684,919</b> | 115,211,027 |
| <b>Non-controlling interests</b>                   | 8(c) | <b>40,244,461</b>  | 40,439,285  | <b>0</b>           | 0           |
| <b>TOTAL EQUITY</b>                                |      | <b>266,974,116</b> | 260,616,965 | <b>148,684,919</b> | 115,211,027 |

# STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 DECEMBER 2022

|                                     | Note | Group              |             | Company            |             |
|-------------------------------------|------|--------------------|-------------|--------------------|-------------|
|                                     |      | 2022<br>RM         | 2021<br>RM  | 2022<br>RM         | 2021<br>RM  |
| <b>LIABILITIES</b>                  |      |                    |             |                    |             |
| <b>Non-current liabilities</b>      |      |                    |             |                    |             |
| Borrowings                          | 14   | <b>19,885,620</b>  | 19,874,953  | <b>0</b>           | 0           |
| Lease liabilities                   | 6    | <b>91,509</b>      | 281,392     | <b>0</b>           | 0           |
| Deferred tax liabilities            | 16   | <b>4,483,400</b>   | 4,756,800   | <b>0</b>           | 0           |
|                                     |      | <b>24,460,529</b>  | 24,913,145  | <b>0</b>           | 0           |
| <b>Current liabilities</b>          |      |                    |             |                    |             |
| Trade and other payables            | 17   | <b>24,890,325</b>  | 22,991,765  | <b>62,455</b>      | 215,900     |
| Borrowings                          | 14   | <b>0</b>           | 1,808,355   | <b>0</b>           | 0           |
| Lease liabilities                   | 6    | <b>184,197</b>     | 306,716     | <b>0</b>           | 0           |
| Current tax liabilities             |      | <b>180,388</b>     | 1,332,845   | <b>20,164</b>      | 0           |
|                                     |      | <b>25,254,910</b>  | 26,439,681  | <b>82,619</b>      | 215,900     |
| <b>TOTAL LIABILITIES</b>            |      | <b>49,715,439</b>  | 51,352,826  | <b>82,619</b>      | 215,900     |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>316,689,555</b> | 311,969,791 | <b>148,767,538</b> | 115,426,927 |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|   | Note  | Group                |               | Company            |            |
|---|-------|----------------------|---------------|--------------------|------------|
|   |       | 2022<br>RM           | 2021<br>RM    | 2022<br>RM         | 2021<br>RM |
| Revenue   | 19    | <b>182,634,452</b>   | 181,141,748   | <b>3,684,040</b>   | 10,445,093 |
| Other operating income  | 20    | <b>8,186,221</b>     | 13,686,219    | <b>1,065,829</b>   | 1,268,882  |
| Changes in inventories of<br>work-in-progress and finished<br>goods |       | <b>1,445,892</b>     | 993,740       | <b>0</b>           | 0          |
| Purchase of trading merchandise                                     |       | <b>(6,764,310)</b>   | (7,186,905)   | <b>0</b>           | 0          |
| Raw materials and consumables<br>used                               |       | <b>(105,789,814)</b> | (103,125,839) | <b>0</b>           | 0          |
| Reversal of impairment losses on:                                   |       |                      |               |                    |            |
| - amount owing to a subsidiary                                      | 11(i) | <b>0</b>             | 0             | <b>2,372,503</b>   | 0          |
| - investments in subsidiaries                                       | 8(e)  | <b>0</b>             | 0             | <b>32,967,018</b>  | 0          |
| - trade receivables   | 11(g) | <b>10,238</b>        | 252,330       | <b>0</b>           | 0          |
| Impairment losses on:   |       |                      |               |                    |            |
| - investments in subsidiaries                                       | 8(e)  | <b>0</b>             | 0             | <b>(2,302,708)</b> | 0          |
| - property, plant and equipment                                     | 4(b)  | <b>0</b>             | (62,531)      | <b>0</b>           | 0          |
| - trade receivables   | 11(g) | <b>(200,618)</b>     | (250,054)     | <b>0</b>           | 0          |
| Depreciation of:  |       |                      |               |                    |            |
| - property, plant and equipment                                     | 4     | <b>(5,434,607)</b>   | (7,390,251)   | <b>0</b>           | 0          |
| - investment properties   | 5     | <b>(2,690,642)</b>   | (2,647,867)   | <b>0</b>           | 0          |
| - right-of-use assets   | 6     | <b>(382,103)</b>     | (426,502)     | <b>0</b>           | 0          |
| Employee benefits   | 21    | <b>(21,114,788)</b>  | (20,122,093)  | <b>(215,900)</b>   | (211,400)  |
| Carriage outwards   |       | <b>(9,614,668)</b>   | (8,373,799)   | <b>0</b>           | 0          |
| Utilities expenses  |       | <b>(9,548,303)</b>   | (9,079,175)   | <b>0</b>           | 0          |
| Other expenses  |       | <b>(15,623,148)</b>  | (11,785,625)  | <b>(303,012)</b>   | (443,150)  |
| Finance costs   | 22    | <b>(527,009)</b>     | (499,351)     | <b>0</b>           | (29)       |
| Profit before tax   |       | <b>14,586,793</b>    | 25,124,045    | <b>37,267,770</b>  | 11,059,396 |
| Tax expense   | 23    | <b>(4,122,961)</b>   | (6,139,591)   | <b>(187,197)</b>   | (81,599)   |
| Profit for the financial year                                       |       | <b>10,463,832</b>    | 18,984,454    | <b>37,080,573</b>  | 10,977,797 |
| Other comprehensive income,<br>net of tax                           |       | <b>0</b>             | 0             | <b>0</b>           | 0          |
| Total comprehensive income  |       | <b>10,463,832</b>    | 18,984,454    | <b>37,080,573</b>  | 10,977,797 |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|  | Note | Group             |            | Company           |            |
|--|------|-------------------|------------|-------------------|------------|
|  |      | 2022<br>RM        | 2021<br>RM | 2022<br>RM        | 2021<br>RM |
| Profit attributable to:  |      |                   |            |                   |            |
| Owners of the parent   |      | <b>10,164,776</b> | 18,469,198 | <b>37,080,573</b> | 10,977,797 |
| Non-controlling interests  |      | <b>299,056</b>    | 515,256    | <b>0</b>          | 0          |
|  |      | <b>10,463,832</b> | 18,984,454 | <b>37,080,573</b> | 10,977,797 |
| Total comprehensive income attributable to:                                |      |                   |            |                   |            |
| Owners of the parent   |      | <b>10,164,776</b> | 18,469,198 | <b>37,080,573</b> | 10,977,797 |
| Non-controlling interests  |      | <b>299,056</b>    | 515,256    | <b>0</b>          | 0          |
|  |      | <b>10,463,832</b> | 18,984,454 | <b>37,080,573</b> | 10,977,797 |
| Earnings per ordinary share attributable to equity holders of the Company: |      |                   |            |                   |            |
| Basic  | 24   | <b>0.03</b>       | 0.05       |                   |            |
| Diluted  | 24   | *                 | *          |                   |            |

Note:

\* Diluted earnings per ordinary share equals basic earnings per ordinary share.

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Group  | Note | Share capital<br>RM | Retained earnings<br>RM | Total attributable to owners of the parent<br>RM | Non-controlling interests<br>RM | Total equity<br>RM |
|--|------|---------------------|-------------------------|--|---------------------------------|--------------------|
| Balance as at 1 January 2022                         |      | 115,001,955         | 105,175,725             | 220,177,680                                      | 40,439,285                      | 260,616,965        |
| Profit for the financial year                        |      | 0                   | 10,164,776              | 10,164,776                                       | 299,056                         | 10,463,832         |
| Other comprehensive income, net of tax               |      | 0                   | 0                       | 0  | 0                               | 0                  |
| Total comprehensive income                           |      | 0                   | 10,164,776              | 10,164,776                                       | 299,056                         | 10,463,832         |
| <b>Transactions with owners:</b>                     |      |                     |                         |  |                                 |                    |
| Acquisition of shares from non-controlling interests | 8(f) | 0                   | (6,120)                 | (6,120)  | (493,880)                       | (500,000)          |
| Dividends  | 25   | 0                   | (3,606,681)             | (3,606,681)                                      | 0                               | (3,606,681)        |
| Total transactions with owners                       |      | 0                   | (3,612,801)             | (3,612,801)                                      | (493,880)                       | (4,106,681)        |
| Balance as at 31 December 2022                       |      | 115,001,955         | 111,727,700             | 226,729,655                                      | 40,244,461                      | 266,974,116        |



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Group  | Note | Share<br>capital<br>RM | Retained<br>earnings<br>RM | Total<br>attributable to<br>owners of the<br>parent<br>RM | Non-<br>controlling<br>interests<br>RM | Total equity<br>RM |
|--|------|------------------------|----------------------------|---|--|--------------------|
| Balance as at 1 January 2021                         |      | 115,001,955            | 100,222,078                | 215,224,033   | 41,131,862                             | 256,355,895        |
| Profit for the financial year                        |      | 0                      | 18,469,198                 | 18,469,198  | 515,256                                | 18,984,454         |
| Other comprehensive income, net of tax               |      | 0                      | 0                          | 0   | 0                                      | 0                  |
| Total comprehensive income                           |      | 0                      | 18,469,198                 | 18,469,198  | 515,256                                | 18,984,454         |
| <b>Transactions with owners:</b>                     |      |                        |                            |   |  |                    |
| Acquisition of shares from non-controlling interests | 8(f) | 0                      | (892,167)                  | (892,167)   | (1,207,833)                            | (2,100,000)        |
| Dividends  | 25   | 0                      | (12,623,384)               | (12,623,384)  | 0                                      | (12,623,384)       |
| Total transactions with owners                       |      | 0                      | (13,515,551)               | (13,515,551)  | (1,207,833)                            | (14,723,384)       |
| Balance as at 31 December 2021                       |      | 115,001,955            | 105,175,725                | 220,177,680   | 40,439,285                             | 260,616,965        |

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Company                                | Note | Share capital<br>RM | Retained earnings<br>RM | Total equity<br>RM |
|--|------|---------------------|-------------------------|--------------------|
| Balance as at 1 January 2022           |      | 115,001,955         | 209,072                 | 115,211,027        |
| Profit for the financial year          |      | 0                   | 37,080,573              | 37,080,573         |
| Other comprehensive income, net of tax |      | 0                   | 0                       | 0                  |
| Total comprehensive income             |      | 0                   | 37,080,573              | 37,080,573         |
| <b>Transaction with owners:</b>        |      |                     |                         |                    |
| Dividends                              | 25   | 0                   | (3,606,681)             | (3,606,681)        |
| Balance as at 31 December 2022         |      | 115,001,955         | 33,682,964              | 148,684,919        |
| Balance as at 1 January 2021           |      | 115,001,955         | 1,854,659               | 116,856,614        |
| Profit for the financial year          |      | 0                   | 10,977,797              | 10,977,797         |
| Other comprehensive income, net of tax |      | 0                   | 0                       | 0                  |
| Total comprehensive income             |      | 0                   | 10,977,797              | 10,977,797         |
| <b>Transaction with owners:</b>        |      |                     |                         |                    |
| Dividends                              | 25   | 0                   | (12,623,384)            | (12,623,384)       |
| Balance as at 31 December 2021         |      | 115,001,955         | 209,072                 | 115,211,027        |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|   | Note  | Group              |             | Company             |              |
|---|-------|--------------------|-------------|---------------------|--------------|
|   |       | 2022<br>RM         | 2021<br>RM  | 2022<br>RM          | 2021<br>RM   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |       |                    |             |                     |              |
| Profit before tax   |       | <b>14,586,793</b>  | 25,124,045  | <b>37,267,770</b>   | 11,059,396   |
| Adjustments for:  |       |                    |             |                     |              |
| Bad debts written off                                     |       | <b>25,551</b>      | 17,997      | <b>0</b>            | 0            |
| Depreciation of:  |       |                    |             |                     |              |
| - property, plant and equipment                           | 4     | <b>5,434,607</b>   | 7,390,251   | <b>0</b>            | 0            |
| - investment properties                                   | 5     | <b>2,690,642</b>   | 2,647,867   | <b>0</b>            | 0            |
| - right-of-use assets                                     | 6     | <b>382,103</b>     | 426,502     | <b>0</b>            | 0            |
| Gain on lease modification                                | 6(c)  | <b>(2,160)</b>     | (13,237)    | <b>0</b>            | 0            |
| Dividend income from subsidiaries                         | 19    | <b>0</b>           | 0           | <b>(3,600,040)</b>  | (10,361,093) |
| Interest expense  |       | <b>521,122</b>     | 494,196     | <b>0</b>            | 29           |
| Gain on disposal of property, plant and equipment         |       | <b>(213,920)</b>   | (57,657)    | <b>0</b>            | 0            |
| Impairment losses on:                                     |       |                    |             |                     |              |
| - investments in subsidiaries                             | 8(e)  | <b>0</b>           | 0           | <b>2,302,708</b>    | 0            |
| - property, plant and equipment                           | 4(b)  | <b>0</b>           | 62,531      | <b>0</b>            | 0            |
| - trade receivables                                       | 11(g) | <b>200,618</b>     | 250,054     | <b>0</b>            | 0            |
| Inventories written back                                  | 10(d) | <b>(282,326)</b>   | 0           | <b>0</b>            | 0            |
| Inventories written off                                   |       | <b>25,102</b>      | 0           | <b>0</b>            | 0            |
| Loss on disposal of investment properties                 |       | <b>0</b>           | 185,952     | <b>0</b>            | 0            |
| Reversal of impairment losses on:                         |       |                    |             |                     |              |
| - amounts owing by subsidiaries                           | 11(i) | <b>0</b>           | 0           | <b>(2,372,503)</b>  | 0            |
| - investments in subsidiaries                             | 8(e)  | <b>0</b>           | 0           | <b>(32,967,018)</b> | 0            |
| - trade receivables                                       | 11(g) | <b>(10,238)</b>    | (252,330)   | <b>0</b>            | 0            |
| Net unrealised gain on foreign exchange                   |       | <b>(21,066)</b>    | (35,848)    | <b>0</b>            | 0            |
| Interest income   |       | <b>(997,404)</b>   | (939,523)   | <b>(1,065,829)</b>  | (1,268,882)  |
| Operating profit/(loss) before changes in working capital |       | <b>22,339,424</b>  | 35,300,800  | <b>(434,912)</b>    | (570,550)    |
| Increase in inventories                                   |       | <b>(3,953,407)</b> | (1,996,414) | <b>0</b>            | 0            |
| Decrease/(Increase) in trade and other receivables        |       | <b>5,342,691</b>   | 1,672,288   | <b>(175,833)</b>    | 0            |
| Increase/(Decrease) in trade and other payables           |       | <b>1,878,152</b>   | (1,340,260) | <b>(153,445)</b>    | 7,532        |
| Cash generated from/(used in) operations                  |       | <b>25,606,860</b>  | 33,636,414  | <b>(764,190)</b>    | (563,018)    |
| Interest received   |       | <b>997,404</b>     | 939,523     | <b>1,065,829</b>    | 1,268,882    |
| Interest paid   |       | <b>(7,570)</b>     | (24,536)    | <b>0</b>            | (29)         |
| Tax paid  |       | <b>(6,419,621)</b> | (8,261,479) | <b>(132,381)</b>    | (73,326)     |
| Net cash from operating activities                        |       | <b>20,177,073</b>  | 26,289,922  | <b>169,258</b>      | 632,509      |

# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|   | Note  | Group               |              | Company             |              |
|---|-------|---------------------|--------------|---------------------|--------------|
|   |       | 2022<br>RM          | 2021<br>RM   | 2022<br>RM          | 2021<br>RM   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |       |                     |              |                     |              |
| Accretion of interests in subsidiaries                        | 8(f)  | <b>(500,000)</b>    | (2,100,000)  | <b>(600,000)</b>    | (22,100,000) |
| Dividends received from subsidiaries                          |       | <b>0</b>            | 0            | <b>3,600,040</b>    | 10,361,093   |
| Net changes in deposits pledged as securities                 |       | <b>(20,000,000)</b> | 0            | <b>(20,000,000)</b> | 0            |
| Purchase of:  |       |                     |              |                     |              |
| - property, plant and equipment                               | 4     | <b>(2,419,530)</b>  | (29,106,001) | <b>0</b>            | 0            |
| - investment properties                                       | 5     | <b>(4,230,800)</b>  | 0            | <b>0</b>            | 0            |
| Proceeds from disposals of:                                   |       |                     |              |                     |              |
| - property, plant and equipment                               |       | <b>484,000</b>      | 91,300       | <b>0</b>            | 0            |
| - investment properties                                       |       | <b>0</b>            | 236,761      | <b>0</b>            | 0            |
| Repayment by a subsidiary                                     |       | <b>0</b>            | 0            | <b>2,860,851</b>    | 4,128,716    |
| Net cash used in investing activities                         |       | <b>(26,666,330)</b> | (30,877,940) | <b>(14,139,109)</b> | (7,610,191)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |       |                     |              |                     |              |
| Dividends paid  | 25    | <b>(3,606,681)</b>  | (12,623,384) | <b>(3,606,681)</b>  | (12,623,384) |
| Net (repayments)/drawdowns of:                                |       |                     |              |                     |              |
| - term loans  |       | <b>(489,028)</b>    | (545,072)    | <b>0</b>            | 0            |
| - foreign currency trust receipt                              |       | <b>(1,808,355)</b>  | 1,808,355    | <b>0</b>            | 0            |
| - lease liabilities   |       | <b>(258,900)</b>    | (310,199)    | <b>0</b>            | 0            |
| Net cash used in financing activities                         |       | <b>(6,162,964)</b>  | (11,670,300) | <b>(3,606,681)</b>  | (12,623,384) |
| Net decrease in cash and cash equivalents                     |       | <b>(12,652,221)</b> | (16,258,318) | <b>(17,576,532)</b> | (19,601,066) |
| Effects of exchange rate changes on cash and cash equivalents |       | <b>103,700</b>      | 53,305       | <b>0</b>            | 0            |
| Cash and cash equivalents at beginning of financial year      |       | <b>47,116,609</b>   | 63,321,622   | <b>37,977,362</b>   | 57,578,428   |
| Cash and cash equivalents at end of financial year            | 12(b) | <b>34,568,088</b>   | 47,116,609   | <b>20,400,830</b>   | 37,977,362   |

# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group                          | Lease liabilities<br>(Note 6)<br>RM | Foreign currency<br>trust receipt<br>(Note 14)<br>RM | Term loans<br>(Note 14)<br>RM |
|--------------------------------|-------------------------------------|--|-------------------------------|
| Balance as at 1 January 2021   | 267,155                             | 0  | 19,970,300                    |
| Cash flows                     | (310,199)                           | 1,808,355  | (545,072)                     |
| Non-cash flows:                |                                     |  |                               |
| - addition                     | 791,399                             | 0  | 0                             |
| - modification of lease        | (180,182)                           | 0  | 0                             |
| - unwinding of interest        | 19,935                              | 0  | 449,725                       |
| Balance as at 31 December 2021 | <u>588,108</u>                      | <u>1,808,355</u>                                     | <u>19,874,953</u>             |
| Balance as at 1 January 2022   | 588,108                             | 1,808,355  | 19,874,953                    |
| Cash flows                     | <b>(258,900)</b>                    | <b>(1,808,355)</b>                                   | <b>(489,028)</b>              |
| Non-cash flows:                |                                     |  |                               |
| - addition                     | <b>67,049</b>                       | <b>0</b>   | <b>0</b>                      |
| - modification of lease        | <b>(134,408)</b>                    | <b>0</b>   | <b>0</b>                      |
| - unwinding of interest        | <b>13,857</b>                       | <b>0</b>   | <b>499,695</b>                |
| Balance as at 31 December 2022 | <u><b>275,706</b></u>               | <u><b>0</b></u>                                      | <u><b>19,885,620</b></u>      |

The accompanying notes form an integral part of the financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

The principal place of business of the Company is located at Plot 159, MK 13, Jalan Perindustrian Bukit Minyak 7, Bukit Minyak Industrial Park, 14000 Bukit Mertajam, Penang.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution by the Board of Directors on 5 April 2023.

## 2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are mainly engaged in manufacturing and trading of Polyvinyl Chloride ('PVC') related products and Polypropylene ('PP') Non-Woven, trading of photovoltaic products, generate and supply the renewable energy and renting of properties. Further details of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 30.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 4. PROPERTY, PLANT AND EQUIPMENT

| Group                                    | Balance as at<br>1.1.2022<br>RM | Additions<br>RM      | Disposals<br>RM  | Transfer to<br>investment<br>properties<br>(Note 5)<br>RM | Depreciation<br>charge for the<br>financial year<br>RM | Balance as at<br>31.12.2022<br>RM |
|--|---------------------------------|----------------------|------------------|---|--|-----------------------------------|
| <b>Carrying amount</b>                   |                                 |                      |                  |   |  |                                   |
| Freehold land                            | 27,216,039                      | 0                    | 0                | (258,352)   | 0  | 26,957,687                        |
| Buildings and factory buildings          | 35,760,562                      | 892,568              | (270,080)        | (91,582)  | (999,404)  | 35,292,064                        |
| Office equipment, furniture and fittings | 1,168,980                       | 41,504               | 0                | 0   | (242,256)  | 968,228                           |
| Plant and machinery                      | 14,758,340                      | 770,500              | 0                | 0   | (3,255,038)  | 12,273,802                        |
| Motor vehicles                           | 1,781,243                       | 714,958              | 0                | 0   | (937,909)  | 1,558,292                         |
| Electrical installation                  | 1                               | 0                    | 0                | 0   | 0  | 1                                 |
|  | <b>80,685,165</b>               | <b>2,419,530</b>     | <b>(270,080)</b> | <b>(349,934)</b>  | <b>(5,434,607)</b>                                     | <b>77,050,074</b>                 |
| <-----Balance as at 31.12.2022----->     |                                 |                      |                  |   |  |                                   |
|  |                                 |                      |                  |   |  |                                   |
| Freehold land                            | 26,957,687                      | 0                    | 0                | 0   | 0  | 26,957,687                        |
| Buildings and factory buildings          | 56,019,113                      | (14,861,312)         |                  |   | (5,865,737)  | 35,292,064                        |
| Office equipment, furniture and fittings | 3,982,907                       | (3,014,679)          |                  |   | 0  | 968,228                           |
| Plant and machinery                      | 162,441,867                     | (134,736,528)        |                  |   | (15,431,537)   | 12,273,802                        |
| Motor vehicles                           | 8,883,308                       | (7,325,016)          |                  |   | 0  | 1,558,292                         |
| Electrical installation                  | 48,435                          | (48,434)             |                  |   | 0  | 1                                 |
|  | <b>258,333,317</b>              | <b>(159,985,969)</b> |                  |   | <b>(21,297,274)</b>                                    | <b>77,050,074</b>                 |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Group                                    | Balance as at<br>1.1.20221<br>RM | Additions<br>RM    | Disposals<br>RM | Impairment<br>losses<br>RM | Depreciation<br>charge for the<br>financial year<br>RM | Balance as at<br>31.12.2021<br>RM |
|--|----------------------------------|--------------------|-----------------|----------------------------|--|-----------------------------------|
| <b>Carrying amount</b>                   |                                  |                    |                 |                            |  |                                   |
| Freehold land                            | 258,352                          | 26,957,687         | 0               | 0                          | 0  | 27,216,039                        |
| Buildings and factory buildings          | 36,820,148                       | 0                  | 0               | (62,531)                   | (997,055)  | 35,760,562                        |
| Office equipment, furniture and fittings | 1,411,084                        | 0                  | 0               | 0                          | (242,104)  | 1,168,980                         |
| Plant and machinery                      | 18,053,409                       | 1,854,855          | (33,637)        | 0                          | (5,116,287)  | 14,758,340                        |
| Motor vehicles                           | 2,522,595                        | 293,459            | (6)             | 0                          | (1,034,805)  | 1,781,243                         |
| Electrical installation                  | 1                                | 0                  | 0               | 0                          | 0  | 1                                 |
|  | <u>59,065,589</u>                | <u>29,106,001</u>  | <u>(33,643)</u> | <u>(62,531)</u>            | <u>(7,390,251)</u>                                     | <u>80,685,165</u>                 |
| <-----Balance as at 31.12.2021----->     |                                  |                    |                 |                            |  |                                   |
|  |                                  |                    |                 |                            |  |                                   |
| Freehold land                            |                                  | 27,216,039         |                 | 0                          | 0  | 27,216,039                        |
| Buildings and factory buildings          |                                  | 58,830,206         |                 | (14,804,403)               | (8,265,241)  | 35,760,562                        |
| Office equipment, furniture and fittings |                                  | 3,941,403          |                 | (2,772,423)                | 0  | 1,168,980                         |
| Plant and machinery                      |                                  | 161,671,367        |                 | (131,481,490)              | (15,431,537)   | 14,758,340                        |
| Motor vehicles                           |                                  | 8,763,227          |                 | (6,981,984)                | 0  | 1,781,243                         |
| Electrical installation                  |                                  | 48,435             |                 | (48,434)                   | 0  | 1                                 |
|  |                                  | <u>260,470,677</u> |                 | <u>(156,088,734)</u>       | <u>(23,696,778)</u>                                    | <u>80,685,165</u>                 |



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal annual depreciation periods are as follows:

|  |               |
|--|---------------|
| Buildings and factory buildings          | 50 years      |
| Office equipment, furniture and fittings | 10 - 13 years |
| Plant and machinery                      | 5 - 20 years  |
| Motor vehicles                           | 5 years       |
| Electrical installation                  | 10 years      |

Freehold land has an unlimited useful life and is not depreciated.

- (b) The Group assessed whether there were any indicators of impairment as at the end of each reporting period. In doing this, management considered the current environments and performance of the Cash Generating Units ('CGUs').

Management has made estimate on the recoverable amounts of the assets. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use ('VIU'). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or group assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In the previous financial year, the Group recognised an impairment loss on property, plant and equipment amounting to RM62,531 due to the recoverable amount of property, plant and equipment which was determined based on Directors' estimation of fair value less cost to sell, was lower than its carrying amount.

- (c) In the previous financial year, freehold land and building of the Group with a carrying amount of RM350,263 were subject to fixed charges created to secure banking facilities granted to a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 5. INVESTMENT PROPERTIES

| Group                              | Balance as at<br>1.1.2022<br>RM | Additions<br>RM  | Transfer from<br>property, plant<br>and equipment<br>(Note 4)<br>RM | Depreciation<br>charge for the<br>financial year<br>RM | Balance as at<br>31.12.2022<br>RM |
|------------------------------------|---------------------------------|------------------|---|--|-----------------------------------|
| <b>Carrying amount</b>             |                                 |                  |   |  |                                   |
| Freehold land                      | 0                               | 0                | 258,352   | 0  | 258,352                           |
| Leasehold land                     | 5,464,530                       | 1,060,504        | 0   | (116,625)  | 6,408,409                         |
| Buildings and factory<br>buildings | 109,771,272                     | 3,170,296        | 91,582  | (2,574,017)  | 110,459,133                       |
|                                    | <u>115,235,802</u>              | <u>4,230,800</u> | <u>349,934</u>  | <u>(2,690,642)</u>                                     | <u>117,125,894</u>                |

| <-----Balance as at 31.12.2022-----> |                    |                                   |   |                          |
|--------------------------------------|--------------------|-----------------------------------|---|--------------------------|
|                                      | Cost<br>RM         | Accumulated<br>depreciation<br>RM | Accumulated<br>impairment<br>losses<br>RM | Carrying<br>amount<br>RM |
| Freehold land                        | 258,352            | 0                                 | 0   | 258,352                  |
| Leasehold land                       | 7,616,101          | (1,207,692)                       | 0   | 6,408,409                |
| Buildings and factory<br>buildings   | 134,396,415        | (19,897,534)                      | (4,039,748)                               | 110,459,133              |
|                                      | <u>142,270,868</u> | <u>(21,105,226)</u>               | <u>(4,039,748)</u>                        | <u>117,125,894</u>       |

| Group                              | Balance as at<br>1.1.2021<br>RM | Disposals<br>RM  | Depreciation<br>charge for the<br>financial year<br>RM | Balance as at<br>31.12.2021<br>RM |
|------------------------------------|---------------------------------|------------------|--|-----------------------------------|
| Leasehold land                     | 5,573,790                       | 0                | (109,260)  | 5,464,530                         |
| Buildings and factory<br>buildings | 112,732,592                     | (422,713)        | (2,538,607)  | 109,771,272                       |
|                                    | <u>118,306,382</u>              | <u>(422,713)</u> | <u>(2,647,867)</u>                                     | <u>115,235,802</u>                |

| <-----Balance as at 31.12.2021-----> |                    |                                   |   |                          |
|--------------------------------------|--------------------|-----------------------------------|---|--------------------------|
|                                      | Cost<br>RM         | Accumulated<br>depreciation<br>RM | Accumulated<br>impairment<br>losses<br>RM | Carrying<br>amount<br>RM |
| Leasehold land                       | 6,555,597          | (1,091,067)                       | 0   | 5,464,530                |
| Buildings and factory<br>buildings   | 131,028,471        | (17,217,451)                      | (4,039,748)                               | 109,771,272              |
|                                      | <u>137,584,068</u> | <u>(18,308,518)</u>               | <u>(4,039,748)</u>                        | <u>115,235,802</u>       |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 5. INVESTMENT PROPERTIES (Cont'd)

- (a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group.

Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are amortised on a straight-line basis to write off the cost of the assets to their residual value over the estimated useful lives at an annual rate of 2%. Leasehold land is amortised equally over the lease period of 60 years. Freehold land has an unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of investment properties are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

- (b) The fair value of the investment properties for disclosure purposes, which are at Level 3 fair value are estimated at approximately RM125,316,145 (2021: RM126,620,486) based on Directors' estimation by reference to market evidence of transaction prices of similar properties in the vicinity and same category. The significant unobservable input into this valuation method is adjustment factors to prices of comparable properties. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.

There were no transfers between Level 3 fair value measurements during the financial years ended 31 December 2022 and 31 December 2021.

- (c) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

|                          | Group          |                  |
|--------------------------|----------------|------------------|
|                          | 2022<br>RM     | 2021<br>RM       |
| Repair and maintenance   | 66,094         | 1,132,572        |
| Quit rent and assessment | 283,596        | 282,624          |
|                          | <u>349,690</u> | <u>1,415,196</u> |

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### The Group as lessee

#### Right-of-use assets

| Carrying amount | Balance<br>as at<br>1.1.2022<br>RM | Additions<br>RM | Modification<br>RM | Depreciation<br>charge for<br>the financial<br>year<br>RM | Balance<br>as at<br>31.12.2022<br>RM |
|-----------------|------------------------------------|-----------------|--------------------|---|--------------------------------------|
| Leasehold land  | 5,380,190                          | 0               | 0                  | (133,987)   | 5,246,203                            |
| Hostel          | 582,354                            | 67,049          | (132,248)          | (248,116)   | 269,039                              |
|                 | <u>5,962,544</u>                   | <u>67,049</u>   | <u>(132,248)</u>   | <u>(382,103)</u>  | <u>5,515,242</u>                     |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

### The Group as lessee (Cont'd)

#### Right-of-use assets (Cont'd)

| Carrying amount | Balance as at 1.1.2021 RM | Additions RM   | Modification RM  | Depreciation charge for the financial year RM | Balance as at 31.12.2021 RM |
|-----------------|---------------------------|----------------|------------------|---|-----------------------------|
| Leasehold land  | 5,514,175                 | 0              | 0                | (133,985)                                     | 5,380,190                   |
| Hostel          | 250,417                   | 791,399        | (166,945)        | (292,517)                                     | 582,354                     |
|                 | <u>5,764,592</u>          | <u>791,399</u> | <u>(166,945)</u> | <u>(426,502)</u>                              | <u>5,962,544</u>            |

#### Lease liabilities

| Carrying amount | Balance as at 1.1.2022 RM | Additions RM  | Lease payments RM | Interest expense RM | Modification RM  | Balance as at 31.12.2022 RM |
|-----------------|---------------------------|---------------|-------------------|---------------------|------------------|-----------------------------|
| Hostel          | <u>588,108</u>            | <u>67,049</u> | <u>(258,900)</u>  | <u>13,857</u>       | <u>(134,408)</u> | <u>275,706</u>              |

| Carrying amount | Balance as at 1.1.2021 RM | Additions RM   | Lease payments RM | Interest expense RM | Modification RM  | Balance as at 31.12.2021 RM |
|-----------------|---------------------------|----------------|-------------------|---------------------|------------------|-----------------------------|
| Hostel          | <u>267,155</u>            | <u>791,399</u> | <u>(310,199)</u>  | <u>19,935</u>       | <u>(180,182)</u> | <u>588,108</u>              |

|   | 2022 RM        | 2021 RM        |
|---|----------------|----------------|
| Represented by:                                       |                |                |
| Current liabilities                                   | <u>184,197</u> | 306,716        |
| Non-current liabilities                               | <u>91,509</u>  | <u>281,392</u> |
|   | <u>275,706</u> | <u>588,108</u> |
| Lease liabilities owing to non-financial institutions | <u>275,706</u> | <u>588,108</u> |

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term. The depreciation period of right-of-use assets is as follows:

Hostel 3 years

Leasehold land is amortised equally over the lease period of 60 years.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

### The Group as lessee (Cont'd)

(b) The Group has certain leases of assets with lease term of twelve (12) months or less, and low-value leases of RM20,000 and below. The Group applies the 'short-term leases' and 'lease of low-value assets' exemptions for these leases.

(c) The following are the amounts recognised in profit or loss:

|  | Group          |            |
|--|----------------|------------|
|  | 2022<br>RM     | 2021<br>RM |
| Depreciation charge of right-of-use assets                           | <b>382,103</b> | 426,502    |
| Interest expense on lease liabilities                                | <b>13,857</b>  | 19,935     |
| Expense relating to short-term leases and leases of low-value assets | <b>105,074</b> | 127,849    |
| Gain on lease modification   | <b>(2,160)</b> | (13,237)   |
|  | <b>498,874</b> | 561,049    |

(d) The following are total cash outflows for leases as a lessee:

|  | Group          |            |
|--|----------------|------------|
|  | 2022<br>RM     | 2021<br>RM |
| Included in net cash from operating activities:              |                |            |
| - payment relating to short-term leases and low-value assets | <b>105,074</b> | 127,849    |
| Included in net cash used in financing activities:           |                |            |
| - payment of lease liabilities                               | <b>258,900</b> | 310,199    |
| Total cash outflows for leases                               | <b>363,974</b> | 438,048    |

(e) The table below summarises the weighted average incremental borrowing rate as at the end of the reporting date and maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

| Group                   | Weighted average incremental borrowing rate per annum % | On demand or within one (1) year RM | One (1) to five (5) years RM | More than five (5) years RM | Total RM       |
|-------------------------|---|-------------------------------------|------------------------------|-----------------------------|----------------|
| <b>31 December 2022</b> |   |                                     |                              |                             |                |
| Lease liabilities       | <b>3.34</b>   | <b>190,500</b>                      | <b>92,400</b>                | <b>0</b>                    | <b>282,900</b> |
| <b>31 December 2021</b> |   |                                     |                              |                             |                |
| Lease liabilities       | 3.32  | 321,600                             | 196,200                      | 92,400                      | 610,200        |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

### The Group as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to five (5) years and renewable at the end of the lease period.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

|                            | Group                    |                  |
|----------------------------|--------------------------|------------------|
|                            | 2022<br>RM               | 2021<br>RM       |
| Less than one (1) year     | <b>7,657,647</b>         | 4,261,756        |
| One (1) to two (2) years   | <b>5,105,850</b>         | 2,240,000        |
| Two (2) to three (3) years | <b>2,613,168</b>         | 0                |
|                            | <b><u>15,376,665</u></b> | <u>6,501,756</u> |

## 7. TRADEMARK

|                                | Group           |            |
|--------------------------------|-----------------|------------|
|                                | 2022<br>RM      | 2021<br>RM |
| <b>Carrying amount</b>         |                 |            |
| Trademark, at cost             | <b>0</b>        | 16,865     |
| Less: Accumulated amortisation | <b>0</b>        | (16,865)   |
|                                | <b><u>0</u></b> | <u>0</u>   |

Expenditure on acquired trademark is capitalised and amortised using the straight-line method over its estimated useful life of a period of eight (8) years. Trademark is not revalued and is shown at cost less accumulated amortisation and any accumulated impairment losses.

## 8. INVESTMENTS IN SUBSIDIARIES

|                          | Company                   |                   |
|--------------------------|---------------------------|-------------------|
|                          | 2022<br>RM                | 2021<br>RM        |
| Unquoted shares, at cost | <b>186,979,093</b>        | 186,379,093       |
| Less: Impairment losses  | <b>(85,586,575)</b>       | (116,250,885)     |
|                          | <b><u>101,392,518</u></b> | <u>70,128,208</u> |

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Details of the subsidiaries are as follows:

| Name of company                             | Country of incorporation/<br>Principal place of business | Effective interest in equity |        | Principal activities   |
|---|--|------------------------------|--------|--|
|   |  | 2022                         | 2021   |  |
| Tek Seng Sdn. Bhd.                          | Malaysia   | <b>100%</b>                  | 100%   | Trading of polyvinyl chloride ('PVC') products and photovoltaic products such as solar cells, solar panels and solar modules |
| Wangsaga Industries Sdn. Bhd.               | Malaysia   | <b>100%</b>                  | 100%   | Manufacturing of PVC related products  |
| Pelangi Segi Sdn. Bhd.                      | Malaysia   | <b>100%</b>                  | 100%   | Trading of PVC products  |
| Double Grade Non-Woven Industries Sdn. Bhd. | Malaysia   | <b>100%</b>                  | 100%   | Manufacturing of polypropylene ('PP') non-woven related products and letting of properties                                   |
| TS Solartech Sdn. Bhd. ('TSST')             | Malaysia   | <b>57.88%</b>                | 57.36% | Generate and supply the renewable energy and renting of properties   |

All subsidiaries are audited by BDO PLT in Malaysia.

(c) The subsidiary of the Group that has material non-controlling interests ('NCI') is as follows:

|  | TSST              |            |
|--|-------------------|------------|
|  | 2022              | 2021       |
| NCI percentage of ownership interest and voting interest | <b>42.12%</b>     | 42.64%     |
| Carrying amount of NCI (RM)                              | <b>40,244,461</b> | 40,439,285 |
| Profit allocated to NCI (RM)                             | <b>299,056</b>    | 515,256    |
| Total comprehensive income allocated to NCI (RM)         | <b>299,056</b>    | 515,256    |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (d) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period are as follows:

|  | TSST                     |                   |
|--|--------------------------|-------------------|
|  | 2022<br>RM               | 2021<br>RM        |
| <b>Assets and liabilities</b>                        |                          |                   |
| Non-current assets                                   | <b>125,871,922</b>       | 127,974,413       |
| Current assets                                       | <b>2,849,140</b>         | 1,772,648         |
| Non-current liabilities                              | <b>(19,885,620)</b>      | (19,874,953)      |
| Current liabilities                                  | <b>(13,288,287)</b>      | (15,033,256)      |
| Net assets   | <b><u>95,547,155</u></b> | <u>94,838,852</u> |
| <b>Results</b>                                       |                          |                   |
| Revenue  | <b>6,845,864</b>         | 1,842,737         |
| Profit for the financial year                        | <b>708,304</b>           | 1,208,387         |
| Total comprehensive income                           | <b><u>708,304</u></b>    | <u>1,208,387</u>  |
| Cash flows from operating activities                 | <b>1,504,448</b>         | 184,981           |
| Cash flows (used in)/from investing activities       | <b>(853,296)</b>         | 277,061           |
| Cash flows used in financing activities              | <b>(489,028)</b>         | (545,072)         |
| Net increase/(decrease) in cash and cash equivalents | <b><u>162,124</u></b>    | <u>(83,030)</u>   |
| Dividends paid to NCI                                | <b><u>N/A</u></b>        | <u>N/A</u>        |

- (e) Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use ('VIU') of the respective subsidiaries.

The VIU is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. The discount rate applied to the cash flow projections is 10.33% (2021: 15.55%). For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect the projected income and cash flows. Judgement has also been used in estimating the key assumptions, including different growth rates as well as determining an appropriate pre-tax discount rate.

Impairment loss of RM2,302,708 (2021: RMNil) relating to a subsidiary, Pelangi Segi Sdn. Bhd. was recognised due to the decline in operation.

Reversal of impairment loss of RM32,967,018 (2021: RMNil) relating to a subsidiary, TSST was recognised due to the improvement in operation.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(f) Accretion of interests in subsidiaries

- (i) On 26 April 2022, the Company acquired 0.52% equity interest, representing 1,200,000 ordinary shares in TSST for a total cash consideration of RM500,000. The Company adjusted the differences arose from the increase in stake with decrease in retained earnings of RM6,120 and a reduction in non-controlling interest of RM493,880.
- (ii) On 25 January 2022, the wholly-owned subsidiary, Double Grade Non-Woven Sdn. Bhd. ('DGSB'), increased its issued and fully paid-up ordinary shares from 100,000 ordinary shares to 200,000 ordinary shares by way of issuance of 100,000 new ordinary shares of RM1 each. The Company subscribed for the entire additional 100,000 ordinary shares of RM1 each in DGSB by way of cash injection. Accordingly, the equity interest of the Company in DGSB remains unchanged.
- (iii) In the previous financial year, the Company acquired 1.29% equity interest, representing 3,000,000 ordinary shares in TSST for a total cash consideration of RM2,100,000. The Company adjusted the differences arose from the increase in stake with decrease in retained earnings of RM892,167 and a reduction in non-controlling interest of RM1,207,833.
- (iv) In the previous financial year, the wholly-owned subsidiary, Wangsaga Industries Sdn. Bhd. ('WISB'), increased its issued and fully paid-up ordinary shares from 10,000,000 ordinary shares to 30,000,000 ordinary shares by way of issuance of 20,000,000 new ordinary shares of RM1 each. The Company subscribed for the entire additional 20,000,000 ordinary shares of RM1 each in WISB by way of cash injection. Accordingly, the equity interest of the Company in WISB remains unchanged.

