

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR YEAR ENDED 31 DECEMBER 2022**

	<b>3 Months Ended 31 December</b>		<b>12 Months Ended 31 December</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Revenue	<b>245,240</b>	317,335	<b>847,464</b>	681,351
Operating profit	<b>40,706</b>	46,496	<b>128,671</b>	88,903
Interest expense	<b>(8,816)</b>	(5,872)	<b>(28,164)</b>	(21,725)
Interest income	<b>1,209</b>	349	<b>2,825</b>	1,551
Share of profit/(loss) of associates & joint venture	<b>(117)</b>	1,948	<b>1,792</b>	1,587
Profit before tax	<b>32,982</b>	42,921	<b>105,124</b>	70,316
Taxation	<b>(12,850)</b>	(17,113)	<b>(29,985)</b>	(27,605)
Profit for the period	<b>20,132</b>	25,808	<b>75,139</b>	42,711
Profit attributable to:				
Ordinary equity holders of the Company	<b>18,892</b>	24,346	<b>60,202</b>	28,534
Non-controlling interest	<b>(343)</b>	(147)	<b>(174)</b>	(426)
Holder of private debt securities of the Company	<b>1,583</b>	1,609	<b>15,111</b>	14,603
	<b>20,132</b>	25,808	<b>75,139</b>	42,711
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	<b>3.04</b>	3.93	<b>9.69</b>	4.61
Diluted EPS	<b>3.01</b>	3.86	<b>9.62</b>	4.53

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR YEAR ENDED 31 DECEMBER 2022**

	<b>3 Months Ended 31 December</b>		<b>12 Months Ended 31 December</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit for the period	<b>20,132</b>	25,808	<b>75,139</b>	42,711
Other comprehensive income/(loss)	<b>29</b>	(401)	<b>(2,282)</b>	(5,133)
Total comprehensive income for the period	<b>20,161</b>	25,407	<b>72,857</b>	37,578
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the Company	<b>18,921</b>	23,945	<b>57,920</b>	23,401
Non-controlling interest	<b>(343)</b>	(147)	<b>(174)</b>	(426)
Holder of private debt securities of the Company	<b>1,583</b>	1,609	<b>15,111</b>	14,603
	<b>20,161</b>	25,407	<b>72,857</b>	37,578

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	<b>As at 31/12/2022</b>	<b>As at 31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	<b>118,897</b>	128,520
Right-of-use asset	<b>8,538</b>	11,096
Inventories - land held for property development	<b>860,690</b>	735,623
Investment properties	<b>522,176</b>	516,081
Investment in associates	<b>40,172</b>	199,076
Other investments	<b>8,730</b>	3,124
Other receivables	<b>0</b>	7,701
Deferred tax assets	<b>50,921</b>	46,353
	<b>1,610,124</b>	1,647,574
<b>Current assets</b>		
Inventories - property development costs	<b>260,315</b>	283,484
Inventories - completed properties and other inventories	<b>58,558</b>	71,969
Contract cost assets	<b>147,083</b>	124,395
Trade receivables	<b>104,505</b>	211,239
Other receivables	<b>50,004</b>	42,506
Other current assets	<b>8,236</b>	8,762
Contract assets	<b>533,488</b>	372,154
Tax recoverable	<b>10,818</b>	12,164
Cash and bank balances	<b>332,390</b>	178,359
	<b>1,505,397</b>	1,305,032
Non-current asset held for sale	<b>3,970</b>	0
	<b>1,509,367</b>	1,305,032
<b>Total assets</b>	<b>3,119,491</b>	2,952,606
<b>Current liabilities</b>		
Borrowings	<b>305,346</b>	266,845
Lease liabilities	<b>5,210</b>	5,014
Trade payables	<b>186,188</b>	167,569
Other payables	<b>230,636</b>	104,920
Tax payable	<b>7,421</b>	1,405
Contract liabilities	<b>206</b>	136
	<b>735,007</b>	545,889
<b>Net current assets</b>	<b>774,360</b>	759,143

