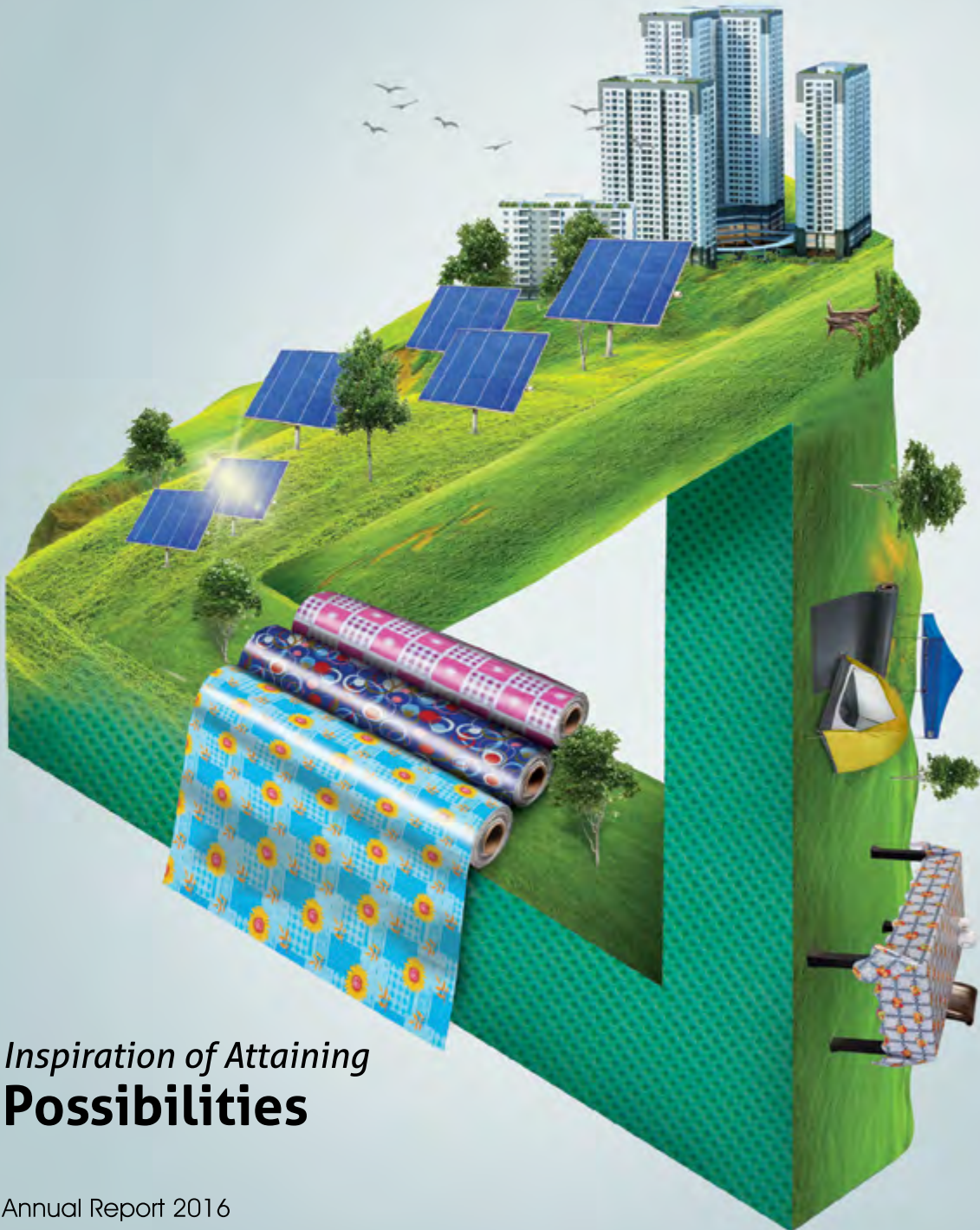




TEK SENG HOLDINGS BERHAD
(579572-M)



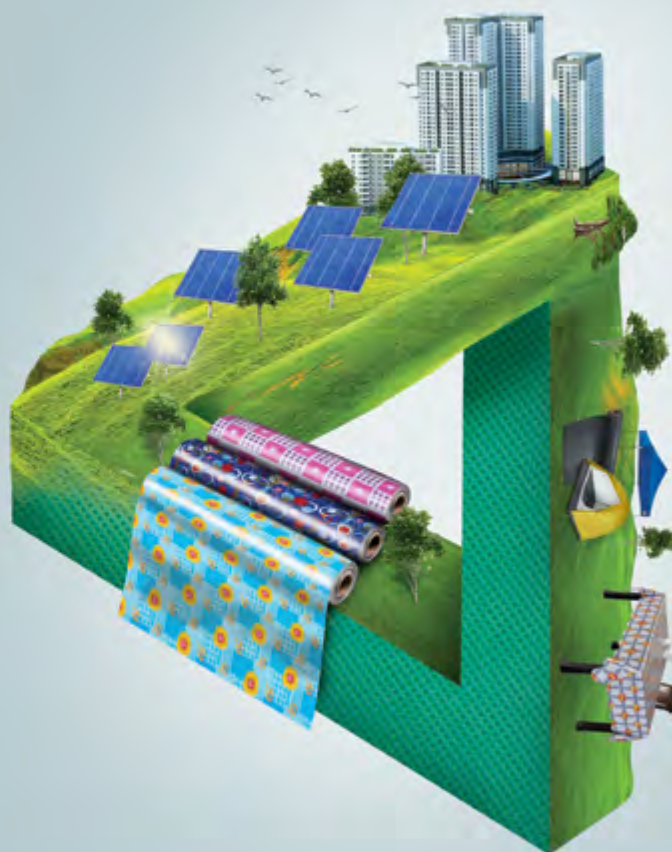
Inspiration of Attaining
Possibilities

Annual Report 2016

Rationale

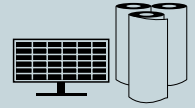
Inspiration of Attaining Possibilities

With a notion of never giving up and a strong determination to go beyond technological limitations in the PVC and solar related Industries, Tek Seng Holdings Bhd. is inspired to achieve technological advancements through exploring every possibility to success in the market. The visual of a Penrose triangle signifies endless possibilities that are waiting to be explored. As indicated by the Company's products being allocated all over the Penrose triangle, it shows that Tek Seng Holdings Bhd. has always been in position to take initiative in exploring possibilities for great success.



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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. Its subsidiaries are principally involved in the manufacturing and trading of PVC related and non-woven related products, the manufacturing, designing, developing, exporting, importing and sales of photovoltaic products, solar cells, solar panels, solar modules and solar related products.

The Group (Tek Seng and its subsidiaries) has a track record of more than 30 years in the plastics 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

Mdm. Loh Joo Eng
Executive Director

Mr. Loh Eng Chun
Executive Director

Mr. Yeoh Aik Chuan
Independent Non-Executive Director

Dr. Kamarudin Bin Ngah
Independent Non-Executive Director

Tuan Haji Mohamed Haniffah Bin S.M. Mydin
Independent Non-Executive Director

Audit Committee

Mr. Yeoh Aik Chuan (Chairman)
Independent Non-Executive Director

Dr. Kamarudin Bin Ngah
Independent Non-Executive Director

Tuan Haji Mohamed Haniffah Bin S.M. Mydin
Independent Non-Executive Director

Remuneration Committee

Dr. Kamarudin Bin Ngah (Chairman)
Independent Non-Executive Director

Mr. Yeoh Aik Chuan
Independent Non-Executive Director

Tuan Haji Mohamed Haniffah Bin S.M. Mydin
Independent Non-Executive Director

Mr. Loh Kok Beng
Executive Director

Nominating Committee

Tuan Haji Mohamed Haniffah Bin S.M. Mydin (Chairman)
Independent Non-Executive Director

Dr. Kamarudin Bin Ngah
Independent Non-Executive Director

Mr. Yeoh Aik Chuan
Independent Non-Executive Director



Company Secretaries

Mr. Lee Peng Loon (MACS 01258)
Ms. P'ng Chiew Keem (MAICSA 7026443)

Registered Office

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

Share Registrar

Plantation Agencies Sdn. Berhad (2603-D)
3rd Floor, Standard Chartered Bank Chambers
Beach Street, 10300 Penang
Telephone No : (04) 262 5333
Facsimile No : (04) 262 2018
Email : sharereg@plantationagencies.com.my

External Auditors

BDO (AF0206)
Chartered Accountants
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah, 10050 Penang

Principal Bankers

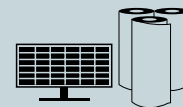
AmBank (M) Berhad (295576-U)
Citibank Berhad (297089-M)
Hong Leong Bank Berhad (97141-X)
Malayan Banking Bhd (3813-K)
OCBC Bank (Malaysia) Berhad (295400-W)
Public Bank Berhad (6463-H)
United Overseas Bank (Malaysia) Bhd (271809-K)

Solicitors

Salina, Lim Kim Chuan & Co.
Advocate & Solicitor (Corporate Division)
51-15-C2, Menara BHL Bank
Jalan Sultan Ahmad Shah, 10050 Penang

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market
Stock Name : TEKSENG
Stock Code : 7200
Warrant Name : TEKSENG-WA
Warrant Code : 7200WA



Board of Directors

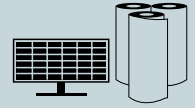


From left to right (seated)

1. **Mr. Loh Kok Cheng**
Managing Director
2. **Mr. Loh Kok Beng**
Executive Chairman

From left to right (standing)

3. **Mdm. Loh Joo Eng**
Executive Director
4. **Mr. Yeoh Aik Chuan**
Independent Non-Executive Director
5. **Tuan Haji Mohamed Haniffah Bin S.M. Mydin**
Independent Non-Executive Director
6. **Mr. Loh Eng Chun**
Executive Director
7. **Dr. Kamarudin Bin Ngah**
Independent Non-Executive Director



Mr. Loh Kok Beng (51 / Malaysian / Male)

Executive Chairman
Member of Remuneration Committee

Mr. Loh Kok Beng was appointed as a Director of Tek Seng on 16 August 2004. He is currently responsible for the Group financial and administrative affairs, and development of the strategic business plans for the Group.

He graduated from Han Chiang High School in 1984 with Sijil Pelajaran Malaysia and has approximately 32 years of working experience in the PVC based industry and 5 years in Solar based industry particularly in PVC calendaring, printing, lamination and solar photovoltaic.

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

He is the brother of Mr. Loh Kok Cheng, a Director and major shareholder and Mdm. Loh Joo Eng, a director of the Company and father 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 except as disclosed in the Financial Statements.

He attended all six Board Meetings held during the financial year ended 31 December 2016.

Mr. Loh Kok Cheng (50 / Malaysian / Male)

Managing Director

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 and has 27 years of experience in plastics industry and 5 years in solar industry. He is responsible for the operations of sales and marketing divisions and expansion of the overseas market for the Group.

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

He is the brother of Mr. Loh Kok Beng, a Director and major shareholder and Mdm. Loh Joo Eng, 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 except as disclosed in the Financial Statements.

He attended all six Board Meetings held during the financial year ended 31 December 2016.



Mdm. Loh Joo Eng (57 / Malaysian / Female)

Executive Director

Mdm. Loh Joo Eng was appointed as a Director of Tek Seng on 16 August 2004.

She is responsible for the daily operations and procurement of raw materials for the Group. She has more than 32 years of experience in PVC based industry. She graduated from Penang Chinese Girls' High School in 1978 with Malaysia Certificate of Education.

She does not have any directorship in other 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 and aunty of Mr. Loh Eng Chun, a Director of the Company. She does not have any conflict of interest in any business arrangement involving the Company except as disclosed in the Financial Statements.

She attended all six Board Meetings held during the financial year ended 31 December 2016.

Directors' Profile (Cont'd)



Dr. Kamarudin Bin Ngah (57 / Malaysian / Male)

Independent Non-Executive Director | Member of Audit Committee
Chairman of Remuneration Committee | Member of Nominating Committee

Dr. Kamarudin Bin Ngah was appointed as a Director of Tek Seng on 16 August 2004.

He holds a Doctorate of Philosophy in Development and Planning. He was with Malayan Banking Berhad from June 1984 to June 1985 as a sub-Accountant 1. He was a Councilor for Seberang Perai Municipality Council from 1999 to 2001. He was a Researcher with the Centre of Policy Research, University Sains Malaysia from July 1986 to August 2013. He is presently a Professor at School of Government, College of Law, Government and International Studies (COLGIS), Universiti Utara Malaysia (UUM) and also a director of Institute of Local Government Studies, UUM.

He does not have any directorship in other 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.

He attended all six Board Meetings held during the financial year ended 31 December 2016.



Tuan Haji Mohamed Haniffah Bin S.M. Mydin (64 / Malaysian / Male)

Independent Non-Executive Director | Member of Remuneration Committee
Chairman of Nominating Committee | Member of Audit Committee

Tuan Haji Mohamed Haniffah Bin S.M. Mydin was appointed as a Director of Tek Seng on 16 October 2006.

Tuan Haji Mohamed Haniffah Bin S.M. Mydin graduated from Katholik University of Leuven, Belgium with a Master of Business Administration. He started his career as an officer in Koperasi Usaha Bersatu Malaysia Bhd in March 1981 and later was promoted to Assistant Manager. In January 1983, Tuan Haji Mohamed Haniffah was seconded to JUB Credit & Leasing Sdn. Bhd. as a General Manager where he was in charge of the credit & leasing operations. He left JUB Credit & Leasing Sdn. Bhd. in March 1985.

In April 1985, Tuan Haji Mohamed Haniffah joined Advanced Electronics (M) Sdn. Bhd. ("AESB"), a wholly-owned subsidiary of Idris Hydraulic (Malaysia) Bhd as a Senior Manager. He was later promoted to the position of Group General Manager. Tuan Haji Mohamed Haniffah was responsible for an array of business portfolios including the restructuring exercise, strategic planning, business development and financial matters of AESB.

In November 1995, Tuan Haji Mohamed Haniffah left AESB and ventured into his own business. Shortly, he joined Instangreen Corporation Bhd which was under the Corporate Debt Restructuring Committee as the Chief Operating Officer. He was involved in the financial and business restructuring of Instangreen Corporation Bhd until it was re-floated under its new name of LBS Bina Bhd.

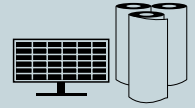
Tuan Haji Mohamed Haniffah re-joined AESB Group in August 1999 to re-strategise the consumer home electrical business. In early 2005, he partnered with a senior officer of AESB's holding company, jointly acquired the entire group of AESB under a Management Buy-Out Scheme. AESB was later sold to a third party where he resigned as the Chief Executive Officer of AESB in July 2006.

Tuan Haji Mohamed Haniffah is an independent Director of Perbadanan Usahawan Nasional Berhad.

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 attended all six Board Meetings held during the financial year ended 31 December 2016.





Mr. Yeoh Aik Chuan (47 / Malaysian / Male)

Independent Non-Executive Director | Member of Remuneration Committee
Chairman of Audit Committee | Member of Nominating Committee

Mr. Yeoh Aik Chuan was appointed as a Director of Tek Seng on 29 June 2011.

He is a member of Malaysian Institute of Accountants and an associate member of Chartered Institute of Taxation, Malaysia. Currently, he is a partner of UHY TAC.

Mr. Yeoh has more than 20 years of audit and advisory experience, having served with both Big Four accounting firms and multinational organisations. Apart from his significant experience in a wide range of corporate transactions involving a number of international business organisations for cross border investments, particularly in Thailand, Singapore, Hong Kong and China, he has earned much recognition in professional corporate advisory which include financial valuation, investment appraisals for regional investment projects, joint venture negotiations, strategic and financial planning, merger & acquisition review and feasibility studies.

Mr. Yeoh was an Independent Director and Audit Committee Chairman of Advance Information Marketing Bhd and a former Director of Axesstel Inc.

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 attended all six Board Meetings held during the financial year ended 31 December 2016.

Mr. Loh Eng Chun (26 / Malaysian / Male)

Executive Director

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.

Having completed his tertiary education, he began his career as an executive in a property development company listed on the Main Market of Bursa Malaysia Securities Berhad 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 implementation of revenue enhancement initiatives for the Group's businesses including the Investor Relations functions of the Group.

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

He is the son of Mr. Loh Kok Beng, the Executive Chairman and major shareholder of the Company and nephew of Mr. Loh Kok Cheng, the Managing Director and major shareholder and Mdm. Loh Joo Eng, a Director of the Company.

He attended five out of six Board Meetings held during the financial year ended 31 December 2016.



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.

Directors' Shareholdings

The details of the Directors' shareholdings in the Company are set out under the Statistics on Shareholdings in page 88 of this Annual Report.

Key Management Team



Ms. Look Fong Lian (41 / Malaysian / Female)
Accountant



She 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 directorship in other 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.

Ms. Lim Li Ming (32 / Malaysian / Female)
Deputy General Manager

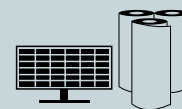


She graduated from Sheffield Hallam University with a Bachelor Degree in Accounting and Finance in 2007 and completed her professional degree (ACCA) in year 2011. She has more than 9 years' experience in accounting, auditing and taxation, having served with Big Four accounting firm. She was appointed to the position of Deputy General Manager on 29 September 2015. Currently, she is responsible for the daily operation, financial and administrative affairs of TS Solartech Sdn. Bhd..

She does not have any directorship in other 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.

Financial Highlights

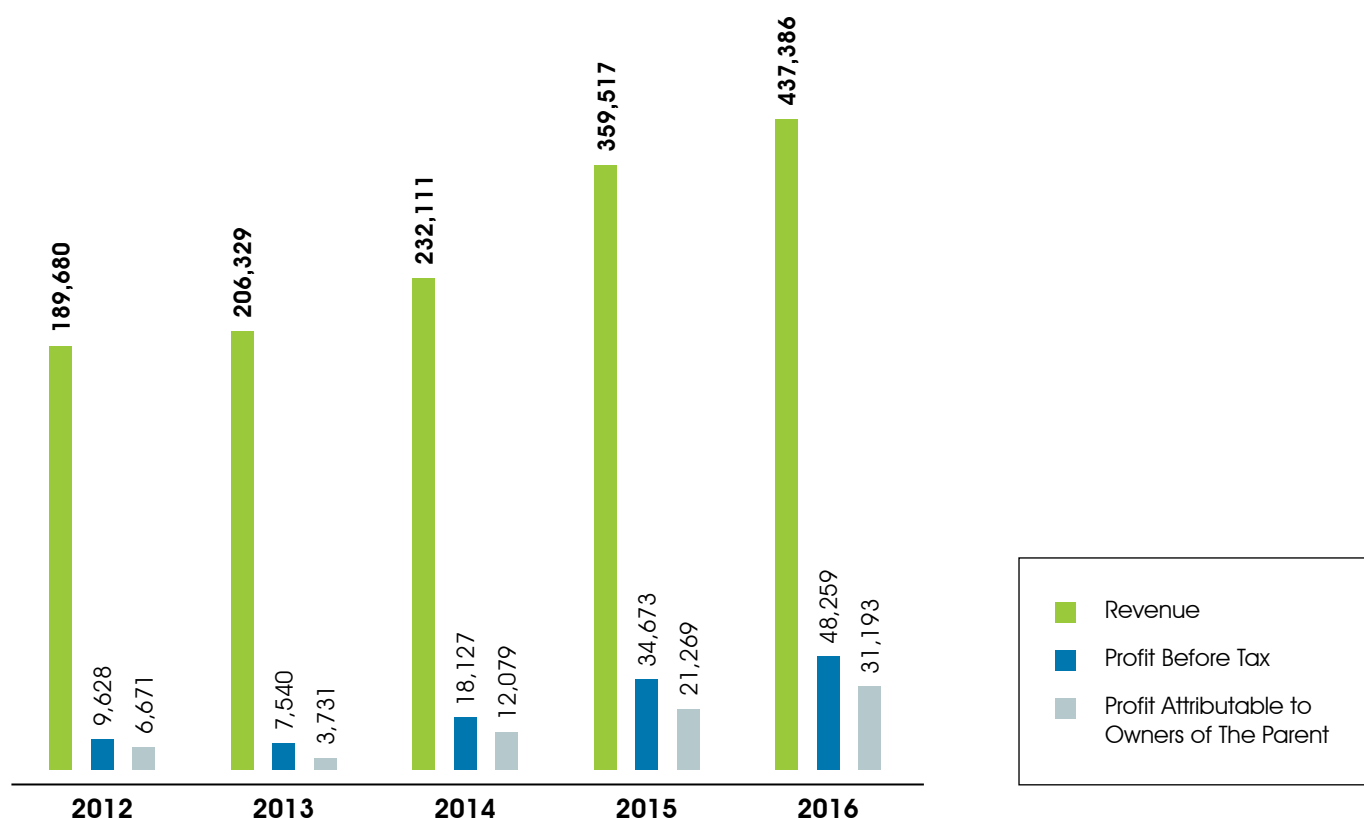


	2016	2015	2014	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	437,386	359,517	232,111	206,329	189,680
Profit Before Tax	48,259	34,673	18,127	7,540	9,628
Profit Attributable to Owners of The Parent	31,193	21,269	12,079	3,731	6,671
Total Assets	544,042	476,842	301,791	253,798	253,428
Total Liabilities	186,408	188,798	139,811	123,054	120,850
Shareholders' Funds	236,486	175,110	123,109	123,790	123,659
Performance Indicators					
Earnings Per Share (Sen)	9.72 [#]	8.51 [*]	5.03	1.55	2.78
Dividend Per Share (Sen)	3.00	2.00	1.00	0.00	1.50
Percentage of Dividend (%)	12.00	8.00	4.00	0	6.00
Net Assets Per Share (RM)	0.68	0.66	0.51	0.52	0.52
Net Gearing Ratio (Times)	0.25	0.60	0.44	0.60	0.62
Return on Equity (%)	16.66	16.37	9.25	1.43	4.19

Based on 320,844,311 weighted average number of ordinary shares as at financial period ended 2016.

