

LIEN HOE CORPORATION BERHAD
(Company No. 8507-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2020
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	2,061	6,999	11,355	24,897
Cost of sales	(1,033)	(3,605)	(6,179)	(14,003)
Gross profit	1,028	3,394	5,176	10,894
Other income	362	166	483	389
Operating and administrative expenses	(6,540)	(16,528)	(33,119)	(42,887)
Loss from continuing operations	(5,150)	(12,968)	(27,460)	(31,604)
Finance cost	(606)	(800)	(3,604)	(3,121)
Loss before tax, from continuing operations	(5,756)	(13,768)	(31,064)	(34,725)
Income tax expense	132	1,488	1,078	1,759
Loss net of tax, from continuing operations	(5,624)	(12,280)	(29,986)	(32,966)
Discontinued operation				
Profit from discontinued operation, net of tax	-	32,362	-	30,184
(Loss)/Profit net of tax for the period	(5,624)	20,082	(29,986)	(2,782)
(Loss)/Earnings per share attributable to owners of the Company - basic and diluted (sen)				
- continuing operations	(1.69)	(3.69)	(9.02)	(9.90)
- discontinued operation	-	9.72	-	9.06
	(1.69)	6.03	(9.02)	(0.84)

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 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit net of tax for the period	(5,624)	20,082	(29,986)	(2,782)
Other comprehensive (loss)/income, net of tax Item that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	(59,134)	(5,670)	(59,134)	(5,670)
Total comprehensive (loss)/income for the period	<u>(64,758)</u>	<u>14,412</u>	<u>(89,120)</u>	<u>(8,452)</u>
(Loss)/Profit attributable to owners of the Company	<u>(5,624)</u>	<u>20,082</u>	<u>(29,986)</u>	<u>(2,782)</u>
Total comprehensive (loss)/income attributable to owners of the Company	<u>(64,758)</u>	<u>14,412</u>	<u>(89,120)</u>	<u>(8,452)</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 2019.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31.12.2020 RM'000	As at preceding financial year end 31.12.2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	178,559	349,329
Right-of-use assets	176,674	182,916
Other investment	1,000	1,000
Goodwill on consolidation	8,927	8,927
Inventories	<u>52,934</u>	<u>51,254</u>
	<u>418,094</u>	<u>593,426</u>
Current Assets		
Trade and other receivables	2,334	4,611
Inventories	12,548	12,775
Income tax recoverable	282	255
Deposits, bank and cash balances	<u>10,440</u>	<u>6,090</u>
	25,604	23,731
Assets held for sale	<u>88,666</u>	<u>9,500</u>
	<u>114,270</u>	<u>33,231</u>
TOTAL ASSETS	<u>532,364</u>	<u>626,657</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	142,188	142,188
Treasury shares	(9,177)	(9,177)
Reserves	269,822	333,675
(Accumulated losses)/Retained earnings	<u>(22,965)</u>	<u>2,302</u>
Total equity	<u>379,868</u>	<u>468,988</u>
Non-current Liabilities		
Deferred tax liabilities	63,347	83,876
Borrowings (secured)	46,670	28,034
Lease liabilities	<u>761</u>	<u>1,029</u>
	<u>110,778</u>	<u>112,939</u>
Current Liabilities		
Borrowings (secured)	2,000	5,714
Bank overdraft (secured)	3,986	3,800
Lease liabilities	440	490
Trade and other payables	27,273	23,785
Income tax payable	<u>8,019</u>	<u>10,941</u>
	<u>41,718</u>	<u>44,730</u>
Total liabilities	152,496	157,669
TOTAL EQUITY AND LIABILITIES	<u>532,364</u>	<u>626,657</u>
Net Assets Per Share (RM)	1.14	1.41