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	<b>As at 31/12/2022</b>	<b>As at 31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>		
Borrowings	<b>709,892</b>	696,255
Lease liabilities	<b>5,791</b>	10,386
Deferred tax liabilities	<b>3,826</b>	9,556
	<b>719,509</b>	716,197
<b>Total liabilities</b>	<b>1,454,516</b>	1,262,086
<b>Equity</b>		
Share capital	<b>334,299</b>	330,834
Reserves	<b>1,130,793</b>	1,110,128
<b>Equity attributable to ordinary equity holders of the Company</b>	<b>1,465,092</b>	1,440,962
Private debt securities	<b>199,206</b>	248,707
Non-controlling interests	<b>677</b>	851
<b>Total equity</b>	<b>1,664,975</b>	1,690,520
<b>Total equity and liabilities</b>	<b>3,119,491</b>	2,952,606
<b>Net assets (NA) per share (RM)</b>	<b>2.36</b>	2.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR YEAR ENDED 31 DECEMBER 2022**

	<-----Non Distributable----->				Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Private debt securities RM'000	Total Equity RM'000
	Share Capital RM'000	Employee Share Reserve# RM'000	Fair value Reserve RM'000	Translation Reserve RM'000				
<b>As at 1 January 2022</b>	330,834	6,252	(4,792)	(410)	1,109,078	851	248,707	1,690,520
Total comprehensive income	-	-	(2,177)	(105)	60,202	(174)	15,111	72,857
<b>Transactions with owners</b>								
Vesting of LTIP shares	3,465	(3,465)	-	-	-	-	-	-
Award of LTIP shares to employees	-	416	-	-	-	-	-	416
Redemption of private debt securities	-	-	-	-	-	-	(50,000)	(50,000)
Private debt securities distribution	-	-	-	-	-	-	(14,612)	(14,612)
Dividends	-	-	-	-	(34,206)	-	-	(34,206)
<b>Total transactions with owners</b>	<b>3,465</b>	<b>(3,049)</b>	<b>-</b>	<b>-</b>	<b>(34,206)</b>	<b>-</b>	<b>(64,612)</b>	<b>(98,402)</b>
<b>As at 31 December 2022</b>	<b>334,299</b>	<b>3,203</b>	<b>(6,969)</b>	<b>(515)</b>	<b>1,135,074</b>	<b>677</b>	<b>199,206</b>	<b>1,664,975</b>

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR YEAR ENDED 31 DECEMBER 2022**

	<-----Non Distributable----->				Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Private debt securities RM'000	Total Equity RM'000
	Share Capital RM'000	Employee Share Reserve# RM'000	Fair value Reserve RM'000	Translation Reserve RM'000				
<b>As at 1 January 2021</b>	324,909	8,789	76	(145)	1,096,024	948	248,707	1,679,308
Total comprehensive income	-	-	(4,868)	(265)	28,534	(426)	14,603	37,578
<b>Transactions with owners</b>								
Vesting of LTIP shares	5,925	(5,925)	-	-	-	-	-	-
Award of LTIP shares to employees	-	3,388	-	-	-	-	-	3,388
Private debt securities distribution	-	-	-	-	-	-	(14,603)	(14,603)
Capital contribution by non-controlling interest	-	-	-	-	-	329	-	329
Dividends	-	-	-	-	(15,480)	-	-	(15,480)
<b>Total transactions with owners</b>	<b>5,925</b>	<b>(2,537)</b>	<b>-</b>	<b>-</b>	<b>(15,480)</b>	<b>329</b>	<b>(14,603)</b>	<b>(26,366)</b>
<b>As at 31 December 2021</b>	<b>330,834</b>	<b>6,252</b>	<b>(4,792)</b>	<b>(410)</b>	<b>1,109,078</b>	<b>851</b>	<b>248,707</b>	<b>1,690,520</b>

# - This represents reserve relating to fair valuation of restricted shares and performance shares under the long term incentive plan ("LTIP")

