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## **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

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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 2021. 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 2021.

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 2021 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 2022:

#### **Effective for financial periods beginning on or after 1 January 2022**

Amendments to MFRSs contained in the document entitled

"Annual Improvements to MFRS Standards 2018–2020"

Amendments to MFRS 3: Business Combinations– Reference to the Conceptual Framework

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

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract MFRS 17 Insurance Contracts

Amendments to MFRS 101: Presentation of Financial Statements

– Classification of Liabilities as Current or Non-current

– Disclosure of Accounting Policies

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112: Income Taxes - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2021 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 2021	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 2022.

## **A7. Dividend paid**

A single-tier interim dividend of 5 sen per share in respect of financial year ending 31 December 2022 was paid on 12 April 2022.



## A8. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 March 2022 and its comparative:-

3 months period ended 31/3/2022	Property development & investment							Consolidated RM'000
	Manufacturing RM'000	Hotel and Resort RM'000	Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations RM'000	
<b>REVENUE</b>								
External sales	325,013	39,856	41,544	-	1,014	-	-	407,427
Inter-segment sales	41,892	-	239	14,156	-	-	(56,287)	-
<b>Total revenue</b>	<b>366,905</b>	<b>39,856</b>	<b>41,783</b>	<b>14,156</b>	<b>1,014</b>	<b>-</b>	<b>(56,287)</b>	<b>407,427</b>
<b>RESULTS</b>								
Operating results	17,412	(472)	20,700	8,814	1,134	285	(2,433)	45,440
Foreign exchange gain/(loss)	-	-	-	-	-	2,576	-	2,576
Finance costs	(12)	(158)	-	-	(1,279)	(460)	1,449	(460)
Interest income	-	-	-	-	-	2,881	(1,450)	1,431
<b>Profit/(Loss) before tax</b>	<b>17,400</b>	<b>(630)</b>	<b>20,700</b>	<b>8,814</b>	<b>(145)</b>	<b>5,282</b>	<b>(2,434)</b>	<b>48,987</b>
Income tax expense								(13,549)
<b>Profit for the period</b>								<b>35,438</b>

3 months period ended 31/3/2021	Property development & investment							Consolidated RM'000
	Manufacturing RM'000	Hotel and Resort RM'000	Investment RM'000	Plantations RM'000	Share investment RM'000	Others RM'000	Eliminations 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)	-
<b>Total revenue</b>	<b>227,186</b>	<b>10,011</b>	<b>36,233</b>	<b>6,799</b>	<b>940</b>	<b>-</b>	<b>(29,161)</b>	<b>252,008</b>
<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
<b>Profit/(Loss) before tax</b>	<b>10,768</b>	<b>(17,707)</b>	<b>12,476</b>	<b>2,178</b>	<b>(2,713)</b>	<b>8,771</b>	<b>(83)</b>	<b>13,690</b>
Income tax credit								(4,674)
<b>Profit for the period</b>								<b>9,016</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 2022 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	
	2022	2021
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	26,378	13,166
Sales	28,918	15,591
Rental income	240	171
Dividend income	-	15,180
Interest income	1,448	1,383
Management fees	287	298
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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	3,366	1,972
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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 2022 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(10,728)	(10,728)
Real property gain tax	-	-
Foreign tax	<u>(2,793)</u>	<u>(2,793)</u>
	(13,521)	(13,521)
Over/(under) provision in respect of prior years		
Malaysian income tax	-	-
Foreign tax	<u>-</u>	<u>-</u>
	-	-
Deferred tax		
Transfer from/(to) deferred taxation	(28)	(28)
Total income tax expense	<u>(13,549)</u>	<u>(13,549)</u>

The Group's effective tax rate of 28% is higher than statutory tax rate of 24% mainly due to income of certain subsidiary which is subject to higher tax rate in foreign jurisdiction.

### 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	-	30,601
Note payable within a year - secured	3,350	14,075
Long term borrowings:-		
Note payable after 1 year - secured	40,984	172,192

### 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 2022, 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	35,777	-

### 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 2022</u>	<u>4th Quarter 2021</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	407,427	424,518	(17,091)	(4)
Profit before taxation	48,987	51,144	(2,157)	(4)

### Revenue

The Group's revenue in 1st Q 2022 was lower than 4th Q 2021 mainly due to decrease in revenue recorded in Property Development Segment. The decrease in revenue was due to lower number of units sold for residential properties under development and lower revenue recognised from sales of Tanjong Puteri Resort light industrial land as compared to preceding quarter.