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31.12.2020 RM'000	12 months ended 31.12.2019 RM'000
Operating activities		
(Loss)/Profit before tax from:		
- continuing operations	(31,064)	(34,725)
- discontinued operation	-	30,184
Total loss before tax	<u>(31,064)</u>	<u>(4,541)</u>
Adjustments for:		
Non-cash items	16,765	(24,572)
Non-operating items	<u>3,448</u>	<u>3,166</u>
Operating cash before changes in working capital	(10,851)	(25,947)
Inventories	(5,536)	(5,979)
Receivables	2,056	34,018
Payables	3,350	3,674
Net income taxes (paid)/refund	<u>(3,770)</u>	<u>2,912</u>
Net cash (used in)/from operating activities	<u>(14,751)</u>	<u>8,678</u>
Investing activities		
Deconsolidation of a subsidiary company	-	(1,547)
Interest received	156	333
Purchase of property, plant and equipment	(1,191)	(6,388)
Purchase of right-of-use assets	-	(146)
Proceeds from disposal of assets held for sale	9,000	280
Proceeds from disposal of property, plant and equipment	<u>185</u>	<u>490</u>
Net cash from/(used in) investing activities	<u>8,150</u>	<u>(6,978)</u>
Financing activities		
Drawdown of term loan	15,000	4,939
Fixed deposits pledged for banking facilities	(68)	(85)
Interest paid	(2,293)	(3,512)
Repayment of:		
- lease liabilities	(318)	(573)
- term loan	(1,624)	(6,854)
Purchase of treasury shares	-	(2,028)
Net cash from/(used in) financing activities	<u>10,697</u>	<u>(8,113)</u>
Net increase/(decrease) in cash and cash equivalents	4,096	(6,413)
Cash and cash equivalents at beginning of period	(1,013)	5,400
Cash and cash equivalents at end of period	<u>3,083</u>	<u>(1,013)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	10,440	6,090
Less : Bank overdraft	(3,986)	(3,800)
: Fixed deposits pledged	<u>(3,371)</u>	<u>(3,303)</u>
	<u>3,083</u>	<u>(1,013)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the Company ----->					Total RM'000
	<----- Non-distributable ----->	<----- Distributable ----->			Retained earnings/ (Accumulated losses)	
	Share capital RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	RM'000	
At 1 January 2019	142,188	(7,149)	320,594	21,455	2,381	479,469
Effect on adoption of MFRS 16	-	-	-	-	(1)	(1)
At 1 January 2019, as restated	142,188	(7,149)	320,594	21,455	2,380	479,468
Loss net of tax for the period	-	-	-	-	(2,782)	(2,782)
Other comprehensive loss for the period	-	-	(5,670)	-	-	(5,670)
Total comprehensive loss for the period	-	-	(5,670)	-	(2,782)	(8,452)
Realisation of asset revaluation reserve	-	-	(2,704)	-	2,704	-
Transaction with owners of the Company: Purchase of treasury shares	-	(2,028)	-	-	-	(2,028)
At 31 December 2019	142,188	(9,177)	312,220	21,455	2,302	468,988
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

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

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 2019. 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 2019.

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 2019.

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 2020, 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 2020.

2.) Auditors' Report

The auditors' report on the Group's financial statements for the year ended 31 December 2019 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 2020, 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 2020.

7.) Dividends Paid

There were no payment of dividends in the fourth quarter of 2020.

8.) Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward without any material amendments from the previous audited financial statements. Any additions to property, plant and equipment are carried at cost.

9.) Segment Information

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

	-----> Continuing operations <----->						Discontinued operation		Adjustments and eliminations		Consolidated	
	Property		Hotel		Corporate		Construction					
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue												
External customers	2,819	1,260	8,536	23,637	-	-	-	(2,035)	-	-	11,355	22,862
Inter-segment	-	-	-	-	1,200	1,590	-	-	(1,200)	(1,590)	-	-
Total revenue	2,819	1,260	8,536	23,637	1,200	1,590	-	(2,035)	(1,200)	(1,590)	11,355	22,862
Results												
Segment (loss)/profit	(16,347)	(20,698)	(7,116)	(3,413)	(4,153)	(7,799)	-	30,535	(3,448)	(3,166)	(31,064)	(4,541)
Segment assets	394,891	475,969	128,322	136,698	9,151	13,990	-	-	-	-	532,364	626,657
Segment liabilities	98,701	99,183	35,794	37,117	18,001	21,369	-	-	-	-	152,486	157,669

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 2020, there were no changes in the composition of the Group.

