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## **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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### **EXPLANATORY NOTES PURSUANT TO MFRS 134**

#### **A1. Accounting Policies and Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020. These 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 2020.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2020 except for the adoption of the following new MFRS, Amendments to MFRSs, Improvements to MFRS and IC Interpretation (“Standards”) which is effective for financial period beginning on or after 1 January 2021:

#### **Effective for financial periods beginning on or after 1 January 2021**

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform—Phase 2

Annual Improvements to MFRS Standards 2018–2020

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment– Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts– Cost of Fulfilling a Contract

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

The initial application of these Standards does not have any material impact on the financial statements.

#### **A2. Status of Audit Qualification**

Not applicable as the audited financial statements for the year ended 31 December 2020 were not qualified.

#### **A3. Seasonality or Cyclicity of Interim Operations**

The operations of the Group were not significantly affected by seasonality and cyclicity factors.



#### **A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial quarter under review.

#### **A5. Material Changes in Estimates**

There were no other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial quarter under review.

#### **A6. Debts and Equity Securities**

##### Share Buy-Back / Treasury Shares

The Company's shareholders had on 29 June 1999 approved the share buy-back exercise during the Extraordinary General Meeting ("EGM"). Subsequently, mandates were renewed at the last AGM which was on 27 August 2020.

Summary of the share buy-back / disposal as at the current financial year-to-date are as follows:-

Month	Number Of Shares Repurchased	Highest Price RM	Lowest Price RM	Average Price RM	Total Amount RM
B/F from 2020	2,173,500	-	-	-	7,054,205
Total	2,173,500	-	-	-	7,054,205

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the period ended 31 March 2021.

#### **A7. Dividend paid**

There was no dividend paid during the quarter under review.



## A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 March 2021 and its comparative:-

3 months period ended 31/3/2021	Manufacturing	Hotel and Resort	Property development & Investment	Plantations	Share investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>								
External sales	204,995	10,011	36,062	-	940	-	-	252,008
Inter-segment sales	22,191	-	171	6,799	-	-	(29,161)	-
Total revenue	227,186	10,011	36,233	6,799	940	-	(29,161)	252,008
<b>RESULTS</b>								
Operating results	10,787	(17,577)	12,476	2,178	(1,485)	1	(80)	6,300
Foreign exchange gain/(loss)	-	-	-	-	-	6,188	4	6,192
Finance costs	(19)	(130)	-	-	(1,228)	(551)	1,377	(551)
Interest income	-	-	-	-	-	3,133	(1,384)	1,749
Profit/(Loss) before tax	10,768	(17,707)	12,476	2,178	(2,713)	8,771	(83)	13,690
Income tax credit								(4,674)
<b>Profit for the period</b>								<b>9,016</b>

3 months period ended 31/3/2020	Manufacturing	Hotel and Resort	Property development & Investment	Plantations	Share investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>								
External sales	142,226	52,634	45,492	-	656	-	-	241,008
Inter-segment sales	16,670	-	342	6,483	-	-	(23,495)	-
Total revenue	158,896	52,634	45,834	6,483	656	-	(23,495)	241,008
<b>RESULTS</b>								
Operating results	11,658	(10,982)	16,022	2,175	(722)	(29)	(1,682)	16,440
Foreign exchange gain/(loss)	-	-	-	-	-	7,495	13	7,508
Finance costs	(69)	(180)	-	-	(2,020)	(469)	2,269	(469)
Interest income	-	-	-	-	-	7,416	(2,283)	5,133
Profit before tax	11,589	(11,162)	16,022	2,175	(2,742)	14,413	(1,683)	28,612
Income tax expense								(5,104)
<b>Profit for the period</b>								<b>23,508</b>



#### **A9. Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

#### **A10. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the current quarter ended 31 March 2021 up to the date of this report.

#### **A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter.

#### **A12. Changes in Contingent Liabilities**

At the date of this announcement, there were no material changes in contingent liabilities since the last balance sheet date.

#### **A13. Significant Related Party Transactions**

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

	3 months ended	
	31-Mar	
	2021	2020
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	13,166	11,094
Sales	15,591	11,771
Rental income	171	342
Interest income	1,383	2,282
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(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest.		
- Commission on sales and purchases - Keck Seng (Singapore) Private Limited	1,972	1,307
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## ADDITIONAL INFORMATION REQUIRED BY THE BMSB'S LISTING REQUIREMENTS

### B1. Taxation

The taxation charge for the current quarter and year to-date ended 31 March 2021 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(4,313)	(4,314)
Real property gain tax	-	-
Foreign tax	(103)	(103)
	<u>(4,416)</u>	<u>(4,416)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	-	-
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Transfer from/(to) deferred taxation	(258)	(258)
	<u>(4,674)</u>	<u>(4,674)</u>
Total income tax expense	<u>(4,674)</u>	<u>(4,674)</u>

The Group's effective tax rate of 34% is higher than the statutory tax rate of 24% due to certain expenses not deductible for tax purpose.

