

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2021
THE FIGURES HAVE NOT BEEN AUDITED****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	3,573	2,061	9,278	11,355
Cost of sales	(1,638)	(1,033)	(4,250)	(6,179)
Gross profit	1,935	1,028	5,028	5,176
Other (expenses)/income	(63,422)	362	(63,378)	(4,100)
Operating and administrative expenses	(25,486)	(6,540)	(40,430)	(28,536)
Loss from operations	(86,973)	(5,150)	(98,780)	(27,460)
Finance cost	(747)	(606)	(3,483)	(3,604)
Loss before tax	(87,720)	(5,756)	(102,263)	(31,064)
Income tax expense	16,823	132	17,071	1,078
Loss net of tax for the period	(70,897)	(5,624)	(85,192)	(29,986)
Loss per share attributable to owners of the Company - basic and diluted (sen)	(21.33)	(1.69)	(25.63)	(9.02)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Loss net of tax for the period	(70,897)	(5,624)	(85,192)	(29,986)
Other comprehensive income/(loss), net of tax				
Item that will not be reclassified				
subsequently to profit or loss				
Revaluation of land and buildings	10,048	(59,134)	3,476	(59,134)
Total comprehensive loss for the period	<u>(60,849)</u>	<u>(64,758)</u>	<u>(81,716)</u>	<u>(89,120)</u>
Loss for the period attributable to				
owners of the Company	<u>(70,897)</u>	<u>(5,624)</u>	<u>(85,192)</u>	<u>(29,986)</u>
Total comprehensive loss for the period				
attributable to owners of the Company	<u>(60,849)</u>	<u>(64,758)</u>	<u>(81,716)</u>	<u>(89,120)</u>

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31.12.2021 RM'000	As at preceding financial year end 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	177,136	178,559
Right-of-use assets	163,911	176,674
Other investment	-	1,000
Goodwill on consolidation	-	8,927
Inventories	-	52,934
	<u>341,047</u>	<u>418,094</u>
Current Assets		
Inventories	12,575	12,548
Trade and other receivables	40,480	2,334
Income tax recoverable	285	282
Deposits, bank and cash balances	<u>10,563</u>	<u>10,440</u>
	63,903	25,604
Assets held for sale	<u>6,500</u>	<u>88,666</u>
	<u>70,403</u>	<u>114,270</u>
TOTAL ASSETS	<u>411,450</u>	<u>532,364</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	142,188	142,188
Treasury shares	(9,177)	(9,177)
Reserves	217,785	269,822
Accumulated losses	<u>(52,644)</u>	<u>(22,965)</u>
Total equity	<u>298,152</u>	<u>379,868</u>
Non-current Liabilities		
Deferred tax liabilities	45,857	63,347
Bank borrowings	32,479	46,670
Lease liabilities	<u>494</u>	<u>761</u>
	<u>78,830</u>	<u>110,778</u>
Current Liabilities		
Trade and other payables	21,599	27,273
Bank borrowings	3,609	2,000
Lease liabilities	381	440
Bank overdraft	3,972	3,986
Income tax payable	<u>4,907</u>	<u>8,019</u>
	<u>34,468</u>	<u>41,718</u>
Total liabilities	<u>113,298</u>	<u>152,496</u>
TOTAL EQUITY AND LIABILITIES	<u>411,450</u>	<u>532,364</u>
Net Assets Per Share (RM)	0.90	1.14