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 31 DECEMBER 2022**

	<b>12 Months Ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>105,124</b>	70,316
Adjustment for:		
Non-cash items	<b>64,343</b>	26,840
Non-operating items	<b>(30,379)</b>	10,105
<b>Operating profit before working capital changes</b>	<b>139,088</b>	107,261
Increase in receivables	<b>(54,362)</b>	(120,062)
Decrease in inventories	<b>13,890</b>	128,614
Increase/(decrease) in payables	<b>142,737</b>	(40,688)
<b>Cash generated from operations</b>	<b>241,353</b>	75,125
Taxes paid	<b>(32,918)</b>	(25,413)
Interest paid	<b>(36,667)</b>	(31,934)
<b>Net cash generated from operating activities</b>	<b>171,768</b>	17,778
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Movement in land held for development	<b>(110,350)</b>	50,663
Purchase of property, plant and equipment	<b>(10,635)</b>	(5,024)
Purchase of unquoted investment	<b>(7,500)</b>	-
Purchase of investment properties	<b>(19,124)</b>	(5,756)
Purchase of quoted investment	<b>(283)</b>	-
Investment in an associate	-	(13,700)
Net cash outflow on acquisition of a subsidiary	-	(6,159)
Capital contribution from non-controlling interest	-	329
Proceeds from disposal of investment properties	<b>60,000</b>	-
Proceeds from disposal of property, plant and equipment	<b>18</b>	163
Proceeds from disposal of investment in associates	<b>120,000</b>	1,622
Movement in other investment	-	4,960
Interest received	<b>2,826</b>	1,551
<b>Net cash generated from investing activities</b>	<b>34,952</b>	28,649

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the year ended 31 December 2022

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 31 DECEMBER 2022**

	<b>12 Months Ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to ordinary equity holders of the Company	<b>(34,206)</b>	(15,480)
Drawdown of borrowings	<b>398,689</b>	275,664
Redemption of PDS	<b>(50,000)</b>	-
PDS distribution	<b>(14,612)</b>	(14,603)
Placement in banks restricted for use	<b>(2,663)</b>	(6,764)
Repayment of borrowings	<b>(322,704)</b>	(332,741)
Lease payments	<b>(6,009)</b>	(5,279)
Net cash used in financing activities	<b>(31,505)</b>	(99,203)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>175,215</b>	(52,776)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<b>123,324</b>	176,100
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>298,539</b>	123,324
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise:		
Cash and bank balances	<b>220,132</b>	142,095
Fixed deposits	<b>112,258</b>	36,264
Cash and bank balances	<b>332,390</b>	178,359
Cash and bank balances restricted for use	<b>(12,023)</b>	(19,360)
Fixed deposits maturing more than 3 months	<b>(10,095)</b>	(94)
Bank overdrafts	<b>(11,733)</b>	(35,581)
	<b>298,539</b>	123,324
Cash and bank balances held in HDA accounts	<b>167,909</b>	100,433

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2021.



**PARAMOUNT CORPORATION BERHAD**  
**Interim Financial Report for the year ended 31 December 2022**

The figures are unaudited

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

**A2. Changes in accounting policies**

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 31 December 2021.

**A3. Audit report qualification**

The audit report for the financial year ended 31 December 2021 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

The operations of the Group were not materially affected by any factor of a seasonal or cyclical nature.

**A5. Exceptional or unusual items**

Save for items disclosed in A9 below, there were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

**A6. Changes in estimates of amounts reported previously**

There were no significant changes in estimates in prior periods that have materially affected the current quarter and financial year to date results.

## A7. Debt and equity securities

Save for items disclosed below, there were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year to date.

### (i) Employees share scheme

On 21 March 2022, the Company issued 2,728,100 shares to its eligible employees pursuant to the vesting of shares under the Restricted Share Incentive Plan ("RS Award") and Performance-based Incentive Plan ("PS Award") of the Long Term Incentive Plan ("LTIP"). Details of the vested shares are as follows:

	LTIP	Grant date	Vesting	No. of shares
(a)	2019 RS Award	13 March 2019	Third	799,100
(b)	2020 RS Award	13 March 2020	Second	821,700
(c)	2019 PS Award	13 March 2019	Final	1,107,300
				<u>2,728,100</u>

### (ii) Private debt securities ("PDS")

On 21 September 2022, the Company redeemed RM50,000,000.00 in nominal value of Series B2 PDS from the PDS Programme (the Last Redemption), which were issued on 21 September 2015. The Last Redemption shall be cancelled and may not be re-issued or re-sold.