## 9. OTHER INVESTMENT

|  | Group      |            |
|--|------------|------------|
|  | 2022<br>RM | 2021<br>RM |

### Financial asset at fair value through profit or loss

Equity securities:

- quoted ordinary shares outside Malaysia 6 18

- (a) Other investment is classified as financial asset measured at fair value.
- (b) Other investment is categorised as Level 1 in the fair value hierarchy. Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities. There is no transfer between levels in the hierarchy during the financial year.
- (c) Other investment is denominated in United States Dollar ('USD').
- (d) The exposure to the USD is not significant, hence the effect of the change in the exchange rate is not explained.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 10. INVENTORIES

|                                | Group             |            |
|--------------------------------|-------------------|------------|
|                                | 2022<br>RM        | 2021<br>RM |
| <b>At cost</b>                 |                   |            |
| Raw materials                  | <b>14,585,620</b> | 12,164,559 |
| Work-in-progress               | <b>5,589,504</b>  | 4,410,364  |
| Finished goods                 | <b>11,982,714</b> | 11,408,534 |
| Consumables                    | <b>3,104,799</b>  | 2,761,121  |
|                                | <b>35,262,637</b> | 30,744,578 |
| <b>At net realisable value</b> |                   |            |
| Finished goods                 | <b>9,772</b>      | 317,200    |
|                                | <b>35,272,409</b> | 31,061,778 |

- (a) Inventory are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the first-in, first-out basis for all inventories, other than solar cells which uses the weighted average basis. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location.
- (c) During the financial year, inventories of the Group recognised as cost of sales amounted to RM111,108,232 (2021: RM109,319,004).
- (d) During the financial year, the Group reversed RM282,326 (2021: RMNil) in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

## 11. TRADE AND OTHER RECEIVABLES

|                              | Group             |            | Company          |             |
|------------------------------|-------------------|------------|------------------|-------------|
|                              | 2022<br>RM        | 2021<br>RM | 2022<br>RM       | 2021<br>RM  |
| <b>Non-current asset</b>     |                   |            |                  |             |
| <b>Other receivable</b>      |                   |            |                  |             |
| Amount owing by a subsidiary | <b>0</b>          | 0          | <b>1,774,183</b> | 8,085,034   |
| Less: Impairment losses      | <b>0</b>          | 0          | <b>(179,625)</b> | (2,872,397) |
|                              | <b>0</b>          | 0          | <b>1,594,558</b> | 5,212,637   |
| <b>Current assets</b>        |                   |            |                  |             |
| <b>Trade receivables</b>     |                   |            |                  |             |
| Third parties                | <b>21,020,308</b> | 29,142,664 | <b>0</b>         | 0           |
| Less: Impairment losses      | <b>(785,624)</b>  | (595,244)  | <b>0</b>         | 0           |
|                              | <b>20,234,684</b> | 28,547,420 | <b>0</b>         | 0           |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

|  | Group             |            | Company          |            |
|--|-------------------|------------|------------------|------------|
|  | 2022<br>RM        | 2021<br>RM | 2022<br>RM       | 2021<br>RM |
| <b>Current assets (Cont'd)</b>           |                   |            |                  |            |
| <b>Other receivables</b>                 |                   |            |                  |            |
| Third parties                            | 2,337,720         | 1,393,648  | 175,833          | 0          |
| Amount owing by a subsidiary             | 0                 | 0          | 5,790,000        | 2,340,000  |
|  | <b>2,337,720</b>  | 1,393,648  | <b>5,965,833</b> | 2,340,000  |
| Less: Impairment losses                  | 0                 | 0          | (586,201)        | (265,932)  |
|  | <b>2,337,720</b>  | 1,393,648  | <b>5,379,632</b> | 2,074,068  |
| Deposits                                 | 1,453,213         | 283,205    | 0                | 0          |
|  | <b>3,790,933</b>  | 1,676,853  | <b>5,379,632</b> | 2,074,068  |
| <b>Total current receivables</b>         | <b>24,025,617</b> | 30,224,273 | <b>5,379,632</b> | 2,074,068  |
| Prepayments                              | 762,743           | 184,923    | 0                | 0          |
| <b>Total current assets</b>              | <b>24,788,360</b> | 30,409,196 | <b>5,379,632</b> | 2,074,068  |
| <b>Total trade and other receivables</b> | <b>24,788,360</b> | 30,409,196 | <b>6,974,190</b> | 7,286,705  |

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 30 to 120 days (2021: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-current amount owing by a subsidiary of the Company represents advances and payment on behalf, which is unsecured, bearing interest rate ranging from 3.50% to 3.75% (2021: 3.50%) per annum. The advances together with the interest receivables thereon are not repayable within the next twelve (12) months in cash and cash equivalents.

Current amount owing by a subsidiary of the Company represents advances and payment on behalf, which is unsecured, bearing interest rate ranging from 3.50% to 3.75% (2021: 3.50%) per annum and repayable within the next twelve (12) months in cash and cash equivalents.

- (d) The currency exposure profile of total trade and other receivables (net of prepayments) are as follows:

|                              | Group             |            | Company          |            |
|------------------------------|-------------------|------------|------------------|------------|
|                              | 2022<br>RM        | 2021<br>RM | 2022<br>RM       | 2021<br>RM |
| Ringgit Malaysia ('RM')      | 22,372,927        | 28,926,682 | 6,974,190        | 7,286,705  |
| United States Dollar ('USD') | 1,652,690         | 1,136,383  | 0                | 0          |
| Chinese Renminbi ('RMB')     | 0                 | 161,208    | 0                | 0          |
|                              | <b>24,025,617</b> | 30,224,273 | <b>6,974,190</b> | 7,286,705  |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

- (e) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

|                                 | Group           |                 |
|---------------------------------|-----------------|-----------------|
|                                 | 2022<br>RM      | 2021<br>RM      |
| USD/RM                          |                 |                 |
| - strengthened by 3% (2021: 3%) | 37,700          | 25,900          |
| - weakened by 3% (2021: 3%)     | <u>(37,700)</u> | <u>(25,900)</u> |

The exposure to the other currency is not significant, hence the effect of the change in the exchange rate is not explained.

- (f) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group uses allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the common credit risk rating.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (i.e. Consumer price index and Malaysia population) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and the appropriate forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

(f) (Cont'd)

Lifetime expected loss provision for trade receivables are as follows:

|                         | Gross carrying amount<br>RM | Lifetime expected credit losses<br>RM | Net carrying amount<br>RM |
|-------------------------|-----------------------------|---------------------------------------|---------------------------|
| <b>31 December 2022</b> |                             |                                       |                           |
| Not past due            | 13,567,824                  | (54,425)                              | 13,513,399                |
| Past due                |                             |                                       |                           |
| 1 to 30 days            | 4,515,664                   | (39,111)                              | 4,476,553                 |
| 31 to 60 days           | 1,487,443                   | (42,754)                              | 1,444,689                 |
| 61 to 90 days           | 657,558                     | (56,698)                              | 600,860                   |
| More than 90 days       | 791,819                     | (592,636)                             | 199,183                   |
|                         | 7,452,484                   | (731,199)                             | 6,721,285                 |
|                         | <b>21,020,308</b>           | <b>(785,624)</b>                      | <b>20,234,684</b>         |
| <b>31 December 2021</b> |                             |                                       |                           |
| Not past due            | 16,893,077                  | (90,105)                              | 16,802,972                |
| Past due                |                             |                                       |                           |
| 1 to 30 days            | 9,266,775                   | (177,135)                             | 9,089,640                 |
| 31 to 60 days           | 1,732,970                   | (46,314)                              | 1,686,656                 |
| 61 to 90 days           | 773,909                     | (35,632)                              | 738,277                   |
| More than 90 days       | 475,933                     | (246,058)                             | 229,875                   |
|                         | 12,249,587                  | (505,139)                             | 11,744,448                |
|                         | <b>29,142,664</b>           | <b>(595,244)</b>                      | <b>28,547,420</b>         |

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

(g) Movement in the impairment allowance for trade receivables are as follows:

| Group                         | 2022<br>RM      | 2021<br>RM |
|-------------------------------|-----------------|------------|
| Balance as at 1 January       | <b>595,244</b>  | 597,520    |
| Reversal of impairment losses | <b>(10,238)</b> | (252,330)  |
| Charge for the financial year | <b>200,618</b>  | 250,054    |
| Balance as at 31 December     | <b>785,624</b>  | 595,244    |

(h) Impairment for other receivables and amount owing by a subsidiary are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability on non-payment by other receivables is adjusted by forward-looking information and multiplied by the amount of the expected credit loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

(i) Movements in the impairment allowance for amount owing by a subsidiary is as follows:

| Company                       | Lifetime ECL* allowance |            |
|-------------------------------|-------------------------|------------|
|                               | 2022<br>RM              | 2021<br>RM |
| Balance as at 1 January       | <b>3,138,329</b>        | 3,138,329  |
| Reversal of impairment losses | <b>(2,372,503)</b>      | 0          |
| Balance as at 31 December     | <b>765,826</b>          | 3,138,329  |

\* Expected credit loss

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

- (j) The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

|                    | Group             |            |                   |            |
|--------------------|-------------------|------------|-------------------|------------|
|                    | 2022              |            | 2021              |            |
|                    | RM                | % of total | RM                | % of total |
| <b>By country:</b> |                   |            |                   |            |
| Malaysia           | <b>18,581,995</b> | 92%        | <b>27,654,847</b> | 97%        |
| Ivory Coast        | <b>416,257</b>    | 2%         | <b>85,419</b>     | *          |
| South Africa       | <b>359,457</b>    | 2%         | <b>0</b>          | 0%         |
| U.A.E              | <b>283,416</b>    | 1%         | <b>16,565</b>     | *          |
| Philippines        | <b>216,687</b>    | 1%         | <b>0</b>          | 0%         |
| Cambodia           | <b>204,368</b>    | 1%         | <b>114,330</b>    | 1%         |
| Ecuador            | <b>161,245</b>    | 1%         | <b>0</b>          | 0%         |
| Indonesia          | <b>0</b>          | 0%         | <b>220,898</b>    | 1%         |
| Nigeria            | <b>0</b>          | 0%         | <b>148,952</b>    | 1%         |
| Vietnam            | <b>0</b>          | 0%         | <b>109,682</b>    | *          |
| New Zealand        | <b>0</b>          | 0%         | <b>108,449</b>    | *          |
| Others             | <b>11,259</b>     | *          | <b>88,278</b>     | *          |
|                    | <b>20,234,684</b> | 100%       | <b>28,547,420</b> | 100%       |

\* Amount is less than 1%

- (i) At the end of the reporting period, the Group did not have any significant concentration to any individual customer nor counter party.
- (ii) At the end of the reporting period, 97% (2021: 100%) of the other receivables of the Company was due from its subsidiary.
- (k) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the amount owing by a subsidiary of the Company that are exposed to interest rate risk:

| Company                 | Weighted average effective interest rate per annum % | Within one (1) year RM | One (1) to five (5) years RM | Total RM         |
|-------------------------|--|------------------------|------------------------------|------------------|
| <b>31 December 2022</b> |  |                        |                              |                  |
| Fixed rate              | <b>3.75</b>  | <b>5,203,799</b>       | <b>1,594,558</b>             | <b>6,798,357</b> |
| <b>31 December 2021</b> |  |                        |                              |                  |
| Fixed rate              | 3.50   | 2,074,068              | 5,212,637                    | 7,286,705        |

Sensitivity analysis of fixed rate instrument is not presented as fixed rate instrument is not affected by changes in interest rate.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 12. CASH AND BANK BALANCES

|                              | Group             |            | Company           |            |
|------------------------------|-------------------|------------|-------------------|------------|
|                              | 2022<br>RM        | 2021<br>RM | 2022<br>RM        | 2021<br>RM |
| Cash and bank balances       | <b>1,817,256</b>  | 1,642,723  | <b>29,998</b>     | 74,582     |
| Deposits with licensed banks | <b>52,750,832</b> | 45,473,886 | <b>40,370,832</b> | 37,902,780 |
|                              | <b>54,568,088</b> | 47,116,609 | <b>40,400,830</b> | 37,977,362 |

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

|                                      | Group               |            | Company             |            |
|--------------------------------------|---------------------|------------|---------------------|------------|
|                                      | 2022<br>RM          | 2021<br>RM | 2022<br>RM          | 2021<br>RM |
| Cash and bank balances               | <b>1,817,256</b>    | 1,642,723  | <b>29,998</b>       | 74,582     |
| Deposits with licensed banks         | <b>52,750,832</b>   | 45,473,886 | <b>40,370,832</b>   | 37,902,780 |
|                                      | <b>54,568,088</b>   | 47,116,609 | <b>40,400,830</b>   | 37,977,362 |
| Less: Deposits pledged as securities | <b>(20,000,000)</b> | 0          | <b>(20,000,000)</b> | 0          |
|                                      | <b>34,568,088</b>   | 47,116,609 | <b>20,400,830</b>   | 37,977,362 |

- (c) The currency exposure profile of cash and bank balances are as follows:

|                              | Group             |            | Company           |            |
|------------------------------|-------------------|------------|-------------------|------------|
|                              | 2022<br>RM        | 2021<br>RM | 2022<br>RM        | 2021<br>RM |
| Ringgit Malaysia ('RM')      | <b>53,526,802</b> | 46,797,137 | <b>40,400,830</b> | 37,977,362 |
| United States Dollar ('USD') | <b>1,041,029</b>  | 299,936    | <b>0</b>          | 0          |
| Singapore Dollar ('SGD')     | <b>20</b>         | 19,298     | <b>0</b>          | 0          |
| Euro ('EURO')                | <b>237</b>        | 238        | <b>0</b>          | 0          |
|                              | <b>54,568,088</b> | 47,116,609 | <b>40,400,830</b> | 37,977,362 |



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 12. CASH AND BANK BALANCES (Cont'd)

- (d) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

|                                 | Group           |            |
|---------------------------------|-----------------|------------|
|                                 | 2022<br>RM      | 2021<br>RM |
| USD/RM                          |                 |            |
| - strengthened by 3% (2021: 3%) | <b>23,700</b>   | 6,800      |
| - weakened by 3% (2021: 3%)     | <b>(23,700)</b> | (6,800)    |

The exposure to the other currencies are not significant, hence the effect of the changes in the exchange rates are not explained.