* Based on 249,961,444 weighted average number of ordinary shares as at financial period ended 2015.

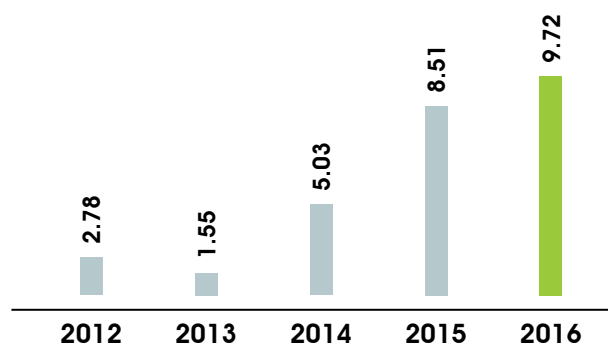
GROUP FINANCIAL RESULTS (RM'000)



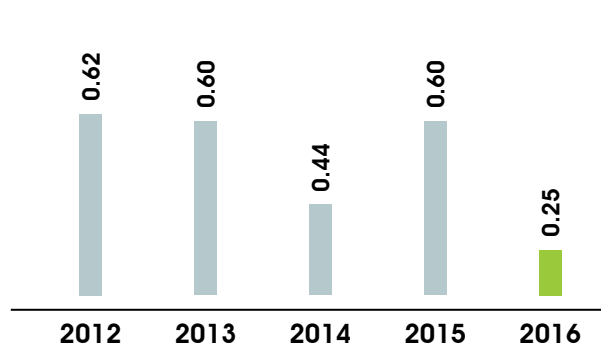
Financial Highlights (Cont'd)



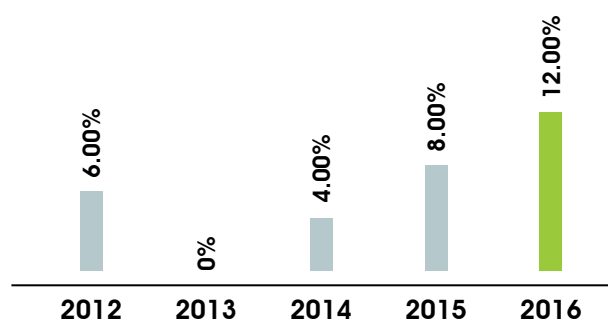
EARNINGS PER SHARE (SEN)



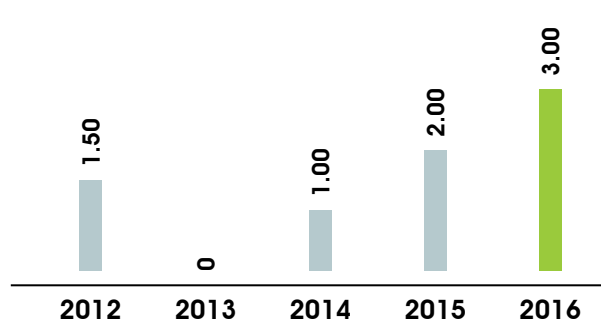
NET GEARING RATIO (TIMES)



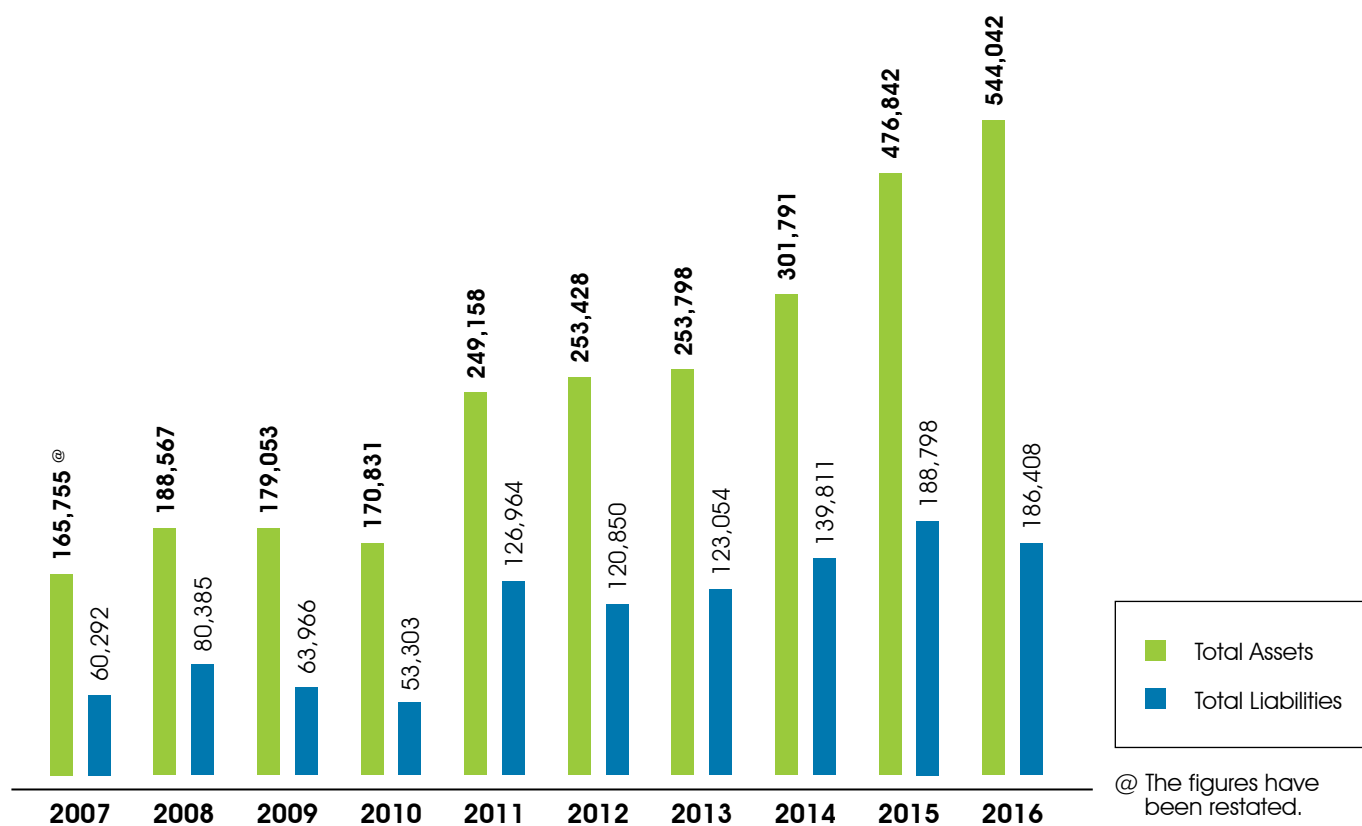
PERCENTAGE OF DIVIDEND (%)



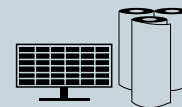
DIVIDEND PER SHARE (SEN)



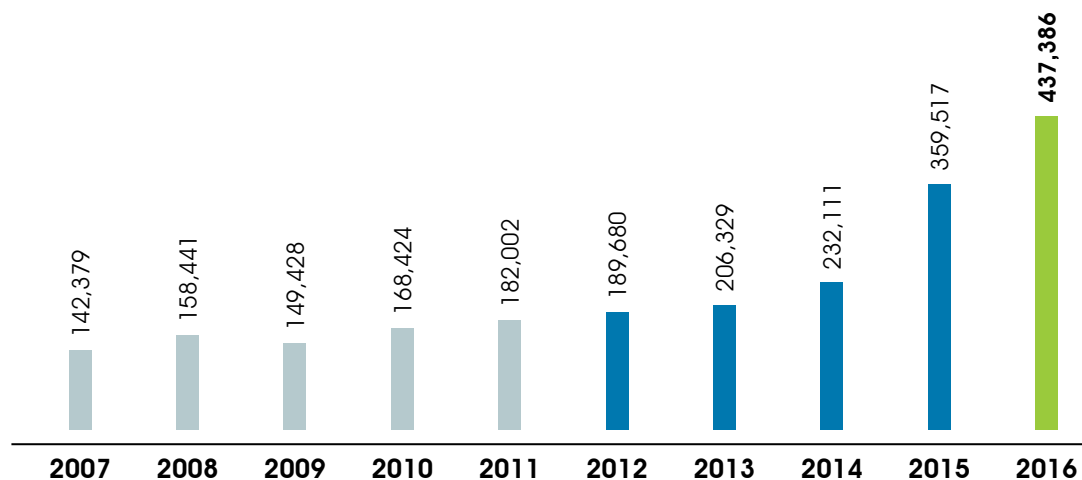
GROUP FINANCIAL RESULTS (RM'000)



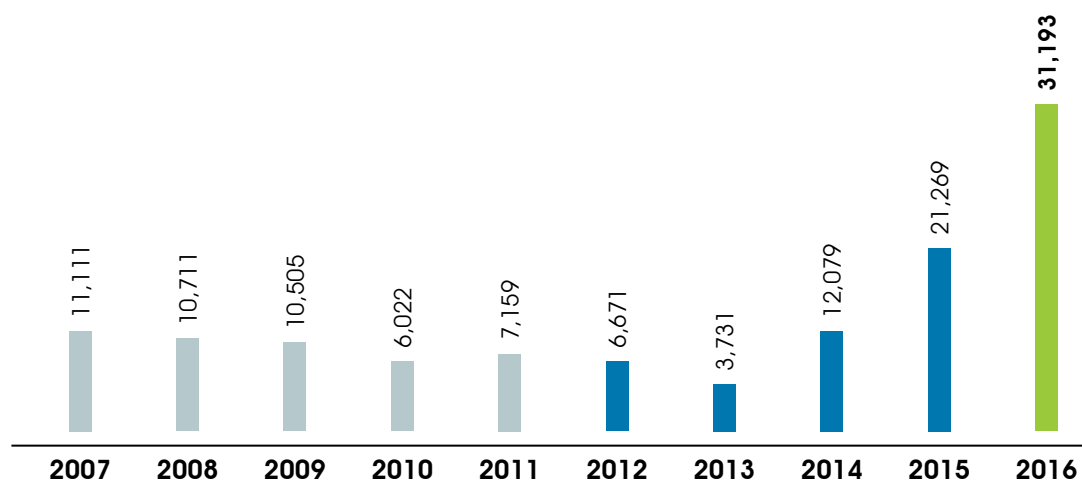
Financial Highlights (Cont'd)



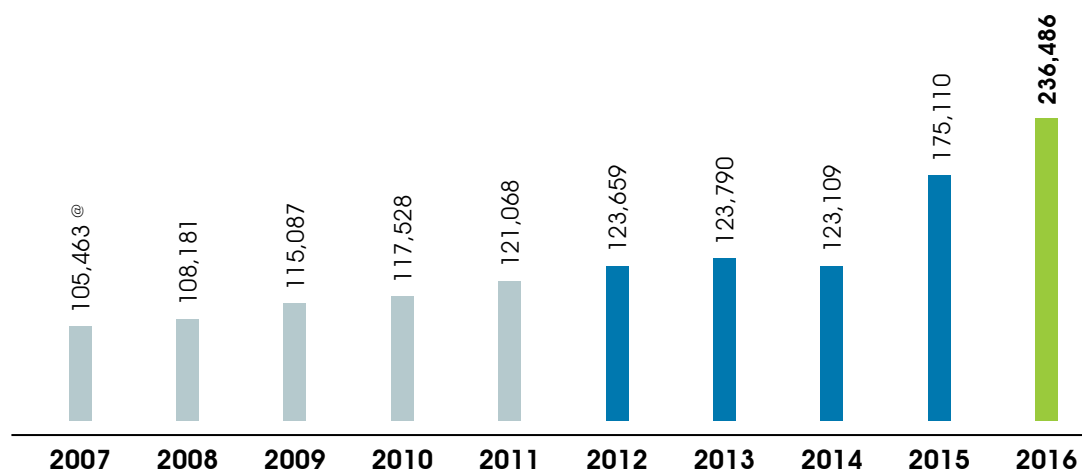
10 YEARS OF REVENUE GROWTH (RM'000)



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



@ The figures have been restated.

Management Discussion and Analysis



Dear Valued Shareholders,

It has been a great year of growth and achievement for Tek Seng Holdings Berhad. We have recorded a total sales amounted to RM437.39 million under the 2 main divisions. The PVC division has recorded a total sales of RM182.90 million whilst the solar division has recorded a sales of RM254.49 million.

This RM437.39 million total revenue marks our successful diversification of our Group portfolio and delivers promising products to meet our customers demand as well as a whole new value to our shareholders.

Operation and Business Review

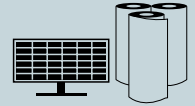
Acting as an investment holding company, wholly owned subsidiaries of Tek Seng Holdings Berhad mainly involve in manufacturing and trading of PVC products, e.g. PVC floor covering, PVC sponge, transparent sheet, coloured sheeting, etc. On the side note, the Group's 50.69% owned subsidiary involves in manufacturing of PV solar cells and trading of solar related products.

Our Group has three (3) manufacturing operations of which two (2) are located in Bukit Minyak and one (1) is located in Science Park with both locating in the Penang state.

Our export market accounts for 77% of the Group's revenue covering over 40 countries while the remaining is from local market. The main export market for PVC segment is Indonesia (28%) and solar cells are mainly shipped to the Asia market (more than 50%). Hence, the market sentiment in the global economy plays an important role in our business operations.

Sales	2016				2015			
	PVC (RM'000)	SOLAR (RM'000)	TOTAL (RM'000)	%	PVC (RM'000)	SOLAR (RM'000)	TOTAL (RM'000)	%
Export	90,578	247,060	337,638	77.2	72,579	171,238	243,817	67.8
Local	92,322	7,426	99,748	22.8	101,744	13,956	115,700	32.2
Total	182,900	254,486	437,386	100.0	174,323	185,194	359,517	100.0

We have been continuously leveraging on our extensive customer network, improving productivity, quality, services and our product range in financial year ended 31 December 2016 ("FYE 2016"). We will continue to further enhance our competitive strengths in these areas to stay ahead of market trends.

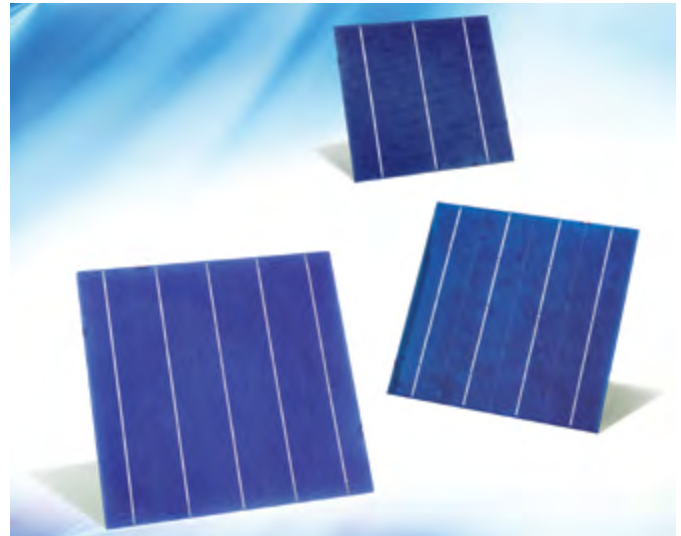
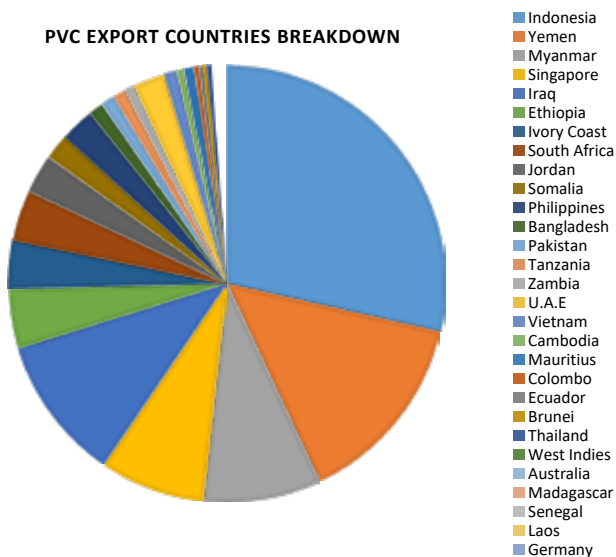


Polyvinyl Chloride Sheets Division

Our over 30 years of track record in PVC based industry have served 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.

The Group possess the ability to manufacture and suits the customers' product requirements in terms of PVC design and colour. Having over 400 designs and product types, 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 properties sectors.

PVC EXPORT COUNTRIES BREAKDOWN



Photovoltaic Solar Division

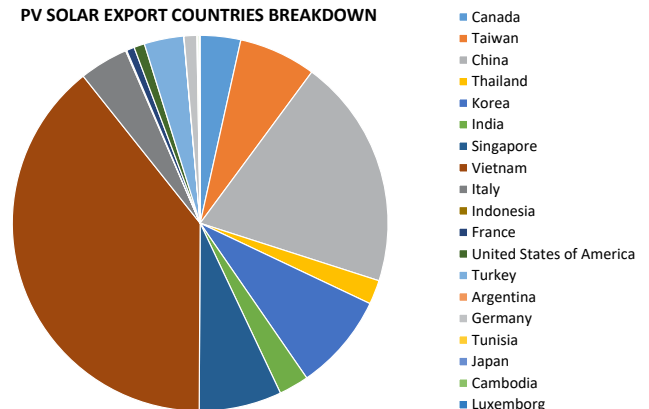
The solar division has encountered an excellent growth in FYE 2016. With a total capacity of 280 MW in financial year ended 31 December 2015 ("FYE 2015"), we manage to construct another plant worth approximately RM89 million which is able to gather up to an additional 10 lines. Although the solar division has gone through a tremendous first half of FYE 2016, the second half of FYE 2016 were affected by uncertain market conditions and demands.