## A8. Dividends paid

	12 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
Interim dividend		
FY2022 - 2.50 sen single tier	15,548	0
Final dividend		
FY2021 - 3.00 sen single tier	18,658	0
2nd Interim dividend		
FY2020 - 2.50 sen single tier	0	15,480
	<u>34,206</u>	<u>15,480</u>

## A9. Profit before tax

The following items have been included in arriving at profit before tax:

	3 months ended		12 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- Property, plant and equipment	5,652	1,686	12,710	6,154
- Right-of-use asset	961	1,060	3,951	4,136
- Investment properties	2,033	2,134	8,325	8,536
Impairment of property, plant and equipment	0	2,877	0	2,877
Impairment of right-of-use asset	0	1,737	0	1,737
Interest expense on:				
- Borrowings	8,739	5,647	27,612	21,035
- Lease liabilities	77	225	552	690
Additions/(reversal) of allowance for impairment of receivables	(2)	(25)	(13)	4
Impairment of asset held for sale	0	0	38,664	0
Bad debts written off	62	0	62	0
(Gain)/loss on disposal of:				
- Property, plant and equipment	8	0	5	(55)
- Investment properties	0	0	(53,686)	0
- Equity interest in an associate	0	(1,160)	0	(1,160)
Provisional negative goodwill	0	(3,424)	0	(3,424)
Gain on remeasurement of previously held equity interest	0	(4,446)	0	(4,446)
Net foreign exchange (gain)/loss	(443)	(67)	(281)	603
Net derivative (gain)/loss:				
Forward foreign exchange contract	356	81	208	(594)

Save for the items disclosed in the Income Statement and the note above, other items pursuant to Appendix 9B Note16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

## A10. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	12 months ended		12 months ended	
	31 December		31 December	
	Revenue		Profit/(loss) before tax	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property	823,426	672,148	104,691	78,639
Coworking	9,394	5,773	(579)	(8,680)
Investment & others	114,300	84,418	(25,910)	31,513
	<u>947,120</u>	<u>762,339</u>	<u>78,202</u>	<u>101,472</u>
Inter-segment elimination	(99,656)	(80,988)	26,922	(31,156)
Total	<u>847,464</u>	<u>681,351</u>	<u>105,124</u>	<u>70,316</u>

### A11. Carrying amount of revalued assets

The valuations of property, plant and equipment and investment properties have been brought forward without amendments from the financial statements for the financial year ended 31 December 2021.

### A12. Subsequent events

There was no material event subsequent to the end of the current quarter that have not been reflected in the interim financial report.

### A13. Changes in composition of the Group

Save for those disclosed below, there was no change in composition of the Group since the last annual reporting date.

On 26 September 2022, the Company entered into a conditional share sale and purchase agreement with XCL Education Malaysia Sdn Bhd, formerly known as Prestigion Education Sdn Bhd, (the Purchaser) for the proposed disposal by the Company of all its remaining equity interests in Paramount Education Sdn Bhd (PESB), Sri KDU Klang Sdn Bhd (SKK) and Sri KDU Sdn Bhd (SK), as follow, to the Purchaser for a total cash consideration of RM120,000,000.

- (i) 30.3% of the issued shares in PESB, comprising 56,661,000 ordinary shares, and PESB is in turn the registered owner of 66% of the issued shares in R.E.A.L. Education Group Sdn Bhd, comprising 7,136,580 ordinary shares;
- (ii) 20% of the issued shares in SKK, comprising 200,000 ordinary shares; and
- (iii) 20% of the issued shares in SK, comprising 450,000 ordinary shares

The disposal was completed on 29 December 2022.

