



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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 22 June 2021.

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 30 September 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 30 September 2021 and its comparative:-

9 months period ended 30/9/2021	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
REVENUE								
External sales	731,337	66,251	90,276	-	5,910	-	-	893,774
Inter-segment sales	77,722	-	513	26,757	175,279	-	(280,271)	-
Total revenue	809,059	66,251	90,789	26,757	181,189	-	(280,271)	893,774
RESULTS								
Operating results	33,387	(36,144)	34,435	10,696	171,988	108	(176,970)	37,500
Foreign exchange gain/(loss)	-	-	-	-	-	6,234	14	6,248
Finance costs	(75)	(415)	-	-	(3,792)	(1,692)	4,282	(1,692)
Interest income	-	-	-	-	-	9,104	(4,292)	4,812
Profit/(Loss) before tax	33,312	(36,559)	34,435	10,696	168,196	13,754	(176,966)	46,868
Income tax expense								(18,627)
Profit for the period								28,241

9 months period ended 30/9/2020	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
REVENUE								
External sales	442,049	58,162	109,738	-	5,296	-	-	615,245
Inter-segment sales	51,648	-	753	20,620	-	-	(73,021)	-
Total revenue	493,697	58,162	110,491	20,620	5,296	-	(73,021)	615,245
RESULTS								
Operating results	16,911	(56,609)	36,111	7,577	(23,572)	(67)	(1,397)	(21,046)
Foreign exchange gain/(loss)	-	-	-	-	-	1,331	8	1,339
Finance costs	(131)	(457)	-	-	(5,031)	(1,299)	5,619	(1,299)
Interest income	-	-	-	-	-	16,928	(5,626)	11,302
Loss before tax	16,780	(57,066)	36,111	7,577	(28,603)	16,893	(1,396)	(9,704)
Income tax expense								(15,445)
Loss for the period								(25,149)



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 30 September 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.

	9 months ended	
	<u>30-Sept</u>	
	2021	2020
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	50,508	35,412
Sales	52,861	35,985
Rental income	513	753
Dividend income	175,279	-
Interest income	4,273	5,619
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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	7,373	4,209
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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 30 September 2021 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(7,196)	(17,634)
Real property gain tax	-	-
Foreign tax	<u>(1,572)</u>	<u>(1,819)</u>
	(8,768)	(10,685)
Over/(under) provision in respect of prior years		
Malaysian income tax	56	55
Foreign tax	<u>-</u>	<u>-</u>
	56	55
Deferred tax		
Transfer from/(to) deferred taxation	434	771
Total income tax expense	<u>(8,278)</u>	<u>(18,627)</u>

The Group's effective tax rate of 40% 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	-	42,457
Note payable within a year - secured	1,762	7,373
Long term borrowings:-		
Note payable after 1 year - secured	44,494	186,230

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 30 September 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 assets/(liabilities) RM'000
Currency forward contracts - less than 1 year	18,858	(8)

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>3rd Quarter 2021</u>	<u>2nd Quarter 2021</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	329,245	312,521	16,724	5
Profit before taxation	25,311	7,867	17,444	222

Revenue

The Group's revenue in 3rd Q 2021 was higher than 2nd Q 2021. The following segments had recorded a revenue in 3rd Q 2021 materially different from 2nd Q 2021:-

Manufacturing

The segment recorded a higher revenue in 3rd Q 2021 as compared to 2nd Q 2021. The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 3rd Q 2021.

Property Development

A lower revenue was recorded by the segment in 3rd Q 2021 as compared to 2nd Q 2021. The decrease in revenue was due to lower number of units sold for certain residential properties at Tanjong Puteri Resort as compared to preceding quarter. There was also a partial recognition of revenue recorded from sales of a piece of light industrial land in 2nd Q 2021.

Hotels

The segment recorded a higher revenue in 3rd Q 2021 as compared to 2nd Q 2021. The higher revenue in 3rd Q 2021 was due to better occupancy rate and average room rate for 3 overseas hotels in 3rd Q 2021.

Profit before taxation

The Group recorded a higher profit in 3rd Q 2021 as compared to 2nd Q 2021. The following segments had recorded results in 3rd Q 2021 materially different from 2nd Q 2021:-

Manufacturing

The segment recorded a higher profit in 3rd Q 2021 as compared to 2nd Q 2021. The higher profit was due mainly to better refining margin recorded in 3rd Q 2021 as compared to 2nd Q 2021.