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31.12.2021 RM'000	12 months ended 31.12.2020 RM'000
Operating activities		
Loss before tax	(102,263)	(31,064)
Adjustments for:		
Non-cash items	74,948	16,766
Non-operating items	3,410	3,448
Operating cash before changes in working capital	(23,905)	(10,850)
Inventories	(718)	(5,536)
Receivables	8,924	2,056
Payables	(6,076)	3,350
Income taxes paid	(3,115)	(3,770)
Net cash used in operating activities	(24,890)	(14,750)
Investing activities		
Interest received	73	156
Proceeds from disposal of assets held for sale	41,484	9,000
Proceeds from disposal of property, plant and equipment	-	185
Purchase of property, plant and equipment	(30)	(1,192)
Net cash from investing activities	41,527	8,149
Financing activities		
Drawdown of bank borrowings	-	15,000
Fixed deposits pledged for banking facilities	(44)	(68)
Interest paid	(1,134)	(2,293)
Repayment of:		
- lease liabilities	(366)	(318)
- bank borrowings	(15,000)	(1,624)
Net cash (used in)/from financing activities	(16,544)	10,697
Net increase in cash and cash equivalents	93	4,096
Cash and cash equivalents at beginning of period	3,083	(1,013)
Cash and cash equivalents at end of period	3,176	3,083
Cash and cash equivalents comprise:		
Cash and bank balances	10,563	10,440
Less : Bank overdraft	(3,972)	(3,986)
: Fixed deposits pledged	(3,415)	(3,371)
	3,176	3,083

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->		<----- Distributable ----->			
	Share capital	Treasury	Asset	Capital	Retained	Total
	RM'000	shares	revaluation	reserve	earnings/ (Accumulated	
		RM'000	reserve	RM'000	losses)	RM'000
			RM'000		RM'000	
At 1 January 2020	142,188	(9,177)	312,220	21,455	2,302	468,988
Loss net of tax for the period	-	-	-	-	(29,986)	(29,986)
Other comprehensive loss for the period	-	-	(59,134)	-	-	(59,134)
Total comprehensive loss for the period	-	-	(59,134)	-	(29,986)	(89,120)
Realisation of asset revaluation reserve	-	-	(4,719)	-	4,719	-
At 31 December 2020	142,188	(9,177)	248,367	21,455	(22,965)	379,868
At 1 January 2021	142,188	(9,177)	248,367	21,455	(22,965)	379,868
Loss net of tax for the period	-	-	-	-	(85,192)	(85,192)
Other comprehensive income for the period	-	-	3,476	-	-	3,476
Total comprehensive income/(loss) for the period	-	-	3,476	-	(85,192)	(81,716)
Realisation of asset revaluation reserve	-	-	(55,513)	-	55,513	-
At 31 December 2021	142,188	(9,177)	196,330	21,455	(52,644)	298,152

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

NOTES TO THE INTERIM FINANCIAL REPORT

1.) **Basis of Preparation and Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of 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. The 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 financial year ended 31 December 2020.

The significant accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2020.

The Group has also adopted all new MFRSs and amendments to MFRSs that are relevant and effective for the accounting periods beginning on or after 1 January 2021, and the adoption of these new MFRSs and amendments to MFRSs do not have any significant impact on the financial statements of the Group for the fourth quarter of 2021.

2.) **Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2020 was not qualified.

3.) **Seasonal or Cyclical Factors**

The Group's operations were not significantly affected by any seasonal or cyclical factors.

4.) **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

In the fourth quarter of 2021, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

5.) **Material Changes In Estimates Used**

There were no material changes in the estimates used for the preparation of the interim financial statements.

6.) **Debts and Equity Securities**

There were no issuances, cancellations, repurchases and repayments of debt and equity securities in the fourth quarter of 2021.

7.) **Dividends Paid**

There were no payment of dividends in the fourth quarter of 2021.

8.) **Valuation of Property, Plant and Equipment**

The Group has adopted the revaluation policy to review the carrying value of its land and buildings every five years. In the fourth quarter of 2021, the Group's land and buildings were revalued by independent professional valuers.

9.) Segment Information

The breakdown of segment revenue, results, assets and liabilities by business segment for the period ended 31 December was as follows:

	Property		Hotel		Corporate		Adjustments and eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	2,774	2,819	6,504	8,536	-	-	-	-	9,278	11,355
Inter-segment	-	-	-	-	1,200	1,200	(1,200)	(1,200)	-	-
Total revenue	2,774	2,819	6,504	8,536	1,200	1,200	(1,200)	(1,200)	9,278	11,355
Results										
Segment loss	(82,487)	(16,347)	(10,796)	(7,116)	(5,570)	(4,153)	(3,410)	(3,448)	(102,263)	(31,064)
Segment assets	283,140	390,615	127,718	132,598	592	9,151	-	-	411,450	532,364
Segment liabilities	56,557	98,701	37,763	35,794	18,978	18,001	-	-	113,298	152,496

10.) Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period to the date of this announcement.