12.) Changes in Contingent Liabilities/Assets

In the fourth quarter of 2020, 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 2020.

14.) Significant Related Party Transactions

The Group has no significant related party transactions in the fourth quarter of 2020.

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

I.) Review of Performance - 2020 Fourth Quarter (2020Q4) compared to 2019 Fourth Quarter (2019Q4)

	Individual quarter 3 months ended		Changes	
	31.12.2020 RM'000	31.12.2019 RM'000	RM'000	%
Revenue	2,061	6,999	(4,938)	(71%)
(Loss)/Profit before interest and tax	(5,150)	19,486	(24,636)	(126%)
(Loss)/Profit before tax	(5,756)	18,594	(24,350)	(131%)
(Loss)/Profit after tax	(5,624)	20,082	(25,706)	(128%)
(Loss)/Profit attributable to owners of the Company	(5,624)	20,082	(25,706)	(128%)

For the three months to 31 December 2020, the Group registered gross revenue of RM2.06 million which is approximately 29.4% of the amount recorded in the same period a year ago. The operating performance reflected the profound impact of the ongoing covid-19 pandemic and the ensuing international travel ban and stay-home order had on the business of the hotel segment, leading to a significant decline in sales from rooms and food & beverage services by 83.7% and 78.0% respectively. There was an increase of RM0.33 million in income from the property investment segment mainly due to rent contributed by a new tenant.

Net loss for the quarter amounted to RM5.62 million as compared to a net profit of RM20.08 million in previous year same period due mainly to the effects of lower operating results and the absence of a non-cash net gain of RM32.36 million related to a subsidiary company which was deconsolidated after 2019Q4.

II.) Review of 2020 Fourth Quarter (2020Q4) against 2020 Third Quarter (2020Q3)

	Individual quarter 3 months ended		Changes	
	31.12.2020 RM'000	30.9.2020 RM'000	RM'000	%
Revenue	2,061	3,109	(1,048)	(34%)
Loss before interest and tax	(5,150)	(8,506)	3,356	39%
Loss before tax	(5,756)	(9,477)	3,721	39%
Loss after tax	(5,624)	(8,698)	3,074	35%
Loss attributable to owners of the Company	(5,624)	(8,698)	3,074	35%

The Group's gross revenue for the fourth quarter fell by 33.7% to RM2.06 million from RM3.11 million in the prior quarter on subdued sales from the hotel segment. The performance of the hotel segment was dragged down by the renewed containment measures which took effect in all but the first ten days of the entire period of the fourth quarter to curb the resurgence of covid-19 infection cases in early October. This was yet another setback in the road to recovery for the Group's hotel as these renewed restrictions caused a drastic cancellations in room and event bookings along with other hotels throughout the country. Revenue from sale of room and food & beverage contracted by 47.8% and 47.9% respectively in the fourth quarter as compared to the quarter before.

Net loss in the fourth quarter is smaller than the loss of RM8.70 million in the previous quarter due to the inclusion in the previous quarter of a charge of RM4.08 million related to the writedown of property development cost.

III.) Prospects

The impact of the covid-19 pandemic on the local economy, particularly the travel and hospitality industry, has been severe and prolonged. The extension of strict containment measures well into year 2021 has stifled the rebound in economic activities, including the hotel and tourism sectors. As the road to recovery will be subjected to continued disruptions from the pandemic and the pace of vaccination, the Board expects a slow and subdued revival in the performance of both the hotel segment and property investment segment in the financial year 2021.