All these uncertainties further lead to slower demand for solar products. After all, we are always looking at being more cost effective and also prudent to decision making in terms of expansion. The Group has been continuously looking for sustainability in its business.

Nevertheless, the Group continues to strive ahead to perform well and to maintain its dividend payout ratio of at least 30% of profit for the period. Increasing customer base and revenue together with operational efficiencies are the key drivers of the Group to achieve its profitability. The Group's revenue and purchases are primarily traded in foreign currency and it is the Group's practice to keep the foreign currency exposure to an acceptable level.

We trust that with the Group's strength, capabilities and concrete underlying fundamentals, the Group would be able to drive forward positively in the challenging and dynamic economy environment.

PV SOLAR EXPORT COUNTRIES BREAKDOWN



Management Discussion and Analysis (Cont'd)



Financial Performance

The table below highlights the Group's key financial performance for FYE 2016:

	2016 (RM'000)	2015 (RM'000)	Changes (RM'000)
Revenue	437,386	359,517	+77,869
Finance Costs	1,388	3,269	(1,881)
Other Operating Income	20,029	2,969	+17,060
Gross Profit	55,673	56,866	(1,193)
Gross Profit Margin (%)	12.73	15.82	(3.09)
Profit Before Tax	48,259	34,673	+13,586
Profit Before Tax Margin (%)	11.03	9.64	+1.39
Profit After Tax	39,407	28,657	+10,750
Profit After Tax Margin (%)	9.01	7.97	+1.04

Revenue

For the FYE 2016, our Group has recorded a revenue of RM437.39 million, representing an increase by RM77.87 million or approximately 21.66% as compared to RM359.52 million in the FYE 2015. The overall increase in revenue was mainly attributable to high demand of solar cell for first half of FYE 2016. The softening of solar cell demand due to slower global demand has resulted in slower performance for second half of FYE 2016.

The major contributor of the Group's revenue came from Solar 58.2% and PVC sheeting 30.8% for FYE 2016.

Other Operating Income

Other operating income increased from RM2.97 million in FYE 2015 to RM20.03 million for FYE 2016. The increase comprises of compensation from a customer of solar division which was not able to achieve the minimum orders as per contract. This compensation was as agreed with the client in which the client has failed to purchase minimum order. This provides us with security and protection and avoids us from failing from such business cooperation.

Operating Expenses

Staff costs increased by RM10.00 million or 39.7% from RM25.20 million for FYE 2015 to RM35.20 million for FYE 2016. The said increase was principally due to higher staff for additional production line. The depreciation charge increased by RM9.02 million to RM34.37 million for FYE 2016. The increased of depreciation was due to the expansion of Solar division property, plant and equipment. The utilities expenses increased by RM5.43 million or 29.13% from RM18.65 million to RM24.08 million. The increase of production lines and outputs were the main cause for the higher utilities expenses.



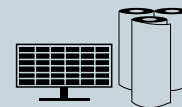
Profit After Tax

In addition to that, the Group recorded a profit after tax ("PAT") of RM39.4 million for FYE 2016 compared to PAT of RM28.66 million recorded in FYE 2015, representing an increase by RM10.75 million or approximately 37.5%. Higher PAT in FYE 2016 mainly arose from higher revenue amounting to RM437.39 million and other operating income amounting to RM20.03 million.

Although solar division has lower revenue and profit generated for second half of FYE 2016, the financial position of the Group for FYE 2016 remains strong with sustainable profit before tax and margin exceeded RM48 million.

Financial Position

	2016 (RM'000)	2015 (RM'000)	Changes (RM'000)
Total Assets	544,042	476,842	+67,200
Total Liabilities	186,408	188,798	(2,390)
Shareholders' Equity	236,486	175,110	+61,376
Total Equity	357,634	288,044	+69,590
Total Borrowings	58,348	104,431	(46,083)
Cash and Bank Balances	4,810	18,024	(13,214)
Issued and Fully Paid Capital ('000)	87,032	66,709	+20,323
Share Premium	24,835	0	+24,835
Net Asset Per Share (RM)	0.68	0.66	+0.02
Basic Earnings Per Share (sen)	9.72	8.51	+1.21
Dividend Per Share (sen)	3.00	2.00	+1.00



Assets

Trade and Other Receivables

Trade and other receivables increased by RM2.99 million or 5.8% for during the financial year. This was mainly due to higher sales during the financial year of 2016 and other receivables arising from compensation to be paid for failing to achieve the minimum orders as per contract.

Inventories

There was significant increase in inventories to RM75.18 million compared to the last financial year end inventories of RM52.97 million. This consists of RM22.66 million increase in finished goods and RM5.46 million in consumable tools of Solar division.

Cash and Bank Balances

The Group's bank balances decreased by 73.3% to RM4.81 million from RM18.02 million. The construction of new production plant for Solar division as well as new equipment are the major causes. Other than that, slower solar demand for the end of FYE 2016 contributes to the reduction too.

Liabilities

Trade and Other Payables

The Group's trade and other payables increased by 53.1% from RM76.08 million in the previous financial year to RM116.48 million. This was mainly due to the advance payments received from a third party customer of the Group.

Borrowings

The Group's borrowings decreased by 44.1% from RM104.43 million in previous financial year to RM58.3 million due to the lesser utilisation of banking facilities. We managed to reduce our term loan and is looking to fully repay it in financial year ending 2017 ("FYE 2017").

Capital Structure and Capital Resources

As at 31 December 2016, our shareholders' equity stands at RM236.48 million as compared with RM175.11 million as at the end of the previous financial year. Paid up capital of RM 87.03 million as at 31 December 2016, shows an increase of RM20.32 million over the last financial year. This was mainly due to the share placement amounting to RM7.73 million and exercise of warrant amounting to RM12.59 million. Share premium as at 31 December 2016 is RM24.83 million, due to issuance of 27.30 million placement shares at RM1.06 per placement share and 3.63 million placement share at RM1 per placement share during the financial year.

The Group's financial position remains positive with RM0.68 net assets per share for FYE 2016 (FYE 2015: RM0.66 per share). Basic earnings per share in FYE 2016 was 9.72 sen per share as compared to 8.51 sen per share in FYE 2015 mainly resulted from increase of share capital and share premium and also higher earnings for the year.

Outlook and Prospects

Innovation, diversification and responsibility as well as prudent cost management are our utmost priority in the Group's business model. We are determined to keep enhancing and improving our product range and quality to be a leading one-stop PVC products supplier in the region and also Solar cells supplier in the near future.

As we have recorded our best performance by year for FYE 2016, we are now looking forward to FYE 2017 with our target remains optimistic. We believe that the more secured and stable market conditions and also the stability of crude oil price are able to provide better business environment.

However, the main challenge is the rising USD against the Ringgit Malaysia. This proves to be a challenge as it is tough for businesses to maintain costing and thus, prices tend to fluctuate. We remain neutral but optimistic in our PVC and Solar segments. With better and improved cost-effectiveness mechanism, we believe we can achieve our 16th consecutive profitable financial year.

Dividends Shareholders Return

It is a good dividend payout year for our shareholders for FYE 2016, with 3 different interim dividends being rewarded to our valued shareholders. Tek Seng Group's dividend policy enables our valued shareholders to enjoy consistent return annually. One thing to be excited is that the Company has been improving the dividends payout for a 4th consecutive year.

For FYE 2016, the Company has:

- (i) On 31 May 2016, paid a single tier first interim dividend of 1.0 sen per share on 321,571,862 ordinary shares of RM0.25 each amounting to RM3,215,718;
- (ii) On 09 September 2016, paid a single tier second interim dividend of 1.0 sen per share on 339,042,862 ordinary shares of RM0.25 each amounting to RM3,390,429; and
- (iii) On 21 December 2016, paid a single tier third interim dividend of 1.0 sen per share on 348,130,462 ordinary shares of RM0.25 each amounting to RM3,481,305.

Other than the above declared dividends, the Company has not declared or recommended final dividend for the FYE 2016. In last FYE 2015, the Company paid a total single tier dividend of 2 sen per share amounting to RM6,222,397.

Appreciation Note

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

Corporate Social Responsibility



Tek Seng Group acknowledges the importance of Corporate Social Responsibility ("CSR") in fostering a good business culture and practices. Without being socially and environmentally responsible, it is impossible to have economically sustainable operations in the long term.

Our CSR objective is to be a socially responsible corporate in today's world with continuous efforts to contribute and extend our responsibilities to our employees, the community and the development of our country. The various CSR initiatives undertaken by the Group are summarised below:

WORKPLACE

Our staff are our greatest assets, and we are committed to provide them with all that they need to reach their full potential during their time with us. In addition to ensuring a safe and vibrant working environment, we also hold regular training and development workshops to ensure they are always at the top of their performance.

Training and Development

The development of our employees is important to us. To ensure that our staff perform at their best, the Group holds comprehensive continuous learning and development programmes throughout the year to equip staff with skills and knowledge relevant to their functions and promote a holistic development of their capabilities. Both internal and external trainers conduct the training programmes for our staff. Such as Goods and Services Tax, Leadership, ISO 9001: 2008 Training, Statistical Process Control and etc.

Health and Safety

The Group also aims to ensure that the health, safety and welfare of our employees are well taken care. Thus, the Group is constantly reviewing its workplace and policies to provide a conducive working environment. The Group had formed an Environmental, Safety & Health committee to carry out inspection regularly to ensure Company is complied with Occupational Safety and Health (Safety and Health Committee) Regulation 1996. Despite of that the Company is encouraged to do more than required by law in order to protect health and well-being of employees and the overall community. We are committed to providing a healthy and safe working environment for all our staff. Personal Protective Equipment (safety boots, glove and face masks) is available to all workers on a needs basis.

In ensuring and providing a safe and conducive working environment for our employee, the Group had carry out safety drills such as fire and evacuation, preventive and first aid training during the financial year. And the training programmes such as Emergency Response Training (ERT), Introduction to First Aid & CPR is provided to our staff.

Diversity

The Group does not have a written policy in workplace but we believe that a well-managed diverse workplace will strengthen our knowledge, skills and cross-cultural understanding and multi-generational aspects towards a better work-life balance environment, improvement of productivities and performance of the Group.

Currently, 83% of our work force are male in view of the nature of work, nevertheless we will consider female recruitments if they are appropriate for the positions. The current ethnicity and age diversity in workplace are as follows:

ETHNICITY				AGE GROUP			
Malay	Chinese	Indian	Others	Below 20	21-30	31-40	Above 40
58%	17%	2%	23%	3%	51%	29%	17%

COMMUNITY

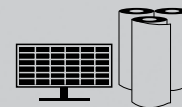
In order to uphold our CSR's objective, the Group have been consistently rendering support in monetary term to various non-profit organisations during the financial year for the purpose of assisting less fortunate communities in improving their lives and also in an effort to contribute to the local education sector. We also encourage our employees to participate on charitable activities.

The non-profit organisations are as follows:

- (i) Penang Fo Yi Haemodialysis Socitey;
- (ii) St. Nicholas' Home Penang;
- (iii) Che Hoon Khor Moral;
- (iv) Malaysian Mental Health Association;
- (v) Monfort Youth Centre; and
- (vi) other orphanage/handicapped/charitable homes.

ENVIRONMENTAL

As a responsible corporation, the Group has undertaken various measures and explored feasible opportunities during the financial year to minimize any adverse impact from manufacturing operations, waste disposals and products' design and packaging. Company is working hard in managing waste all the way to helping reduce environmental pollution. The wastes or materials such as PVC, papers and wood are re-used or recycle.



INTRODUCTION

The Board of Directors acknowledges the importance of maintaining good corporate governance that is central to the effective operation of the Group and to ensure the highest standards of accountability and transparency.

As stated in Malaysian Code of Corporate Governance 2012 (MCCG), corporate governance is defined as: "The process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of the other stakeholders."

The Board of Directors supports MCCG and is committed towards achieving full compliance with its principles and recommendations therein.

This statement outlines the Group's corporate governance practices in respect of financial year ended 31 December 2016 with reference to the principles and recommendations set out in the MCCG as follows:

1. Establish Clear Roles and Responsibilities
2. Strengthen Composition
3. Reinforce Independence
4. Foster Commitment
5. Uphold Integrity in Financial reporting
6. Recognise and Manage Risks
7. Ensure Timely and High Quality Disclosure
8. Establish Strengthen Relationship between Company and Shareholders

As at the date of this report, the Company had substantially complied with the Principles and Recommendations of the MCCG. This statement is made in compliance with Paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Role and Responsibilities

The composition of the Board represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The profiles of the members of the Board are set out on pages 6 to 8 of this Annual Report.

In discharging its fiduciary and leadership functions, the main 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 Board had established a Board Charter to promote the best corporate governance culture and to assist the Board in discharging its duties and responsibilities. The Board Charter also defines matters which specifically reserved for the Board's decision making powers and those delegated to the executive directors and/or management.

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. The Board Charter will be reviewed periodically to ensure it is relevance and compliance. The last review was on 06 April 2017.

The Board of Directors is chaired by Mr. Loh Kok Beng, whose responsibility is 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.

Statement on Corporate Governance (Cont'd)



1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

Board Role and Responsibilities (Cont'd)

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

The roles of the independent non-executive directors are vital for the successful direction of the Group as they provide independent professional views, advice and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others of which the Group conducts business.

Code of Business Conducts

Tek Seng is committed to always uphold integrity, transparency and ethical practices and had established guidelines set out in its Code of Business Conducts which is available on the Company's website at www.tekseng.com.my. The Code of Business Conducts will be reviewed periodically to ensure their relevance.

Whistle Blowing Policy

The Board had established a Whistle-Blowing Policy which sets out a formal communication channel for employees and stakeholders of the Group to communicate matters of concern in good faith and without fear of reprisal.

The Whistle-Blowing Policy is available on the Company's website at www.tekseng.com.my.

Board Committees

The Company is currently led by an experienced Board, comprising four (4) non-independent executive directors and three (3) independent non-executive directors. The composition equips the Board with the necessary skills of business, financial and technical experience to effectively lead and control the Company. The profile of each Director is set out in pages 6 to 8 of this Annual Report.

The Company had established the following four (4) Board Committees to assist the Board in discharging its duties:

- i. Audit Committee
- ii. Nominating Committee
- iii. Remuneration Committee
- iv. Risk Management Committee

The above Board Committees are governed by their Terms of Reference, which are reviewed periodically to ensure they are in line with the latest developments and requirements.

i. Audit Committee

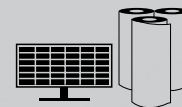
The Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the Audit Committee, which met 5 times during the year under review, are summarised in the Audit Committee Report as stated on pages 28 to 30 of this Annual Report.

ii. Nominating Committee

The Nominating Committee consists of:

Name	Designation	Directorate
Tuan Haji Mohamed Haniffah Bin S.M.Mydin	Chairman	Independent Non-Executive Director
Dr. Kamarudin Bin Ngah	Member	Independent Non-Executive Director
Mr. Yeoh Aik Chuan	Member	Independent Non-Executive Director

The Nominating Committee is empowered by the Board with the terms of reference to review the size and composition of the Board and its Committees and make recommendations that are deemed necessary. Additionally, the Nominating Committee also appraises the performances and contributions of each individual director and makes its recommendations to the Board.



1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

Board Committees (Cont'd)

ii. Nominating Committee (Cont'd)

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

During financial year 2016, the Nominating Committee had held one meeting with full members present. The Nominating Committee discussed and assessed the Board, the Board Committees, the auditors – internal and external, each individual directors, the independence of independent directors, boardroom diversity, directors' training and re-appointment or re-election of directors at the forthcoming annual general meeting of the Company. The Nominating Committee then reported their recommended outcome to the Board for approval.

iii. Remuneration Committee

The Remuneration Committee consists of:

Name	Designation	Directorate
Dr. Kamarudin Bin Ngah	Chairman	Independent Non-Executive Director
Mr. Yeoh Aik Chuan	Member	Independent Non-Executive Director
Tuan Haji Mohamed Haniffah Bin S.M. Mydin	Member	Independent Non-Executive Director
Mr. Loh Kok Beng	Member	Executive Chairman

The Remuneration Committee of the Company comprising a majority of independent directors is headed by Dr. Kamarudin Bin Ngah, an Independent Non-Executive Director. The Remuneration Committee is 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 own remunerations.

The Remuneration Committee reviews the remuneration package of the executive directors annually with a view to ensure it is fair and able to attract and retain talents who can add value to the Group. The remuneration recommended should be also in line with the business strategy and long term objectives of the Company. Review criteria for the remuneration of executive directors includes but not limited to include the director's responsibilities, ranking, expertise and the complexity of the operations handled.

Aggregate remuneration of Directors with categorisation (both the Company and the Group) during the financial year ended 31 December 2016 are as follows:

Remuneration	Group		Company	
	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Directors' Fees	104	81	104	81
Salaries	2,182	0	0	0
Bonuses	712	0	0	0
Others*	357	0	0	0
Total	3,355	81	104	81

* Inclusive of Group's contribution to employees provident fund and social security organisation contribution.

The Directors' Remuneration are categorised into the following bands:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	0	3
RM150,001 to RM200,000	1	0
RM200,001 to RM250,000	1	0
RM250,001 and above	2	0

Statement on Corporate Governance (Cont'd)



1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

Board Committees (Cont'd)

iv. Risk Management Committee

Details of the Risk Management Committee are set out on page 24 of this Annual Report.

SUPPLY OF INFORMATION

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least seven (7) days prior to Board Meetings, all Directors are provided with agendas and Board Papers to enable the Directors to participate actively in the meetings.

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

All Directors may obtain further information which they may require in discharging their duties such as seeking independent professional advice at the Company's expense, if necessary.

Senior management and head of departments may be invited to Board Meetings to provide insights into matters being discussed and to furnish clarification on issues that may be raised by the Board.

Company Secretary

The Company Secretaries are responsible for proper maintenance of secretarial records, preparation of resolutions, recording minutes of proceedings and other key secretarial functions. They also provide guidance to the Board 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.

Sustainability Strategies

The Board is satisfied that a good balance has been achieved between the Group's objectives and value creation for shareholders and stakeholders of the Company. The Group's sustainability strategies ideally cover community, workplace and environment.

Details of the Group's corporate social responsibility initiatives are set out on page 17 of this Annual Report.

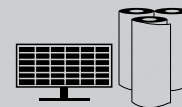
2. STRENGTHEN COMPOSITION

The Nominating Committee of the Company comprising wholly independent directors, is headed by Tuan Haji Mohamed Haniffah Bin S.M. Mydin, an Independent Non-Executive Director is responsible for annual assessment of the Board, Board Committees and contributions of each individual directors and makes its recommendations to the Board accordingly. At the same time, it is also responsible for proposing new nominees or candidates to the Board but the final decision as to new appointment of director remains the responsibility of the Board as a whole after considering the recommendation of the Nominating Committee.

The assessment of new candidate is based on his education, skills, expertise, professionalism, integrity, sound judgement, independency, gender and ethnicity. The Nominating Committee will assess and table its recommendation to the directors. The Board will consider the recommendation of the Nominating Committee and make the final decision as to the new appointment of director. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new director are properly executed.

On the assessment of existing directors who are seeking re-election at the annual general meeting of the Company, the Nominating Committee will assess amongst others their regular and timely attendance of meetings, performance, contributions and so forth.

The Company strives to have a boardroom diversity comprising members with suitable academic & professional qualifications, skills, gender, age, ethnicity and expertise as the necessary characteristics for the successful direction of the Group.



