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## **INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 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 31 December 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 December 2021 and its comparative:-

12 months period ended 31/12/2021	<u>Manufacturing</u>	<u>Hotel and Resort</u>	<u>Property development &amp; Investment</u>	<u>Plantations</u>	<u>Share investment</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>REVENUE</b>								
External sales	1,057,706	108,623	142,903	-	9,060	-	-	1,318,292
Inter-segment sales	114,200	-	684	39,200	189,716	-	(343,800)	-
<b>Total revenue</b>	<b>1,171,906</b>	<b>108,623</b>	<b>143,587</b>	<b>39,200</b>	<b>198,776</b>	<b>-</b>	<b>(343,800)</b>	<b>1,318,292</b>
<b>RESULTS</b>								
Operating results	53,537	(52,796)	65,575	18,877	184,673	149	(183,130)	86,885
Foreign exchange gain/(loss)	-	-	-	-	-	7,041	(18)	7,023
Finance costs	(91)	(570)	-	-	(5,091)	(2,141)	5,752	(2,141)
Interest income	-	-	-	-	-	12,006	(5,761)	6,245
<b>Profit/(Loss) before tax</b>	<b>53,446</b>	<b>(53,366)</b>	<b>65,575</b>	<b>18,877</b>	<b>179,582</b>	<b>17,055</b>	<b>(183,157)</b>	<b>98,012</b>
Income tax expense								(23,416)
<b>Profit for the period</b>								<b>74,596</b>

12 months period ended 31/12/2020	<u>Manufacturing</u>	<u>Hotel and Resort</u>	<u>Property development &amp; Investment</u>	<u>Plantations</u>	<u>Share investment</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>REVENUE</b>								
External sales	627,665	63,870	176,152	-	6,776	-	-	874,463
Inter-segment sales	73,535	-	856	28,202	15,180	-	(117,773)	-
<b>Total revenue</b>	<b>701,200</b>	<b>63,870</b>	<b>177,008</b>	<b>28,202</b>	<b>21,956</b>	<b>-</b>	<b>(117,773)</b>	<b>874,463</b>
<b>RESULTS</b>								
Operating results	17,196	(144,538)	61,052	9,974	(31,377)	19	(8,835)	(96,509)
Foreign exchange gain/(loss)	-	-	-	-	-	(61)	7	(54)
Finance costs	(151)	(583)	-	-	(6,279)	(1,875)	7,013	(1,875)
Interest income	-	-	-	-	-	20,229	(7,021)	13,208
<b>Loss before tax</b>	<b>17,045</b>	<b>(145,121)</b>	<b>61,052</b>	<b>9,974</b>	<b>(37,656)</b>	<b>18,312</b>	<b>(8,836)</b>	<b>(85,230)</b>
Income tax credit								13,256
<b>Loss for the period</b>								<b>(71,974)</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 December 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.

	12 months ended	
	31-Dec	
	2021	2020
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	73,808	48,416
Sales	77,910	52,105
Rental income	684	855
Dividend income	189,716	15,180
Interest income	5,744	7,021
Management fees	1,146	1,192
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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	10,431	5,954
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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 December 2021 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(14,420)	(32,054)
Real property gain tax	-	-
Foreign tax	1,934	115
	<u>(12,486)</u>	<u>(31,939)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	(361)	(306)
Foreign tax	2	2
	<u>(359)</u>	<u>(304)</u>
Deferred tax		
Transfer from/(to) deferred taxation	8,056	8,827
	<u>(4,789)</u>	<u>(23,416)</u>

### 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	-	32,193
Note payable within a year - secured	1,762	7,348
Long term borrowings:-		
Note payable after 1 year - secured	44,055	183,755

### 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 December 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	50,515	268

### 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>4th Quarter 2021</u>	<u>3rd Quarter 2021</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	424,518	329,245	95,273	29
Profit before taxation	51,144	25,311	25,833	102

### Revenue

The Group's revenue in 4th Q 2021 was higher than 3rd Q 2021. The following segments had recorded a revenue in 4th Q 2021 materially different from 3rd Q 2021:-

#### Manufacturing

The segment recorded a higher revenue in 4th Q 2021 as compared to 3rd Q 2021. The increase in revenue was mainly due to higher selling price and quantity of refined oil sold in 4th Q 2021.

#### Property Development

A higher revenue was recorded by the segment in 4th Q 2021 as compared to 3rd Q 2021. The increase in revenue was due to progress recognition of revenue recorded from sales of a piece of light industrial land in Tanjong Puteri Resort and higher number of units sold for residential and commercial properties at Bandar Baru Kangkar Pulai as compared to preceding quarter.