- (e) Included in the deposits with licensed banks of the Group and of the Company is an amount of RM20,000,000 (2021: RMNil) which is held in trust by the Directors and pledged to a bank for banking facilities granted to a subsidiary (Note 15(a)).
- (f) The effective interest rates of deposits with licensed banks of the Group and of the Company are ranging from 1.50% to 2.85% (2021: 1.10% to 1.87%) per annum.
- (g) The exposure to interest rate risk is insignificant as the cash and bank balances are short term in nature and they are not held for speculative purposes but have been placed in fixed deposits, which yield better returns than cash at bank.
- (h) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

## 13. SHARE CAPITAL

|  | Group and Company   |             |                     |             |
|--|---------------------|-------------|---------------------|-------------|
|  | 2022                |             | 2021                |             |
|  | Number of<br>shares | RM          | Number of<br>shares | RM          |
| <b>Issued and fully paid with no par value</b> |                     |             |                     |             |
| Ordinary shares                                | <b>360,668,137</b>  | 115,001,955 | <b>360,668,137</b>  | 115,001,955 |

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard residual assets of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 14. BORROWINGS

|                                | Group             |                   |
|--------------------------------|-------------------|-------------------|
|                                | 2022<br>RM        | 2021<br>RM        |
| <b>Current</b>                 |                   |                   |
| <i>Unsecured</i>               |                   |                   |
| Foreign currency trust receipt | 0                 | 1,808,355         |
| <b>Non-current</b>             |                   |                   |
| <i>Secured</i>                 |                   |                   |
| Term loans (Note 15)           | 19,885,620        | 19,874,953        |
| <b>Total borrowings</b>        |                   |                   |
| Foreign currency trust receipt | 0                 | 1,808,355         |
| Term loans (Note 15)           | 19,885,620        | 19,874,953        |
|                                | <u>19,885,620</u> | <u>21,683,308</u> |

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The currency exposure profile of borrowings are as follows:

|                              | Group             |                   |
|------------------------------|-------------------|-------------------|
|                              | 2022<br>RM        | 2021<br>RM        |
| Ringgit Malaysia ('RM')      | 19,885,620        | 19,874,953        |
| United States Dollar ('USD') | 0                 | 1,808,355         |
|                              | <u>19,885,620</u> | <u>21,683,308</u> |

(c) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

|                                 | Group      |            |
|---------------------------------|------------|------------|
|                                 | 2022<br>RM | 2021<br>RM |
| USD/RM                          |            |            |
| - strengthened by 3% (2021: 3%) | 0          | (41,230)   |
| - weakened by 3% (2021: 3%)     | 0          | 41,230     |

(d) The carrying amounts of the current position of borrowings are reasonable approximation of the fair value due to insignificant impact of discounting.

The carrying amounts of the non-current position of borrowings are reasonable approximation of the fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value of the borrowings of the Group are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 14. BORROWINGS (Cont'd)

- (e) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

| Group                          | Weighted average effective interest rate per annum % | Within one (1) year RM | One (1) to five (5) years RM | Total RM   |
|--------------------------------|--|------------------------|------------------------------|------------|
| <b>31 December 2022</b>        |  |                        |                              |            |
| <b>Floating rate</b>           |  |                        |                              |            |
| Term loans                     | 2.55   | 0                      | 19,885,620                   | 19,885,620 |
| <b>31 December 2021</b>        |  |                        |                              |            |
| <b>Floating rates</b>          |  |                        |                              |            |
| Term loans                     | 2.40   | 0                      | 19,874,953                   | 19,874,953 |
| Foreign currency trust receipt | 1.92   | 1,808,355              | 0                            | 1,808,355  |

- (f) The following table demonstrates the sensitivity analysis of the profit after tax of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

|                                | Group    |          |
|--------------------------------|----------|----------|
|                                | 2022 RM  | 2021 RM  |
| Term loans                     |          |          |
| - 50 basis points higher       | (75,600) | (75,500) |
| - 50 basis points lower        | 75,600   | 75,500   |
| Foreign currency trust receipt |          |          |
| - 50 basis points higher       | 0        | (6,900)  |
| - 50 basis points lower        | 0        | 6,900    |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 14. BORROWINGS (Cont'd)

- (g) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

| Group                          | On demand<br>or within<br>one (1) year<br>RM | One (1) to<br>five (5)<br>years<br>RM | Total<br>RM       |
|--------------------------------|--|---------------------------------------|-------------------|
| <b>31 December 2022</b>        |  |                                       |                   |
| Term loans                     | <u>506,865</u>                               | <u>20,116,008</u>                     | <u>20,622,873</u> |
| <b>31 December 2021</b>        |  |                                       |                   |
| Term loans                     | 478,245                                      | 20,575,688                            | 21,053,933        |
| Foreign currency trust receipt | <u>1,808,355</u>                             | <u>0</u>                              | <u>1,808,355</u>  |
|                                | <u>2,286,600</u>                             | <u>20,575,688</u>                     | <u>22,862,288</u> |

- (h) Foreign currency trust receipt of the Group is secured by corporate guarantee given by the Company and a subsidiary.

## 15. TERM LOANS

The term loans are secured by:

- (a) Pledge of fixed deposits which is held in trust by the Directors of the Company (Note 12(e)); and
- (b) Letter of set-off or letter of pledge.

## 16. DEFERRED TAX LIABILITIES

- (a) The components and movements of deferred tax liabilities are as follows:

|  | Group                   |                  |
|--|-------------------------|------------------|
|  | 2022<br>RM              | 2021<br>RM       |
| Balance as at 1 January                | <b>4,756,800</b>        | 4,661,700        |
| Recognised in profit or loss (Note 23) | <u>(273,400)</u>        | <u>95,100</u>    |
| Balance as at 31 December              | <u><b>4,483,400</b></u> | <u>4,756,800</u> |
| <b>Subject to income tax:</b>          |                         |                  |
| <b>Deferred tax liabilities</b>        |                         |                  |
| Property, plant and equipment          | <u><b>4,483,400</b></u> | <u>4,756,800</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 16. DEFERRED TAX LIABILITIES (Cont'd)

- (b) The amount of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

|                                | Group              |             |
|--------------------------------|--------------------|-------------|
|                                | 2022<br>RM         | 2021<br>RM  |
| Unabsorbed capital allowances  | <b>95,013,900</b>  | 94,636,100  |
| Unused tax losses              |                    |             |
| - expiring by 31 December 2028 | <b>17,482,200</b>  | 17,482,200  |
| - expiring by 31 December 2029 | <b>2,928,400</b>   | 2,928,400   |
| - expiring by 31 December 2030 | <b>213,600</b>     | 213,600     |
|                                | <b>115,638,100</b> | 115,260,300 |

Deferred tax assets of a subsidiary have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the tax authority. Unused tax losses of the Group can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

## 17. TRADE AND OTHER PAYABLES

|                                       | Group             |            | Company       |            |
|---------------------------------------|-------------------|------------|---------------|------------|
|                                       | 2022<br>RM        | 2021<br>RM | 2022<br>RM    | 2021<br>RM |
| <b>Trade payables</b>                 |                   |            |               |            |
| Third parties                         | <b>2,787,140</b>  | 5,029,811  | <b>0</b>      | 0          |
| <b>Other payables</b>                 |                   |            |               |            |
| Other payables                        |                   |            |               |            |
| - third parties                       | <b>12,361,880</b> | 9,230,643  | <b>0</b>      | 0          |
| Accruals                              | <b>5,684,097</b>  | 5,569,100  | <b>62,455</b> | 215,900    |
| Deposits received                     | <b>4,057,208</b>  | 3,162,211  | <b>0</b>      | 0          |
|                                       | <b>22,103,185</b> | 17,961,954 | <b>62,455</b> | 215,900    |
| <b>Total trade and other payables</b> | <b>24,890,325</b> | 22,991,765 | <b>62,455</b> | 215,900    |

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 60 days (2021: 30 to 60 days).

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 17. TRADE AND OTHER PAYABLES (Cont'd)

(c) The currency exposure profile of trade and other payables are as follows:

|                              | Group                    |                   | Company              |                |
|------------------------------|--------------------------|-------------------|----------------------|----------------|
|                              | 2022<br>RM               | 2021<br>RM        | 2022<br>RM           | 2021<br>RM     |
| Ringgit Malaysia ('RM')      | <b>23,851,596</b>        | 12,860,602        | <b>62,455</b>        | 215,900        |
| United States Dollar ('USD') | <b>1,038,729</b>         | 10,111,930        | <b>0</b>             | 0              |
| Singapore Dollar ('SGD')     | <b>0</b>                 | 19,233            | <b>0</b>             | 0              |
|                              | <b><u>24,890,325</u></b> | <u>22,991,765</u> | <b><u>62,455</u></b> | <u>215,900</u> |

(d) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

|                                 | Group           |            |
|---------------------------------|-----------------|------------|
|                                 | 2022<br>RM      | 2021<br>RM |
| USD/RM                          |                 |            |
| - strengthened by 3% (2021: 3%) | <b>(23,700)</b> | (230,600)  |
| - weakened by 3% (2021: 3%)     | <b>23,700</b>   | 230,600    |

The exposure to the other currency is not significant, hence the effect of the changes in the exchange rate is not explained.

(e) The maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one (1) year.

## 18. CONTINGENT LIABILITIES

### Corporate guarantees

|   | Company           |            |
|---|-------------------|------------|
|   | 2022<br>RM        | 2021<br>RM |
| <b>Unsecured</b>  |                   |            |
| Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries | <b>23,660,000</b> | 23,660,000 |
| Corporate guarantees given to suppliers of subsidiaries                                     | <b>4,413,000</b>  | 4,176,000  |

As at 31 December 2022, the amount of the banking facilities utilised by the subsidiaries totalled RM3,022,000 (2021: RM4,222,355).

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 18. CONTINGENT LIABILITIES (Cont'd)

The Directors are of the view that the chances of the financial institutions and suppliers to call upon the corporate guarantees are remote.

## 19. REVENUE

|  | Group                     |                    | Company                 |                   |
|--|---------------------------|--------------------|-------------------------|-------------------|
|  | 2022<br>RM                | 2021<br>RM         | 2022<br>RM              | 2021<br>RM        |
| Revenue from contracts with customers: |                           |                    |                         |                   |
| - sale of goods                        | <b>175,748,588</b>        | 179,299,011        | <b>0</b>                | 0                 |
| - sale of solar energy                 | <b>1,511,165</b>          | 1,842,737          | <b>0</b>                | 0                 |
| Other revenue:                         |                           |                    |                         |                   |
| - dividend income from subsidiaries    | <b>0</b>                  | 0                  | <b>3,600,040</b>        | 10,361,093        |
| - management fee from subsidiaries     | <b>0</b>                  | 0                  | <b>84,000</b>           | 84,000            |
| - rental income                        | <b>5,374,699</b>          | 0                  | <b>0</b>                | 0                 |
|  | <b><u>182,634,452</u></b> | <u>181,141,748</u> | <b><u>3,684,040</u></b> | <u>10,445,093</u> |

(a) Revenue from contracts with customers is disaggregated in Note 27 to the financial statements by geographical area.

(b) Revenue from sale of goods is recognised at a point in time when the goods has been transferred to the customers and coincides with the delivery of goods.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(c) Revenue from sale of solar energy is recognised at point in time upon delivery of electricity by kilowatt-hour to the utility company's grid and acceptance by the utility company.

(d) Dividend income is recognised when the right to receive payment is established.

(e) Management fees are recognised when services are rendered.

(f) Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease and attributable to investment properties as disclosed in Note 5 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 20. OTHER OPERATING INCOME

|   | Group            |            | Company          |            |
|---|------------------|------------|------------------|------------|
|   | 2022<br>RM       | 2021<br>RM | 2022<br>RM       | 2021<br>RM |
| Gain on disposal of property, plant and equipment | <b>213,920</b>   | 57,657     | <b>0</b>         | 0          |
| Realised gain on foreign exchange                 | <b>0</b>         | 9,128      | <b>0</b>         | 0          |
| Unrealised gain on foreign exchange               | <b>21,066</b>    | 67,519     | <b>0</b>         | 0          |
| Gain on lease modification                        | <b>2,160</b>     | 13,237     | <b>0</b>         | 0          |
| Interest income:                                  |                  |            |                  |            |
| - deposit with financial institutions             | <b>997,404</b>   | 939,523    | <b>750,181</b>   | 832,578    |
| - advances to subsidiaries                        | <b>0</b>         | 0          | <b>315,648</b>   | 436,304    |
| Rental income                                     | <b>2,596,316</b> | 6,815,065  | <b>0</b>         | 0          |
| Transportation charges                            | <b>4,166,425</b> | 4,809,832  | <b>0</b>         | 0          |
| Others  | <b>188,930</b>   | 974,258    | <b>0</b>         | 0          |
|   | <b>8,186,221</b> | 13,686,219 | <b>1,065,829</b> | 1,268,882  |

### Interest income

Interest income is recognised as it accrues, using the effective interest method.