### A14. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities of the Group since the last annual reporting date.

### A15. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2022 were as follows:

	<b>RM'000</b>
Approved and contracted for:-	
Investment properties	46,058
Property, plant and equipment	161
	<hr/>
	46,219
Approved but not contracted for:-	
Property, plant and equipment	1,116
	<hr/>
	1,116
	<hr/>
	47,335

## A16. Capital expenditure

The major additions and disposals to the property, plant and equipment during the current quarter and financial year to date were as follows:

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Property, plant and equipment	7,067	10,635

## A17. Related party transactions

	<b>Financial Year-to-date RM'000</b>
<b>Sale and purchase of goods &amp; services</b>	
Rental charges and license fees paid to Damansara Uptown One Sdn Bhd, Damansara Uptown Seven Sdn Bhd, Damansara Uptown Retail Centre Sdn Bhd and Damansara Uptown Car Parks Sdn Bhd, companies in which a brother of the late Dato' Teo Chiang Quan has interest	1,926
Rental income received from UOW Malaysia KDU University College Sdn Bhd and UOW Malaysia KDU University College (PG) Sdn Bhd, associated companies of the Company	3,929
Sale of property to Mr. Chee Siew Pin, Chief Executive Officer of the Company's property division and his spouse	688
Consultancy fees paid to a Datuk Paul Wong Baan Chun, a director of a subsidiary company	180
Rental income received from Peoplender Sdn Bhd, a company in which Mr. Chew Sun Teong and Mr. Benjamin Teo Jong Hian have interest	126
Rental charges paid to Mr Chew Sun Teong, a director of the Company	48
	<u>6,897</u>

The directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

	<b>4Q2022</b>	4Q2021	Var.	<b>FY2022</b>	FY2021	Var.
	<b>RM'000</b>	RM'000		<b>RM'000</b>	RM'000	
Revenue	<b>245,240</b>	317,335	-23%	<b>847,464</b>	681,351	24%
Operating profit	<b>40,706</b>	46,496	-12%	<b>128,671</b>	88,903	45%
Profit before interest & tax	<b>40,589</b>	48,444	-16%	<b>130,463</b>	90,490	44%
Profit before tax	<b>32,982</b>	42,921	-23%	<b>105,124</b>	70,316	50%
Profit for the period	<b>20,132</b>	25,808	-22%	<b>75,139</b>	42,711	76%
Profit attributable to ordinary equity holders of the Company	<b>18,892</b>	24,346	-22%	<b>60,202</b>	28,534	111%

**4Q2022 vs 4Q2021**

For 4Q2022, the Group achieved revenue of RM245.2 million (4Q2021: RM317.3 million) and profit before tax (PBT) of RM33 million (4Q2021: RM42.9 million), which were both 23% lower than that of 4Q2021. The Group's PBT has decreased by RM9.9 million mainly due to the decline of RM13.6 million in the investment and others division but was mitigated by the improvement of RM5.3 million in the coworking division. Among the factors that had contributed to the weaker financial performance of the investment and others division was the loss recorded in 4Q2022 by Mercure Kuala Lumpur Glenmarie hotel that had commenced operations in November 2021 and the absence of non-recurring gains from the consolidation of a subsidiary that was recognised in 4Q2021. On the other hand, improvement in the coworking division was mainly due to the higher revenue and lower depreciation coupled with the absence of an impairment loss of RM4.6 million. Hence, the Group's profit attributable to ordinary equity holders of the Company was also lower at RM18.9 million (4Q2021: RM24.3 million).

**Property Division**

For 4Q2022, the property division achieved revenue of RM237.5 million (4Q2021: RM314.2 million) with Sejati Lakeside development and Atwater development in Selangor and Utropolis Batu Kawan development in Penang as the top three revenue contributors. PBT recorded by the property division for 4Q2022 was RM34.4 million (4Q2021: RM35.9 million). The higher base of 4Q2021 was mainly due to the contribution from the sale of a parcel of commercial land (revenue of RM90 million and PBT of RM11 million). Hence, had the non-recurring sale of land been excluded from the financials, the 4Q2022 revenue and PBT would in fact be higher than that of 4Q2021 by 6% and 38%, respectively. Among the factors that have contributed to the improved PBT in 4Q2022 were the changes in product mix coupled with the cost savings realised from certain completed projects.