### Profit before taxation

The Group recorded a lower profit in 1st Q 2022 as compared to 4th Q 2021. The following segments had recorded results in 1st Q 2022 materially different from 4th Q 2021:-

#### Property Development

The segment recorded a lower profit in 1st Q 2022 as compared to 4th Q 2021. The lower profit was mainly due to lower profit margin and lower number of units sold for residential properties. The decrease was also due lower profit recognised on sale of light industrial land in Tanjong Puteri Resort in 1st Q 2022.

#### Hotels

The segment recorded a profit in 1st Q 2022 as compared to a loss in 4th Q 2021. The loss in 4th Q 2021 was due mainly to an impairment loss recognised on an overseas hotel.



## B7. Review of Performance

	To 1st Quarter <u>2022</u> RM '000	To 1st Quarter <u>2021</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	407,427	252,008	155,419	62
Profit before taxation	48,987	13,690	35,297	258

### Revenue

The Group's revenue in 1Q 2022 was higher than 1Q 2021. The following segments had recorded revenue in 1Q 2022 materially different from 1Q 2021:-

#### Manufacturing

The segment recorded a higher revenue in 1Q 2022 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 2022.

#### Hotels

A higher revenue was recorded by the segment in 1Q 2022 as compared to 1Q 2021. The increase in revenue was mainly due to higher average room rate and occupancy rate for our overseas hotels as a result of rebound in demand after the easing of travel restriction and pandemic lockdown measures.

### Profit before taxation

The Group recorded a higher profit in 1Q 2022 as compared to 1Q 2021. The results of the following segments in 1Q 2022 were materially different from 1Q 2021:-

#### Manufacturing

The segment recorded a higher profit in 1Q 2022 as compared to 1Q 2021. The higher profit was due mainly to better refining margin achieved in 1Q 2022 as compared to 1Q 2021.

#### Property Development

The segment recorded a higher profit in 1Q 2022 as compared to 1Q 2021. The higher profit was mainly contributed from sales of light industrial land in Tanjong Puteri Resort although the profit from sale of residential properties was lower.





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

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

#### Hotels

The segment recorded a profit in 1Q 2022 as compared to a loss in 1Q 2021 due mainly to better occupancy and average room rates for the 3 overseas hotels in 1Q 2022.

## **B8. Prospects for 2022**

#### Plantation and Manufacturing

Plantation is expected to record a lower FFB production due to a severe labour shortage as a continuing consequence of the Covid 19 pandemic, even though most restrictions on travel have now been lifted. 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.

Besides the FFB produced by our own Group, the intake of FFB to Palm Oil Mill depends largely on the FFB delivered by third parties. As a result of government policy restricting the import of foreign workers, both Plantation and the Mill are experiencing great labour shortages. Costs to comply with the minimum basic wage of RM1,500 per month effective from May 2022 and regulations on sustainability and environment coupled with high inflation have increased the operating costs of the Mill significantly. To cushion the costs, the private milling industry had from May 2022 increased the processing charge to help reduce the cost of FFB purchase. The competition for FFB will remain keen and performance of the Mill in 2022 remains challenging.

The performance of the Refinery in 2022 is not likely to be better than that of 2021 due to the expected relatively low refining margin and CPO production.

#### Property Development

Global Economic uncertainty, the Covid 19 pandemic and sharp increase in material prices and labour costs will continue to affect and disrupt many aspects of property development. We remain cautious and vigilant in view of the impact of these challenges.

In Bandar Baru Kangkar Pulai ("BBKP"), we are planning to launch new phases of guarded and gated double-storey terrace houses and double-storey cluster houses. We are actively promoting the sales of Avelia single-storey terrace houses, Adenia double-storey terrace houses, Amber Hills single-storey cluster houses and the remaining Phase 5A double-storey shops.



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

### Property Development (cont'd)

In Tanjong Puteri Resort (“TPR”) we are planning to launch a new phase of single-storey houses. Sales have been encouraging for our new phase of 115 units Aster single-storey terrace houses and we will continue to market the remaining completed units in Alysia double-storey terrace houses.

TD Point and most of our other rental properties, tenants’ businesses have been severely affected by the Covid-19 pandemic. Despite this, with the reopening of borders with Singapore, business sentiment is expected to improve.

We are planning for the opening of TD Central Commercial Zone in 2H 2022.

### Property Investment

The occupancy rates at Menara Keck Seng and Regency Tower are expected to remain weak due to global economic weakness as well as the continuing impact of the Covid-19 pandemic.