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

Profit before taxation (cont'd)

Property Development

The segment recorded a lower profit in 3rd Q 2021 as compared to 2nd Q 2021. The lower profit was due to lower number of units sold for certain residential properties. In 2nd Q 2021, the higher profit was mainly contributed by the partial recognition of revenue recorded from sales of a piece of light industrial land.

Hotels

The segment recorded a lower loss in 3rd Q 2021 as compared to 2nd Q 2021. The lower loss in 3rd Q 2021 was due to better occupancy rate and average room rate for 3 overseas hotels in 3rd Q 2021.



B7. Review of Performance

	To 3rd Quarter <u>2021</u> RM '000	To 3rd Quarter <u>2020</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	893,774	615,245	278,529	45
Profit/(loss) before taxation	46,868	(9,704)	56,572	583

Revenue

The Group's revenue in 3Q 2021 was higher than 3Q 2020. The increase in revenue was mainly due to higher selling price of refined oil sold in 3Q 2021.

Profit/(Loss) before taxation

The Group recorded a profit in 3Q 2021 as compared to a loss in 3Q 2020. The results of the following segments in 3Q 2021 were materially different from 3Q 2020:-

Manufacturing

The segment recorded a higher profit in 3Q 2021 as compared to 3Q 2020. The higher profit was due mainly to better refining margin achieved in 3Q 2021 as compared to 3Q 2020.

Hotels

The segment recorded a lower loss in 3Q 2021 as compared to 3Q 2020 due mainly to better occupancy rates for 2 overseas hotels which had reopened in 4th Q 2020 and 3rd hotel in New York in 2nd Q 2021.

Share Investments

The segment recorded lower loss in 3Q 2021 as compared to 3Q 2020 due mainly to lower fair value loss recorded in 3Q 2021 for an unquoted foreign investment held.



B8. Prospects for 2021

Plantation and Manufacturing

The acute shortage of workers in plantation industry and the on-going Covid-19 border restriction only adds to the uncertainty to works such as harvesting of FFB. However, the expectation of lower production will be offset by the higher price of FFB and thus the Plantation performance for 2021 is expected to be similar or better than 2020.

As a result of lower FFB production by growers supplying FFB to the Palm Oil Mill, the FFB intake of the Mill is expected to be slightly lower than 2020 and its performance will remain challenging due to the increase in statutory compliance, sustainability and environmental costs.

The performance of Refinery in the 4th Q is expected to be lower than 3rd Q 2021.

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 extending Home Ownership Campaign (‘HOC’), stamp duty and real property gain tax exemptions and current low mortgage rates will help purchase sentiments. The availability of Covid-19 vaccines and rolling out of vaccination as quickly as possible in the country will spur economic 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. We will continue to market the remaining completed units in Phase 5A (double storey shop offices), Phase 4C (double storey terrace houses-Adenia I), Phase 5BI and Phase 5BII (single storey cluster houses)

In Tanjong Puteri Resort (“TPR”), sales have been encouraging from our 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.

In Taman Daya TD Point and most of our other rental properties, tenants’ businesses have been severely affected by the MCO and this has also affected our rental income.



B8. Prospects for 2021 (cont'd)

Property Investment

The occupancy rates at Menara Keck Seng and Regency Tower are expected to decline in 2021 due to the Covid-19 pandemic.

Hotels & Resort

Despite the ongoing pandemic, we believe the positive demand trend experienced by SpringHill Suites New York hotel in Q3 will continue into Q4, with a strong month of December being anticipated. Most travel restrictions are still being removed and international travel into the US can resume in early November. Broadway and theatres continue to return to live performances, which are key drivers of demand in the city. The remaining segments that have yet to bounce back are the Corporate Travel and Group markets. We hope to see these segments return to more normal patterns starting in Q2 2022. Given the good leisure demand and the increased competition within our competitive set, the hotel plans to re-launch its breakfast service effective in December 2021. This will be a modified F&B offering focused on both cost control and health and safety protocols.