### B2. Status of Corporate Proposals

There were no corporate proposals.



### B3. Group Borrowings

Details of Group borrowings were as follows:-

	US Dollar "000	Ringgit Equivalent "000
Short term borrowings:-		
Bank overdraft - unsecured	-	43,492
Note payable within a year - secured	1,762	7,312
Long term borrowings:-		
Note payable after 1 year - secured	42,784	181,725

### B4. Derivative Financial Instruments

The Group uses forward foreign exchange contracts to manage its exposure to various financial risks.

#### Forward foreign exchange contracts

Forward foreign exchange currencies contracts were entered to hedge its exposure to fluctuations in foreign currency arising from sales.

As at 31 March 2021, the notional amount, fair value and maturity period of the forward foreign exchange contracts were as follows:-

Type of derivatives	Contract/Notional amount RM'000	Fair value gain/(loss) RM'000
Currency forward contracts - less than 1 year	30,961	(243)

### B5. Changes In Material Litigation

There was no material litigation pending at the date of this announcement.



## B6. Comparison with Preceding Quarter's Results

	<u>1st Quarter 2021</u>	<u>4th Quarter 2020</u>	<---- Increase/(Decrease)---->	
	RM '000	RM '000	RM '000	%
Revenue	252,008	259,218	(7,210)	(3)
Profit/(loss) before taxation	13,690	(75,526)	89,216	118

### Revenue

The Group's revenue in 1st Q 2021 was lower than 4th Q 2020. The following segments had recorded a revenue in 1st Q 2021 materially different from 4th Q 2020:-

#### Manufacturing

The segment recorded a higher revenue in 1st Q 2021 as compared to 4th Q 2020. The increase in revenue was mainly due to higher selling price of refined oil sold in 1st Q 2021.

#### Property Development

A lower revenue was recorded by the segment in 1st Q 2021 as compared to 4th Q 2020. The decrease in revenue was due to lower number of units sold for residential properties at Tanjong Puteri Resort and both residential and commercial properties at Bandar Baru Kangkar Pulai as compared to preceding quarter.

### Profit/(Loss) before taxation

The Group recorded a profit in 1st Q 2021 as compared to a loss in 4th Q 2020. The following segments had recorded results materially different from 4th Q 2020:-

#### Manufacturing

The segment recorded a higher profit in 1st Q 2021 as compared to 4th Q 2020. The higher profit was due mainly to appreciation of USD against Ringgit in 1st Q 2021 as compared to depreciation of USD against Ringgit in 4th Q 2020.

#### Property Development

The segment recorded a lower profit due to decrease in number of units sold for properties in 1st Q 2021 as compared to 4th Q 2020.



## B6. Comparison with Preceding Quarter's Results (cont'd)

### Profit/(Loss) before taxation (cont'd)

#### Hotels

The segment recorded a lower loss in 1st Q 2021 as compared to 4th Q 2020. The higher loss in 4th Q 2020 was due to an impairment loss recognised on an overseas hotel.

#### Share Investments

The segment recorded a lower loss in 1st Q 2021 as compared to 4th Q 2020. This was mainly due to a fair value loss recognised in 4th Q 2020 on an unquoted investment.

#### Forex as Unallocated Item

The appreciation of USD and SGD against MYR in 1st Q 2021 had resulted in a forex gain on the foreign currencies on hand as compared to a forex loss 4th Q 2020.

## B7. Review of Performance

	To 1st Quarter <u>2021</u> RM '000	To 1st Quarter <u>2020</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	252,008	241,008	11,000	5
Profit before taxation	13,690	28,612	(14,922)	(52)

### Revenue

The Group's revenue in 1Q 2021 was higher than 1Q 2020. The following segments had recorded a revenue in 1Q 2021 materially different from 1Q 2020:-

#### Manufacturing

The segment recorded a higher revenue in 1Q 2021 as compared to preceding year corresponding period. The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 1Q 2021.





## **B7. Review of Performance (cont'd)**

### **Revenue (cont'd)**

#### Hotels

3 hotels in overseas were closed in April 2020. The revenue recorded in 1st Q 2020 was from the 3 hotels and before their closure. Although 2 of the hotels were reopened in the last quarter of 2020, the demand for the business was soft in the 1st Q of 2021 resulting in a significant reduction in revenue as compared to 1st Q 2020.