11.) Changes in the Composition of the Group

In the fourth quarter of 2021, the Group disposed its 100% equity interest in Macro Resources Sdn Bhd for a consideration of RM1.

12.) Changes in Contingent Liabilities/Assets

In the fourth quarter of 2021, there were no changes in contingent liabilities/assets of the Group.

13.) Capital Commitments

There were no material capital commitments as at the end of the fourth quarter of 2021.

14.) Significant Related Party Transactions

The Group has no significant related party transactions in the fourth quarter of 2021.

**ADDITIONAL INFORMATION REQUIRED
BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

I.) Review of Performance - 2021 Fourth Quarter (2021Q4) compared to 2020 Fourth Quarter (2020Q4)

	Individual quarter 3 months ended		Changes	
	31.12.2021 RM'000	31.12.2020 RM'000	RM'000	%
Revenue	3,573	2,061	1,512	73%
Loss before interest and tax	(86,973)	(5,150)	(81,823)	(1589%)
Loss before tax	(87,720)	(5,756)	(81,964)	(1424%)
Loss after tax	(70,897)	(5,624)	(65,273)	(1161%)
Loss attributable to owners of the Company	(70,897)	(5,624)	(65,273)	(1161%)

The Group's total revenue for the three months to 31 December 2021 increased by 73% to RM3.57 million from RM2.06 million for the same quarter in last year on higher contribution from the hotel segment. In contrast to the tighter lockdown enforced during the previous year quarter for curbing the covid-19 pandemic, the easing of lockdown measures beginning from mid-September 2021 led to a partial recovery in the business activities of our hotel in the current quarter. Following the resumption of restaurant dining-in and interstate travel, our hotel experienced an uptick in demand for rooms and food & beverage events. Both average room rate and occupancy saw an increase year-on-year albeit they remain well behind pre-pandemic levels. Revenue from the property investment segment was lower compared to the same period last year as we supported tenant whose business was affected by the pandemic with rental rebate.

Net loss for the current quarter widened substantially to RM70.90 million from RM5.62 million in previous year quarter on the back of impairment loss on goodwill of RM8.93 million and the write-off of property development cost of RM53.62 million. The one-off RM8.93 million goodwill impairment charge is recognised in view of the prolonged impact of the pandemic on the near-term business performance of two operating subsidiaries. The one-off RM53.62 million property development cost written off is in line with the disposal of 69.03 acres of land in Bandar Seri Alam, Johor in the current quarter. This property development cost consists mostly of expenses incurred for land clearing, road construction, landscape and professional services. Excluding this impairment loss and write-off, the net loss would have been RM8.35 million, which is higher than previous year quarter owing mainly to higher administrative expenses.

II.) Review of 2021 Fourth Quarter (2021Q4) against 2021 Third Quarter (2021Q3)

	Individual quarter 3 months ended		Changes	
	31.12.2021 RM'000	30.9.2021 RM'000	RM'000	%
Revenue	3,573	1,350	2,223	165%
Loss before interest and tax	(86,973)	(3,711)	(83,262)	(2244%)
Loss before tax	(87,720)	(4,616)	(83,104)	(1800%)
Loss after tax	(70,897)	(4,535)	(66,362)	(1463%)
Loss attributable to owners of the Company	(70,897)	(4,535)	(66,362)	(1463%)

The Group's total revenue increased quarter-on-quarter by 165% to RM3.57 million from RM1.35 million in previous quarter on stronger performance from the hotel segment. After a two full months of lockdown in the previous quarter, the easing of lockdown restrictions from mid September saw our hotel operated at a much higher capacity throughout the current quarter. Demand for both rooms and events picked up gradually in the period but remain at rate and volume well below pre-pandemic levels due to border closures and public distancing guidelines. Revenue from the property investment segment was fairly constant quarter-on-quarter.

