

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021
THE FIGURES HAVE NOT BEEN AUDITED****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	2,307	1,129	4,355	6,185
Cost of sales	(1,183)	(673)	(2,063)	(3,722)
Gross profit	1,124	456	2,292	2,463
Other income	12	46	28	105
Operating and administrative expenses	(4,571)	(5,822)	(10,416)	(16,372)
Loss from operations	(3,435)	(5,320)	(8,096)	(13,804)
Finance cost	(908)	(993)	(1,831)	(2,027)
Loss before tax	(4,343)	(6,313)	(9,927)	(15,831)
Income tax expense	83	83	167	167
Loss net of tax, representing total comprehensive loss for the period	(4,260)	(6,230)	(9,760)	(15,664)
Loss per share attributable to owners of the Company - basic and diluted (sen)	(1.28)	(1.87)	(2.94)	(4.71)

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 30.6.2021 RM'000	As at preceding financial year end 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	176,136	178,559
Right-of-use assets	173,662	176,674
Other investment	1,000	1,000
Goodwill on consolidation	8,927	8,927
Inventories	<u>53,439</u>	<u>52,934</u>
	<u>413,164</u>	<u>418,094</u>
Current Assets		
Inventories	12,544	12,548
Trade and other receivables	1,811	2,334
Income tax recoverable	285	282
Deposits, bank and cash balances	<u>4,340</u>	<u>10,440</u>
	18,980	25,604
Asset held for sale	<u>88,666</u>	<u>88,666</u>
	<u>107,646</u>	<u>114,270</u>
TOTAL ASSETS	<u>520,810</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	268,606	269,822
Accumulated losses	<u>(31,509)</u>	<u>(22,965)</u>
Total equity	<u>370,108</u>	<u>379,868</u>
Non-current Liabilities		
Deferred tax liabilities	63,180	63,347
Bank borrowings	43,662	46,670
Lease liabilities	<u>577</u>	<u>761</u>
	<u>107,419</u>	<u>110,778</u>
Current Liabilities		
Trade and other payables	27,487	27,273
Bank borrowings	6,140	2,000
Lease liabilities	382	440
Bank overdraft	3,972	3,986
Income tax payable	<u>5,302</u>	<u>8,019</u>
	<u>43,283</u>	<u>41,718</u>
Total liabilities	150,702	152,496
TOTAL EQUITY AND LIABILITIES	<u>520,810</u>	<u>532,364</u>
Net Assets Per Share (RM)	1.11	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

	6 months ended 30.6.2021 RM'000	6 months ended 30.6.2020 RM'000
Operating activities		
Loss before tax	(9,927)	(15,831)
Adjustments for:		
Non-cash items	5,519	5,899
Non-operating items	<u>1,804</u>	<u>1,929</u>
Operating cash before changes in working capital	(2,604)	(8,003)
Inventories	(501)	(3,687)
Receivables	523	1,981
Payables	214	(256)
Income taxes paid	<u>(2,720)</u>	<u>(2,550)</u>
Net cash used in operating activities	<u>(5,088)</u>	<u>(12,515)</u>
Investing activities		
Interest received	27	98
Purchase of property, plant and equipment	<u>(84)</u>	<u>(44)</u>
Net cash (used in)/from investing activities	<u>(57)</u>	<u>54</u>
Financing activities		
Drawdown of term loan	-	15,000
Fixed deposits pledged for banking facilities	(20)	(51)
Interest paid	(699)	(1,626)
Repayment of:		
- lease liabilities	(242)	(160)
- term loan	<u>-</u>	<u>(1,624)</u>
Net cash (used in)/from financing activities	<u>(961)</u>	<u>11,539</u>
Net decrease in cash and cash equivalents	(6,106)	(922)
Cash and cash equivalents at beginning of period	3,083	(1,013)
Cash and cash equivalents at end of period	<u>(3,023)</u>	<u>(1,935)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	4,340	5,367
Less : Bank overdraft	(3,972)	(3,948)
: Fixed deposits pledged	<u>(3,391)</u>	<u>(3,354)</u>
	<u>(3,023)</u>	<u>(1,935)</u>

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
	RM'000	RM'000	reserve	RM'000	losses)	RM'000
	RM'000	RM'000	RM'000	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, representing total comprehensive loss for the period	-	-	-	-	(15,664)	(15,664)
Realisation of asset revaluation reserve	-	-	(1,256)	-	1,256	-
At 30 June 2020	<u>142,188</u>	<u>(9,177)</u>	<u>310,964</u>	<u>21,455</u>	<u>(12,106)</u>	<u>453,324</u>
At 1 January 2021	142,188	(9,177)	248,367	21,455	(22,965)	379,868
Loss net of tax for the period, representing total comprehensive loss for the period	-	-	-	-	(9,760)	(9,760)
Realisation of asset revaluation reserve	-	-	(1,216)	-	1,216	-
At 30 June 2021	<u>142,188</u>	<u>(9,177)</u>	<u>247,151</u>	<u>21,455</u>	<u>(31,509)</u>	<u>370,108</u>

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 second 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 second 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 second quarter of 2021.

7.) **Dividends Paid**

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

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 period ended 30 June was as follows:

	Property		Hotel		Corporate		Adjustments and eliminations		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue										
External customers	1,498	1,353	2,857	4,832	-	-	-	-	4,355	6,185
Inter-segment	-	-	-	-	600	600	(600)	(600)	-	-
Total revenue	1,498	1,353	2,857	4,832	600	600	(600)	(600)	4,355	6,185
Results										
Segment loss	(3,240)	(8,120)	(3,598)	(3,924)	(1,285)	(1,858)	(1,804)	(1,929)	(9,927)	(15,831)
Segment assets	387,620	477,321	124,684	131,373	8,506	13,122	-	-	520,810	621,816
Segment liabilities	97,040	114,601	36,355	35,159	17,307	18,732	-	-	150,702	168,492

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 second quarter of 2021, there were no changes in the composition of the Group.