### **Profit before taxation**

The Group recorded a lower profit in 1Q 2021 as compared to 1Q 2020. The results of the following segments in 1Q 2021 were materially different from 1Q 2020:-

#### Property Development

The segment recorded a lower profit due to lower number of units sold for residential properties at Taman Daya and both residential and commercial properties at Bandar Baru Kangkar Pulai as compared to 1Q 2020.

#### Hotels

The segment recorded a higher loss in 1Q 2021 as compared to 1Q 2020 due to the soft demand on business after the 2 hotels in overseas were reopened while the hotel in New York remained close as of to date due to the on-going Covid-19 pandemic.

#### Interest Income as Unallocated Item

The Group's interest income earned from Cash and Bank Balances and Short Term Funds had dropped significantly due to lower interest rate in 1Q 2021 as compared to 1Q 2020.



## **B8. Prospects for 2021**

### **Plantation and Manufacturing**

Plantation performance for 2021 is expected to be quite similar to 2020 as commodity prices firms up though FFB production is forecasted to be slightly lower than 2020 due to after effect of 2020 La Nina.

Labour shortage in plantation industry and the on-going Covid-19 pandemic only adds further to the uncertainty in the harvesting of FFB. Overall, FFB intake by Palm Oil Mill is expected to be slightly lower than 2020. The performance of the Mill will remain challenging due to the increase in statutory compliance, sustainability and environmental costs.

Refinery is expected to fare better during the second half as compared to the first half of 2021 for there will be higher production and higher palm oil stock.

### **Property Development**

The unprecedented Covid-19 pandemic will continue to affect and disrupt many aspects of property development. The Movement Control Order (“MCO”) has further aggravated the challenging economic activities across all sectors. We are cautious and vigilant in view of the impact and challenges. Government’s initiatives such as stamp duty and real property gain tax exemptions and current low mortgage rates will help purchase sentiments. The availability of Covid-19 vaccines and the progress of vaccination in the country will spur economy recovery.

In Bandar Baru Kangkar Pulai (“BBKP”), we are planning to launch new phases of residential houses comprising single storey terrace houses, double storey terrace houses and double storey cluster houses. We are actively promoting the sales of Phase 4B double storey terrace houses – Adenia II launched in early 2020. Sales activities are carried out to sell the remaining units in Phase 4C (double storey terrace houses- Adenia I) and Phase 5BII (single storey cluster houses). We will continue to market the remaining completed units in Phase 5A (double storey shop offices) and Phase 5BI (single storey cluster houses).

In Tanjong Puteri Resort (“TPR”), sales have been encouraging from our recently launched new Phase 7A comprising 115 units of single storey terrace houses. We are planning to launch another new phase of single storey terrace houses and continue to market the remaining completed units in Phase 5B, double storey terrace houses.

For the completed double storey shop offices in TPR and three storey shop offices in Taman Daya, we are marketing the balance units for sale and rental.

On TD Point Retail Mall, comprising 40 units double storey and single storey shops and Loon Sing Restaurant in TD Central, all our tenants’ businesses are affected by the MCO. We have granted rental rebates and assistances to our tenants through this difficult period to sustain and retain their continued tenancy with us. With our aggressive marketing efforts, we shall be unveiling more shops in TD Central later this year to provide a steady source of recurring rental income.



## **B8. Prospects for 2021 (cont'd)**

### Property Investment

The occupancy rate at Menara Keck Seng is expected to decline in 2021 due to various factors including the Covid-19 pandemic, MCO and over-supply of office space.

Similarly, our occupancy in Regency Tower is expected to trend down in 2021 due to restricted entries into the country and surplus of residential supply.

### Hotels & Resort

The accommodations sector is expected to gradually recover given the successful vaccination rollout in New York State. The current occupancy rates are still very much dependent on the leisure guest, and this leisure business is expected to improve as the restrictions on restaurants and tourist attractions are slowly being lifted. Broadway, one of the city's main demand generators, is currently set to re-open in September and should help accelerate this recovery. The SpringHill Suites had reopened on April 30, 2021. Initial Occupancy levels will be soft and Average Rates will be highly competitive as more hotels re-open. Although current demand patterns remain very short-term, we are starting to see some improved demand in the months ahead and, most importantly, the New York City Covid-19 vaccination program seems to be trending positively. During this lockdown period, the hotel continues to implement all possible cost efficiencies and is focusing on its health and safety protocols. The next phase of the recovery will require the return of Business Travel, which is anticipated to begin in the fall – late Q3 and Q4.