### Profit before taxation

The Group recorded a higher profit in 4th Q 2021 as compared to 3rd Q 2021. The following segments had recorded results in 4th Q 2021 materially different from 3rd Q 2021:-

#### Property Development

The segment recorded a higher profit in 4th Q 2021 as compared to 3rd Q 2021. The higher profit was mainly contributed by the progress recognition of revenue recorded from sales of a piece of light industrial land in Tanjong Puteri Resort and higher number of units sold for certain residential and commercial properties.

#### Hotels

The segment recognised an impairment loss on an overseas hotel. As a result, the segment recorded a higher loss in 4th Q 2021 as compared to 3rd Q 2021.



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

### **Profit before taxation (cont'd)**

#### Share Investments

The segment recorded a profit in 4th Q 2021 as compared to a loss in 3rd Q 2021 due mainly to a fair value gain recorded in 4Q 2021 for an unquoted foreign investment held. The segment also recorded a higher dividend income received in 4th Q 2021 as compared to 3rd Q 2021.





## B7. Review of Performance

	To 4th Quarter <u>2021</u> RM '000	To 4th Quarter <u>2020</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	1,318,292	874,463	443,829	51
Profit/(loss) before taxation	98,012	(85,230)	183,242	215

### Revenue

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

### Profit/(Loss) before taxation

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

#### Manufacturing

The segment recorded a higher profit in 2021 as compared to 2020. The higher profit was due mainly to better refining margin achieved in 2021 as compared to 2020. The segment also recorded a forex gain in 2021 as compared to a forex loss in 2020.

#### Hotels

The segment recorded a lower loss in 2021 than 2020 due mainly to lower impairment loss recognised in 2021 and better occupancy rates for 3 overseas hotels in 2021. The lower loss was also attributed to the temporary closure of the hotels in 2020.

#### Share Investments

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



## **B8. Prospects for 2022**

### Plantation and Manufacturing

Plantation is expected to record a lower FFB production due to a severe labour shortage caused by the ongoing Covid-19 pandemic. The price of inorganic fertilizers constituting a significant portion of estate production cost has increased tremendously. As a result of lower FFB production and higher production costs, performance of the Plantation in 2022 is expected to be lower than 2021.

Though all the FFB produced by the Group are supplied to the Palm Oil Mill, the Mill still depends largely on third party suppliers for its FFB intake. Both Covid-19 restrictions and government policy restricting the import of foreign workers have resulted in labour shortages to the plantation industry. Compliance costs to comply with the more stringent statutory, sustainability and environmental regulations and the general inflationary costs have increased the operating costs of the Mill. Palm oil prices which have peaked are expected to trend downwards. In view of all these negative factors, the performance of the Mill in 2022 is expected to be challenging.

Owing to the expected relatively low refining margin and sales arising from low palm oil stock, the performance of Refinery in 2022 is not likely to be better than that of 2021.

### Property Development

The unprecedented Covid-19 pandemic and the emergence of new variants like Omicron, will continue to affect and disrupt many aspects of property development. Restrictions imposed under 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 of these challenges. However, Government’s initiatives such as stamp duty and real property gain tax exemptions and current low mortgage rates are likely to improve purchaser’s sentiments.

In Bandar Baru Kangkar Pulai (“BBKP”), we are planning to launch new phases of residential houses comprising double-storey terrace houses and double-storey cluster houses. We are actively promoting the sales of Phase 5B3 single-storey terrace houses launched in September 2021. We will continue to market the remaining completed units in Phase 5A (double-storey shop offices), Phase 4C and Phase 4B (double-storey terrace houses), Phase 5BI and Phase 5BII (single-storey cluster houses).

In Tanjong Puteri Resort (“TPR”), sales have been encouraging for our new Phase 7A comprising 115 units of single-storey terrace houses. We are planning to launch new phases of single and double-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 Covid-19 pandemic. However, with the opening of more shops in Taman Daya TD Central in 2022, total rental income is expected to improve.



## **B8. Prospects for 2022 (cont'd)**

### Property Investment

The occupancy rates at Menara Keck Seng and Regency Tower are expected to decline in 2022 due to the continuing impact of Covid-19 pandemic.

### Hotels & Resort

Despite the ongoing pandemic, the SpringHill Suites Midtown Manhattan performed decently in 2021 and ended the year significantly above their budgeted targets, achieving a breakeven for its Gross Operating Profit. Although 2022 started with another devastating wave of Covid-19 cases due to the new Omicron variant, the case counts have started to fall. While this new wave will negatively impact the hotel's performance in the first two months of 2022, the reduction in the number of cases and the removal of some of the Covid restrictions should bode well for a return of the leisure demand late in Q1 and into Q2. We also expect to see longer-term improvements in the Corporate Travel and Group markets in the second half of this year. Due to ongoing cost containment efforts and health & safety protocols, the hotel has not yet re-launched its complimentary breakfast service, but plans to do so later in Q1 as business starts to rebound and the Covid-19 infection rates continue to reduce.