## 21. EMPLOYEE BENEFITS

|  | Group             |            | Company        |            |
|--|-------------------|------------|----------------|------------|
|  | 2022<br>RM        | 2021<br>RM | 2022<br>RM     | 2021<br>RM |
| Directors' fee                             | <b>215,900</b>    | 211,400    | <b>215,900</b> | 211,400    |
| Directors' emoluments                      | <b>4,086,986</b>  | 3,887,093  | <b>0</b>       | 0          |
| Salaries, wages, bonus and allowance       | <b>14,965,248</b> | 14,277,412 | <b>0</b>       | 0          |
| Contributions to defined contribution plan | <b>1,096,267</b>  | 1,086,088  | <b>0</b>       | 0          |
| Social security contributions              | <b>185,870</b>    | 182,632    | <b>0</b>       | 0          |
| Other benefits                             | <b>564,517</b>    | 477,468    | <b>0</b>       | 0          |
|  | <b>21,114,788</b> | 20,122,093 | <b>215,900</b> | 211,400    |

The remuneration of Directors during the financial year were as follows:

|  | Group            |            | Company        |            |
|--|------------------|------------|----------------|------------|
|  | 2022<br>RM       | 2021<br>RM | 2022<br>RM     | 2021<br>RM |
| Directors' fee                             | <b>215,900</b>   | 211,400    | <b>215,900</b> | 211,400    |
| Short term employee benefits               | <b>3,650,057</b> | 3,485,437  | <b>0</b>       | 0          |
| Contributions to defined contribution plan | <b>436,929</b>   | 401,656    | <b>0</b>       | 0          |
|  | <b>4,302,886</b> | 4,098,493  | <b>215,900</b> | 211,400    |



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 22. FINANCE COSTS

|                                  | Group          |                | Company    |            |
|----------------------------------|----------------|----------------|------------|------------|
|                                  | 2022<br>RM     | 2021<br>RM     | 2022<br>RM | 2021<br>RM |
| Interest expense on:             |                |                |            |            |
| - bank overdraft                 | 0              | 13,203         | 0          | 0          |
| - term loans                     | 499,695        | 449,725        | 0          | 0          |
| - amounts owing to subsidiaries  | 0              | 0              | 0          | 29         |
| - lease liabilities              | 13,857         | 19,935         | 0          | 0          |
| - foreign currency trust receipt | 7,570          | 11,333         | 0          | 0          |
| Letter of credits charges        | 5,887          | 5,155          | 0          | 0          |
|                                  | <b>527,009</b> | <b>499,351</b> | <b>0</b>   | <b>29</b>  |

## 23. TAX EXPENSE

|   | Group            |                  | Company        |               |
|---|------------------|------------------|----------------|---------------|
|   | 2022<br>RM       | 2021<br>RM       | 2022<br>RM     | 2021<br>RM    |
| Current tax expense based on profit for the financial year    | 4,479,394        | 6,398,605        | 187,255        | 81,599        |
| Overprovision of income tax expense in prior years            | (83,033)         | (354,114)        | (58)           | 0             |
|   | <b>4,396,361</b> | <b>6,044,491</b> | <b>187,197</b> | <b>81,599</b> |
| Deferred tax (Note 16):                                       |                  |                  |                |               |
| Relating to origination and reversal of temporary differences | (405,900)        | (238,600)        | 0              | 0             |
| Underprovision in prior years                                 | 132,500          | 333,700          | 0              | 0             |
|   | <b>(273,400)</b> | <b>95,100</b>    | <b>0</b>       | <b>0</b>      |
|   | <b>4,122,961</b> | <b>6,139,591</b> | <b>187,197</b> | <b>81,599</b> |

On 14 March 2011, a subsidiary of the Group has been granted investment tax allowance by the Malaysian Investment Development Authority ('MIDA'). Subject to the agreement of the Inland Revenue Board, the Group has unutilised investment tax allowance amounting to approximately RM76,609,637 as of 31 December 2022 (2021: RM76,609,637) which is available to set-off against future taxable income.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 23. TAX EXPENSE (Cont'd)

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

|   | Group             |            | Company            |             |
|---|-------------------|------------|--------------------|-------------|
|   | 2022<br>RM        | 2021<br>RM | 2022<br>RM         | 2021<br>RM  |
| Profit before tax   | <b>14,586,793</b> | 25,124,045 | <b>37,267,770</b>  | 11,059,396  |
| Tax at Malaysian statutory tax rate of 24%<br>(2021: 24%)     | <b>3,500,830</b>  | 6,029,771  | <b>8,944,265</b>   | 2,654,255   |
| Tax effects in respect of:                                    |                   |            |                    |             |
| Non-allowable expenses  | <b>581,091</b>    | 955,259    | <b>651,307</b>     | 133,767     |
| Non-taxable income  | <b>(99,099)</b>   | (281,225)  | <b>(9,408,317)</b> | (2,706,423) |
| Deferred tax assets not recognised                            | <b>90,672</b>     | 0          | <b>0</b>           | 0           |
| Utilisation of previously unrecognised<br>deferred tax assets | <b>0</b>          | (543,800)  | <b>0</b>           | 0           |
|   | <b>4,073,494</b>  | 6,160,005  | <b>187,255</b>     | 81,599      |
| (Over)/Underprovision in prior years:                         |                   |            |                    |             |
| - income tax  | <b>(83,033)</b>   | (354,114)  | <b>(58)</b>        | 0           |
| - deferred tax  | <b>132,500</b>    | 333,700    | <b>0</b>           | 0           |
|   | <b>4,122,961</b>  | 6,139,591  | <b>187,197</b>     | 81,599      |

## 24. EARNINGS PER ORDINARY SHARE

### (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

|   | Group              |             |
|---|--------------------|-------------|
|   | 2022<br>RM         | 2021<br>RM  |
| Profit attributable to equity holders of the parent (RM)    | <b>10,164,776</b>  | 18,469,198  |
| Weighted average number of ordinary shares in issue (units) | <b>360,668,137</b> | 360,668,137 |
| Basic earnings per ordinary share (RM)                      | <b>0.03</b>        | 0.05        |

### (b) Diluted

The diluted earnings per ordinary shares equals to the basic earnings per ordinary shares because there are no potentially dilutive instruments in existence as at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 25. DIVIDENDS

|  | Group and Company     |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2022                  |                       | 2021                  |                       |
|  | Dividend per share RM | Amount of dividend RM | Dividend per share RM | Amount of dividend RM |
| In respect of the financial year ended 31 December 2020: |                       |                       |                       |                       |
| Single tier interim dividend                             | 0                     | 0                     | 0.005                 | 1,803,341             |
| In respect of the financial year ended 31 December 2021: |                       |                       |                       |                       |
| First single tier interim dividend                       | 0                     | 0                     | 0.01                  | 3,606,681             |
| Second single tier interim dividend                      | 0                     | 0                     | 0.01                  | 3,606,681             |
| Third single tier interim dividend                       | 0                     | 0                     | 0.01                  | 3,606,681             |
| In respect of the financial year ended 31 December 2022: |                       |                       |                       |                       |
| Single tier interim dividend                             | 0.01                  | <b>3,606,681</b>      | 0                     | 0                     |
|  |                       | <b>3,606,681</b>      |                       | <b>12,623,384</b>     |

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

## 26. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

### (b) Significant related parties transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

|                       | Company          |            |
|-----------------------|------------------|------------|
|                       | 2022 RM          | 2021 RM    |
| Subsidiaries:         |                  |            |
| Dividend income       | <b>3,600,040</b> | 10,361,093 |
| Interest income       | <b>315,648</b>   | 436,304    |
| Management fee income | <b>84,000</b>    | 84,000     |
| Interest expense      | <b>0</b>         | 29         |

The related party transactions described above were undertaken on mutually agreed and negotiated terms.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 26. RELATED PARTY DISCLOSURES (Cont'd)

### (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The key management personnel comprise the Directors of the Company its subsidiaries and their remuneration during the financial year are as disclosed in Note 21 to the financial statements.

## 27. OPERATING SEGMENTS

The Company 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, generate and supply the renewable energy and renting of properties.

The Group has arrived at three (3) 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 Group has changed the composition of its reportable segments during the financial year upon the reorganisation of reportable operating segments of the Group. Consequently, the comparatives have been restated to conform with current year's presentation.

The reportable segments are summarised as follows:

### (i) PVC

Manufacturing and trading of PVC Sheeting, PP Non-Woven, PVC Leather related products for industrial and consumer use.

### (ii) Solar

Trading of Solar Cell products and generate and supply the renewable energy.

### (ii) Investment holding

Renting of properties.

The accounting policies of operating segments are same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses. These policies have been applied consistently throughout the current and previous financial years.

The chief operating decision makers of the Group monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 27. OPERATING SEGMENTS (Cont'd)

|   | PVC<br>RM           | Solar<br>RM        | Investment<br>holding<br>RM | Total<br>RM         |
|---|---------------------|--------------------|-----------------------------|---------------------|
| <b>2022</b>                             |                     |                    |                             |                     |
| Revenue                                 |                     |                    |                             |                     |
| Total revenue                           | 217,345,333         | 2,153,207          | 7,669,488                   | 227,168,028         |
| Inter-segment revenue                   | (41,699,908)        | (538,877)          | 0                           | (42,238,785)        |
| <b>Revenue from external customers*</b> | <b>175,645,425</b>  | <b>1,614,330</b>   | <b>7,669,488</b>            | <b>184,929,243</b>  |
| Interest income                         | 966,718             | 5,336              | 25,350                      | 997,404             |
| Finance costs                           | (27,314)            | (86,890)           | (412,805)                   | (527,009)           |
| Net finance income/(expense)            | 939,404             | (81,554)           | (387,455)                   | 470,395             |
| <b>Segment profit before income tax</b> | <b>13,021,097</b>   | <b>272,253</b>     | <b>1,293,443</b>            | <b>14,586,793</b>   |
| Tax expense                             | (3,148,729)         | (169,406)          | (804,826)                   | (4,122,961)         |
| Depreciation                            | (5,337,646)         | (551,169)          | (2,618,537)                 | (8,507,352)         |
| <b>Segment assets</b>                   | <b>188,147,532</b>  | <b>22,351,716</b>  | <b>106,190,307</b>          | <b>316,689,555</b>  |
| <b>Segment liabilities</b>              | <b>(24,079,456)</b> | <b>(4,457,750)</b> | <b>(21,178,233)</b>         | <b>(49,715,439)</b> |
| <b>Additions to non-current assets</b>  | <b>5,313,034</b>    | <b>0</b>           | <b>1,337,296</b>            | <b>6,650,330</b>    |

\* Total revenue is not in agreement with the consolidated revenue as the Group classified partial rental income as other operating income during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 27. OPERATING SEGMENTS (Cont'd)

|  | PVC<br>RM           | Solar<br>RM        | Investment<br>holding<br>RM | Total<br>RM         |
|--|---------------------|--------------------|-----------------------------|---------------------|
| <b>2021</b>  |                     |                    |                             |                     |
| Revenue  |                     |                    |                             |                     |
| Total revenue                                      | 223,338,319         | 1,842,737          | 6,707,565                   | 231,888,621         |
| Inter-segment revenue                              | (44,039,308)        | 0                  | 0                           | (44,039,308)        |
| <b>Revenue from external customers#</b>            | <b>179,299,011</b>  | <b>1,842,737</b>   | <b>6,707,565</b>            | <b>187,849,313</b>  |
| Interest income                                    | 939,523             | 0                  | 0                           | 939,523             |
| Finance costs                                      | (49,626)            | (96,924)           | (352,801)                   | (499,351)           |
| Net finance income/(expense)                       | 889,897             | (96,924)           | (352,801)                   | 440,172             |
| <b>Segment profit before income tax</b>            | <b>23,915,659</b>   | <b>260,428</b>     | <b>947,958</b>              | <b>25,124,045</b>   |
| Tax expense  | (6,139,591)         | 0                  | 0                           | (6,139,591)         |
| Depreciation                                       | (7,232,818)         | (696,509)          | (2,535,293)                 | (10,464,620)        |
| Impairment losses on property, plant and equipment | 0                   | 0                  | (62,531)                    | (62,531)            |
| <b>Segment assets</b>                              | <b>182,024,145</b>  | <b>28,005,521</b>  | <b>101,940,125</b>          | <b>311,969,791</b>  |
| <b>Segment liabilities</b>                         | <b>(26,872,650)</b> | <b>(5,275,899)</b> | <b>(19,204,277)</b>         | <b>(51,352,826)</b> |
| <b>Additions to non-current assets</b>             | <b>29,106,001</b>   | <b>0</b>           | <b>0</b>                    | <b>29,106,001</b>   |

# Total revenue is not in agreement with the consolidated revenue as the Group classified full rental income as other operating income in the previous financial year.

(a) Reconciliation of reportable segments' profit to the Group's profit for the financial year is as follows:

|   | Group              |             |
|---|--------------------|-------------|
|   | 2022<br>RM         | 2021<br>RM  |
| <b>Profit for the financial year</b>  |                    |             |
| Total profit for reportable segments  | <b>14,586,793</b>  | 25,124,045  |
| Taxation  | <b>(4,122,961)</b> | (6,139,591) |
| Profit for the financial year per consolidated statement of profit or loss and other comprehensive income | <b>10,463,832</b>  | 18,984,454  |

(b) Geographical information

The manufacturing facilities and sales offices of the Group are based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 27. OPERATING SEGMENTS (Cont'd)

### (b) Geographical information (Cont'd)

Segment assets are based on the geographical location of the assets of the Group.

|  | Group                     |                    |
|--|---------------------------|--------------------|
|  | 2022<br>RM                | 2021<br>RM         |
| <b>Revenue from external customers in:</b> |                           |                    |
| Malaysia                                   | <b>98,840,769</b>         | 106,176,376        |
| Indonesia                                  | <b>30,766,569</b>         | 31,825,500         |
| Iraq                                       | <b>12,281,128</b>         | 7,870,364          |
| Yemen                                      | <b>5,954,902</b>          | 5,327,663          |
| Philippines                                | <b>5,907,930</b>          | 3,237,819          |
| South Africa                               | <b>3,853,258</b>          | 3,453,497          |
| Somalia                                    | <b>3,622,713</b>          | 3,284,782          |
| Jordan                                     | <b>2,770,819</b>          | 0                  |
| Singapore                                  | <b>2,731,467</b>          | 1,951,008          |
| Ivory Coast                                | <b>2,711,447</b>          | 3,232,227          |
| Myanmar                                    | <b>2,242,447</b>          | 2,120,020          |
| Italy                                      | <b>1,479,389</b>          | 859,759            |
| U.A.E                                      | <b>1,339,567</b>          | 1,032,066          |
| Tanzania                                   | <b>1,181,666</b>          | 1,122,338          |
| Nigeria                                    | <b>452,032</b>            | 3,653,326          |
| Turkey                                     | <b>327,204</b>            | 1,006,116          |
| Others                                     | <b>6,171,145</b>          | 4,988,887          |
|  | <b><u>182,634,452</u></b> | <u>181,141,748</u> |

|                           | Group                     |                    |
|---------------------------|---------------------------|--------------------|
|                           | 2022<br>RM                | 2021<br>RM         |
| <b>Non-current assets</b> |                           |                    |
| Malaysia                  | <b><u>199,691,216</u></b> | <u>201,883,529</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 27. OPERATING SEGMENTS (Cont'd)

### (c) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of Group revenue:

|                    | Group      |            |
|--------------------|------------|------------|
|                    | 2022<br>RM | 2021<br>RM |
| <b>PVC Segment</b> |            |            |
| Customer A         | *          | 27,041,444 |

\* Amount is less than 10%

## 28. CAPITAL COMMITMENT

|  | Group      |            |
|--|------------|------------|
|  | 2022<br>RM | 2021<br>RM |
| Capital expenditure in respect of purchase of investment properties: |            |            |
| - contracted but not provided for                                    | 1,200,000  | 0          |

## 29. CAPITAL AND FINANCIAL RISK MANAGEMENT

### (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio of ten percent (10%) to sixty percent (60%) determined as the proportion of net debt to equity plus net debt. The Group includes within net debt, borrowings, lease liabilities and trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 29. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### (a) Capital management (Cont'd)

|                              | Note | Group               |              | Company             |              |
|------------------------------|------|---------------------|--------------|---------------------|--------------|
|                              |      | 2022<br>RM          | 2021<br>RM   | 2022<br>RM          | 2021<br>RM   |
| Borrowings                   | 14   | <b>19,885,620</b>   | 21,683,308   | <b>0</b>            | 0            |
| Lease liabilities            | 6    | <b>275,706</b>      | 588,108      | <b>0</b>            | 0            |
| Trade and other payables     | 17   | <b>24,890,325</b>   | 22,991,765   | <b>62,455</b>       | 215,900      |
| Total liabilities            |      | <b>45,051,651</b>   | 45,263,181   | <b>62,455</b>       | 215,900      |
| Less: Cash and bank balances | 12   | <b>(54,568,088)</b> | (47,116,609) | <b>(40,400,830)</b> | (37,977,362) |
| Net cash                     |      | <b>(9,516,437)</b>  | (1,853,428)  | <b>(40,338,375)</b> | (37,761,462) |
| Total capital                |      | <b>226,729,655</b>  | 220,177,680  | <b>148,684,919</b>  | 115,211,027  |
| Net cash                     |      | <b>(9,516,437)</b>  | (1,853,428)  | <b>(40,338,375)</b> | (37,761,462) |
| Capital plus net debt        |      | <b>217,213,218</b>  | 218,324,252  | <b>108,346,544</b>  | 77,449,565   |
| Gearing ratio                |      | *                   | *            | *                   | *            |

\* No gearing ratio is presented as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 December 2022.