2. STRENGTHEN COMPOSITION (Cont'd)

The Board acknowledges the recommendation of the MCCG on the establishment of a policy formalising the approach to gender diversity in the boardroom and to take steps to ensure that women candidates are sought as part of its recruitment exercise as well as to report its gender diversity policies and targets and measures taken to meet those targets.

The Board does not set any specific target for female directors in the Boardroom, neither nor a policy on Boardroom diversity. Nevertheless, the current Boardroom has an effective blend of gender, age, ethnicity and mix of skills.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the current size and composition of Board, Board Committees and its directors are adequately appropriate for its purpose with relevant mixed of gender, ethnicity, age, expertise and experience.

The Remuneration Committee of the Company comprising a majority of independent directors is headed by Dr. Kamarudin Bin Ngah, an Independent Non-Executive Director reviews the remuneration package of the executive directors annually with a view to ensure it is fair and able to attract and retain talents who can add value to the Group.

3. REINFORCE INDEPENDENCE

The existing three (3) non-executive directors, are independent directors and they are able to express their views without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken. The Nominating Committee had reviewed the performance of the independent directors and is satisfied that they have been able to discharge their responsibilities in an independent manner.

The Nominating Committee had also assessed the independency of Dr. Kamarudin Bin Ngah and Tuan Haji Mohamed Haniffah Bin S.M. Mydin who had served more than 9 years as independent directors of the Company.

The Nominating Committee, upon its assessment carried out, is satisfied that Dr. Kamarudin and Tuan Haji Mohamed Haniffah had satisfactorily demonstrated that they are independent from the management and free from any business dealings with the Group that could be perceived to interfere in their exercised of independent judgement. The Board took note of recommendation of the MCCG but immediate compliance with the said recommendation posed a disadvantage to the Company in terms of losing an experienced independent director who over the years had contributed to the effectiveness of the Board as a whole. Nevertheless, Dr. Kamarudin and Tuan Haji Mohammed Haniffah will be seeking shareholders' approval on their re-appointment as independent director at the forthcoming Annual General Meeting. In view thereof, the Board recommends and supports their re-appointment as independent non-executive directors of the Company at the forthcoming 15th Annual General Meeting of the Company.

The Company's Chairman, Mr. Loh Kok Beng is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Company. However, the Board believes that he is well placed to act on behalf of the shareholders in their best interest and it is not necessary to nominate an independent director as Chairman at this juncture. However, the Board will continuously review and evaluate the recommendation of the MCCG of having a majority of independent directors on the Board where the chairman is not an independent director.

4. FOSTER COMMITMENT

All the directors have devoted sufficient time to carry out their duties for the tenure of their appointments. New directors are expected to have such commitment being part of the required criteria so as to qualify them to make positive contributions to the Board.

Save for Mr. Loh Eng Chun who attended five out of six meetings, all the directors had attended all the six meetings held during the financial year and also had participated in events related to the Company outside the boardroom.

In line with the MMLR of Bursa Malaysia, all the directors do not hold more than 5 directorships in public listed companies or holding any directorships in public companies or corporations incorporated overseas.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied with the level of commitment given by the directors towards fulfilling their roles and responsibilities.



4. FOSTER COMMITMENT (Cont'd)

All the Directors had attended the Mandatory Accreditation Programme (MAP). In addition to the MAP, Board members are also encouraged to attend training programmes conducted by competent professionals that are relevant to the Group's operations and businesses. During the financial year, the directors had attended the following trainings:-

Name	Description of training
Mr. Loh Kok Beng	Inventory Barcode System Administrations Updates on the amendments to Main Market Listing Requirements Internal Quality Auditing Techniques (ISO 9001 : 2008)
Mr. Loh Kok Cheng	Inventory Barcode System Administrations Updates on the amendments to Main Market Listing Requirements Internal Quality Auditing Techniques (ISO 9001 : 2008)
Mdm. Loh Joo Eng	Inventory Barcode System Administrations Updates on the amendments to Main Market Listing Requirements
Mr. Yeoh Aik Chuan	New Public Rulings in 2016 2017 Budget Seminar Seminar Percukaian Kebangsaan 2016 Updates on the amendments to Main Market Listing Requirements
Dr. Kamarudin Bin Ngah	Bengkel "Applying The Fraud Triangle Model : Study of Financial Fraud In Northern Region of Malaysia" Bengkel "Pembangunan Semula Taman Siswa Bandar Darulaman, Jitra , Kedah" Updates on the amendments to Main Market Listing Requirements
Tuan Haji Mohamed Haniffah Bin S.M. Mydin	Enterprise Risk Management Fraud Risk Management - Workshop National Seminar On Director's Duties, Governance and Regulatory Updates Updates on the amendments to Main Market Listing Requirements
Mr. Loh Eng Chun	Inventory Barcode System Administrations Updates on the amendments to Main Market Listing Requirements Internal Quality Auditing Techniques (ISO 9001 : 2008) PV Celltech

The Nominating Committee, upon its recent annual assessment carried out, is satisfied with the directors' own evaluation of their training needs and hence, a directors' training policy is not required at this juncture.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

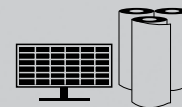
The Board through the review of the Audit Committee and in consultation with the External Auditors, presents a balance and understandable assessment of the Group's financial position and prospect to the public in accordance with the provisions of the Companies Act, 1965 in force prior to 31 January 2017, the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia. The quarterly results announcements also reflect the Board's commitment to give regular updated assessments on the Company's performance.

Relationship with the Auditors

Internal Auditors

The Company outsourced its internal audit function to a professional consulting firm, which assists the Audit Committee in discharging its duties and responsibilities. The Internal Auditors' role is to report to the Audit Committee on the improvement of organisational's management, records, accounting policies, controls, identification and managing of significant risk.

The Audit Committee meets with the Internal Auditors quarterly to ensure controls are effectively applied. Through the Audit Committee, the Board has established transparent relationship with the Internal Auditors.



5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

Relationship with the Auditors (Cont'd)

Internal Auditors (Cont'd)

The Audit Committee, 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.

External Auditors

The Board maintains a formal and transparent relationship with its External Auditors through the Audit Committee. The Audit Committee has been conferred with the authority to directly liaise with both the External and Internal Auditors. It is a policy of the Audit Committee that it meets with External Auditors at least twice a year to discuss and review of their audit plans, audit findings and audit reports as well as their professional fees. The Audit Committee 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 External Auditors will report their findings to the Audit Committee. The Audit Committee then communicated to the Board of Directors on matters that necessitate the Board's attention.

The Company does not have a policy and procedures to assess the suitability and independence of the External Auditors. However, as part of its annual audit exercise, the Company obtains assurance from the External Auditors confirming their independence through the year under review.

The existing auditors, Messrs. BDO had confirmed to the Audit Committee 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 Audit Committee, 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 annual general meeting.

6. RECOGNISE AND MANAGE RISKS

Internal Audit Function

The internal audit function is outsourced to a professional independent consulting firm. The Internal Auditors conduct audits of all the departments and offices within the group and reports the findings to the Audit Committee at the end each quarter.

The Audit Committee reviews, deliberates and decides in the next course of action and evaluates the effectiveness and efficiency of the internal control systems in the organisation.

Risk Management

The Board acknowledges its responsibility for establishing a sound framework to manage risks and maintaining a sound systems of internal control to safeguard the shareholders' investment and the Company's assets.

The Risk Management Committee comprising the following members:

Chairman	:	Loh Kok Beng
Deputy Chairman	:	Loh Kok Cheng and Loh Joo Eng
Members	:	Executive director, Factory Manager, Human Resources Manager, Sales Manager, Finance Manager and any other Head of Departments

The Risk Management Committee comprising wholly executive directors and members of the department head assists the Board in the implementation of Risk Management Policies and will update the Board periodically of the risk profile and actions undertaken by them to manage or mitigate risks identified.

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 on pages 26 to 27 of this Annual Report.



7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board provides timely and accurate disclosure of all material information of the Group to the shareholders and stakeholders. Information is disseminated through announcements made to the Bursa Malaysia Securities Berhad which includes the quarterly reports, annual report and press releases. The Company's website (www.tekseng.com.my) has a dedicated "Corporate Section" which provides all announcements made to Bursa Securities, press release, corporate structure, annual report and etc that enhances the Investor Relations (IR) function of the Company.

The Company also aims to provide the shareholders and stakeholders with comprehensive, accurate and quality information in accordance with the Corporate Disclosure Guide issued by Bursa Securities.

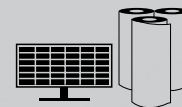
8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting is used as a principal forum for dialogue with all shareholders. Extraordinary General Meetings are held as and when required. Before commencement of any general meetings, the Chairman of the meeting will share with the shareholders amongst other, the poll voting process on all resolutions put to the meeting. At the general meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. The Chairman then facilitates the discussions with the shareholders and provides further information in response to shareholders' enquiries. The Board encourages all shareholders to attend the forthcoming Company's Annual General Meeting and to participate in the proceedings.

In compliance with the recent amendments of the MMLR, all the resolutions set out in the notice of the forthcoming 15th Annual General Meeting shall be voted upon by poll.

This statement is issued in accordance with a resolution of the Directors dated 06 April 2017.

Statement on Risk Management and Internal Control



INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors of Tek Seng Holdings Berhad ("The Board") is pleased to provide the following statement on the outline and state on risk management and internal control of the Group, which has been prepared in reference to the Malaysian Code On Corporate Governance 2012 ("The Code") and as guided by the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers ("Guidelines").

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 FRAMEWORK

The Board 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 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 responses are discussed at management meetings and these are reported to the Board at their regular meetings.

The Board also relies largely on the close involvement of the Executive Directors of the Group in its daily operation.

There are reviews of financial and operational performance at Audit Committee and Board Meetings where significant risks and appropriate actions are brought to their attention.

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 much of the assurance it requires regarding the effectiveness as well as the 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 Audit Committee. 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 Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

Statement on Risk Management and Internal Control (Cont'd)



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 annual 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 Committee meetings;
- Staff training to enhance their skills, knowledge and competencies;
- Daily visits to operating units by members of the Board and senior management; and
- TS Solartech Sdn. Bhd. adopts ISO 9001:2008 Quality Management System which will enable the TS Solartech Sdn. Bhd. to monitor and ensure the quality requirements of the solar products.

CONCLUSION

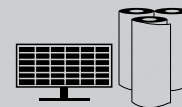
The Executive Chairman and Managing Director have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group objectives during the financial year under review.

The Board is of the view that the risk management and internal control systems are adequate and appeared to be working satisfactory for the year under review. It has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board recognises that the development of risk management and internal control system is an ongoing process. Therefore, the Board will continue to improve and enhance the systems of internal control and risk management.

This statement is issued in accordance with a resolution of the Directors dated 06 April 2017.

Report of Audit Committee



COMPOSITION

The Audit Committee consists of:

Name of Members	Designation	Directorate
Mr. Yeoh Aik Chuan	Chairman	Independent Non-Executive Director
Dr. Kamarudin Bin Ngah	Member	Independent Non-Executive Director
Tuan Haji Mohamed Haniffah Bin S.M. Mydin	Member	Independent Non-Executive Director

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2016, five (5) Audit Committee Meetings were held at The Conference Room of Tek Seng Holdings Berhad and the details of attendance are as follows:-

Name	No. of Meetings Attended
Mr. Yeoh Aik Chuan	5 out of 5
Dr. Kamarudin Bin Ngah	5 out of 5
Tuan Haji Mohamed Haniffah Bin S.M. Mydin	5 out of 5

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are available on Tek Seng's official website at www.tekseng.com.my.

SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2016, the Audit Committee had carried out the following:

Financial Reporting

Reviewed the annual financial statements of the Company and of the Group with the Management, focusing particularly on any changes in accounting policies and practices, significant and unusual items, major judgmental areas and any significant adjustments resulting from the audit to ensure that the financial statements presented a true and fair view of the financial position of the Company and of the Group and are prepared according to the applicable accounting standards and the Companies Act 1965 before recommendation to the Board for approval.

Reviewed the quarterly results, after the limited review by the external auditors of the Company with the Management to ensure the quarterly results were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the MMLR of Bursa Malaysia.

Reviewed and deliberated with the Management on their revenue and expenses recognitions as well as the carrying value of significant current and non-current assets such as property, plant & equipment, receivables and inventories to ensure impairment, if any, are properly taken up and recorded.

Reviewed the quarterly and annual financial statements of the Company and of the Group with the executive directors, focusing particularly on accounting policies and practices, adjustments arising from the audits, compliance with accounting 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 Audits

Reviewed with the external auditors, the Audit Planning Memorandum for the audits of the Group, outlining amongst others their scope of work, audit approach, areas of emphasis and key deliverable timelines.

Reviewed with the external auditors, the Audit Review Memorandum arising from audits of the Company and the subsidiaries, the weaknesses in internal control and the responses of the management in respect of the findings therein.

Endorsed the proposed fees for annual statutory audits and non-audit services as proposed by the Management.

Report of Audit Committee (Cont'd)



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

External Audits (Cont'd)

Reviewed the scope of work for non-audit services in relation to the financial limited review provided by the External Auditors to ensure there is no impairment of independence or objectivity of the External Auditors.

During the financial year under review, the total fees paid to the External Auditors for audit and non-audit services are as follows:

Particulars	RM'000
2016 Audit fees – Statutory Audit Fees	100
Total Non-Audits Fees for 2016	15
Percentage of Non-Audit Fees over Statutory Audit Fees	15%

Reviewed the independence, suitability 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 Audit Committee.

Risk Management and Internal Control

Reviewed with the internal auditors and approved the internal audit plan to ensure key functional areas and entities are covered.

Reviewed with the internal auditors, the internal audit reports, the audit recommendations and the relevant action plans to ensure appropriate actions are taken by the management to improve the systems of the internal control of the Company.

Reviewed with the internal auditors, the follow-up review reports on the status of implementation by the management of the audit recommendations.

Reported to the Board on the progress of the internal audit function on quarterly basis.

Reviewed the adequacy of resources, competency and the overall performance of the internal audit function and upon assessment, reported the outcome to the Board.

Reviewed with the corporate risk profile to ensure appropriate risk management framework, risk profiling as well as workable controls are in place to mitigate principal risks identified.

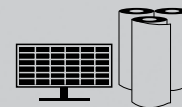
Recurrent Related Party Transactions ("RRPTs")

Reviewed the procedures of the RRPTs to ensure adequate procedures and processes are in place to monitor, track and identify RRPTs in a timely and an orderly manner and are sufficient to ensure the RRPTs are not favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

Reviewed quarterly of all RRPTs entered by the Group to ensure compliance to the policies and procedures as well as they are within the general mandate approved by shareholders of the Company.

Annual Report

Reviewed and endorsed the disclosures on the Statement on Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control for the financial year ended 31 December 2016 and recommended to Board for inclusion in the 2016 Annual Report.



INTERNAL AUDIT FUNCTION

The Board recognises that the internal audit function is an integral part of the governance process. The Board outsourced its internal audit function that provides independent assurance on the adequacy and effectiveness of the internal control systems implemented by the Group. The Internal Audit reports its findings directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities. The costs incurred for the internal audit function in respect of the financial year ended 31 December 2016 was RM37,500.

Internal Audit adopts the standards and principles outlined in the International Professional Practices Framework of the Institute of Internal Auditors. The internal audit function includes undertaking reviews of the Group's system of internal controls, its operations and selected key activities based on risk assessment and in accordance with the annual internal audit plan which is presented and approved by the Audit Committee.

The Audit Committee receives and reviews all Internal Audit reports including the agreed recommendation to be undertaken by the auditees. Internal Audit monitors the status of the recommendation through the Quarterly Audit Report submitted by auditees which are assessed and verified by Internal Audit. The consolidated status of the audit issues is submitted and presented to the Audit Committee for deliberations on a quarterly basis.

All the findings and recommendation for improvements by the Internal Auditors were presented to the Audit Committee. The Audit Committee then report to the Board on the audit findings and progress by the management to improve the system of internal control of the Group.

During the financial year, the internal auditors had carried out the following work:-

- Reviewed the systems of internal controls covering the functional areas of Human Resources Management, General Safety, Sales and Marketing, Credit Control, Finance and Accounting, Goods and Services Tax and ascertained the extent of compliance with the established policies, procedures and statutory requirements.
- Reported to the Audit Committee on findings and improvement opportunities identified together with the management action plans to address the same. All the recommended actions had been fully adopted by the Management.
- Conducted follow-up review of the status of management action plans documented and reported the overall results to the Audit Committee. The Management had implemented 97% of the recommended action plans.

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 year ended 31 December 2016, 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, 1965.

This Statement is issued in accordance with a resolution of the Directors dated 06 April 2017.

Directors' Report and Audited Financial Statements

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Directors' Report



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 2016.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	39,407,471	66,829
Attributable to:		
Owners of the parent	31,193,196	66,829
Non-controlling interests	8,214,275	0
	39,407,471	66,829

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of financial year ended 31 December 2015:	
Single tier final dividend of 1.5 sen per ordinary share, paid on 11 July 2016	4,888,168
In respect of financial year ended 31 December 2016:	
Single tier first interim dividend of 1.0 sen per ordinary share, paid on 31 May 2016	3,215,718
Single tier second interim dividend of 1.0 sen per ordinary share, paid on 9 September 2016	3,390,429
Single tier third interim dividend of 1.0 sen per ordinary share, paid on 21 December 2016	3,481,305
	14,975,620

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2016.

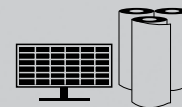
RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM66,709,003 to RM87,032,616 by way of:

- issuance of 50,365,350 new ordinary shares of RM0.25 each pursuant to the exercise of warrants at RM0.25 per ordinary share;
- issuance of 27,301,600 new ordinary shares of RM0.25 each pursuant to first tranche of the private placement at RM1.06 per ordinary share; and



ISSUE OF SHARES AND DEBENTURES (Cont'd)

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM66,709,003 to RM87,032,616 by way of (Cont'd):

- (c) issuance of 3,627,500 new ordinary shares of RM0.25 each pursuant to second tranche of the private placement at RM1.00 per ordinary share.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any 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

The Directors who have held office since the date of the last report are:

Loh Kok Beng
Loh Kok Cheng
Loh Joo Eng
Dr. Kamarudin Bin Ngah
Mohamed Haniffah Bin S.M. Mydin
Yeoh Aik Chuan
Loh Eng Chun

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 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.25 each			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Shares in the Company				
<u>Direct interests</u>				
Loh Kok Beng	63,679,630	8,000,000	0	71,679,630
Loh Kok Cheng	73,857,030	0	0	73,857,030
Loh Joo Eng	1,875,000	0	(30,000)	1,845,000
Dr. Kamarudin Bin Ngah	4,375	0	0	4,375
Mohamed Haniffah Bin S.M. Mydin	40,000	0	0	40,000
<u>Indirect interests</u>				
Loh Joo Eng #	115,825	0	0	115,825



DIRECTORS' INTERESTS (Cont'd)

	← Balance as at 1.1.2016	Number of warrants Bought	Sold	→ Balance as at 31.12.2016
Warrants in the Company				
<u>Direct interests</u>				
Loh Kok Cheng	6,486,700	0	0	6,486,700
Dr. Kamarudin Bin Ngah	2,187	0	0	2,187
<u>Indirect interests</u>				
Loh Joo Eng #	50,037	0	0	50,037

Shares or warrants held by family members by virtue of Section 134(12)(c) of the Companies Act, 1965 in Malaysia.