The “DoubleTree by Hilton Alana – Waikiki Beach” enters 2021 after 7-month of temporary suspension of operations in 2020. The Hawaii recovery continues to be impeded by subsequent waves of the pandemic in US and overseas, and its heavy reliance on tourism. Despite soft demand on business, our hotel has been capitalizing on Hilton's e-commerce, marketing and loyalty program networks to sustain fair market share. Hilton hygiene protocols and local government ordinances are being adhered to protect both guests and team members as priority.

The Delta Hotels by Marriott – Toronto Airport, located in Canada's main gateway city, re-opened on September 15, 2020 with limited rooms, services and amenities being offered in order to streamline operational costs. Overall demand continues to be muted at this time, as the Canadian government has recently enacted more restrictive travel and customs policies aimed at curtailing international travel. Strict regulations related to assemblies, meetings and social gatherings were also imposed in late 2020 as the “2nd wave” of the pandemic took effect. The Hotel does not believe there will be any meaningful recovery in Q2 and Q3 due to on-going lockdown restrictions, delay in vaccination and recent spike in new Covid-19 variant cases. The hotel priority is to continue focusing on a lean and cost-effective operation, while respecting established health and safety standards.



## **B8. Prospects for 2021 (cont'd)**

### Hotels & Resort (cont'd)

In general, there is great uncertainty about the duration of the coronavirus pandemic, and it is very challenging to quantify the impact of the pandemic on business performance for 2021 for our Group's Hotels. It is expected that the recovery for our Hotels will be slow and gradual, with most industry projections reflecting normalization only in 2 to 3 years' time.

For Tanjong Puteri Golf Resort, the second quarter of 2021 showed initial cautious positive improvements, however with the newly imposed MCO 3.0, major revenue producing sections of the resort services including F&B dine-in will be closed. The revenue generation in the important golf segment continues to be under pressure due to the on-going MCO/CMCO and travel restrictions. While International borders continue to stay close and domestic travel either restricted or allowed only for essential movements, the resort will focus on the niche market of long-stay customers from the surrounding industrial companies. Management team will continue to enforce the established cost savings initiatives and development programs for its associates to ensure that operation is fully prepared for a restart and ramp up of business levels should travel restrictions be removed and borders reopened in the upcoming quarters of 2021.

### Conclusion

The on-going coronavirus outbreak, US-China trade war, geopolitical events, global climate change and volatility of currency exchange will continue to have impacts on the performance of the Group in 2021.



**B9. Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee**

Not applicable.

**B10. Dividends**

The Board does not recommend any dividend for the current quarter under review.

**B11. Earnings Per Share**

*a) Basic Earnings Per Share*

The basic earnings per share for the current quarter and year-to-date had been calculated as follows:-

	<u>Current Quarter</u>	<u>Year To-Date</u>
Earnings attributable to owners of the parent (RM'000)	10,838	10,838
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings per share (sen)	3.02	3.02

*b) Diluted Earnings Per Share*

There were no potential dilutive ordinary shares outstanding as at the end of the reporting period. Hence, the diluted earnings per share is the same as the basic earnings per share.



## B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

The following amounts have been credited /(charged) in arriving at profit/(loss) before tax:-

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31-Mar		31-Mar	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,749	5,133	1,749	5,133
b) Dividend income	940	656	940	656
c) Other income	618	825	618	825
d) Interest expenses	(1,152)	(1,917)	(1,152)	(1,917)
e) Depreciation and amortisation	(7,310)	(11,783)	(7,310)	(11,783)
f) (Allowance for)/(write-off)/write back of receivables	(74)	(18)	(74)	(18)
g) (Allowance for)/(write-off)/write-back of inventories	0	0	0	0
h) Gain /(Loss) on disposal of properties, plant & equipment	4	1	4	1
i) Gain /(Loss) on disposal of investment properties	0	0	0	0
j) Impairment of assets	(439)	287	(439)	287
k) Realised exchange gain/(loss)	(462)	(737)	(462)	(737)
l) Unrealised exchange gain/(loss)	10,218	17,359	10,218	17,359
m) Assets (written off)/write-back	(1)	(1)	(1)	(1)
n) Gain/(Loss) on derivatives	(243)	104	(243)	104
o) Gain/(Loss) on disposal of Land from compulsory acquisition	0	0	0	0
p) Provision for land held for development	0	0	0	0
q) Fair value gain/(loss) on biological assets	348	71	348	71
r) Fair value gain/(loss) on short term funds	(9)	(29)	(9)	(29)
s) Gain/(Loss) on redemption of short term fund	10	0	10	0
t) Fair value gain/(loss) on unquoted investment	0	0	0	0