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## **INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 27 May 2022.

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 December 2022.



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

- 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) A final single-tier dividend of 5 sen per share in respect of the financial year ended 31 December 2021 was paid on 6 July 2022.



## A8. Segmental Information

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

12 months period ended 31/12/2022	<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	1,438,939	261,521	124,969	-	7,649	-	-	1,833,078
Inter-segment sales	147,274	-	1,266	46,033	23,281	-	(217,854)	-
<b>Total revenue</b>	<b>1,586,213</b>	<b>261,521</b>	<b>126,235</b>	<b>46,033</b>	<b>30,930</b>	<b>-</b>	<b>(217,854)</b>	<b>1,833,078</b>
<b>RESULTS</b>								
Operating results	90,499	58,417	45,875	17,943	27,140	1,433	(16,197)	225,110
Foreign exchange gain/(loss)	-	-	-	-	-	22,886	73	22,959
Finance costs	(29)	(857)	-	-	(6,594)	(1,258)	7,480	(1,258)
Interest income	-	-	-	-	-	21,644	(7,530)	14,114
<b>Profit/(Loss) before tax</b>	<b>90,470</b>	<b>57,560</b>	<b>45,875</b>	<b>17,943</b>	<b>20,546</b>	<b>44,705</b>	<b>(16,174)</b>	<b>260,925</b>
Income tax expense								(49,575)
<b>Profit for the period</b>								<b>211,350</b>

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	102,309	142,903	-	9,060	-	-	1,311,978
Inter-segment sales	114,200	-	684	39,200	189,716	-	(343,800)	-
<b>Total revenue</b>	<b>1,171,906</b>	<b>102,309</b>	<b>143,587</b>	<b>39,200</b>	<b>198,776</b>	<b>-</b>	<b>(343,800)</b>	<b>1,311,978</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>



### 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 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.

	12 months ended	
	31-Dec	
	2022	2021
	<u>RM'000</u>	<u>RM'000</u>
(i) Transactions with subsidiaries		
Purchases	92,581	73,809
Sales	97,750	77,910
Rental income	1,266	684
Dividend income	23,281	189,716
Interest income	7,429	5,761
Management fees	1,146	1,146
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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	13,626	10,431
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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 2022 was made up as follows:-

	<u>Current Quarter</u> RM'000	<u>Year To-Date</u> RM'000
Current tax:		
Malaysian income tax	(9,019)	(37,592)
Foreign tax	2,704	(3,658)
	<u>(6,315)</u>	<u>(41,250)</u>
Over/(under) provision in respect of prior years		
Malaysian income tax	-	(83)
Foreign tax	(1)	(1)
	<u>(1)</u>	<u>(84)</u>
Deferred tax		
Transfer from/(to) deferred taxation	(8,712)	(8,241)
	<u>(8,712)</u>	<u>(8,241)</u>
Total income tax expense	<u>(15,028)</u>	<u>(49,575)</u>

The Group's effective tax rate of 19% was lower than the statutory tax rate of 24% due mainly to certain income not subject to tax and utilisation of unabsorbed capital allowances and tax losses.

### 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	-	3,493
Note payable within a year - secured	39,428	173,937
Long term borrowings:-		
Note payable after 1 year - secured	-	-

### 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 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	10,517	(490)

### 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 2022</u>	<u>3rd Quarter 2022</u>	<---- Increase/(Decrease)---->	
	RM	RM	RM	%
	'000	'000	'000	
Revenue	379,870	441,614	(61,744)	(14)
Profit before taxation	62,005	75,409	(13,404)	(18)

### Revenue

The Group's revenue in 4th Q 2022 was lower than 3rd Q 2022 mainly due to lower selling price of refined oil sold in 4th Q 2022 in the manufacturing segment.

### Profit before taxation

The Group recorded a lower profit in 4th Q 2022 as compared to 3rd Q 2022. The following segments had recorded results in 4th Q 2022 materially different from 3rd Q 2022:-

#### Manufacturing

The segment recorded a forex loss in 4th Q 2022 as compared to a forex gain in 3rd Q 2022. As a result, the segment reported a lower profit in 4th Q 2022 as compared to the preceding quarter.

#### Hotels

The segment recorded a higher profit in 4th Q 2022 as compared to 3rd Q 2022 due mainly to a reversal of impairment loss on an overseas hotel in 4th Q 2022.

#### Share Investments

The segment recorded a profit in 4th Q 2022 as compared to a loss in 3rd Q 2022 due mainly to a forex gain recorded for an unquoted foreign investment held by the Group in 4th Q 2022.