### 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 travellers, and this leisure business segment has improved as the restrictions on restaurants and tourist attractions are being lifted. Broadway, one of the city’s main demand generators, has re-opened and has accelerated this recovery. Initial Occupancy levels have been soft and Average Rates will be highly competitive as more hotels re-open. Second quarter has started very promising as the tourist season has begun in New York and the hope is that barring any resurgence of the virus, the positive trends will continue.

The DoubleTree by Hilton Alana – Waikiki Beach 2022 revenue and EBITDA are projected to exceed prior year’s performance. The State of Hawaii’s Department of Business, Economic Development and Tourism had estimated a 3% GDP growth in 2022. The overall visitor arrivals will not reach pre-pandemic peak levels until 2025 due to the slow return of international travellers, record-high inflation rates and the continuing risks posed by Covid 19 including any mutations which may result in some restrictions on travel being imposed. While the neighbouring islands continued their encouraging performance, Oahu was still down relative to 2019 with both occupancy and Revenue Per Available Room below 13% in Q1. On the property level, to better mitigate the potential revenue displacement, we have scheduled the spalling repair and facade painting capital project. Hotel management remains focused on profits optimization through robust commercial strategies, phased hotel services reactivation and prudent talent management. Hilton team continues monitoring both federal & state Covid-19 recommendations to protect our guests’ and team members’ health/safety while the population prepares to enter the endemic phase.



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

### Hotels & Resort (cont'd)

With the pandemic and lockdown measures continuing to ease in Ontario, Toronto's Airport is expected to recover at a decent pace in 2022. The hotel's occupancy rate had started to rebound in late 2021 but the recovery was hampered by some cancellations due to the raised concerns over the Omicron variant. Despite this challenge, the hotel has budgeted for a strong rebound in 2022 from mid-Q2 onwards. The reopening of the food and beverage outlets at full capacity is expected to contribute incremental revenue and during this transition/recovery period, the Hotel will continue to focus on revenue generation, cost containment and maximization of government subsidy programs.

The first quarter's result at Tanjong Puteri Golf Resort had been severely impacted by travel restrictions but since the gradual easing of international travel restrictions and the reopening of the Causeway in April, some golfers from Singapore have started to return. The Resort is also seeing positive trends for its conferences business. With increasing golfing activity at the Resort, it may be financially viable to re-open the third golf course of 18 holes at end of second quarter. Meanwhile, the Resort will continue to focus on the niche market of long-stay customers from the surrounding industrial companies and to continue with the established cost conscious management strategy to address the recent severe price increases of goods.

### Conclusion

The on-going armed conflict in the Ukraine has triggered a global price increase of commodities. Covid-19 pandemic, US-China trade war, global climate change and volatility of currency exchange 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

- a) A single-tier interim dividend of 5 sen per share in respect of the financial year ending 31 December 2022 was paid on 12 April 2022.
- b) The total dividends for the current financial year ending 31 December 2022:

<u>Type of dividend</u>	<u>sen per share</u>
Interim, single-tier	5.00

- c) The total dividends for the financial year ending 31 December 2021:

<u>Type of dividend</u>	<u>sen per share</u>
Final, single-tier	5.00

## 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)	36,099	36,099
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings per share (sen)	10.05	10.05

- 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,431	1,749	1,431	1,749
b) Dividend income	1,014	940	1,014	940
c) Other income	1,219	618	1,219	618
d) Interest expenses	(1,099)	(1,152)	(1,099)	(1,152)
e) Depreciation and amortisation	(7,764)	(7,310)	(7,764)	(7,310)
f) (Allowance for)/(write-off)/write back of receivables	(68)	(74)	(68)	(74)
g) (Allowance for)/(write-off)/write-back of inventories	85	0	85	0
h) Gain /(Loss) on disposal of properties, plant & equipment	10	4	10	4
i) Gain /(Loss) on disposal of investment properties	0	0	0	0
j) Impairment of assets	0	(439)	0	(439)
k) Realised exchange gain/(loss)	852	(462)	852	(462)
l) Unrealised exchange gain/(loss)	3,722	10,218	3,722	10,218
m) Assets (written off)/write-back	(2)	(1)	(2)	(1)
n) Gain/(Loss) on derivatives	(268)	(243)	(268)	(243)
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	307	348	307	348
r) Fair value gain/(loss) on short term funds	285	(9)	285	(9)
s) Gain/(Loss) on redemption of short term fund	0	10	0	10
t) Fair value gain/(loss) on unquoted investment	0	0	0	0