The Group sustained further loss of RM70.90 million in the current quarter as compared to loss of RM4.53 million in prior quarter after recognising impairment loss on goodwill of RM8.93 million and the write-off of property development cost of RM53.62 million (more details in section I above). Excluding this impairment loss and write-off, the loss would have been RM8.35 million, which is higher than the loss of RM4.53 million in prior quarter owing mainly to higher administrative expenses incurred in the period.

III.) Prospects

After a prolonged nationwide lockdown coupled with stricter public health measures, the government has re-opened the economy in the last quarter of 2021 which is expected to aid the gradual recovery of business activities. The Board is cautiously optimistic that this momentum is sustainable and hence remains positive of the long term business prospects of the Group. Notwithstanding this, downside risk to growth for the Group's business in the near term remains from factors such as rising cost and labour shortage.

The Group will continue to stay resilient through active cost management and digitization, whilst actively pursuing opportunity to unlock the value of its land bank and to expand its earnings base.

IV.) Profit Forecast or Profit Guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

V.) Status of Corporate Proposals Announced but Not Completed

There are no outstanding corporate proposals announced but not completed as at the date of announcement of this report.

VI.) Disclosure of Derivatives

There are no derivatives as at the date of announcement of this report.

VII.) Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no material gains/losses arising from fair value changes of financial liabilities in the fourth quarter of 2021.

VIII.) Loss from Operations

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,249	1,425	5,056	5,770
Depreciation of right-of-use assets	1,408	1,503	5,849	6,000
Gain from disposal of property, plant and equipment	-	(181)	-	(181)
Impairment loss on goodwill	8,927	-	8,927	-
Impairment loss on other investment	1,000	-	1,000	-
Impairment loss on receivables	112	221	112	221
Interest income	(30)	(43)	(73)	(156)
Loss from disposal of asset held for sale	-	-	-	500
Property development costs written off	53,625	-	53,625	4,083
Provision for corporate guarantee loss	471	373	471	373

IX.) Significant Event

There are no significant event as at the date of announcement of this report.

X.) Material Litigation

There were no material litigation as at the end of the fourth quarter of 2021.

XI.) Income Tax Expense

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Malaysian income tax:				
Under provision in prior year	-	(821)	-	(821)
Deferred tax:				
Deferred tax relating to net surplus on revaluation of land and buildings	16,823	870	17,071	1,028
Over provision in prior year	-	83	-	871
	<u>16,823</u>	<u>132</u>	<u>17,071</u>	<u>1,078</u>

XII.) Group Borrowings/Debt Securities

A.) Group borrowings/debt securities as at 31 December 2021 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft (secured)	3,972	-	3,972
Term loans (secured)	3,609	32,479	36,088
Lease liabilities	381	494	875
Total borrowings	<u>7,962</u>	<u>32,973</u>	<u>40,935</u>

B.) Group borrowings/debt securities as at 31 December 2020 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft (secured)	3,986	-	3,986
Term loans (secured)	2,000	46,670	48,670
Lease liabilities	440	761	1,201
Total borrowings	<u>6,426</u>	<u>47,431</u>	<u>53,857</u>

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the fourth quarter of 2021.

XIV.) Loss Per Share

The basic loss per share amounts are calculated by dividing the loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares in issue. The computation of diluted loss per share is not affected by any other factors.

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loss net of tax attributable to owners of the Company (RM'000)	<u>(70,897)</u>	<u>(5,624)</u>	<u>(85,192)</u>	<u>(29,986)</u>
Weighted average number of ordinary shares ('000)	<u>332,421</u>	<u>332,421</u>	<u>332,421</u>	<u>332,421</u>
Basic and diluted loss per share (sen)	<u>(21.33)</u>	<u>(1.69)</u>	<u>(25.63)</u>	<u>(9.02)</u>