**Coworking Division**

The coworking division's revenue for 4Q2022 was RM2.8 million, 33% higher than 4Q2021 of RM2.1 million, mainly attributed to improved contributions from all Co-labs Coworking outlets but was mitigated by a lower contribution from Scalable Malaysia, a one-stop end-to-end customised-workspace solutions provider. The coworking division's LBT has narrowed by RM5.3 million from a LBT of RM5.4 million in 4Q2021 compared to a LBT of RM0.1 million in 4Q2022. This was mainly due to the higher revenue and lower depreciation coupled with the absence of an impairment loss of RM4.6 million in respect of Co-labs Coworking Naza Tower, Platinum Park that was recognised in 4Q2021.

## B1. Review of performance (cont'd)

### FY2022 vs FY2021

For FY2022, the Group achieved revenue of RM847.5 million (FY2021: RM681.4 million) and PBT of RM105.1 million (FY2021: RM70.3 million), which were 24% and 50% respectively higher than the previous year. Hence, the Group's profit attributable to ordinary equity holders of the Company was also higher at RM60.2 million (FY2021: RM28.5 million). All three business segments have reported improvement in financial performance, with the property division as the key contributor followed by the coworking division as explained below. The investment & others division only reported a marginal increase in PBT to RM1.0 million from RM0.4 million recorded in FY2021 mainly due to the loss recorded by Mercure Kuala Lumpur Glenmarie hotel that had commenced operations in November 2021 coupled with some non-recurring items recorded in both years. For FY2022, there was a gain of RM53.7 million (DJ Campus Gain) from the sale of the tertiary education campus in Damansara Jaya, Selangor (DJ Campus) but it was off-set by an impairment loss of RM38.7 million from the sale of the remaining 20% equity interests in the pre-tertiary education associates (Pre-Tertiary Education Impairment Loss). For FY2021, the division recognised RM7.9 million gains from consolidation of a subsidiary.

### Property Division

For FY2022, the property division achieved 23% improvement in revenue at RM823.4 million compared to RM672.1 million in the previous year after the full reopening of the economy in 2022. In 2021, the Group's revenue was adversely affected by various degrees of disruptions such as closure of construction sites and sales galleries. Disruptions were most severe in 3Q2021. This impact was however mitigated by the recognition of a RM90 million contribution from the sale of land in 4Q2021. The top three revenue contributors in FY2022 were Sejati Lakeside development in Selangor, Utropolis Batu Kawan development in Penang and Bukit Banyan development in Kedah. On the back of higher revenue, the property division recorded PBT of RM104.7 million, 33% higher compared to RM78.6 million in FY2021.

The property division's sales for FY2022 was RM1.1 billion, 37% higher than the previous year of RM806 million. The full reopening of the economy in the second quarter of 2022 has led to a surge in sales and the strong sales momentum has been sustained the rest of the year. Conversely, the pro-longed closure of the sales galleries due to the pandemic had adversely affected the sales in 2021. The sales status and unbilled sales of the property division are as follows:

Projects	Location	For year ended 31/12/2022			As at 31/12/2022
		Launched units	Units sold**	Sales value RM'M	Unbilled sales RM'M
Central region	Klang Valley	1,498	971	734	1,040
Northern region	Kedah, Penang	204	641	370	362
<b>Total</b>		<b>1,702</b>	<b>1,612</b>	<b>1,104</b>	<b>1,402</b>

\*\* - Includes sales of units launched in prior years

### Coworking Division

The coworking division's revenue for FY2022 was RM9.4 million, 62% higher than the previous year (FY2021: RM5.8 million), mainly attributed to higher contributions across all Co-labs Coworking outlets and Scalable Malaysia. On the back of higher revenue and lower depreciation, the coworking division's LBT has narrowed to RM0.6 million in FY2022 from the RM4.1 million (excluding the impairment loss of RM4.6 million) recorded a year ago.