The “DoubleTree by Hilton Alana – Waikiki Beach” enters 2021 after 7-month of temporary suspension of operations in 2020. According to the State of Hawaii’s Department of Business, Economic Development and Tourism, the Hawaii economy is projected to grow by 3.5% this year and by 2.4% next year. Hawaii is only partially recovered from Governor David Ige’s “stay away” request for visitors in August which caused an abrupt tourism pullback and a near-term decline in overall economic activity. Given the Delta wave may now have turned the corner and the state’s inoculation rate continues to improve, beginning November, non-essential travel can resume as well as indoor event at hotels can exceed 10 people capacity. Favorable growth is anticipated for the remainder of the year as a result of phased loosening restrictions on both federal and state levels. Management remains focus on profit conversion in a very competitive “domestic travellers centric” marketplace. Hilton hygiene protocols and local government ordinances are being adhered to protect our guests and team members as priority.



B8. Prospects for 2021 (cont'd)

Hotels & Resort (cont'd)

The Delta Hotels by Marriott Toronto Airport continues to experience soft, but continuously improving demand. The key focus areas continue to be on operating the hotel with limited services and in a highly efficient manner, while respecting all health & safety protocols. Vaccination rates in the Province of Ontario have now exceeded 85% and governmental restrictions are starting to ease. International travel has resumed as of early November 2021 which should help grow Leisure business, and the hotel is starting to see improvements in short-term group demand which has been highly elusive since the start of the pandemic. We are also seeing an increase in the number of scheduled flights into the Toronto International Airport and the hotel is actively pursuing additional air crew, delayed passenger contracts and “Park & Fly” packages to further bolster business levels. The hotel continues to leverage all available governmental subsidies to offset both labour and leasing costs. These subsidies, that were to end in December 2021, have recently been extended to May 2022. The Federal Government has also just announced a new tax credit for Ontario residents to encourage travel within the province.

In general, there is great uncertainty about the duration of the coronavirus pandemic. It is expected that the recovery for our Hotels will be slow and gradual, with most of the hotels projecting normalization only in 2 to 3 years' time.

For Tanjong Puteri Golf Resort, the third quarter of 2021 continued to be severely impacted by the imposed CMCO and consequent lock-downs in golf and F&B dine-in operations. With the re-opening of golf in September and the opening of dine-in services late October the resort experiences an improved revenue generation outlook for the remaining months of 2021. While international borders presently are still closed it is expected that by early 2022 the travel restrictions are reduced and International travel for golfers from Singapore and Korea will resume. In the meantime the resort will continue to focus on the niche market of long-stay customers from the surrounding industrial companies. The management team will continue to enforce the established cost savings initiatives and development programs for its associates to ensure that the operation is fully prepared for a restart with updated “New Norm” SOPs in line with prevailing regulations, and ramp up business levels when travel restrictions be removed and borders reopened in the near future.

Conclusion

The on-going outbreak of new coronavirus variants, 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 the last quarter of 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)	17,556	32,231
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings per share (sen)	4.89	8.97

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		9 months ended	
	30-Sept		30-Sept	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,442	2,257	4,812	11,302
b) Dividend income	2,400	2,187	5,910	5,296
c) Other income	683	560	1,545	1,895
d) Interest expenses	(1,279)	(1,034)	(3,635)	(4,282)
e) Depreciation and amortisation	(8,688)	(9,259)	(24,305)	(29,138)
f) (Allowance for)/(write-off)/write back of receivables	(74)	(92)	(294)	(229)
g) (Allowance for)/(write-off)/write-back of inventories	522	2	686	3
h) Gain /(Loss) on disposal of properties, plant & equipment	0	(27)	6	(14)
i) Gain /(Loss) on disposal of investment properties	0	0	1	3
j) Impairment of assets	0	0	0	0
k) Realised exchange gain/(loss)	66	(944)	374	(520)
l) Unrealised exchange gain/(loss)	(905)	(9,534)	10,041	8,250
m) Assets (written off)/write-back	(1)	(3)	(5)	(6)
n) Gain/(Loss) on derivatives	(21)	24	(91)	(73)
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	103	28	408	116
r) Fair value gain/(loss) on short term funds	7	40	45	(67)
s) Gain/(Loss) on redemption of short term fund	7	0	63	0
t) Fair value gain/(loss) on unquoted investment	(51)	(4,269)	(6,780)	(34,221)