By virtue of their interests in the ordinary shares of the Company, Loh Kok Beng and Loh Kok Cheng are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent 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:

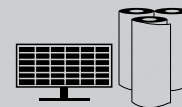
	← Number of ordinary shares of RM1 each Balance as at 1.1.2016	Bought	Sold	→ Balance as at 31.12.2016
Shares in a subsidiary				
- TS Solartech Sdn. Bhd.				
<u>Indirect interests</u>				
Loh Kok Beng	117,574,000	0	0	117,574,000
Loh Kok Cheng	117,574,000	0	0	117,574,000

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company or ordinary shares and debentures 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 benefits included in the aggregate amount of emoluments 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 26 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.



OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, 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 no provision for doubtful debts was required; 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 except for the effects arising from:
 - (i) compensation from a customer resulting in an increase in the profit of the Group for the financial year by RM15,403,124 as disclosed in Note 19 to the financial statements;
 - (ii) inventories written down resulting in a decrease in the profit of the Group for the financial year by RM11,202,427 as disclosed in Note 7 to the financial statements; and
 - (iii) waiver of government fund resulting in an increase in the profit of the Group for the financial year by RM1,000,000 as disclosed in Note 12 to the financial statements.

(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 in the financial statements of the Group inadequate to any material extent or would necessitate the making of provision for doubtful debts in the financial statements of the Group and of the Company;
 - (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 EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

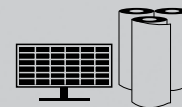
Signed on behalf of the Board in accordance with a resolution of the Directors.

Loh Kok Beng
Director

Penang
6 April 2017

Loh Kok Cheng
Director

Statement by Directors



In the opinion of the Directors, the financial statements set out on pages 43 to 85 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 to the financial statements on page 86 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Loh Kok Beng

Director

Penang

6 April 2017

Loh Kok Cheng

Director

Statutory Declaration

I, Loh Kok Beng, 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 43 to 86 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 6 April 2017

Loh Kok Beng

Before me,

Commissioner for Oaths

Independent Auditors' Report to the Members of Tek Seng Holdings Berhad

(Company No. 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 2016 of the Group and of the Company, and 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 43 to 85.

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 2016, 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, 1965 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' *Code of Ethics for Professional Accountants* ('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.

1. Impairment assessment on carrying amount of property, plant and equipment

As stated in Note 4(e) to the financial statements, the Solar segment of the Group experienced a reduction in profit contribution to the Group, which gave rise to an impairment indication. Accordingly, the Group has performed impairment assessments on the Cash Generating Unit ('CGU').

We have focused on the impairment assessment of the CGU's plant and machinery with carrying amount of RM146.5 million as at 31 December 2016 as the assessment process is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGU in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate.

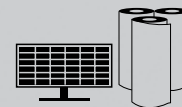
Audit response

Our audit procedures included the following:

- (a) compared five-year cash flow projections against recent performance and assessed and challenged the assumptions used in the projections by comparing to actual historical operating profit margins and growth rates and corroborate the findings from other areas of our audit;
- (b) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process and controls;

Independent Auditors' Report to the Members of Tek Seng Holdings Berhad (Cont'd)

(Company No. 579572-M) (Incorporated in Malaysia)



Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

1. Impairment assessment on carrying amount of property, plant and equipment (Cont'd)

Audit response (Cont'd)

Our audit procedures included the following (Cont'd):

- (c) verified pre-tax discount rate for the CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; 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.

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, 1965 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 Group's and the Company's ability 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.

Independent Auditors' Report to the Members of Tek Seng Holdings Berhad (Cont'd)

(Company No. 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:

- (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 Group's and of the Company's internal control.
- (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 Group's or the Company's ability 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.
- (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, related safeguards.

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.

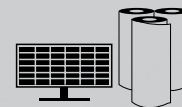
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to the Members of Tek Seng Holdings Berhad (Cont'd)

(Company No. 579572-M) (Incorporated in Malaysia)



Other Reporting Responsibilities

The supplementary information set out in Note 32 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

AF: 0206

Chartered Accountants

Penang

6 April 2017

Koay Theam Hock

02141/04/2019 J

Chartered Accountant

Statements of Financial Position

As at 31 December 2016

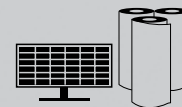


		Group		Company	
		2016	2015	2016	2015
Note		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	409,621,480	354,401,411	0	0
Trademark	5	0	501	0	0
Investments in subsidiaries	6	0	0	155,543,093	155,543,093
		409,621,480	354,401,912	155,543,093	155,543,093
Current assets					
Inventories	7	75,175,546	52,965,456	0	0
Trade and other receivables	8	54,432,151	51,438,601	34,052,355	8,357,066
Current tax assets		2,651	12,258	0	0
Cash and bank balances	9	4,810,322	18,023,798	1,513,418	8,239
		134,420,670	122,440,113	35,565,773	8,365,305
TOTAL ASSETS		544,042,150	476,842,025	191,108,866	163,908,398
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	10	87,032,616	66,709,003	87,032,616	66,709,003
Share premium		24,834,921	0	24,834,921	0
Retained earnings		124,618,942	108,401,366	78,948,928	93,857,719
		236,486,479	175,110,369	190,816,465	160,566,722
Non-controlling interests		121,147,920	112,933,645	0	0
TOTAL EQUITY		357,634,399	288,044,014	190,816,465	160,566,722
LIABILITIES					
Non-current liabilities					
Trade and other payables	11	0	9,194,856	0	0
Borrowings	13	49,823,237	55,611,670	0	0
Deferred tax liabilities	15	9,150,500	4,529,700	0	0
		58,973,737	69,336,226	0	0
Current liabilities					
Trade and other payables	11	116,479,023	66,881,629	194,947	3,334,861
Government fund	12	0	2,000,000	0	0
Borrowings	13	8,525,161	48,819,520	0	0
Current tax liabilities		2,429,830	1,760,636	97,454	6,815
		127,434,014	119,461,785	292,401	3,341,676
TOTAL LIABILITIES		186,407,751	188,798,011	292,401	3,341,676
TOTAL EQUITY AND LIABILITIES		544,042,150	476,842,025	191,108,866	163,908,398

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 2016



	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	18	437,386,166	359,516,760	1,119,007	10,414,588
Other operating income	19	20,028,759	2,969,198	0	0
Changes in inventories of work-in-progress and finished goods		17,520,112	9,841,273	0	0
Purchase of trading merchandise		(6,111,164)	(8,678,162)	0	0
Raw materials and consumables used		(291,587,459)	(229,308,572)	0	0
Depreciation of property, plant and equipment	4	(34,373,432)	(25,355,381)	0	0
Employee benefits	20	(35,197,172)	(25,194,480)	0	0
Carriage outwards		(6,338,408)	(4,967,883)	0	0
Utilities expenses		(24,081,526)	(18,649,317)	0	0
Other expenses		(27,599,342)	(22,231,920)	(846,412)	(677,399)
Finance costs	21	(1,387,895)	(3,268,551)	0	(353,208)
Profit before tax	22	48,258,639	34,672,965	272,595	9,383,981
Tax expense	23	(8,851,168)	(6,016,026)	(205,766)	(4,493)
Profit for the financial year		39,407,471	28,656,939	66,829	9,379,488
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		39,407,471	28,656,939	66,829	9,379,488
Profit attributable to:					
Owners of the parent		31,193,196	21,269,342	66,829	9,379,488
Non-controlling interests		8,214,275	7,387,597	0	0
		39,407,471	28,656,939	66,829	9,379,488
Total comprehensive income attributable to:					
Owners of the parent		31,193,196	21,269,342	66,829	9,379,488
Non-controlling interests		8,214,275	7,387,597	0	0
		39,407,471	28,656,939	66,829	9,379,488
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per share	24	0.10	0.09		
Diluted earnings per share	24	0.09	0.07		

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2016

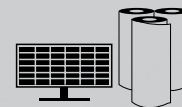


Group	Note	Share capital RM	Share premium RM	Non-Distributable Share RM	Distributable Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2016		66,709,003	0	0	108,401,366	175,110,369	112,933,645	288,044,014
Profit for the financial year		0	0	0	31,193,196	31,193,196	8,214,275	39,407,471
Other comprehensive income, net of tax		0	0	0	0	0	0	0
Total comprehensive income		0	0	0	31,193,196	31,193,196	8,214,275	39,407,471
Transactions with owners								
Issuance of ordinary shares pursuant to:								
- exercise of warrants	10	12,591,338	0	0	0	12,591,338	0	12,591,338
- private placement	10	7,732,275	24,834,921	0	0	32,567,196	0	32,567,196
Dividends	25	0	0	0	(14,975,620)	(14,975,620)	0	(14,975,620)
Total transactions with owners		20,323,613	24,834,921	0	(14,975,620)	30,182,914	0	30,182,914
Balance as at 31 December 2016		87,032,616	24,834,921	0	124,618,942	236,486,479	121,147,920	357,634,399

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

Consolidated Statement Of Changes in Equity (Cont'd)

For the Financial Year Ended 31 December 2016



Group	Note	Share capital RM	Distributable Retained earnings RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Balance as at 1 January 2015		60,000,000	63,109,164	123,109,164	38,870,283	161,979,447
Profit for the financial year		0	21,269,342	21,269,342	7,387,597	28,656,939
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	21,269,342	21,269,342	7,387,597	28,656,939
Transactions with owners						
Redeemable Non-Cumulative Preference Shares ('RNCPS') subscribed by non-controlling interests of a subsidiary	6	0	0	0	94,526,000	94,526,000
Dilution of interest arising from conversion of RNCPS to ordinary shares in a subsidiary	6	0	27,850,235	27,850,235	(27,850,235)	0
Issuance of ordinary shares pursuant to exercise of warrants	10	6,709,003	0	6,709,003	0	6,709,003
Dividends	25	0	(3,827,375)	(3,827,375)	0	(3,827,375)
Total transactions with owners		6,709,003	24,022,860	30,731,863	66,675,765	97,407,628
Balance as at 31 December 2015		66,709,003	108,401,366	175,110,369	112,933,645	288,044,014

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

Statement of Changes in Equity

For the Financial Year Ended 31 December 2016

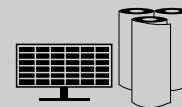


Company	Note	Share capital RM	<u>Non-Distributable</u> Share premium RM	<u>Distributable</u> Retained earnings RM	Total equity RM
Balance as at 1 January 2016		66,709,003	0	93,857,719	160,566,722
Profit for the financial year		0	0	66,829	66,829
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	66,829	66,829
Transactions with owners					
Issuance of ordinary shares pursuant to:					
- exercise of warrants	10	12,591,338	0	0	12,591,338
- private placement	10	7,732,275	24,834,921	0	32,567,196
Dividends	25	0	0	(14,975,620)	(14,975,620)
Total transactions with owners		20,323,613	24,834,921	(14,975,620)	30,182,914
Balance as at 31 December 2016		87,032,616	24,834,921	78,948,928	190,816,465
Balance as at 1 January 2015		60,000,000		88,305,606	148,305,606
Profit for the financial year		0		9,379,488	9,379,488
Other comprehensive income, net of tax		0		0	0
Total comprehensive income		0		9,379,488	9,379,488
Transactions with owners					
Issuance of ordinary shares pursuant to exercise of warrants	10	6,709,003		0	6,709,003
Dividends	25	0		(3,827,375)	(3,827,375)
Total transactions with owners		6,709,003		(3,827,375)	2,881,628
Balance as at 31 December 2015		66,709,003		93,857,719	160,566,722

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2016



		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		48,258,639	34,672,965	272,595	9,383,981
Adjustments for:					
Amortisation of trademark	5	501	858	0	0
Bad debts written off		13,190	0	0	0
Depreciation of property, plant and equipment	4	34,373,432	25,355,381	0	0
Dividend income from subsidiaries		0	0	0	(10,070,023)
Finance costs	21	1,387,895	3,268,551	0	353,208
Gain on disposal of property, plant and equipment		(81,458)	(23,676)	0	0
Inventories written down	7	11,202,427	0	0	0
Property, plant and equipment written off	4	0	19,455	0	0
Waiver of government fund	12	(1,000,000)	0	0	0
Net unrealised loss/(gain) on foreign exchange		3,217,980	(2,239,917)	0	0
Interest income		(67,722)	(11,208)	(1,035,007)	(254,565)
Operating profit/(loss) before working capital changes		97,304,884	61,042,409	(762,412)	(587,399)
Increase in inventories		(33,412,517)	(12,809,429)	0	0
Increase in trade and other receivables		(4,180,053)	(16,862,760)	(25,695,289)	(7,215,121)
Increase/(Decrease) in trade and other payables		40,758,949	(5,575,668)	(3,145,192)	(6,372,270)
Cash generated from/(used in) operations		100,471,263	25,794,552	(29,602,893)	(14,174,790)
Interest received		67,722	11,208	1,035,007	254,565
Interest paid		(1,387,895)	(3,286,882)	0	(353,208)
Tax refunded		18,530	0	0	0
Tax paid		(3,570,097)	(3,251,490)	(115,127)	(7,867)
Net cash from/(used in) operating activities		95,599,523	19,267,388	(28,683,013)	(14,281,300)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from subsidiaries		0	0	0	10,070,023
Purchase of property, plant and equipment	4(c)	(89,612,431)	(28,342,810)	0	0
Proceeds from disposal of property, plant and equipment		100,388	24,482	0	0
Net cash (used in)/from investing activities		(89,512,043)	(28,318,328)	0	10,070,023

Statements of Cash Flows (Cont'd)

For the Financial Year Ended 31 December 2016

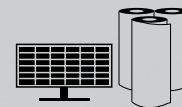


	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(14,970,342)	(2,493,146)	(14,970,342)	(2,493,146)
Drawdown of bankers' acceptances		862,890	123,923,935	0	0
Repayments of:					
- bankers' acceptances		(26,217,580)	(134,049,746)	0	0
- hire purchase		(1,385,860)	0	0	0
- term loan		(3,770,046)	(3,750,000)	0	0
Proceeds from issuance of shares pursuant to:					
- exercise of warrants	10	12,591,338	6,709,003	12,591,338	6,709,003
- private placement	10	32,567,196	0	32,567,196	0
RNCPS subscribed by non-controlling interests of a subsidiary company	6	0	6,825,000	0	0
Repayment of Government fund	12	(1,000,000)	0	0	0
Net cash (used in)/from financing activities		<u>(1,322,404)</u>	<u>(2,834,954)</u>	<u>30,188,192</u>	<u>4,215,857</u>
Net increase/(decrease) in cash and cash equivalents		4,765,076	(11,885,894)	1,505,179	4,580
Effects of exchange rate changes on cash and cash equivalents		(369,465)	706,489	0	0
Cash and cash equivalents at beginning of financial year		<u>414,711</u>	<u>11,594,116</u>	<u>8,239</u>	<u>3,659</u>
Cash and cash equivalents at end of financial year	9(a)	<u>4,810,322</u>	<u>414,711</u>	<u>1,513,418</u>	<u>8,239</u>

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2016



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 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 2016 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 2016 were authorised for issue in accordance with a resolution by the Board of Directors on 6 April 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company as set out on pages 43 to 85 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 32 to the financial statements as set out on page 86 has been prepared in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 31(a) 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)

For the Financial Year Ended 31 December 2016

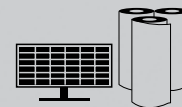


4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2016 RM	Additions RM	Reclassification RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2016 RM
Carrying amount						
Long term leasehold land	12,304,191	0	0	0	(243,245)	12,060,946
Freehold land	258,352	0	0	0	0	258,352
Buildings and factory buildings	88,034,205	11,917,368	79,142,285	0	(2,920,830)	176,173,028
Office equipment, furniture and fittings	477,124	1,079,330	260,462	0	(136,332)	1,680,584
Plant and machinery	223,379,207	23,602,242	990,470	0	(30,561,497)	217,410,422
Motor vehicles	930,139	913,966	0	(18,930)	(511,528)	1,313,647
Electrical installation	1	0	0	0	0	1
Capital work-in-progress	29,018,192	52,099,525	(80,393,217)	0	0	724,500
	<u>354,401,411</u>	<u>89,612,431</u>	<u>0</u>	<u>(18,930)</u>	<u>(34,373,432)</u>	<u>409,621,480</u>
	<div> <div>←</div> <div>As at 31.12.16</div> <div>→</div> </div>					
				Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land				14,529,032	2,468,086	12,060,946
Freehold land				258,352	0	258,352
Buildings and factory buildings				189,994,976	13,821,948	176,173,028
Office equipment, furniture and fittings				3,313,879	1,633,295	1,680,584
Plant and machinery				373,724,754	156,314,332	217,410,422
Motor vehicles				5,463,837	4,150,190	1,313,647
Electrical installation				48,435	48,434	1
Capital work-in-progress				724,500	0	724,500
				<u>588,057,765</u>	<u>178,436,285</u>	<u>409,621,480</u>

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



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

Group	Balance as at 1.1.2015 RM	Additions RM	Reclassification RM	Disposals RM	Written off RM	Depreciation charges for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount							
Long term leasehold land	12,547,436	0	0	0	0	(243,245)	12,304,191
Freehold land	258,352	0	0	0	0	0	258,352
Buildings and factory buildings	61,787,817	28,064,447	0	0	0	(1,818,059)	88,034,205
Office equipment, furniture and fittings	166,296	401,778	0	0	(5,136)	(85,814)	477,124
Plant and machinery	91,111,160	105,093,043	49,861,329	(804)	(14,317)	(22,671,204)	223,379,207
Motor vehicles	1,367,202	100,000	0	(2)	(2)	(537,059)	930,139
Electrical installation	1	0	0	0	0	0	1
Capital work-in-progress	50,055,117	28,824,404	(49,861,329)	0	0	0	29,018,192
	<u>217,293,381</u>	<u>162,483,672</u>	<u>0</u>	<u>(806)</u>	<u>(19,455)</u>	<u>(25,355,381)</u>	<u>354,401,411</u>
As at 31.12.2015							
					Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land					14,529,032	2,224,841	12,304,191
Freehold land					258,352	0	258,352
Buildings and factory buildings					98,935,323	10,901,118	88,034,205
Office equipment, furniture and fittings					1,976,017	1,498,893	477,124
Plant and machinery					349,132,042	125,752,835	223,379,207
Motor vehicles					4,941,628	4,011,489	930,139
Electrical installation					48,435	48,434	1
Capital work-in-progress					29,018,192	0	29,018,192
					<u>498,839,021</u>	<u>144,437,610</u>	<u>354,401,411</u>

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



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

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Long term leasehold land is amortised equally over the lease period of 60 years, and has remaining tenure of 45 to 50 (2015: 46 to 51) years.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

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 rates are as follows:

Buildings and factory buildings	2%
Office equipment, furniture and fittings	8% - 10%
Plant and machinery	5% - 10%
Motor vehicles	16% - 20%
Electrical installation	10%

- (b) The carrying amount of the property, plant and equipment of the Group under hire purchase at the end of the reporting period are as follows:

	2016 RM	Group 2015 RM
Plant and machinery	<u>41,795,876</u>	<u>46,439,862</u>

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2016 RM	Group 2015 RM
Purchase of property, plant and equipment	89,612,431	162,483,672
Financed by hire purchase arrangement	0	(46,439,862)
Financed by issuance of Redeemable Non-Cumulative Preference Shares ('RNCPS') by a subsidiary (Note 10)	0	(87,701,000)
Cash payments on purchase of property, plant and equipment	<u>89,612,431</u>	<u>28,342,810</u>

- (d) As at the end of the reporting period, long term leasehold land and factory buildings with a carrying amount of RM32,442,491 (2015: RM33,276,548) have been charged to a bank for credit facilities granted to the Group as disclosed in Note 13(d) to the financial statements.

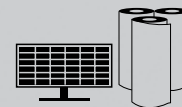
- (e) Impairment assessment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the Cash Generating Unit ('CGU'). Management considered slow down in production activities of the Solar segment following the fluctuation in demand which resulted in reduction in profit contribution as impairment indicators and the relevant plant and machinery represents RM146,460,432 out of the property, plant and equipment of RM409,621,480 as at 31 December 2016. This also represents 36% of the total property, plant and equipment of the Group.