The DoubleTree by Hilton Alana – Waikiki Beach had ended well in 2021 with a twofold increase on EBITDA year on year despite the marketplace repeatedly faced Covid headwinds. Although the state legislature recently allowed the counties to levy an additional 3% transient accommodations tax to give Hawaii the highest hotel taxes in the nation, our hotel enters the new year with conservative optimism as people are increasingly embracing a return to normalcy, including vacations or business trips involving long-haul airline travel. International travellers, particularly from Japan, are expected to return in 2H this year, with the assumption that inoculation rates continues to rise overseas. In addition, the resilience of mainland arrivals, and the possibility of an “endemic” phase should support a 3% GDP growth in 2022 projected by the State of Hawaii’s Department of Business, Economic Development and Tourism. Management’s top priority is profit maximization to offset tepid economic recovery, unprecedented inflation, phased hotel services resumption and potential impact during the weather-dependent spalling repair and façade painting capital project. The Hotel will continue to monitor federal and state Covid guidelines to protect the wellbeing of our guests and team members.



## **B8. Prospects for 2022 (cont'd)**

### Hotels & Resort (cont'd)

While the pandemic and lockdown measures continue into early 2022 in Ontario, Toronto's Airport corridor is expected to recover at a decent pace in 2022, The hotel recently experienced several significant cancellations impacting Q1 2022 due to the raised concerns over the Omicron variant and renewed capacity restrictions on meetings and gatherings. Despite this, the hotel has budgeted for a strong rebound in demand in 2022, especially from mid-Q2 onwards. Additionally, the reopening of the food and beverage outlets at full capacity will continue to contribute incremental revenue that has been absent for the past 2 years due to continuous shutdowns as a result of government regulations. Through this transition/recovery period the Hotel will continue to focus on revenue generation, cost containment and maximization of government subsidy programs.

For Tanjong Puteri Golf Resort, the final quarter of 2021 continued to be severely impacted by continuing international travel restrictions and the increase in Covid infections due to the Omicron variant. While International borders presently are still closed, it is expected that by the end of Q1 2022 when travel restrictions are reduced, golfers from Singapore and Korea will resume. We do remain optimistic for a ramp-up in business after the Causeway reopens with improved revenues from golf and other non-golf businesses. 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 also continue to enforce the established cost-saving 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 when travel restrictions are removed and borders reopened in the very near future.

### Conclusion

The on-going coronavirus pandemic, US-China trade war, global climate change, volatility of currency exchange and commodities prices and recent armed conflict in the Ukraine are likely to create further global security and economic uncertainties which are likely to adversely affect the financial performance of the Group in 2022.



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

Not applicable.

**B10. Dividends**

The Board will announce their recommendation on the dividend at a later date.

**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)	46,789	79,020
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings per share (sen)	13.02	21.99

*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		12 months ended	
	31-Dec		31-Dec	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,433	1,906	6,245	13,208
b) Dividend income	3,150	1,480	9,060	6,776
c) Other income	1,004	1,069	3,975	5,870
d) Interest expenses	(1,084)	(1,193)	(4,719)	(5,475)
e) Depreciation and amortisation	(8,471)	(10,127)	(32,776)	(39,265)
f) (Allowance for)/(write-off)/write back of receivables	76	(295)	(218)	(524)
g) (Allowance for)/(write-off)/write-back of inventories	141	56	827	59
h) Gain /(Loss) on disposal of properties, plant & equipment	20	7	26	(7)
i) Gain /(Loss) on disposal of investment properties	0	0	1	3
j) Impairment of assets	(13,825)	(66,465)	(13,825)	(66,465)
k) Realised exchange gain/(loss)	(304)	(1,566)	70	(2,087)
l) Unrealised exchange gain/(loss)	(803)	(2,343)	9,238	5,907
m) Assets (written off)/write-back	(270)	(6)	(275)	(12)
n) Gain/(Loss) on derivatives	276	156	185	83
o) Gain/(Loss) on disposal of Land from compulsory acquisition	0	0	0	0
p) Provision for land held for development	(1,250)	(44)	(1,250)	(44)
q) Fair value gain/(loss) on biological assets	207	(146)	615	(30)
r) Fair value gain/(loss) on short term funds	(137)	73	(92)	6
s) Gain/(Loss) on redemption of short term fund	178	13	241	13
t) Fair value gain/(loss) on unquoted investment	3,214	(22,522)	(3,566)	(56,749)