IV.) Status of Corporate Proposals Announced but Not Completed

On 7 September 2020, the Board announced that a wholly owned subsidiary company, Christine Resort Sdn Bhd had entered into a conditional sale and purchase agreement for the disposal of a parcel of freehold land located within Bandar Seri Alam, Masai, Johor for a cash consideration of RM88,666,380 or reduced sale price of RM64,621,260 ('Proposed Disposal').

The resolution for the Proposed Disposal was duly passed by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2020.

The Proposed Disposal is pending completion as at the date of announcement of this report.

V.) Group Borrowings/Debt Securities

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft	3,986	-	3,986
Term loans	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>

B.) Group borrowings/debt securities as at 31 December 2019 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft	3,800	-	3,800
Term loans	5,714	28,034	33,748
Lease liabilities	490	1,029	1,519
Total borrowings	<u>10,004</u>	<u>29,063</u>	<u>39,067</u>

VI.) Profit Forecast or Profit Guarantee

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

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 2020.

VIII.) (Loss)/Profit from Operations

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit from operations is stated after charging/(crediting):-				
Continuing operations:				
Depreciation of property, plant and equipment	1,424	1,493	5,769	6,095
Depreciation of right-of-use assets	1,504	1,537	6,001	6,020
Gain from disposal of property, plant and equipment	(181)	-	(181)	(60)
Impairment loss on receivables	221	1	221	1
Interest income	(43)	(161)	(156)	(306)
Loss from disposal of assets held for sale	-	-	500	-
Property development cost written off	-	-	4,083	-
Property, plant and equipment written off	-	1,394	-	1,395
Provision for corporate guarantee loss	373	-	373	-
Discontinued operation:				
Depreciation of property, plant and equipment	-	(66)	-	66
Gain from disposal of property, plant and equipment	-	-	-	(204)
Finance income on receivables	-	(155)	-	(155)
Impairment loss on receivables	-	3,405	-	3,405
Interest income	-	(3)	-	(27)
Net gain from deconsolidation of subsidiary company	-	(41,141)	-	(41,141)
Property, plant and equipment written off	-	6	-	6

IX.) Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysian income tax:				
Current year provision	-	(15)	-	(15)
Under provision in prior year	(821)	-	(821)	-
Deferred tax:				
Deferred tax relating to reversal of temporary differences	870	1,421	870	1,421
Deferred tax relating to net surplus on revaluation of land and buildings	83	82	1,029	353
	<u>132</u>	<u>1,488</u>	<u>1,078</u>	<u>1,759</u>

X.) Disclosure of Derivatives

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

XI.) Significant Event

Macro Resources Sdn Bhd ("Macro"), a wholly owned subsidiary company, was on 23 January 2019 placed under the judicial management of a judicial manager under Section 405 of the Companies Act 2016, and Mr Ng Choon Jin was appointed the judicial manager of Macro who will thenceforth handle all the affairs of the company.

The court has granted an order for the extension of the appointment of the judicial management for Macro pursuant to section 406 of the Companies Act 2016 whereby the order shall be valid from 20 January 2021 to 19 July 2021.

XII.) Material Litigation

There were no material litigation as at the end of the fourth quarter of 2020.

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the fourth quarter of 2020.

XIV.) (Loss)/Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
(Loss)/Profit net of tax attributable to owners of the Company (RM'000)				
- Continuing operations	(5,624)	(12,280)	(29,986)	(32,966)
- Discontinued operation	-	32,362	-	30,184
	<u>(5,624)</u>	<u>20,082</u>	<u>(29,986)</u>	<u>(2,782)</u>
Weighted average number of ordinary shares ('000)	<u>332,421</u>	<u>333,100</u>	<u>332,421</u>	<u>333,100</u>
Basic and diluted (loss)/earnings per share (sen)				
- Continuing operations	(1.69)	(3.69)	(9.02)	(9.90)
- Discontinued operation	-	9.72	-	9.06
	<u>(1.69)</u>	<u>6.03</u>	<u>(9.02)</u>	<u>(0.84)</u>