Management has made estimates about the future results and key assumptions applied to cash flow projection of the CGU in determining their recoverable amounts using the Value-In-Use model ('VIU'). These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management has determined that the recoverable amounts are in excess of the carrying amounts of the property, plant and equipment and no impairment has been recorded in the current year.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



5. TRADEMARK

Group	Balance as at 1.1.2016 RM	Amortisation charges for the financial year RM	Balance as at 31.12.2016 RM
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Carrying amount

Trademark	<u>501</u>	<u>(501)</u>	<u>0</u>
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	←	As at 31.12.16 Accumulated amortisation	→
	Cost RM	RM	Carrying amount RM

Trademark	<u>16,865</u>	<u>16,865</u>	<u>0</u>
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Group	Balance as at 1.1.2015 RM	Amortisation charges for the financial year RM	Balance as at 31.12.2015 RM
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Carrying amount

Trademark	<u>1,359</u>	<u>(858)</u>	<u>501</u>
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	←	As at 31.12.15 Accumulated amortisation	→
	Cost RM	RM	Carrying amount RM

Trademark	<u>16,865</u>	<u>16,364</u>	<u>501</u>
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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.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM

At cost

Unquoted shares	<u>155,543,093</u>	<u>155,543,093</u>
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- (a) An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) The details of the subsidiaries, all incorporated in Malaysia, are as follows:

Name of company	Equity interest held		Principal activities
	2016	2015	
Tek Seng Sdn. Bhd.	100%	100%	Trading of polyvinyl chloride ('PVC') products and photovoltaic products such as solar cells, solar panels and solar modules
Wangsaga Industries Sdn. Bhd.	100%	100%	Manufacturing of PVC related products
Pelangi Segi Sdn. Bhd.	100%	100%	Trading of PVC products
Double Grade Non-Woven Industries Sdn. Bhd.	100%	100%	Manufacturing of Polypropylene ('PP') non-woven related products and letting of properties
TS Solartech Sdn. Bhd.	50.69%	50.69%	Manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules

All subsidiaries are audited by BDO Malaysia.

(c) In the previous financial year,

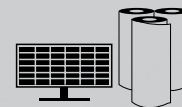
- (i) A subsidiary of the Group, TS Solartech Sdn. Bhd. ('TS Solartech') issued 87,701 Redeemable Non-Cumulative Preference Shares ('RNCPS') of RM1 each at an issue price of RM1,000 per RNCPS, comprising RM1 nominal value and RM999 premium. This was to satisfy the acquisition of two (2) units of solar cells turnkey line from a shareholder of the subsidiary for a total consideration of RM87,701,000.
- (ii) TS Solartech issued and allotted 6,825 RNCPS of RM1 each at an issue price of RM1,000 per RNCPS, comprising RM1 nominal value and RM999 premium to a shareholder.
- (iii) Equity interest of the Company in TS Solartech was reduced from 68.09% to 50.69% pursuant to the conversion of all existing RNCPS of RM1 each in TS Solartech into new ordinary shares of RM1 each in TS Solartech at a conversion ratio of 1,000 ordinary shares of TS Solartech for each RNCPS held. The conversion had resulted in a dilution of the equity interest of the Company in TS Solartech which was recognised as a transfer of RM27,850,235 to the retained earnings of the Group.

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

	TS Solartech Sdn. Bhd.	
	2016	2015
NCI percentage of ownership interest and voting interest	49.31%	49.31%
Carrying amount of NCI (RM)	121,147,920	112,933,645
Profit allocated to NCI (RM)	8,214,275	7,387,597

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



6. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (e) 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:

	TS Solartech Sdn. Bhd.	
	2016	2015
	RM	RM
Assets and liabilities		
Non-current assets	351,798,508	290,869,606
Current assets	81,107,836	63,123,226
Non-current liabilities	(45,602,437)	(53,869,026)
Current liabilities	(141,617,596)	(71,095,932)
Net assets	<u>245,686,311</u>	<u>229,027,874</u>
Results		
Revenue	254,348,356	182,249,367
Profit for the financial year	16,658,439	12,689,642
Total comprehensive income	<u>16,658,439</u>	<u>12,689,642</u>
Cash flows from operating activities	99,977,765	14,917
Cash flow used in investing activity	(87,271,776)	(26,274,810)
Cash flows (used in)/from financing activities	(2,385,860)	6,825,000
Net increase/(decrease) in cash and cash equivalents	<u>10,320,129</u>	<u>(19,434,893)</u>
Dividends paid to NCI	<u>N/A</u>	<u>N/A</u>

7. INVENTORIES

	Group	
	2016	2015
	RM	RM
At cost		
Raw materials	18,671,161	19,436,738
Work-in-progress	5,109,895	10,250,011
Finished goods	9,877,951	19,754,080
Consumables	8,980,182	3,524,627
	<u>42,639,189</u>	<u>52,965,456</u>
At net realisable value		
Finished goods	32,536,357	0
	<u>75,175,546</u>	<u>52,965,456</u>

Cost is determined using the first-in, first-out basis for all inventories, other than solar cells which uses the weighted average basis.

Inventories where the net realisable value is expected to be below the carrying amount were written down. The amount written down during the financial year was RM11,202,427 (2015: RM Nil).

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016

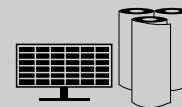


8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Third parties	26,757,460	31,174,368	0	0
Shareholder of a subsidiary	6,853	9,545,599	0	0
	26,764,313	40,719,967	0	0
Other receivables				
Third parties	24,899,530	1,325,563	0	0
Amounts owing by subsidiaries	0	0	34,052,355	8,357,066
	24,899,530	1,325,563	34,052,355	8,357,066
Loans and receivables	51,663,843	42,045,530	34,052,355	8,357,066
Deposits and prepayments				
Deposits	139,550	2,659,010	0	0
Advance payment to suppliers	2,347,511	6,482,390	0	0
Prepayments	281,247	251,671	0	0
	2,768,308	9,393,071	0	0
	54,432,151	51,438,601	34,052,355	8,357,066
Financial instruments classification:				
Loans and receivables	51,663,843	42,045,530	34,052,355	8,357,066
Cash and bank balances (Note 9)	4,810,322	18,023,798	1,513,418	8,239
Total loan and receivables	56,474,165	60,069,328	35,565,773	8,365,305

- (a) Trade receivables are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2015: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amounts owing by subsidiaries represent advances which are unsecured, bearing a weighted average interest of 3.21% (2015: 3.49%) per annum and payable upon demand in cash and cash equivalents.
- (d) Including in other receivables is an amount of RM23,152,421 (2015: RM Nil) owing from a customer, representing 93% (2015: Nil) of total other receivables of the Group.
- (e) In the previous financial year, included in the deposits of the Group were amounts paid for the purchase of property, plant and equipment amounting to RM2,519,667.
- (f) The ageing analysis of trade receivables of the Group is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	18,270,451	21,364,968
Past due, but not impaired		
1 to 30 days	5,385,825	6,399,634
31 to 60 days	1,856,872	5,216,097
61 to 90 days	422,738	3,289,256
More than 91 days	828,427	4,450,012
	8,493,862	19,354,999
	26,764,313	40,719,967



8. TRADE AND OTHER RECEIVABLES (Cont'd)

- (f) The ageing analysis of trade receivables of the Group is as follows (Cont'd):

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired amounting to RM8,493,862 (2015: RM19,354,999) mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

- (g) 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			
	2016		2015	
	RM	% of total	RM	% of total
By country:				
Malaysia	24,473,455	91%	26,098,336	64%
Durban	346,468	1%	0	0%
Taiwan	6,853	*	9,567,059	23%
Vietnam	191,597	1%	42,375	*
Singapore	805,736	3%	4,604,023	11%
Philippines	277,122	1%	0	0%
Indonesia	165,394	1%	107	*
South Korea	134,664	1%	0	0%
Ecuador	134,224	*	0	0%
Myanmar	0	0%	240,575	1%
Others	228,800	1%	167,492	1%
	26,764,313	100%	40,719,967	100%

* Amount is less than 1%

- (i) At the end of the reporting period, the Group has no significant concentration of credit risk on trade receivables.
- (ii) In the previous financial year, approximately 23% of the trade receivables of the Group was due from a shareholder of a subsidiary of the Group.
- (iii) At the end of the reporting period, 100% (2015: 100%) of the receivables of the Company was due from its subsidiaries.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



8. TRADE AND OTHER RECEIVABLES (Cont'd)

(h) The currency exposure profile of loans and receivables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	25,710,678	25,357,103	34,052,355	8,357,066
United States Dollar ('USD')	25,953,165	16,688,427	0	0
	51,663,843	42,045,530	34,052,355	8,357,066

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

	Group	
	2016 RM	2015 RM
USD/RM		
- Strengthened by 3% (2015: 3%)	591,700	375,500
- Weakened by 3% (2015: 3%)	(591,700)	(375,500)

(j) The following table demonstrates the sensitivity analysis of the Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

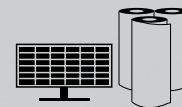
	Company	
	2016 RM	2015 RM
Amount owing by subsidiaries		
- 50 basis point higher	129,400	31,300
- 50 basis point lower	(129,400)	(31,300)

9. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	4,000,322	18,023,798	1,513,418	8,239
Deposit with a licensed bank	810,000	0	0	0
	4,810,322	18,023,798	1,513,418	8,239

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



9. CASH AND BANK BALANCES (Cont'd)

- (a) 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	4,000,322	18,023,798	1,513,418	8,239
Deposit with a licensed bank (not more than three (3) months)	810,000	0	0	0
Bank overdrafts (Note 13)	0	(17,609,087)	0	0
	<u>4,810,322</u>	<u>414,711</u>	<u>1,513,418</u>	<u>8,239</u>

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	2,896,107	2,874,579	1,513,418	8,239
United States Dollar ('USD')	1,887,765	15,073,325	0	0
Singapore Dollar ('SGD')	18,629	20,500	0	0
Euro ('EURO')	7,821	55,394	0	0
	<u>4,810,322</u>	<u>18,023,798</u>	<u>1,513,418</u>	<u>8,239</u>

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

	Group	
	2016 RM	2015 RM
USD/RM		
- Strengthened by 3% (2015: 3%)	43,000	339,200
- Weakened by 3% (2015: 3%)	<u>(43,000)</u>	<u>(339,200)</u>

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

- (d) The effective interest rate of deposit with a licensed bank of the Group is 2.35% (2015: Nil) per annum, and the maturity days is 4 days.
- (e) The exposure to interest 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.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



10. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.25 each				
<u>Authorised</u>				
Balance as at 1 January	2,000,000,000	500,000,000	400,000,000	100,000,000
Created during the year	0	0	1,600,000,000	400,000,000
Balance as at 31 December	<u>2,000,000,000</u>	<u>500,000,000</u>	<u>2,000,000,000</u>	<u>500,000,000</u>
<u>Issued and fully paid</u>				
Balance as at 1 January	266,836,012	66,709,003	240,000,000	60,000,000
Issued for cash pursuant to:				
- exercise of warrants	50,365,350	12,591,338	26,836,012	6,709,003
- private placement	30,929,100	7,732,275	0	0
Balance as at 31 December	<u>348,130,462</u>	<u>87,032,616</u>	<u>266,836,012</u>	<u>66,709,003</u>

(a) During the financial year, the issued and fully paid-up share capital of the Company was increased from RM66,709,003 to RM87,032,616 by way of:

- (i) issuance of 50,365,350 new ordinary shares of RM0.25 each pursuant to the exercise of warrants at RM0.25 per ordinary share;
- (ii) issuance of 27,301,600 new ordinary shares of RM0.25 each pursuant to first tranche of the private placement at RM1.06 per ordinary share; and
- (iii) issuance of 3,627,500 new ordinary shares of RM0.25 each pursuant to second tranche of the private placement at RM1.00 per ordinary share.

(b) In the previous financial year,

- (i) The authorised share capital of the Company was increased from RM100,000,000 to RM500,000,000 by the creation of an additional 1,600,000,000 ordinary shares of RM0.25 each in the Company.
- (ii) The issued and fully paid-up share capital of the Company was increased from RM60,000,000 to RM66,709,003 by way of issuance of 26,836,012 new ordinary shares of RM0.25 each pursuant to the exercise of warrants at RM0.25 per ordinary share.

(c) Warrants

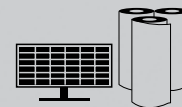
The warrants of 120,000,000 issued pursuant to the bonus issue exercise of the Company were constituted by a deed poll dated 16 January 2015 ('Deed Poll'). The warrants were listed on the Main Market of Bursa Malaysia on 10 February 2015. The main features of the warrants are as follows:

- (i) Each warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new ordinary share of the Company at the exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
- (ii) The exercise price of each warrant has been fixed at RM0.25, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (iii) The expiry date of warrants shall be the day falling immediately before the fifth (5th) anniversary of the date of issue of the warrants, whereupon any warrant, which has not been exercised will lapse and cease thereafter to be valid for any purpose.

As at the end of the financial year, 42,798,638 (2015: 93,163,988) warrants remained unexercised.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



10. SHARE CAPITAL (Cont'd)

- (d) 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.

11. TRADE AND OTHER PAYABLES

Note	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<u>Non-current liability</u>				
Amounts owing to a Director	0	9,194,856	0	0
<u>Current liabilities</u>				
Trade payables				
Third parties	10,209,796	22,315,238	0	0
Shareholder of a subsidiary	0	332,817	0	0
	10,209,796	22,648,055	0	0
Other payables				
Other payables	88,354,359	36,610,568	669	4,454
- Third parties	0	0	0	1,813,950
- Amounts owing to subsidiaries	5,278	1,334,229	5,278	1,334,229
Dividend payable	5,257,590	6,288,027	189,000	182,228
Accruals	12,652,000	750	0	0
Deposits received	106,269,227	44,233,574	194,947	3,334,861
	116,479,023	66,881,629	194,947	3,334,861
Total trade and other payables	116,479,023	76,076,485	194,947	3,334,861
Financial instruments classification:				
Trade and other payables	116,479,023	76,076,485	194,947	3,334,861
Borrowings	13 58,348,398	104,431,190	0	0
Government fund	12 0	2,000,000	0	0
Total financial liabilities carried at amortised cost	174,827,421	182,507,675	194,947	3,334,861

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2015: 30 to 60 days).
- (c) Amount owing to a Director of the Group bore interest rate of 3.52% per annum and was unsecured.
- (d) Amounts owing to subsidiaries of the Company represented advances which were unsecured, bearing a weighted average interest of 3.41% per annum and payable upon demand in cash and cash equivalents.
- (e) Included in other payables is an amount of RM68,215,267 (2015: RM10,095,814) representing advance payments received from a customer of the Group.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



11. TRADE AND OTHER PAYABLES (Cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	96,304,928	27,527,570	194,947	3,334,861
United States Dollar ('USD')	19,794,992	47,944,690	0	0
Euro ('EURO')	211,877	274,185	0	0
Taiwan Dollar ('TWD')	167,226	330,040	0	0
	<u>116,479,023</u>	<u>76,076,485</u>	<u>194,947</u>	<u>3,334,861</u>

- (g) The following table demonstrates the sensitivity of the profit net of tax of the Group to a reasonably possible change in USD, EURO and TWD exchange rates against the functional currency of the Group, with all other variables held constant:

	Group Profit net of tax	
	2016 RM	2015 RM
USD/RM		
- Strengthened by 3% (2015: 3%)	(451,300)	(1,078,800)
- Weakened by 3% (2015: 3%)	451,300	1,078,800
EURO/RM		
- Strengthened by 3% (2015: 3%)	(4,800)	(6,200)
- Weakened by 3% (2015: 3%)	4,800	6,200
TWD/RM		
- Strengthened by 3% (2015: 3%)	(3,800)	(7,400)
- Weakened by 3% (2015: 3%)	<u>3,800</u>	<u>7,400</u>

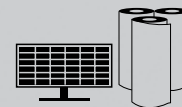
- (h) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of the previous reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Weighted average effective interest rate %	Within 1 year RM	Total RM
At 31 December 2015			
Group			
Floating rate			
Amount owing to a Director	3.52	<u>9,194,856</u>	<u>9,194,856</u>
Company			
Floating rate			
Amount owing to subsidiaries	3.41	<u>1,813,950</u>	<u>1,813,950</u>

- (i) In the previous financial year, a change of 50 basis points in interest rates, assuming all other variables remained constant, resulted in the profit net of tax of the Group and of the Company to be lower/(higher) by RM34,500 and RM6,800 respectively.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



11. TRADE AND OTHER PAYABLES (Cont'd)

- (j) The table below summarises the maturity profile of trade and other payables of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2016				
Group				
Financial liability				
Trade and other payables	<u>116,479,023</u>	<u>0</u>	<u>0</u>	<u>116,479,023</u>
Company				
Financial liability				
Trade and other payables	<u>194,947</u>	<u>0</u>	<u>0</u>	<u>194,947</u>
As at 31 December 2015				
Group				
Financial liability				
Trade and other payables	<u>66,881,629</u>	<u>9,516,676</u>	<u>0</u>	<u>76,398,305</u>
Company				
Financial liability				
Trade and other payables	<u>3,334,861</u>	<u>0</u>	<u>0</u>	<u>3,334,861</u>

- (k) In the previous financial year, the carrying amount of trade and other payables of the Group and of the Company approximate their fair values, except for the following:

	Carrying amount RM	Fair value RM
Group		
At 31 December 2015		
Amount owing to a Director	<u>9,194,856</u>	<u>8,871,063</u>

- (l) The fair value of amount owing to a Director was categorised as Level 3 in the fair value hierarchy. There was no transfer between levels in the hierarchy in the previous financial year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, was detailed in the table below:

Financial liability	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Amount owing to a Director	Discounted cash flows method	Discount rate (2015: 3.65%)	The higher the discount rate, the lower the fair value of the amount owing to a Director would be.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



11. TRADE AND OTHER PAYABLES (Cont'd)

(m) The following table shows the sensitivity analysis for the Level 3 fair value measurements:

	2015 RM
Profit after tax	
Discount rate	
- Increase by 0.5%	41,282
- Decrease by 0.5%	<u>(41,676)</u>

12. GOVERNMENT FUND

- (a) Government fund of the Group was classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) The government fund was obtained from the Northern Corridor Implementation Authority, Malaysia ('NCIA') as a soft loan and is in respect of assistance given by NCIA to finance the acquisition of plant and machineries. The Group had classified this interest free Government fund in accordance with MFRS 139 *Financial Instruments: Recognition and Measurements*.

During the financial year, the Group paid off RM1,000,000 and the remaining RM1,000,000 was being waived by NCIA as disclosed in Note 19 to the financial statements.

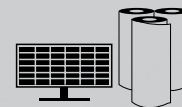
- (c) The government fund was denominated in RM.
- (d) The maturity profile of the government fund of the Group at the end of previous financial year based on contractual undiscounted repayment obligations was repayable on demand or within one year.