12.) **Changes in Contingent Liabilities/Assets**

In the second 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 second quarter of 2021.

14.) **Significant Related Party Transactions**

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

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

I.) Review of Performance - 2021 Second Quarter (2021Q2) compared to 2020 Second Quarter (2020Q2)

	Individual quarter 3 months ended		Changes	
	30.6.2021 RM'000	30.6.2020 RM'000	RM'000	%
Revenue	2,307	1,129	1,178	104%
Loss before interest and tax	(3,435)	(5,320)	1,885	35%
Loss before tax	(4,343)	(6,313)	1,970	31%
Loss after tax	(4,260)	(6,230)	1,970	32%
Loss attributable to owners of the Company	(4,260)	(6,230)	1,970	32%

For the three months to 30 June 2021, the Group's total revenue was RM2.31 million as compared to RM1.13 million for the same quarter in previous year. The increase in revenue by two-fold was on the back of a better performance from the hotel segment. Comparing to last year same quarter when the full impact of covid-19 lockdown was felt, the easing of covid-19 restrictions for a brief period from March 2021 to mid May 2021 has led to a mini revival in the business of our hotel in the current quarter. There was a uptick in demand for seminar events and restaurant bookings in this period while room sales was only marginally better as domestic and international travel restrictions were still in place throughout the quarter. There was no significant change in the revenue from the property investment segment year-on-year.

Net loss for the current quarter narrowed to RM4.26 million from RM6.23 million in previous year's quarter due mainly to the combined effects of higher revenue and lower expenses incurred for administration.

II.) Review of 2021 Second Quarter (2021Q2) against 2021 First Quarter (2021Q1)

	Individual quarter 3 months ended		Changes	
	30.6.2021 RM'000	31.3.2021 RM'000	RM'000	%
Revenue	2,307	2,048	259	13%
Loss before interest and tax	(3,435)	(4,661)	1,226	26%
Loss before tax	(4,343)	(5,584)	1,241	22%
Loss after tax	(4,260)	(5,500)	1,240	23%
Loss attributable to owners of the Company	(4,260)	(5,500)	1,240	23%

The Group's revenue for Q2 2021 improved by 13% to RM2.31 million from RM2.05 million in Q1 2021, mainly supported by higher contribution from the hotel business. The increase in revenue from the hotel segment mostly came from the sale of food & beverage which was driven by higher demand for seminar events and restaurant dinings. Room occupancies remained flat quarter-on-quarter due to the subdued local market and the total absence of inbound arrivals following the border closure in March 2020. Income from the property investment segment was mostly unchanged over the two quarters.

Comparing to a loss of RM5.50 million in Q1 2021, the Group posted lower loss of RM4.26 million in this quarter on the back of measures taken to minimise operational and administrative costs.

III.) Prospects

The outlook for the remaining of this year remains uncertain and the overall prospects for a rebound in 2021 seem to have worsened with unwavering high covid-19 infection cases in the country. However, we hope the situation should start to improve on higher vaccination rate and the continued easing of the covid-19 restrictions in the coming months. Meanwhile the Group will continue to be vigilant in cost and cashflow management to navigate through this challenging economic environment and endeavor to take prompt actions to minimise operating and financial risks.

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

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 RM88.67 million or reduced sale price of RM64.62 million ('Proposed Disposal').

The Proposed Disposal was approved 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.

VI.) Disclosure of Derivatives

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

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 second quarter of 2021.

VIII.) Loss from Operations

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,258	1,413	2,541	2,899
Depreciation of right-of-use assets	1,483	1,532	2,979	2,999
Interest income	(11)	(43)	(27)	(98)

IX.) Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax relating to net surplus on revaluation of land and buildings	83	83	167	167

X.) Material Litigation

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

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 of SL Ng Corporate Solutions Sdn Bhd was appointed the judicial manager of Macro who will thenceforth handle all the affairs of the company.

On 10 September 2021, the court allowed the application by a contingent creditor to set aside the extension of the judicial management orders that were obtained by Macro. As such SL Ng Corporate Solutions Sdn Bhd ceased to be the judicial manager of Macro on 20 September 2021.

XII.) Group Borrowings/Debt Securities

A.) Group borrowings/debt securities as at 30 June 2021 were :-

	Current	Non-current	Total
	RM'000	RM'000	borrowings
			RM'000
Bank overdraft (secured)	3,972	-	3,972
Term loans (secured)	6,140	43,662	49,802
Lease liabilities	382	577	959
Total borrowings	<u>10,494</u>	<u>44,239</u>	<u>54,733</u>

B.) Group borrowings/debt securities as at 30 June 2020 were :-

	Current	Non-current	Total
	RM'000	RM'000	borrowings
			RM'000
Bank overdraft (secured)	3,948	-	3,948
Term loans (secured)	5,554	41,570	47,124
Lease liabilities	467	891	1,358
Total borrowings	<u>9,969</u>	<u>42,461</u>	<u>52,430</u>

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the second 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		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Loss net of tax attributable to owners of the Company (RM'000)	<u>(4,260)</u>	<u>(6,230)</u>	<u>(9,760)</u>	<u>(15,664)</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>(1.28)</u>	<u>(1.87)</u>	<u>(2.94)</u>	<u>(4.71)</u>