The Group is not subject to any other externally imposed capital requirement.

### (b) Financial risk management

The overall financial risk management objective of the Group is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. The Group is mainly exposed to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures are detailed below:

#### (i) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable organisations that the Group and the Company have dealt with for numerous years. It is the policy of the Group and of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to four (4) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The primary exposure of the Company is through the amount owing by a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 29. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### (b) Financial risk management (Cont'd)

#### (i) Credit risk (Cont'd)

In respect of the cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

#### Exposure to credit risk

At the end of each reporting period, maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

The credit risk concentration profile has been disclosed in Note 11 to the financial statements.

#### (ii) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligation due to shortage of funds.

The exposure of the Group and of the Company to liquidity risk arises primarily from the mismatches of the maturities of financial assets and liabilities.

The Group and the Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group and the Company measures and forecast its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and of the Company. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

The maturity profiles of financial instruments based on contractual undiscounted repayment obligations has been disclosed in Notes 6, 14 and 17 to the financial statements respectively.

#### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The income and operating cash flows of the Group and of the Company are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from interest-bearing financial assets and liabilities. The policy of the Group and of the Company are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income. The Group and the Company do not use derivative financial instruments to hedge this risk.

The interest rate profiles and sensitivity analysis of interest rate risk have been disclosed in Notes 11 and 14 to the financial statements.

#### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 29. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management (Cont'd)

(iv) Foreign currency risk (Cont'd)

Transactional currency exposures arise from sales to Asian, South African and Middle East customers. These sales are priced in Ringgit Malaysia but invoiced in USD currency. The Group also makes purchases of raw materials from Taiwan and Singapore. The Group has no hedging policy and does not make use of forward-currency contracts.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 11, 12, 14 and 17 to the financial statements respectively.

## 30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

### 30.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

| Title  | Effective Date |
|--|----------------|
| Annual Improvements to MFRS Standards 2018 - 2020  | 1 January 2022 |
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>                          | 1 January 2022 |
| Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>            | 1 January 2022 |

Adoption of the above Amendments to Standards did not have any material effect on the financial performance or position of the Group and of the Company.

### 30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

| Title   | Effective Date |
|---|----------------|
| MFRS 17 <i>Insurance Contracts</i>  | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts</i>  | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>          | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>   | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>  | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>                  | 1 January 2023 |
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>  | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>   | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>  | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred       |

The Group and the Company do not expect the adoption of the above Standards and Amendments to Standards to have a significant impact on the financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

## 31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 21 December 2022, the Group had entered into Sale and Purchase Agreement for the acquisition of two (2) units three storey shophouses situated in Rawang, Selangor for a purchase consideration of RM2,400,000. ('Proposed Acquisition 1').

The Proposed Acquisition 1 has not been completed as at the date of this report.

- (b) On 5 April 2023, the Group had entered into Sale and Purchase Agreement for the acquisition of a piece of freehold vacant land known as Lot No. 1700, Mukim 14, Daerah Seberang Perai Tengah, Penang for a purchase consideration of RM26,982,947. ('Proposed Acquisition 2').

The Proposed Acquisition 2 has not been completed as at the date of this report.

- (c) On 5 April 2023, the Group had entered into Sale and Purchase Agreement for the acquisition of two pieces of freehold vacant land known as Lot No. 1668 and Lot 1701, Mukim 14, Daerah Seberang Perai Tengah, Penang for a purchase consideration of RM2,181,94 and RM4,795,107 respectively. ('Proposed Acquisition 3').

The Proposed Acquisition 3 has not been completed as at the date of this report.

# LIST OF PROPERTIES

| Location/Address   | Date of Acquisition | Description and Existing Use   | Approximate Land/ Built-up Area   | Age of Building / Tenure                                  | Carrying Amount as at 31-Dec-22  |
|--|---------------------|--|---|---|--|
| 1. Plot 159, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam. (H.S. (D) 46613, Lot 395, Mukim 13, Seberang Perai Tengah, Penang)  | 03 May 2000         | 1-storey factory (attached with 4-storey production area) cum 2-storey office block / Manufacturing and office use<br>Owner occupied | Land area = 27,351.55 sq. Metre<br>Built-up area = 19,822 sq. Metre   | 21 years old / Leasehold 60 years expiring on 11 Mar 2061 | Land = RM2,234,896<br>Building = RM8,721,820                                 |
| 2. Plot 160, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam. (H.S. (D) 48999, PT 429, Mukim 13, Seberang Perai Tengah, Penang)   | 12 Dec 2002         | 1-storey factory (attached with 4-storey production area) / Manufacturing and Warehouse<br>Owner occupied                            | Land area = 17,494.55 sq. Metre<br>Built-up area = 10,425 sq. Metre   | 20 years old / Leasehold 60 years expiring on 25 Aug 2063 | Land = RM1,557,121<br>Building = RM8,825,721                                 |
| 3. Plot 162(b), Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam. (H.S.(D) 53381, PT 793, Mukim 13, Seberang Perai Tengah, Penang)   | 1 Jun 2005          | 1-storey factory/ Warehouse<br>Owner occupied  | Land area = 15,784.28 sq. Metre<br>Built-up area = 5,280 sq. Metre  | 17 year old/ Leasehold 60 years expiring on 25 Aug 2063   | Land = RM1,454,187<br>Building = RM6,522,368                                 |
| 4. 43, Jalan Mas Jaya 2, Kawasan Perindustrian Mas Jaya, Selangor Darul Ehsan. (H.S. (D) 69154, PT 27606, Mukim Cheras, Daerah Langat, Selangor)   | 1 Jun 1995          | 1 1/2-Storey warehouse / Warehouse<br>Owner occupied   | Land area = 328 sq. Metre<br>Built-up area = 273 sq. Metre  | 27 years old / Freehold                                   | Land = RM258,352<br>Building = RM87,957                                      |
| 5. 77-14-5, Menara Belfield Condominium, Jalan Talalla, Off Jalan Maharajalela, 50460 Kuala Lumpur (Parcel No. B1-13A, erected on part of land under Certificate of Title No. 7564, Lot 393, Section 69, Kuala Lumpur) | 28 Jan 1997         | Apartment / Hostel<br>Owner occupied   | Built-up area = 98.47 sq. Metre   | 25 years old/ Freehold                                    | Building = RM135,564   |
| 6. Plot 320, Jalan Perindustrian Bukit Minyak 8, Penang Science Park, Bukit Minyak, Mukim 13, Seberang Perai Tengah, 14100 Pulau Pinang.   | 21 Feb 2011         | 4-Storey Factory / Warehouse<br>Rented out (Phase I)<br><br>3-Storey Factory / Warehouse<br>Rented out (Phase II)                    | Land area = 32,586.91 sq. Metre<br>Built-up area = 13,640.44 sq. Metre<br><br>Built-up area = 23,696.49 sq. Metre | 12 years old / Leasehold 60 years expiring on 30 Jan 2072 | Land = RM5,355,270<br>Building = RM44,208,458<br><br>Building = RM75,430,673 |

# LIST OF PROPERTIES (Cont'd)

| Location/Address   | Date of Acquisition | Description and Existing Use  | Approximate Land/ Built-up Area  | Age of Building / Tenure  | Carrying Amount as at 31-Dec-22          |
|--|---------------------|---|--|---|--|
| 7. Geran Mukim 996, 997, 998, 988, 989, 991, 992, 993 and 994, Lot Nos. 324, 640, 642, 1504, 1505, 1664, 1667, 1669 and 1702, all within Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang | 06 Aug 2021         | Industrial Land together with a single-storey Warehouse (Owned 54.91% of the Land)<br>Warehouse<br><br>Rented out | Land area = 43,559.92 sq. Metre<br>Warehouse<br>Build up area = 3,899.98 sq. Metre | 1 year old/<br>Freehold   | Land =<br>RM26,957,687                   |
| 8. Lot 11788, No 26-1,2,3, Lorong 6c/91 Taman Shamelin Perkasa Ampang 56100 Wilayah Persekutuan Kuala Lumpur   | 12 Aug 2022         | 4 storey terraca shop office<br><br>Rented out  | Land area = 164 sq. Metre<br>Built-up area = 654.97 sq. Metre                      | 20 years old /<br>Leasehold<br>80 years expiring on 11 Sep 2082 | Land = RM526,670<br>Building = RM908,862 |
| 9. Lot 11789 , No 28-1,2,3, Lorong 6c/91 Taman Shamelin Perkasa Ampang 56100 Wilayah Persekutuan Kuala Lumpur  | 12 Aug 2022         | 4 storey terraca shop office<br><br>Rented out  | Land area = 164 sq. Metre<br>Built-up area = 654.97 sq. Metre                      | 20 years old /<br>Leasehold<br>80 years expiring on 11 Sep 2082 | Land = RM526,670<br>Building = RM908,862 |

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2023

Total Number of issued shares : 360,668,137 ordinary shares  
 Voting Rights : 1 Vote per ordinary share

## Analysis of Shareholdings

| No. of Holders | Sizes of Holdings        | Total Holdings     | % of Issued Shares |
|----------------|--------------------------|--------------------|--------------------|
| 142            | 1 to 99 shares           | 6,110              | #                  |
| 657            | 100 to 1,000 shares      | 428,372            | 0.12               |
| 3,455          | 1,001 to 10,000 shares   | 19,205,977         | 5.32               |
| 2,266          | 10,001 to 100,000 shares | 71,796,462         | 19.91              |
| 311            | 100,001 to 18,033,405    | 123,694,556        | 34.30              |
| 2              | over 18,033,405          | 145,536,660        | 40.35              |
| <b>6,833</b>   |                          | <b>360,668,137</b> | <b>100.00</b>      |

# Negligible

## THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 MARCH 2023

(without aggregating securities from different securities accounts belonging to the same Despositor)

| No | Name   | No. of Shares | % of Total Issued Shares |
|----|--|---------------|--------------------------|
| 1  | LOH KOK CHENG  | 73,857,030    | 20.48                    |
| 2  | LOH KOK BENG   | 71,679,630    | 19.87                    |
| 3  | LOH ENG CHUN   | 6,412,370     | 1.78                     |
| 4  | LOH JIA WOUI   | 6,412,370     | 1.78                     |
| 5  | CHANG, JUNG-CHEN   | 5,690,641     | 1.58                     |
| 6  | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM TIAN HUAT (E-TWU) | 4,874,400     | 1.35                     |
| 7  | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHEONG CHEE HAN      | 4,048,600     | 1.12                     |
| 8  | ONG TOO @ ONG OH CHOO  | 3,706,900     | 1.03                     |
| 9  | YONG SHU KONG  | 2,459,100     | 0.69                     |
| 10 | LOH KOK BENG   | 2,427,200     | 0.67                     |
| 11 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YONG SHU KONG (E-KKU) | 2,340,000     | 0.65                     |
| 12 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>LIM TIAN HUAT                                       | 2,033,600     | 0.56                     |
| 13 | TEOH THEAN HAI   | 2,033,125     | 0.56                     |
| 14 | LOH JOO ENG  | 1,845,000     | 0.51                     |
| 15 | HIN JUAT CHIN  | 1,539,000     | 0.43                     |
| 16 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>SEE KIM LEONG                                       | 1,339,400     | 0.37                     |
| 17 | ONG KOK GIM  | 1,311,900     | 0.36                     |
| 18 | HO POAY CHIEW  | 1,250,000     | 0.35                     |
| 19 | LOH LOO GUAT   | 1,250,000     | 0.35                     |
| 20 | CHEAH YAW SONG   | 1,203,800     | 0.33                     |

# ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 30 MARCH 2023

## THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 MARCH 2023 (Cont'd)

(without aggregating securities from different securities accounts belonging to the same Despositor)

| No | Name  | No. of Shares      | % of Total Issued Shares |
|----|---|--------------------|--------------------------|
| 21 | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR EMIER HELMEE BIN MD DEWA              | 1,200,000          | 0.33                     |
| 22 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG(E-TMR) | 1,200,000          | 0.33                     |
| 23 | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM KHENG ANN (E-TWU)                | 953,000            | 0.26                     |
| 24 | LOW TONG MENG   | 924,000            | 0.26                     |
| 25 | TAN BOON ANN  | 913,900            | 0.25                     |
| 26 | CHEE KHENG CAN FACTORY SDN. BERHAD  | 850,000            | 0.24                     |
| 27 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAN POON SUN (851403)        | 800,000            | 0.22                     |
| 28 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING (8119887)       | 760,000            | 0.21                     |
| 29 | OOI LAY FUANG   | 702,000            | 0.19                     |
| 30 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHIN SHUK HA (MQ0604)              | 700,600            | 0.19                     |
|    |   | <b>206,717,566</b> | <b>57.32</b>             |

## Substantial Shareholdings

| Substantial Shareholders | No. of ordinary shares held |       |                 |   |
|--------------------------|-----------------------------|-------|-----------------|---|
|                          | Direct Interest             | %     | Deemed Interest | % |
| Loh Kok Beng             | 74,106,830                  | 20.55 | -               | - |
| Loh Kok Cheng            | 73,857,030                  | 20.48 | -               | - |

## Directors' Shareholdings

| Directors       | No. of ordinary shares held |       |                 |      |
|-----------------|-----------------------------|-------|-----------------|------|
|                 | Direct Interest             | %     | Deemed Interest | %    |
| Loh Kok Beng    | 74,106,830                  | 20.55 | 200,000 (N1)    | 0.06 |
| Loh Kok Cheng   | 73,857,030                  | 20.48 | -               | -    |
| Loh Eng Chun    | 6,412,370                   | 1.78  | -               | -    |
| Loh Jia Wooi    | 6,412,370                   | 1.78  | -               | -    |
| Tan Soo Mooi    | 70,000                      | 0.02  | -               | -    |
| Loh Chin Phang  | 24,000                      | 0.01  | -               | -    |
| Leow Chan Kiang | -                           | -     | -               | -    |

### Note :

(N1) Share held by family member by virtue of Section 59 of the Companies Act, 2016 in Malaysia.