13. BORROWINGS

	2016 RM	Group 2015 RM
<u>Non-current liabilities</u>		
<u>Secured</u>		
Term loan	7,187,500	10,937,500
Hire purchase liability (Note 14)	42,635,737	44,674,170
	<u>49,823,237</u>	<u>55,611,670</u>
<u>Current liabilities</u>		
<u>Secured</u>		
Bankers' acceptances	0	25,354,690
Term loan	4,118,645	4,138,691
Hire purchase liability (Note 14)	4,406,516	1,717,052
Bank overdrafts (Note 9)	0	17,609,087
	<u>8,525,161</u>	<u>48,819,520</u>
<u>Total borrowings</u>		
Bankers' acceptances	0	25,354,690
Term loan	11,306,145	15,076,191
Hire purchase liability (Note 14)	47,042,253	46,391,222
Bank overdrafts (Note 9)	0	17,609,087
	<u>58,348,398</u>	<u>104,431,190</u>

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



13. BORROWINGS (Cont'd)

- (a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Bank overdrafts of the Group were secured by:
- (i) corporate guarantee executed by the Company; and
 - (ii) personal deposits placed by the Directors, Loh Kok Beng and Loh Kok Cheng, with the local financial institution.
- (c) Bankers' acceptances of the Group were secured by corporate guarantee by the Company.
- (d) The term loan is repayable in eighty four (84) monthly instalments from January 2012, and is secured by:
- (i) legal charges on certain long term leasehold land and factory buildings of the Group (Note 4); and
 - (ii) corporate guarantee executed by the Company.
- (e) The currency exposure profile of borrowings are as follows:

	2016 RM	Group 2015 RM
Ringgit Malaysia	11,306,145	58,039,968
United States Dollar ('USD')	47,042,253	46,391,222
	58,348,398	104,431,190

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

	2016 RM	Group 2015 RM
USD/RM		
- Strengthened by 3% (2015: 3%)	(1,072,600)	(1,043,800)
- Weakened by 3% (2015: 3%)	1,072,600	1,043,800

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



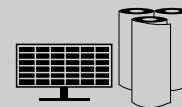
13. BORROWINGS (Cont'd)

(g) The following tables set 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 %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2016								
Fixed rate								
Hire purchase liability (Note 14)	2.25	4,406,516	4,506,589	4,608,939	4,713,613	4,820,663	23,985,933	47,042,253
Floating rate								
Term loan	5.73	4,118,645	3,750,000	3,437,500	0	0	0	11,306,145
At 31 December 2015								
Fixed rate								
Hire purchase liability (Note 14)	2.25	1,717,052	4,197,529	4,305,674	4,413,819	4,521,965	27,235,183	46,391,222
Floating rates								
Bankers' acceptances	4.43	25,354,690	0	0	0	0	0	25,354,690
Bank overdrafts	3.79	17,609,087	0	0	0	0	0	17,609,087
Term loan	5.83	4,138,691	3,750,000	3,750,000	3,437,500	0	0	15,076,191

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



13. BORROWINGS (Cont'd)

- (h) The following table demonstrates the sensitivity analysis 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	
		2016 RM	2015 RM
Bankers' acceptance	- 50 basis point higher	0	(95,100)
	- 50 basis point lower	0	95,100
Bank overdrafts	- 50 basis point higher	0	(66,000)
	- 50 basis point lower	0	66,000
Term loan	- 50 basis point higher	(43,000)	(56,500)
	- 50 basis point lower	<u>43,000</u>	<u>56,500</u>

Hire purchase is fixed rate instrument. Sensitivity analysis at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
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Group

As at 31 December 2016

Borrowings	<u>10,063,041</u>	<u>29,289,357</u>	<u>25,288,371</u>	<u>64,640,769</u>
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As at 31 December 2015

Borrowings	<u>49,985,139</u>	<u>32,745,804</u>	<u>28,945,982</u>	<u>111,676,925</u>
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- (j) Borrowings that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

	Carrying amount RM	Fair value RM
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At 31 December 2016

Hire purchase liability	<u>47,042,253</u>	<u>46,602,512</u>
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At 31 December 2015

Hire purchase liability	<u>46,391,222</u>	<u>45,381,296</u>
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The fair value of hire purchase liabilities is categorised as Level 2 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)

For the Financial Year Ended 31 December 2016



14. HIRE PURCHASE LIABILITY

The maturity of the hire purchase is as follows:

	2016 RM	Group 2015 RM
Future minimum lease payments:		
Not later than one (1) year	5,418,690	2,160,148
Later than one (1) year and not later than two (2) years	5,418,690	5,184,355
Later than two (2) years and not later than three (3) years	5,418,690	5,184,355
Later than three (3) years and not later than four (4) years	5,418,690	5,184,355
Later than four (4) years and not later than five (5) years	5,418,690	5,184,355
Later than five (5) years	25,288,371	28,945,982
Total future minimum lease payments	52,381,821	51,843,550
Less: Future finance charges	(5,339,568)	(5,452,328)
Present value of finance lease liabilities	47,042,253	46,391,222

Analysis of present value of hire purchase liability:

Not later than one (1) year	4,406,516	1,717,052
Later than one (1) year and not later than two (2) years	4,506,589	4,197,529
Later than two (2) years and not later than three (3) years	4,608,939	4,305,674
Later than three (3) years and not later than four (4) years	4,713,613	4,413,819
Later than four (4) years and not later than five (5) years	4,820,663	4,521,965
Later than five (5) years	23,985,933	27,235,183
	47,042,253	46,391,222
Less: Amount due within twelve (12) months	(4,406,516)	(1,717,052)
Amount due after twelve (12) months	42,635,737	44,674,170

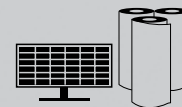
15. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	2016 RM	Group 2015 RM
Balance as at 1 January	4,529,700	2,091,500
Recognised in profit or loss (Note 23)	4,620,800	2,438,200
Balance as at 31 December	9,150,500	4,529,700
Presented after appropriate offsetting:		
Deferred tax assets	(24,131,000)	(2,369,500)
Deferred tax liabilities	33,281,500	6,899,200
	9,150,500	4,529,700

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



15. DEFERRED TAX LIABILITIES (Cont'd)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM
As at 31 December 2016	
As at 1 January 2016	6,899,200
Recognised in profit or loss	26,382,300
As at 31 December 2016	<u>33,281,500</u>
As at 31 December 2015	
As at 1 January 2015	2,091,500
Recognised in profit or loss	4,807,700
As at 31 December 2015	<u>6,899,200</u>

Deferred tax assets of the Group

	Reinvestment allowances RM	Unabsorbed tax losses RM	Unabsorbed capital allowances RM	Total RM
As at 31 December 2016				
As at 1 January 2016	(2,369,500)	0	0	(2,369,500)
Recognised in profit or loss	2,369,500	(2,125,700)	(22,005,300)	(21,761,500)
As at 31 December 2016	<u>0</u>	<u>(2,125,700)</u>	<u>(22,005,300)</u>	<u>(24,131,000)</u>
As at 31 December 2015				
As at 1 January 2015	0	0	0	0
Recognised in profit or loss	(2,369,500)	0	0	(2,369,500)
As at 31 December 2015	<u>(2,369,500)</u>	<u>0</u>	<u>0</u>	<u>(2,369,500)</u>

- (c) In previous financial year, the amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position were as follows:

	Group 2015 RM
Unabsorbed capital allowances	3,633,900
Unused tax losses	8,856,900
	<u>12,490,800</u>

Deferred tax assets had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiary would be sufficient against which the deductible temporary differences can be utilised.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



16. CAPITAL COMMITMENTS

	2016 RM	Group 2015 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	<u>4,382,237</u>	<u>16,378,835</u>

17. CONTINGENT LIABILITIES

	2016 RM	Company 2015 RM
Unsecured		
Corporate guarantees given to licensed banks		
for banking facilities granted to subsidiaries (Note 13)	<u>124,624,100</u>	145,590,200
Corporate guarantees given to suppliers of subsidiaries	<u>6,280,400</u>	<u>14,163,600</u>

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.

The Directors are of the view that the chances of the financial institutions and suppliers to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees are negligible.

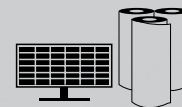
18. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	437,386,166	359,516,760	0	0
Dividend income from subsidiaries	0	0	0	10,070,023
Management fee from subsidiaries	0	0	84,000	90,000
Interest received from:				
- deposit with financial institutions	0	0	55,578	0
- advances to subsidiaries	0	0	979,429	254,565
	<u>437,386,166</u>	<u>359,516,760</u>	<u>1,119,007</u>	<u>10,414,588</u>

- Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.
- Dividend income is recognised when the shareholder's right to receive payment is established.
- Management fees are recognised when services are rendered.
- Interest income is recognised as it accrues, using the effective interest method.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



19. OTHER OPERATING INCOME

	2016 RM	Group 2015 RM
Bad debts recovered	900	50
Compensation from a customer	15,403,124	0
Gain on disposal of property, plant and equipment	81,458	23,676
Gain on foreign exchange		
- realised	2,899,335	12,780
- unrealised	75,201	2,312,902
Income from sale of solar energy	376,535	474,436
Interest income	67,722	11,208
Waiver of government fund (Note 12)	1,000,000	0
Others	124,484	134,146
	20,028,759	2,969,198

Income from sale of solar energy is recognised when the solar energy is generated from the solar panel installed.

20. EMPLOYEE BENEFITS

	2016 RM	Group 2015 RM
Wages, salaries and bonus	31,421,693	22,074,871
Contributions to defined contribution plan	2,374,161	1,910,240
Social security contributions	356,465	234,475
Other benefits	1,044,853	974,894
	35,197,172	25,194,480

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

	2016 RM	Group 2015 RM
Short term employee benefits	2,905,637	2,209,157
Contributions to defined contribution plans	345,368	268,921
	3,251,005	2,478,078

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



21. FINANCE COSTS

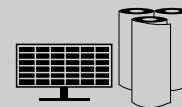
	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
- bank overdrafts	190,750	467,760	0	0
- hire purchase	344,070	0	0	0
- short term bank loans	23,869	1,449,774	0	0
- term loan	767,751	995,155	0	0
- amount owing to a Director	32,150	319,568	0	0
- amounts owing to subsidiaries	0	0	0	353,208
Letter of credits charges	29,305	36,294	0	0
	1,387,895	3,268,551	0	353,208

22. PROFIT BEFORE TAX

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax is arrived at after charging:				
Amortisation of trademark (Note 5)	501	858	0	0
Auditors' remuneration:				
- statutory audits	100,300	90,000	8,000	7,000
- other services	15,260	11,500	8,000	11,500
Bad debts written off	13,190	0	0	0
Directors' remuneration				
- fees paid by the Company	185,000	175,000	185,000	175,000
- other emoluments paid by subsidiaries	3,251,005	2,478,078	0	0
Inventories written down (Note 7)	11,202,427	0	0	0
Loss on foreign exchange				
- realised	0	3,661,221	0	0
- unrealised	3,293,181	72,985	0	0
Property, plant and equipment written off (Note 4)	0	19,455	0	0
Rental of plant and machinery	257,254	365,893	0	0
Rental of premises	45,350	44,984	0	0

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



23. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense based on profit for the financial year	5,334,462	3,504,136	208,079	4,159
(Over)/Underprovision of income tax in prior years	(1,104,094)	73,690	(2,313)	334
	4,230,368	3,577,826	205,766	4,493
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	4,275,068	2,239,800	0	0
Underprovision in prior years	345,732	198,400	0	0
	4,620,800	2,438,200	0	0
	<u>8,851,168</u>	<u>6,016,026</u>	<u>205,766</u>	<u>4,493</u>

The Malaysian income tax is calculated at the statutory tax rate at 24% (2015: 25%) of the estimated taxable profits for the fiscal year.

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 RM140,934,000 (2015: RM139,999,000) available to set-off against future taxable income.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	48,258,639	34,672,965	272,595	9,383,981
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	11,582,073	8,668,241	65,423	2,345,995
Tax effects in respect of:				
Non-allowable expenses	2,028,396	1,801,862	152,992	175,670
Non-taxable income	(824,723)	(581,604)	(10,336)	(2,517,506)
Tax incentives and allowances	(178,416)	0	0	0
Utilisation of previously unrecognised deferred tax assets	(2,997,800)	(4,019,400)	0	0
Effect of changes in tax rate on deferred tax	0	(125,163)	0	0
	9,609,530	5,743,936	208,079	4,159
Under/(Over)provision in prior years:				
- deferred tax	345,732	198,400	0	0
- income tax	(1,104,094)	73,690	(2,313)	334
	<u>8,851,168</u>	<u>6,016,026</u>	<u>205,766</u>	<u>4,493</u>

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



24. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

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.

	2016 RM	Group 2015 RM
Profit attributable to equity holders of the parent	31,193,196	21,269,342
Weighted average number of ordinary shares in issue (units)	320,844,311	249,961,444
Basic earnings per ordinary share	<u>0.10</u>	<u>0.09</u>

(b) Diluted earnings per ordinary share

Diluted 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 adjusted for the effects of dilutive potential ordinary shares.

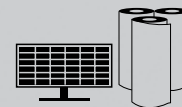
	2016 RM	Group 2015 RM
Profit attributable to equity holders of the parent	31,193,196	21,269,342
Weighted average number of ordinary shares in issue (units)	353,743,495	303,280,803
Diluted earnings per ordinary share	<u>0.09</u>	<u>0.07</u>
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (units)	320,844,311	249,961,444
Effect of dilution arising from unexercised warrants (units)	<u>32,899,184</u>	<u>53,319,359</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (units)	<u>353,743,495</u>	<u>303,280,803</u>

25. DIVIDENDS

	2016		2015	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
In respect of financial year ended 31 December 2014:				
Single tier final dividend	0	0	1.0	2,493,146
In respect of financial year ended 31 December 2015:				
Single tier interim dividend	0	0	0.5	1,334,229
Single tier final dividend	1.5	4,888,168	0	0
In respect of financial year ended 31 December 2016:				
Single tier first interim dividend	1.0	3,215,718	0	0
Single tier second interim dividend	1.0	3,390,429	0	0
Single tier third interim dividend	1.0	3,481,305	0	0
	<u>4.5</u>	<u>14,975,620</u>	<u>1.5</u>	<u>3,827,375</u>

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Subsidiaries:				
Dividends received	0	0	0	10,070,023
Interest received	0	0	979,429	254,565
Management fee	0	0	84,000	90,000
Shareholder of a subsidiary:				
Purchase of goods	23,729,073	18,047,837	0	0
Sale of goods	78,046,893	124,872,096	0	0
Purchase of property, plant and equipment	0	43,955,055	0	0

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 are disclosed in Notes 8 and 11 to the financial statements.

(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 the Company.

There are no other key management personnel having the authority and responsible for planning, directing and controlling the activities of the Group other than the Directors.

Remunerations of Directors are disclosed in Note 20 to the financial statements.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



27. OPERATING SEGMENTS

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

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies.

The reportable segments are summarised as follows:

- (i) PVC Sheeting
Manufacturing and trading of PVC Sheeting, parts for industrial and consumer use.
- (ii) PP Non-Woven
Manufacturing and trading of PP Non-Woven related products.
- (iii) PVC Leather
Trading of PVC Leather related products.
- (iv) Solar
Manufacturing and trading of Solar related products.

Other operating segments that do not meet the quantitative thresholds of an individual reporting segment comprise investment holding and operations related to trading of PVC products and materials.

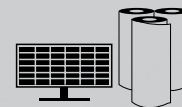
The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

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)

For the Financial Year Ended 31 December 2016



27. OPERATING SEGMENTS (Cont'd)

2016	PVC Sheeting RM	PP Non- Woven RM	PVC Leather RM	Solar RM	Others RM	Total RM
Revenue						
Total revenue	153,851,401	9,705,521	6,053,806	254,577,135	33,579,417	457,767,280
Inter-segment revenue	(19,044,850)	(220,805)	(3,955)	(90,589)	(1,020,915)	(20,381,114)
Revenue from external customers	134,806,551	9,484,716	6,049,851	254,486,546	32,558,502	437,386,166
Interest income	47,455	3,338	2,130	3,338	11,461	67,722
Finance costs	(599,673)	(42,192)	(26,912)	(574,285)	(144,833)	(1,387,895)
Net finance expense	(552,218)	(38,854)	(24,782)	(570,947)	(133,372)	(1,320,173)
Depreciation	(5,918,940)	(416,445)	(265,630)	(26,342,874)	(1,429,543)	(34,373,432)
Amortisation	(369)	(26)	(17)	0	(89)	(501)
Segment profit before income tax	20,973,767	1,475,671	941,261	19,802,353	5,065,587	48,258,639
Income tax expense	(4,305,808)	(302,948)	(193,236)	(3,009,236)	(1,039,940)	(8,851,168)
Segment assets	81,938,847	5,765,051	3,677,253	432,871,114	19,789,885	544,042,150
Segment liabilities	(27,504,933)	(1,935,192)	(1,234,367)	(149,090,263)	(6,642,996)	(186,407,751)
Additions to non-current assets	1,759,511	123,796	78,963	87,225,203	424,958	89,612,431

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016

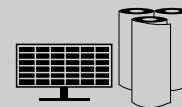


27. OPERATING SEGMENTS (Cont'd)

2015	PVC Sheeting RM	PP Non- Woven RM	PVC Leather RM	Solar RM	Others RM	Total RM
Revenue						
Total revenue	153,261,618	12,298,433	5,805,320	185,248,913	28,129,973	384,744,257
Inter-segment revenue	(22,334,175)	(1,412,750)	(1,200)	(54,632)	(1,424,740)	(25,227,497)
Revenue from external customers	130,927,443	10,885,683	5,804,120	185,194,281	26,705,233	359,516,760
Interest income	975	81	43	9,910	199	11,208
Finance costs	(1,858,963)	(154,560)	(82,409)	(793,447)	(379,172)	(3,268,551)
Net finance expense	(1,857,988)	(154,479)	(82,366)	(783,537)	(378,973)	(3,257,343)
Depreciation	(7,066,812)	(587,555)	(313,278)	(15,946,321)	(1,441,415)	(25,355,381)
Amortisation	(858)	0	0	0	0	(858)
Segment profit before income tax	16,006,718	1,330,844	709,591	13,360,926	3,264,886	34,672,965
Income tax expense	(4,353,375)	(361,952)	(192,989)	(219,753)	(887,957)	(6,016,026)
Segment assets	90,283,585	7,506,436	4,002,345	356,634,542	18,415,117	476,842,025
Segment liabilities	(47,123,015)	(3,917,943)	(2,089,002)	(126,056,384)	(9,611,667)	(188,798,011)
Additions to non-current assets	1,660,035	138,020	73,591	160,273,429	338,597	162,483,672

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



27. OPERATING SEGMENTS (Cont'd)

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

	2016 RM	Group 2015 RM
Profit for the financial year		
Total profit for reportable segments	48,258,639	34,672,965
Tax expense	(8,851,168)	(6,016,026)
Profit for the financial year per consolidated statement of profit or loss and other comprehensive income	39,407,471	28,656,939

- (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 from which the sale transactions originated.

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

	2016 RM	Group 2015 RM
Revenue from external customers in:		
Taiwan	150,036,399	140,477,631
Malaysia	99,748,030	115,699,969
Singapore	55,839,173	28,357,275
Indonesia	25,973,733	22,553,844
Korea	15,682,107	33,491
Yemen	12,591,526	8,909,580
Myanmar	7,873,623	8,319,531
Iraq	7,320,435	1,152,642
Italy	6,966,742	2,512,845
India	5,971,965	0
Africa	3,250,790	1,893,906
China	3,135,098	6,309,668
South Africa	430,907	1,544,692
Others	42,565,638	21,751,686
	437,386,166	359,516,760
Non-current assets		
Malaysia	409,621,480	354,401,912

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



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:

	2016 RM	Group 2015 RM
Solar Segment		
Customer A	78,366,960	124,872,096
Customer B	46,380,171	0
Customer C	70,887,879	0

28. 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 concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

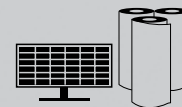
The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

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, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Note	2016 RM	Group 2015 RM
Borrowings	13	58,348,398	104,431,190
Government fund	12	0	2,000,000
Trade and other payables	11	116,479,023	76,076,485
Total liabilities		174,827,421	182,507,675
Less: Cash and bank balances	9	(4,810,322)	(18,023,798)
Net debt		170,017,099	164,483,877
Total capital		236,486,479	175,110,369
Net debt		170,017,099	164,483,877
Capital plus net debt		406,503,578	339,594,246
Gearing ratio		42%	48%

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 equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than 40 million. The Company has complied with this requirement during the financial year ended 31 December 2016.