**B2. Material changes in Profit Before Tax for the quarter reported on as compared with the immediate preceding quarter**

	4Q2022 RM'000	3Q2022 RM'000	Var.
Revenue	245,240	231,743	6%
Operating profit	40,706	47,207	-14%
Profit before interest & tax	40,589	48,359	-16%
Profit before tax	32,982	41,899	-21%

The Group's PBT for 4Q2022 was 21% lower at RM33 million (3Q2022: RM41.9 million) mainly attributable to one-off transactions reported in 3Q2022 comprising the DJ Campus Gain and Pre-Tertiary Education Impairment Loss which translated to a net gain of RM15 million.

**B3. Prospects**

The Malaysian economy grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. Private sector activity remained the key driver of growth, supported by private consumption and investment. Overall, the Malaysian economy expanded by 8.7% in 2022. For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects.

(Source: Press Release from Bank Negara Malaysia on the Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022)

The demand for residential properties has remained resilient on the back of the growth of the Malaysian economy. According to the National Property Information Centre, residential property market recorded a year-on-year increase of 34.6% in the volume of property transactions for the first nine months of 2022 with a total of 181,167 transactions at RM70.7 billion. Recent positive developments for the property sector that include a pause in the interest rate upcycle, stabilisation of building materials prices and the easing of foreign labour hiring rules could provide some modest relief to the developers.

**(a) Property Division**

In 2022, the Group achieved two new milestones. Firstly, it achieved its highest ever sales of RM1.1 billion, surpassing the record last held in 2018. Secondly, RM1.2 billion properties were launched, of which RM0.9 billion was successfully launched in the final quarter of 2022 such as Phase 1 of Sejati Lakeside 2 in Cyberjaya (non-strata double storey semi detached homes), The Atera in Petaling Jaya (a transit oriented development) and Greenwoods Seraya in Sepang (townhouses). Given the encouraging responses and attractive product offerings, these projects are expected to contribute positively to the Group's sales performance in 2023. Aside from this, the Group looks forward in launching seven projects (including new phases of existing projects) this year with a total estimated gross development value of RM1.5 billion. These include Savana Utropolis Batu Kawan in Penang (serviced apartments), Phase 2 of Sejati Lakeside 2 in Cyberjaya (non-strata double storey semi detached homes) and Paramount Palmera in Bukit Minyak, Penang (a strategically located light industrial development).



### B3. Prospects (cont'd)

The Group's unbilled sales of RM1.4 billion as at 31 December 2022 will provide some visibility on the Group's cashflow in the near term. However, the pace at which this can be converted into billings would depend largely on the construction progress of projects. As at 31 December 2022, the Group undeveloped land stood at 565.5 acres of which 64.3 acres in Sepang were added during the fourth quarter.

Projects	Location	No. of projects	Original land size (Acres)	Undeveloped (Acres)**
Central region	Klang Valley	8	956.5	212.8
Northern region	Kedah, Penang	6	792.3	352.7
<b>Total</b>		<b>14</b>	<b>1,748.8</b>	<b>565.5</b>

\*\* - Includes land of which the Group has development rights

#### (b) Coworking Division

The continuing recovery of the Malaysian economy is expected to support the revenue improvement of Co-labs Coworking and Scalable Malaysia thereby paving a clearer path to profitability.

Against the backdrop of a moderate growth in the Malaysian economy in 2023 and challenging external environment, the Group is cautiously optimistic of its prospects for the financial year 2023 and will remain prudent and agile to navigate through these times.

### B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee for the current quarter and financial year to date.

### B5. Taxation

The taxation charge included the following:

	Current Quarter	Financial Year-to-date
	RM'000	RM'000
Income tax	18,861	36,947
RPGT	3,930	3,930
Deferred tax	(9,941)	(10,892)
	<u>12,850</u>	<u>29,985</u>

The effective tax rate for the current quarter and financial year to date was higher than the statutory income tax rate in Malaysia mainly due to provision for Real Property Gain Tax (RPGT) upon completion of the disposal of investment as disclosed in A9 & A13.

## B6. Corporate proposal

Save for the proposal disclosed below, there was no corporate proposal announced but not completed as at 27 February 2023.