# ADDITIONAL COMPLIANCE INFORMATION

## Audit and Non-Audit Fees

During the financial year, audit fees and non-audit fees paid or payable by the Company and its subsidiaries to the Company's External Auditors and its affiliates company are as follows:

|                              | Audit Fees      |                   | Non-Audit Fees  |                   |
|------------------------------|-----------------|-------------------|-----------------|-------------------|
|                              | Group<br>RM'000 | Company<br>RM'000 | Group<br>RM'000 | Company<br>RM'000 |
| i) BDO PLT                   | 108             | 16                | 21              | 21                |
| ii) BDO Tax Services Sdn Bhd | 0               | 0                 | 22              | 2                 |
|                              | <b>108</b>      | <b>16</b>         | <b>43</b>       | <b>23</b>         |

Nature of services rendered for non-audit fees paid are as follows:

- i) Review of Quarterly Report;
- ii) Review on The Statement on Risk Management and Internal Control;
- iii) Taxation Services

## Utilisation of Proceeds

For the financial year ended 31 December 2022, there were no proceeds raised by the Company from any corporate proposal.

## Recurrent Related Party Transactions

During the financial year ended 31 December 2022, there were no recurrent related party transactions.

## Material Contracts

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group within two (2) years immediately preceding 31 December 2022:-

Conditional Sale and Purchase Agreement dated 14 January 2021 entered into between Wangsaga Industries Sdn. Bhd. ("**WISB**"), a wholly-owned subsidiary of Tek Seng Holdings Berhad, Tek Seng Properties & Development Sdn. Bhd. ("**TPSB**") (a company owned by Loh Kok Beng and Loh Kok Cheng, the directors and major shareholders of Tek Seng Holdings Berhad) and Limsa Ekuiti Sdn. Bhd. ("**LESB**") for the purchase of a parcel of industrial land formed by nine (9) adjoining lots ("**Land**") and warehouse structures erected thereon measuring approximately 853,863 square feet, held under Geran Mukim 996, 997, 998, 988, 989, 991, 992, 993 and 994, Lot Nos. 324, 640, 642, 1504, 1505, 1664, 1667, 1669 and 1702, all within Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang ("**Property**") for a total cash consideration of RM46,962,465.00 ("**Acquisition**") according to the following apportionment:

| Vendor       | Purchaser | Amount<br>RM         | Land<br>(sf)                      |
|--------------|-----------|----------------------|-----------------------------------|
| LESB         | WISB      | 25,788,130.50        | 468,875.1 undivided share (54.9%) |
|              | TPSB      | 21,174,334.50        | 384,987.9 undivided share (45.1%) |
| <b>Total</b> |           | <b>46,962,465.00</b> | <b>853,863</b>                    |

The Acquisition was completed on 06 August 2021.

On 21 December 2022, the Group had entered into Sale and Purchase Agreement for the acquisition of two (2) units three storey shophouses situated in Rawang, Selangor for a purchase consideration of RM2,400,000. ('Proposed Acquisition 1').

The Proposed Acquisition 1 has not been completed as at 05 April 2023.

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# ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

## **Material Contracts (Cont'd)**

On 5 April 2023, the Group had entered into Sale and Purchase Agreement for the acquisition of a piece of freehold vacant land known as Lot No. 1700, Mukim 14, Daerah Seberang Perai Tengah, Penang for a purchase consideration of RM26,982,947. ('Proposed Acquisition 2').

The Proposed Acquisition 2 has not been completed as at 05 April 2023.

On 5 April 2023, the Group had entered into Sale and Purchase Agreement for the acquisition of two pieces of freehold vacant land known as Lot No. 1668 and Lot 1701, Mukim 14, Daerah Seberang Perai Tengah, Penang for a purchase consideration of RM2,181,947 and RM4,795,107 respectively. ('Proposed Acquisition 3').

The Proposed Acquisition 3 has not been completed as at 05 April 2023.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21<sup>st</sup> Annual General Meeting (“**AGM**”) of Tek Seng Holdings Berhad (“**the Company**”) will be held at Laurel II Ballroom, Level 1, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Friday, 16 June 2023 at 9.30 am for the following purposes:-

## AGENDA

### Ordinary Business :

- |    |  |                        |
|----|--|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of Directors and Auditors thereon.                                   | Please refer to Note 8 |
| 2. | To re-elect Mr. Loh Kok Beng, a Director who retires by rotation in accordance with Article 102 of the Company’s Constitution and who, being eligible, offers himself for re-election.   | <b>Resolution 1</b>    |
| 3. | To re-elect Madam Tan Soo Mooi, a Director who retires by rotation in accordance with Article 102 of the Company’s Constitution and who, being eligible, offers herself for re-election. | <b>Resolution 2</b>    |
| 4. | To re-elect Mr. Loh Chin Phang, a Director who retires pursuant to Article 109 of the Company’s Constitution and who, being eligible, offers himself for re-election.                    | <b>Resolution 3</b>    |
| 5. | To approve the payment of Directors’ fees amounting to RM99,500.00 to the Non-Executive Directors of the Company for the financial year ending 31 December 2023.                         | <b>Resolution 4</b>    |
| 6. | To approve the payment of Directors’ fees amounting to RM116,400.00 to the Executive Directors of the Company for the financial year ending 31 December 2023.                            | <b>Resolution 5</b>    |
| 7. | To approve the payment of Directors’ benefits up to an amount not exceeding RM50,000.00 to the Non-Executive Directors of the Company for the financial year ending 31 December 2023.    | <b>Resolution 6</b>    |
| 8. | To re-appoint Messrs. BDO PLT as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.    | <b>Resolution 7</b>    |

### Special Business :

To consider and if thought fit, to pass with or without any modifications the following ordinary resolution:

- |    |  |                     |
|----|--|---------------------|
| 9. | <b>AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b> | <b>Resolution 8</b> |
|----|--|---------------------|

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject always to the approval of the relevant authorities, the Directors be hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Article 63 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.

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# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

9. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (Cont'd)**

THAT any one of the Executive Directors and/or Secretary of the Company be empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

10. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

**LEE PENG LOON (MACS 01258)**  
**SSM PC NO. 201908002340**

**P'NG CHIEW KEEM (MAICSA 7026443)**  
**SSM PC NO. 201908002334**

Company Secretaries

Penang

Date: 28 April 2023

## NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 09 June 2023. Only Depositors whose name appears on the Record of Depositors as at 09 June 2023 shall be entitled to attend the AGM or to appoint proxies to attend and/or vote on his behalf.
2. A proxy may but need not be a member of the Company.
3. For a proxy to be valid, the original Proxy Form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The Proxy Form transmitted by facsimile or electronic mail will not be accepted.
4. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

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# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## NOTES ON APPOINTMENT OF PROXY (Cont'd)

- Where a member is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.

## NOTES ON ORDINARY BUSINESS

### 8. **Agenda 1 – Audited Financial Statements**

The Audited Financial Statements for the financial year ended 31 December 2022 will be laid to shareholders at the forthcoming AGM of the Company pursuant to Section 340(1)(a) of the Companies Act, 2016. Hence, the Agenda 1 is not put forward for voting.

### 9. **Agenda 2 to Agenda 4 – Re-election of Directors**

The Nominating Committee had assessed the performance and contribution of each of the retiring Directors seeking for re-election and was satisfied therewith. The Board had endorsed the Nominating Committee's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the forthcoming AGM of the Company. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Nominating Committee and Board meetings. The details and profiles of the Directors who are standing for re-election at the forthcoming AGM are provided in the Company's Annual Report 2022.

### 10. **Agenda 5 and Agenda 6 – Directors' Fees**

The Resolution 4 and 5, if passed, will enable the Company to pay Directors' fees to the Non-Executive and Executive Directors of the Company for the financial year ending 31 December 2023 in accordance with Section 230(1) of the Companies Act, 2016. The payment of Directors' fees shall be payable quarterly in arrears after each quarter of completed service of the Directors of the Company.

### 11. **Agenda 7 – Directors' Benefits**

The Resolution 6, if passed, will enable the Company to pay benefits to Non-Executive Directors of the Company in accordance with Section 230(1) of the Companies Act, 2016. The total amount of Directors' benefits payable is estimated based on number of scheduled meetings of the Board and Board Committees as well as the number of Non-Executive Directors involved; and these benefits may comprise of meeting allowances, trainings, accommodations, insurance and other emoluments and benefits-in-kinds.

### 12. **Agenda 8 – Re-appointment of Auditors**

The Audit & Risk Management Committee and the Board had considered the re-appointment of Messrs. BDO PLT as Auditors of the Company. The Audit & Risk Management Committee and the Board collectively agreed and are satisfied that Messrs. BDO PLT meets the relevant criteria prescribed in Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## NOTES ON SPECIAL BUSINESS

### 13. **Agenda 9 - Authority to issue shares pursuant to Companies Act, 2016**

The Resolution 8, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

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# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

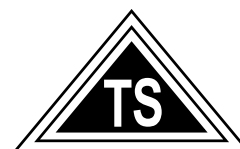
(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

- 1) No individuals are standing for election as Directors at the forthcoming 21<sup>st</sup> Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2, 3 and 4 of the Notice of the 21<sup>st</sup> Annual General Meeting of the Company are set out in the Directors' Profile section of this Annual Report.
- 3) The details of the Directors' interests in the securities of the Company as at 30 March 2023 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 8 tabled under Special Business as per the Notice of 21<sup>st</sup> Annual General Meeting of the Company dated 28 April 2023 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 10 June 2022.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

# PROXY FORM



**TEK SENG HOLDINGS BERHAD**  
 Registration No. 200201011909 (579572-M)  
 (Incorporated in Malaysia)

|                       |                 |  |  |  |  |  |  |  |  |  |
|-----------------------|-----------------|--|--|--|--|--|--|--|--|--|
| Number of Shares Held | CDS ACCOUNT NO. |  |  |  |  |  |  |  |  |  |
|                       |                 |  |  |  |  |  |  |  |  |  |

\*I/We \_\_\_\_\_ (\*NRIC/Passport/Company No \_\_\_\_\_)  
 (Full Name in Block Letters)

of \_\_\_\_\_ (Address)

being a \* member / members of the abovenamed Company, hereby appoint:

|                            |                     |                             |   |
|----------------------------|---------------------|-----------------------------|---|
| Full Name in Block Letters | NRIC / Passport No. | Proportion of Shareholdings |   |
|                            |                     | No. of Shares               | % |
| Address                    |                     |                             |   |
| Email Address              |                     |                             |   |
| Telephone No.              |                     |                             |   |

\*and/or

|                            |                     |                             |   |
|----------------------------|---------------------|-----------------------------|---|
| Full Name in Block Letters | NRIC / Passport No. | Proportion of Shareholdings |   |
|                            |                     | No. of Shares               | % |
| Address                    |                     |                             |   |
| Email Address              |                     |                             |   |
| Telephone No.              |                     |                             |   |

or failing whom, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 21<sup>st</sup> Annual General Meeting ("AGM") of the Company will be held at Laurel II Ballroom, Level 1, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Friday, 16 June 2023 at 9.30 am and at any adjournment thereof.

| NO. | ORDINARY RESOLUTIONS   | FOR | AGAINST |
|-----|--|-----|---------|
| 1.  | To re-elect Mr. Loh Kok Beng as a Director of the Company                |     |         |
| 2.  | To re-elect Madam Tan Soo Mooi as a Director of the Company              |     |         |
| 3.  | To re-elect Mr. Loh Chin Phang as a Director of the Company              |     |         |
| 4.  | To approve the payment of Directors' fees to Non-Executive Directors     |     |         |
| 5.  | To approve the payment of Directors' fees to Executive Directors         |     |         |
| 6.  | To approve the payment of Directors' benefits to Non-Executive Directors |     |         |
| 7.  | To re-appoint Messrs. BDO PLT as Auditors of the Company                 |     |         |
| 8.  | To authorise the Directors to allot and issue new shares in the Company  |     |         |

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

\_\_\_\_\_  
 Signature of Member(s) / Common Seal

**Notes:**

- For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 09 June 2023. Only Depositors whose name appears on the Record of Depositors as at 09 June 2023 shall be entitled to attend the AGM or to appoint proxies to attend and/or vote on his behalf.
- A proxy may but need not be a member of the Company.
- For a proxy to be valid, the original Proxy Form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The Proxy Form transmitted by facsimile or electronic mail will not be accepted.
- A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.

\* Strike out whichever is not desired.





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STAMP  
HERE

The Company Secretaries  
**TEK SENG HOLDINGS BERHAD**

Registration No. 200201011909 (579572-M)

51-21-A, Menara BHL Bank,  
Jalan Sultan Ahmad Shah,  
10050 Penang.

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**TEK SENG HOLDINGS BERHAD**

Registration No. 200201011909 (579572-M)  
(Incorporated in Malaysia)

Plot 159, MK 13, Jalan Perindustrian Bukit Minyak 7,  
Bukit Minyak Industrial Park, 14000 Bukit Mertajam,  
S.P.T., Pulau Pinang, Malaysia.

Tel : 604-507 5808 (Hunting Lines)



[www.tekseng.com.my](http://www.tekseng.com.my)