#### Forex as Unallocated Item

The weakening of USD and strengthening of SGD against MYR in 4th Q 2022 had resulted in an overall lower forex gain on the foreign currencies on hand as compared to 3rd Q 2022.





## B7. Review of Performance

	To 4th Quarter <u>2022</u> RM '000	To 4th Quarter <u>2021</u> RM '000	< -- Increase/(Decrease)-- >	
			RM '000	%
Revenue	1,833,078	1,311,978	521,100	40
Profit before taxation	260,925	98,012	162,913	166

### Revenue

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

#### Manufacturing

The segment recorded a higher revenue in 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 2022.

#### Hotels

A higher revenue was recorded by the segment in 2022 as compared to 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 2022 as compared to 2021. The results of the following segments in 2022 were materially different from 2021:-

#### Manufacturing

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



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

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

#### Hotels

The segment recorded a profit in 2022 as compared to a loss in 2021 due mainly to a reversal of impairment loss recognised on an overseas hotel and better occupancy and average room rates for the 3 overseas hotels in 2022. The segment also recorded a one off gain from waiver of loan received by foreign subsidiaries in United States of America, under Paycheck Protection Program in 2022.

#### Property Development

The segment recorded lower profit in 2022 as compared to 2021 due mainly to lower profit recognised from sales of residential property building in progress and industrial land sold.

#### Forex as Unallocated Item

Strengthening of USD and SGD against MYR in 2022 had resulted in a higher forex gain on the foreign currencies on hand as compared to 2021.

## **B8. Prospects for 2023**

### Plantation and Manufacturing

With the recent decision by the Malaysian Government to simplify the application procedures and shorten the whole process of recruiting foreign workers into Malaysia coupled with the Labour Recalibration Programme 2.0, severe labour shortages are expected to be resolved. The arrival of foreign workers is expected to increase plantation yield and productivity. Prices of CPO remain volatile due to various factors such as Indonesia's CPO export control policies, ongoing anti-palm oil campaigns and geopolitical tensions. With the increasing prices of inorganic fertilizers, agro-chemicals, agricultural machinery and parts, the performance of the Plantation in 2023 is expected to be challenging.

Since FFB production is expected to improve, it is hoped that Palm Oil Mill will benefit from it despite having to face stiff competition on purchases of FFB. As a result of current inflationary pressures worldwide, the minimum wage order and compliance costs on environmental protection and sustainability, the performance of the Mill is expected to be challenging.

For Refinery, it is anticipated to operate in a negative refining margin in the 1st half of 2023.



## **B8. Prospects for 2023 (cont'd)**

### Property Development

The Ruby Hills development phase, in Bandar Baru Kangkar Pulai (“BBKP”), consisting of 132 units of Phase 8A gated and guarded double-storey cluster houses launched in June 2022 received good take-up rates with more than 77% of the units sold. A new phase, Citrine Hills, consisting of 139 units of double-storey terrace houses was launched in 4Q 2022 and received moderate response. We are also actively promoting the sales of the remaining Avelia single-storey terrace houses and Amber Hills single-storey cluster houses. Moving forward, the Division is planning to launch another phase, Phase 8B double-storey cluster houses in Ruby Hills in 2Q 2023.

In Tanjong Puteri Resort (“TPR”), we are planning to launch a new phase of single-storey terrace houses in 1Q 2023 and another phase of double-storey terrace houses in 4Q 2023.

TD Point and our other rental properties have seen steady recovery with the reopening of borders and TD Point has been further boosted by the recently opened Eco-Shop. Our newest “Build-to-Lease” standalone commercial outlet, TD Central, opened progressively from March 2022 to good public reception attracted by branded tenants such as A&W Restaurant with their retro-concept store, and Watsons with their first pharmacy drive-thru store in Malaysia. As more units are being completed, there will be more standalone commercial outlets opening in TD Central from 2Q 2023 onwards.

In view of the heightened macroeconomic pressures both globally and nationally, the increase in construction, material and labour costs and the impact of higher inflation and rising interest rates affecting cost of living and affordability, we remain cautious and vigilant of the timing of new launches and the challenges associated with rising construction cost.

### Property Investment

The occupancy rates at Menara Keck Seng are expected to remain stable while for Regency Tower, the occupancy rates are expected to increase gradually as global economies recover.