The status of utilisation of proceeds arising from the disposal of equity interest in PESB, SK & SKK mentioned in A13, as at 27 February 2023 was as follow:

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Intended Timeframe (from completion of the disposal)
	RM'000	RM'000	RM'000	
(i) RPGT payable and expenses of the disposal	4,180	2,415	1,765	3 months
(ii) Repayment of borrowings	35,000	35,000	0	3 months
(iii) Proposed distribution	74,631	0	74,631	3 months
(iv) Working capital	6,189	6,189	0	3 months
	<u>120,000</u>	<u>43,604</u>	<u>76,396</u>	

## B7. Borrowings and debt securities

The Group's borrowings and debt securities as at 31 December 2022 and 31 December 2021 were as follows:

	31/12/2022 RM'000	31/12/2021 RM'000
<u>Short-term borrowings</u>		
Bank overdraft - Secured	829	1,568
Bank overdraft - Unsecured	10,904	34,013
Revolving credit - Secured	69,620	29,200
Revolving credit - Unsecured	120,000	80,000
Current portion of long term loans - Secured	103,993	91,107
Total short-term borrowings	<u>305,346</u>	<u>235,888</u>
<u>Long-term borrowings (Secured)</u>		
Term loans	317,268	355,830
Medium Term Notes (MTN)	293,250	293,036
Sukuk Murabahah	99,374	78,346
Total long-term borrowings	<u>709,892</u>	<u>727,212</u>
Total borrowings	<u>1,015,238</u>	<u>963,100</u>

The weighted average interest rates at the end of the reporting period were as follows:

Floating interest rate	4.50%	3.51%
Fixed interest rate	N/A	N/A

There were no bank borrowings denominated in foreign currencies as at the reporting date.

The increase in bank borrowings was mainly due to:

- (i) Drawdown of term loan of RM64 million to finance the purchase of a land for development; and
- (ii) Issuance of Sukuk Murabahah of RM82 million to finance the purchase of a land for development

## B8. Derivative financial instrument

The outstanding forward foreign exchange contracts as at 31 December 2022 were as follows:

	<b>Contract amount</b>	<b>Net Fair value</b>
		<b>Assets/ (Liabilities)</b>
	<b>THB'000</b>	<b>RM'000</b>
Forward foreign exchange contract*		
- More than 3 years	157,744	612

\* The above contracts were entered into as hedges for investment denominated in foreign currency and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currency

## B9. Fair value gain/(loss)

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
	<b>RM'000</b>	<b>RM'000</b>
Forward foreign exchange contract	(543)	(116)

The fair value was measured based on the differences between contracted rates and market forward rates. During the quarter, the exchange rate has moved against the Group from the last measurement date.

## B10. Changes in material litigation

As at 27 February 2023, there was no material litigation since the last annual reporting date of 31 December 2021.

## B11. Dividends payable

### (1) FY2022 - Special dividend

The Company has declared a single tier special dividend of 12.00 sen per share for the financial year ended 31 December 2022, which will be paid on 29 March 2023 to shareholders whose names appear on the Record of Depositors on 20 March 2023.

### (2) FY2022 - Final dividend

The Company has proposed a single tier final dividend for the financial year ended 31 December 2022.

- (i) Amount per share - single tier 3.50 sen; and
- (ii) Previous corresponding period - single tier 3.00 sen per share

The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.

The total dividends for the current financial year is single tier 18.00 sen (2021: single tier, 3.00 sen per share)

## B12. Earnings per share

### (a) Basic EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
Profit attributable to equity holders of the Company (RM'000)	18,892	60,202
Weighted average number of ordinary shares ('000)	621,926	621,244
	<hr/>	<hr/>
Basic EPS (sen)	3.04	9.69
	<hr/>	<hr/>

### (b) Diluted EPS

Profit attributable to equity holders of the Company (RM'000)	18,892	60,202
Weighted average number of ordinary shares ('000)	621,926	621,244
Effect of dilution ('000)	4,734	4,734
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	626,660	625,978
Diluted EPS (sen)	3.01	9.62
	<hr/>	<hr/>

By order of the Board  
Ng Wai Peng  
Company Secretary  
27 February 2023