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



28. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(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 has dealt with for numerous years. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is 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.

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.

The credit risk concentration profile has been disclosed in Note 8 to the financial statements.

(ii) Liquidity and cash flow risk

The Group 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 measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 11, 12 and 13 to the financial statements.

(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 would fluctuate because of changes in market interest rates.

The income and operating cash flows of the Group are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the borrowings and deposits with a licensed bank of the Group and amount owing by/to subsidiaries of the Company and is managed through the use of fixed and floating rates instruments. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The deposits of the Group are placed at fixed rates and management endeavours to obtain the best rate available in the market. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 8, 9, 11 and 13 to the financial statements respectively.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



28. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management (Cont'd)

(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.

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 China, 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 8, 9, 11 and 13 to the financial statements respectively.

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 29 January 2016, the Company proposed to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company. During the financial year, a total of 30,929,100 new ordinary shares of RM0.25 each in the Company was issued in two (2) separate tranches. On 12 August 2016, the Company does not intend to place out the remaining placement shares, hence marking the completion of the private placement.

30. COMPANIES ACT, 2016

The Companies Act, 2016 ('CA2016') was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

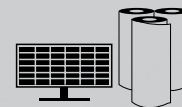
The main changes in CA2016 that will affect the financial statements of the Group and of the Company upon the commencement of CA2016 on 31 January 2017 are:

- (i) Removal of the authorised share capital;
- (ii) Ordinary shares will cease to have par or nominal value; and
- (iii) The share premium account will become part of share capital.

The adoption of CA2016 does not have any material financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively. The effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

- a) New MFRSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Group and the Company adopted the following Standards of the MFRS Framework that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to MFRSs 2012-2014 Cycle</i>	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the financial year, other than the adoption of Amendments MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (i) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (ii) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (Cont'd)

- (b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

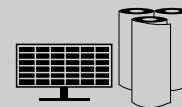
The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
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 is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

Notes to the Financial Statements (Cont'd)

For the Financial Year Ended 31 December 2016



32. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	161,213,781	126,655,521	78,948,928	93,857,719
- Unrealised	(12,368,480)	(2,289,783)	0	0
	148,845,301	124,365,738	78,948,928	93,857,719
Less:				
Consolidation adjustments	(24,226,359)	(15,964,372)	0	0
Total retained earnings	124,618,942	108,401,366	78,948,928	93,857,719

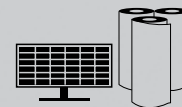
List of Properties



	Location/Address	Date of Acquisition	Description and Existing Use	Approximate Land/Built-up Area	Age of Building/Tenure	Carrying Amount as at 31-Dec-16
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 Owner occupied	Land area = 27,351.55 sq. Metre Built-up area = 19,822 sq. Metre	15 years old/ Leasehold 60 years expiring on 11 Mar 2061	Land = RM2,594,076 Building = RM9,590,793
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 Owner occupied	Land area = 17,494.55 sq. Metre Built-up area = 10,425 sq. Metre	14 years old/ Leasehold 60 years expiring on 25 Aug 2063	Land = RM1,786,860 Building = RM9,205,140
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 Owner occupied	Land area = 15,784.28 sq. Metre Built-up area = 5,280 sq. Metre	11 year old/ Leasehold 60 years expiring on 25 Aug 2063	Land = RM1,669,180 Building = RM7,596,442
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 Owner occupied	Land area = 328 sq. Metre Built-up area = 273 sq. Metre	21 years old/ Freehold	Land = RM258,352 Building = RM111,675
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 Owner occupied	Built-up area = 98.47 sq. Metre	19 years old/ Freehold	Building = RM168,099
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 Owner occupied (Phase I) 3-Storey Factory/ Warehouse Owner occupied (Phase II)	Land area = 32,586.91 sq. Metre Built-up area = 13,640.44 sq. Metre Built-up area = 23,696.49 sq. Metre	6 years old/ Leasehold 60 years	Land = RM6,010,830 Building = RM60,765,180 Building = RM88,924,514

Statistics on Shareholdings

As at 31 March 2017



Total number of issued shares : 348,130,462 ordinary shares
Voting Rights : 1 Vote per ordinary share

Analysis of Shareholdings

No. of Holders	Size of Holdings	Total Holdings	% of Issued Shares
130	less than 100 shares	5,826	#
430	100 to 1,000 shares	279,531	0.08
3,276	1,001 to 10,000 shares	18,873,677	5.42
1,979	10,001 to 100,000 shares	63,238,812	18.17
220	100,001 to less than 5% of issued shares	120,195,956	34.53
2	5% and above of issued shares	145,536,660	41.80
6,037		348,130,462	100.00

Negligible

Substantial Shareholdings

Substantial Shareholders	Direct Interest	No. of issued shares held	
		%	Deemed Interest
Loh Kok Beng	71,679,630	20.59	—
Loh Kok Cheng	73,857,030	21.22	—

Directors' Shareholdings

Name of Directors	Direct Interest	No. of issued shares held	
		%	Deemed Interest
Loh Kok Beng	71,679,630	20.59	—
Loh Kok Cheng	73,857,030	21.22	—
Loh Joo Eng	1,845,000	0.53	115,825 (N1)
Dr. Kamarudin Bin Ngah	4,375	#	—
Tuan Haji Mohamed Haniffah Bin S.M. Mydin	40,000	0.01	—
Yeoh Aik Chuan	—	—	—
Loh Eng Chun	—	—	—

Note:

(N1) Deemed interested by virtue of Section 6A of the Companies Act 1965 held through spouse, son and daughter.

Negligible

Statistics on Shareholdings (Cont'd)

As at 31 March 2017



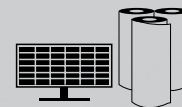
THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2017

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

	Name	No. of Issued Shares	% of Issued Shares
1	LOH KOK CHENG	73,857,030	21.22
2	LOH KOK BENG	71,679,630	20.59
3	SOON SEOK CHOO	12,824,740	3.68
4	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	10,842,600	3.11
5	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	10,612,900	3.05
6	CHANG, JUNG-CHEN	5,925,941	1.70
7	TEOH THEAN HAI	3,422,925	0.98
8	TAN LEE PANG S/O HUM BENG	3,220,000	0.92
9	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PUAA YOCK BING @ PHUAH HIAN KEE (PUA0382C)	2,730,000	0.78
10	LING, KUN-TZU	2,727,500	0.78
11	NG KIM KEONG	2,094,000	0.60
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM (MM0749)	2,037,200	0.59
13	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL 3 IMBANG	1,940,000	0.56
14	KUMPULAN WANG SIMPANAN GURU-GURU	1,877,000	0.54
15	LOH JOO ENG	1,845,000	0.53
16	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM PENDIDIKAN	1,651,000	0.47
17	TAN KEOK CHAI	1,430,000	0.41
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)	1,425,100	0.41
19	LOH LOO NGOH	1,355,250	0.39
20	LOH LOO GUAT	1,250,000	0.36
21	HO POAY CHIEW	1,250,000	0.36
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG (E-TMR)	1,200,000	0.34
23	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM TIAN HUAT	910,500	0.26
24	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD-AMANAH SAHAM KEDAH	900,000	0.26
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA PREMIER FUND	863,800	0.25
26	TEE SUAT HWEE	850,000	0.24
27	SUKDARSHEN SINGH A/L SARJIT SINGH	800,000	0.23
28	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK NGIA NGIA @ MAK YOKE LUM	768,300	0.22
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG (E-KLC)	707,000	0.20
30	MAK NGIA NGIA @ MAK YOKE LUM	661,100	0.19
	TOTAL	223,658,516	64.22

Statistics on Warrantholdings

As at 31 March 2017



Number of outstanding warrants	:	42,798,638 Units
Exercise period	:	The exercise period is any time within a period of 5 years from the date of issue up to the expiry date of 09 February 2020
Exercise price	:	RM0.25 each
Warrant Entitlement	:	Each warrant entitles the registered holder during the Exercise period to subscribe for one new ordinary share
Number of warrantholders as at 31 March 2017	:	1,933

Distribution of warrantholders

No. of Holders	Size of Holdings	Total Holdings	% of Total Warrantholdings
243	less than 100 warrants	9,630	0.02
271	100 to 1,000 warrants	171,881	0.40
870	1,001 to 10,000 warrants	4,450,075	10.40
499	10,001 to 100,000 warrants	16,150,325	37.74
48	100,001 to less than 5% of issued warrants	11,949,850	27.92
2	5% and above of issued warrants	10,066,877	23.52
1,933		42,798,638	100.00

Substantial Warrantholdings

Substantial Warrantholders	Direct Interest	No. of warrant held		Deemed Interest	%
		%			
Loh Kok Cheng	6,486,700	15.16	-	-	-
Teoh Thean Hai	3,580,177	8.37	-	-	-

Directors' Warrantholdings

Name of Directors	Direct Interest	No. of warrant held		Deemed Interest	%
		%			
Loh Kok Beng	-	-	-	-	-
Loh Kok Cheng	6,486,700	15.16	-	-	-
Loh Joo Eng	-	-	50,037	(N1)	0.12
Dr. Kamarudin Bin Ngah	2,187	#	-	-	-
Tuan Haji Mohamed Haniffah Bin S.M. Mydin	-	-	-	-	-
Yeoh Aik Chuan	-	-	-	-	-
Loh Eng Chun	-	-	-	-	-

Note:

(N1) Deemed interested by virtue of Section 6A of the Companies Act 1965 held through spouse, son and daughter.

Negligible

Statistics on Warrantholdings (Cont'd)

As at 31 March 2017

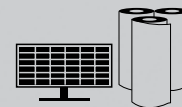


THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2017

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

	Name	No. of Warrants	% of Total Warrantholdings
1	LOH KOK CHENG	6,486,700	15.16
2	TEOH THEAN HAI	3,580,177	8.37
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KO MOK CHUAN (E-TMR/TMJ)	1,417,800	3.31
4	CHANG, JUNG-CHEN	1,082,300	2.53
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG(E-TMR)	600,000	1.40
6	ONG BENG KEE	480,000	1.12
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHENWAY SDN BHD	459,500	1.07
8	TEH KEE HENG	420,500	0.98
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CEKD VENTURE SDN BHD	350,500	0.82
10	HAN SIEW YIN	330,000	0.77
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JANICE LOW SU-LYN (8042523)	300,000	0.70
12	THANGAVELLOO A/L PARASURAMAN	295,000	0.69
13	SELVARAJAH A/L NACHIAPPAN	246,500	0.58
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEE CHAN HOOI (M73091)	245,000	0.57
15	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR OOI YONG PING	242,500	0.57
16	CHU SOO LAN	230,000	0.54
17	LIM THOW KIN	226,500	0.53
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEE BENG HWA (E-TWU)	218,000	0.51
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KELLY KO KAR YEE (E-TMR)	212,900	0.50
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN SOO KHIM (E-TWU/LDU)	210,000	0.49
21	CHOK KWONG MING	209,800	0.49
22	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW PANG CHENG (REM 169)	200,000	0.47
23	LIEW TIEN CHOY	197,500	0.46
24	SJ SEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OMARJEE ABOUBAKAR RAFICK MOUSSA ISMAEL (SMT)	181,800	0.42
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING (8119887)	180,000	0.42
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WENG KUNG	178,000	0.42
27	CHONG KOK CHA	174,700	0.41
28	LEE CHEE BENG	171,750	0.40
29	ADAM ISKANDAR CHOONG BIN ABDULLAH	170,000	0.40
30	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	170,000	0.40
	TOTAL	19,467,427	45.50

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	Company	Non-Audit Fees	Company
	Group	RM'000	Group	RM'000
	RM'000		RM'000	
i) BDO	100	8	15	8
ii) BDO Tax Services Sdn. Bhd.	0	0	20	2
	100	8	35	10

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

- i) Review on Supplementary information on Realised and Unrealised Profits or Losses;
- ii) Review on The Statement on Risk Management and Internal Control;
- iii) Taxation Services; and
- iv) Review of Quarterly Report.

Utilisation of Proceeds

For the financial year ended 31 December 2016, the total proceeds raised by the Company from the exercise of the Warrants was RM12,591,337.50 and private placement was RM32,567,196. The proceeds was utilised for working capital used to finance the Group's day to day operations, repayment of bank borrowings and capital expenditure. These expenses included payments for purchases of raw materials, utility bills, staff costs, constructed a new manufacturing plant at Science Park and repayment of banking facilities.

Recurrent Related Party Transactions

The breakdown of the aggregate value of the recurrent related party transactions entered into by TS Solartech Sdn Bhd ("TS Solartech") pursuant to the shareholders' mandate approved at the last Annual General Meeting are as follows:

Transacting Party	Related Party	Nature of Transactions	Actual Value Transacted from 01.01.2016 to 31.12.2016 RM'000
(N1)	(N2)		
TS Solartech	SEC	TS Solartech supplies solar cells to SEC	78,047
TS Solartech	SEC	TS Solartech purchases silicon wafers from SEC	22,425
TS Solartech	SEC	TS Solartech purchases conductor paste from SEC	1,304
			101,776

Notes

(N1) TS Solartech Sdn Bhd, a 50.69% owned subsidiary of the Company.

(N2) Solartech Energy Corp. ("SEC") is a company incorporated in Republic of China, Taiwan and is a major shareholder of TS Solartech with direct equity interest of 42.12%.

Material Contracts

There are no 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 2016.

Notice of Fifteenth Annual General Meeting



NOTICE IS HEREBY GIVEN that the 15th 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, 26 May 2017 at 9.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Article 86 of the Company's Constitution and who, being eligible, offer themselves for re-election:
 - i) Mr. Loh Kok Beng
 - ii) Mr. Loh Kok Cheng
3. To approve the increase and payment of Directors' Fees for the financial year ended 31 December 2016.
4. To approve the payment of Directors' Benefits up to an amount not exceeding RM50,000.00 from 01 February 2017 until the conclusion of the next AGM of the Company.
5. To re-appoint Messrs. BDO 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.

Please refer to Note 6

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

As Special Business:

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"That, subject always to the provisions of the Companies Act, 2016 ("CA 2016"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, the authority be and is hereby given for TS Solartech Sdn Bhd, a 50.69% subsidiary of the Company to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate") as set out in Section 2.4 of the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to Solartech Energy Corp., the related party than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(1) of the CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

And that, the Executive Directors of the Company be and are hereby authorised to complete and do all such acts including executing any documents as may be required to give full effect to such transactions authorised by this resolution."

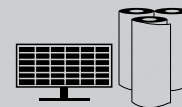
Resolution 6

7. PROPOSED CONTINUATION IN OFFICE BY TUAN HAJI MOHAMED HANIFFAH BIN S.M. MYDIN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"That, authority be and is hereby given to Tuan Haji Mohamed Haniffah Bin S.M. Mydin who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company."

Resolution 7

Notice of Fifteenth Annual General Meeting (Cont'd)



As Special Business:

8. **PROPOSED CONTINUATION IN OFFICE BY DR. KAMARUDIN BIN NGAH AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"That, authority be and is hereby given to Dr. Kamarudin Bin Ngah who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company."

Resolution 8

9. **PROPOSED RENEWAL OF GENERAL MANDATE FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY**

"That, subject always to the provisions of the Companies Act, 2016, the Company's Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and practice notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be hereby given for the Directors of the Company 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 of the Company and that the approval conferred by this resolution shall take effect immediately upon the passing of this resolution and shall continue to be in force until :

- (a) the conclusion of the AGM of the Company held next after the approval was given;
- (b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given,

whichever is the earlier; or

- (c) revoked or varied at any time by an ordinary resolution passed by the shareholders in a general meeting;

whichever is the earlier;

That, the Directors of the Company be hereby authorised to enter into such transactions, arrangements, agreements and documents as are necessary with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors, in their absolute discretion deem fit and in the best interest of the Company.

And that, any Executive Director and/or the Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things as are necessary to give full effect to such transactions as authorised by this resolution."

Resolution 9

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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 15th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 17 May 2017. Only a depositor whose name appears on the Record of Depositors as at 17 May 2017 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang
Date : 27 April 2017

Notice of Fifteenth Annual General Meeting (Cont'd)



NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more 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.
4. 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.
5. 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.

EXPLANATORY NOTE ON ORDINARY BUSINESS

6. The Audited Financial Statements in Agenda 1 had been approved by the Board pursuant to Section 251(1) of the Companies Act 2016. Hence, this agenda does not require formal approval of shareholders of the Company and is meant for discussion pursuant to Section 248(2) of the Companies Act 2016.

EXPLANATORY NOTES ON SPECIAL BUSINESS

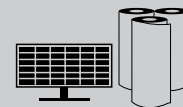
7. The Resolution 6, if passed, will allow TS Solartech Sdn. Bhd., a 50.69% owned subsidiary of the Company to enter into recurrent transactions involving the interests of a related party, Solartech Energy Corp. which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information of the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 27 April 2017 which has been dispatched together with the Company's Annual Report for the financial year ended 31 December 2016 ("AR 2016").
8. The Resolutions 7 and 8, if passed, will allow the Independent Non-Executive Directors to be retained and continued to act as independent non-executive directors to fulfill the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities and to be in line with the recommendation 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in the Company's AR 2016.
9. The Resolution 9, if passed, will allow 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.

As at the date of this notice, a total of 3,627,500 ordinary shares were issued and allotted pursuant to the general mandate granted at the last AGM of the Company. The total proceeds of RM3,627,500.00 had been utilised by the Group for its capital expenditure, working capital requirements, repayment of bank borrowings as well as to defray the expenses relating to the placement of shares.

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.

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 15th Annual General Meeting of the Company.
- 2) The profiles of the directors who are standing for re-election as in Agenda 2 of the Notice of the 15th 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 31 March 2017 are set out in the Statistics of Shareholdings section of this Annual Report.
- 4) The Resolution 9 tabled under Special Business as per the Notice of 15th Annual General Meeting of the Company dated 27 April 2017 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 20 May 2016.

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 notice of meeting, a total of 3,627,500 ordinary shares were issued and allotted pursuant to the general mandate granted at the last Annual General Meeting of the Company.



Proxy Form

TEK SENG HOLDINGS BERHAD (579572-M)



CDS Account No.

*I/We
[Full Name in Block Letters (I/C No./Passport No./Company No.)].

of
(Address)

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

.....
[Full Name in Block Letters (I/C No./Passport No./Company No.)]

of
(Address)

or failing whom, the Chairman as *my/our proxy to vote for *me/us on *my/our behalf at the 15th Annual General Meeting of the Company, to be held at Laurel II Ballroom, Level 1, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Friday, 26 May 2017 at 9.30 a.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr. Loh Kok Beng as a director.		
2.	To re-elect Mr. Loh Kok Cheng as a director.		
3.	To approve the increase and payment of directors' fees.		
4.	To approve the payment of directors' benefits.		
5.	To re-appoint Messrs. BDO as auditors of the Company.		
6.	To obtain the renewal of shareholders' mandate for recurrent related party transactions.		
7.	To re-appoint Tuan Haji Mohamed Haniffah as Independent Director.		
8.	To re-appoint Dr. Kamarudin Bin Ngah as Independent Director.		
9.	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 thisday of, 2017.

No. of shares held

Notes :

.....
Signature of Member(s)

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, this form, duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more 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.
4. 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.
5. In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 17 May 2017 shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

* Strike out whichever is not desired.

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THE COMPANY SECRETARY
TEK SENG HOLDINGS BERHAD (579572-M)
51-21-A, MENARA BHL BANK,
JALAN SULTAN AHMAD SHAH,
10050 PENANG

Please fold here



www.tekseng.com.my

TEK SENG HOLDINGS BERHAD (579572-M)

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)