### Hotels & Resort

The SpringHill Suites Midtown Manhattan finished 2022 on a strong footing with more than 66% of the yearly Gross Operating profits having been generated in the last Trimester of the year. The leisure market continues to be the strongest performing segment and we are also seeing steady improvements in both the Business Travel and Group segments. The hotel continues to outperform its Competitive Set, and we are now seeing monthly revenues meet or even exceed the levels achieved in 2019, prior to the pandemic. The strong Average Rates in the market seem to be holding and this growth in rates should continue to fuel good flow-thru margins. Finally, although the 1st quarter tends to be the slowest period of the year in New York City, we expect fairly satisfactory results.



## **B8. Prospects for 2023 (cont'd)**

### Hotels & Resort (cont'd)

Hawaii's hotel industry had a stellar year in 2022 for its rate of growth on many fronts. However, with return of Asian travellers still lagging, Oahu Hotel's RevPAR was still nearly -10% below the pre-pandemic level. DoubleTree by Hilton Alana – Waikiki Beach also showcased a stronger-than-expected 2022 Q4 performance with a healthy 33.5% EBITDA margin in 2022. The better margin was mainly attributed to the higher cancellation of group revenue from government and quarantine contracts, coupled with labour cost savings, including less demand for rooms cleaning service and a lean staffing model adopted in F&B operations. Hotel will also face a 9-month-long capex on spalling repair and façade painting in 2023. Moving forward, Management is working diligently to achieve a satisfactory result in 1st quarter 2023.

Toronto Airport Hotel in Ontario had an overall strong 4th Quarter in 2022 due to very robust group rooms and banquet / meetings business in October and November and finished 2022 with an Average Daily Rate of 10% higher than in 2019. As strong average rates continue to hold combined with positive "on the books" and prospects on group business levels, the performance of the hotel in 1st Quarter of 2023 is expected to perform satisfactorily.

The fourth quarter result at Tanjong Puteri Golf Resort ("TPGR") continued to show minor revenue improvements resulting from the easing of travel restrictions from Singapore. The steep increase in the cost of food ingredients, operating supplies and manpower limits the prospect of a meaningful improvement in profit margins. The Resort will continue to focus on measures to increase critical mass and traffic, including working with golfing and travel agencies and specialised operators; while continuing to seek cost saving initiatives to help counter the recent severe price increases of goods and other operating expenses. Inflationary costs have become a significant risk to TPGR's financial performance now and for the foreseeable future and the business environment remains challenging.

### Conclusion

There is no end in sight to the war in Ukraine which has resulted in energy and food crises among other things. Existing geopolitical tensions, any resurgence of COVID-19, surging inflation, global climate change, rising interest rates and volatility in international currency markets are likely to impact the performance of the Group in 2023.

## **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 Board will announce their recommendation on the dividend at a later date.
- c) 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

- d) 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)	44,265	203,548
Weighted average number of ordinary shares in issue ('000)	359,314	359,314
Basic earnings per share (sen)	12.32	56.65

- 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
a) Interest income	6,892	1,433	14,114	6,245
b) Dividend income	614	3,150	7,649	9,060
c) Other income	(11,030)	6,632	3,121	8,177
d) Interest expenses	(2,219)	(1,084)	(6,730)	(4,719)
e) Depreciation and amortisation	(8,425)	(8,471)	(32,629)	(32,776)
f) (Allowance for)/(write-off)/write back of receivables	(25)	76	(34)	(218)
g) (Allowance for)/(write-off)/write-back of inventories	(22)	141	127	827
h) Gain /(Loss) on disposal of properties, plant & equipment	0	20	15	26
i) Gain /(Loss) on disposal of investment properties	0	0	0	1
j) Reversal/(Provision) of impairment of assets	19,636	(13,825)	19,636	(13,825)
k) Realised exchange gain/(loss)	2,195	(304)	8,446	70
l) Unrealised exchange gain/(loss)	(13,756)	(803)	27,265	9,238
m) Assets (written off)/write-back	(283)	(270)	(300)	(275)
n) Gain/(Loss) on derivatives	1,849	276	(758)	185
o) Provision for land held for development	0	(1,250)	0	(1,250)
p) Fair value gain/(loss) on biological assets	295	207	29	615
q) Fair value gain/(loss) on short term funds	495	(137)	1,433	(92)
r) Gain/(Loss) on redemption of short term fund	0	178	0	241
s) Fair value gain/(loss) on unquoted investment	573	3,214	5,631	(3,566)
t) Waiver of loan received from Paycheck Protection Program	79	0	11,527	0