

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 9 months ended	
	30.9.2021 RM'000	30.9.2020 RM'000	30.9.2021 RM'000	30.9.2020 RM'000
Revenue	1,350	3,109	5,705	9,294
Cost of sales	(549)	(1,424)	(2,612)	(5,146)
Gross profit	801	1,685	3,093	4,148
Other income/(expenses)	16	(4,567)	44	(4,462)
Operating and administrative expenses	(4,528)	(5,624)	(14,944)	(21,996)
Loss from operations	(3,711)	(8,506)	(11,807)	(22,310)
Finance cost	(905)	(971)	(2,736)	(2,998)
Loss before tax	(4,616)	(9,477)	(14,543)	(25,308)
Income tax expense	81	779	248	946
Loss net of tax for the period	(4,535)	(8,698)	(14,295)	(24,362)
Loss per share attributable to owners of the Company - basic and diluted (sen)	(1.36)	(2.62)	(4.30)	(7.33)

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		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Loss net of tax for the period	(4,535)	(8,698)	(14,295)	(24,362)
Other comprehensive loss, net of tax Item that will not be reclassified subsequently to profit or loss				
Revaluation of land	(6,572)	-	(6,572)	-
Total comprehensive loss for the period	<u>(11,107)</u>	<u>(8,698)</u>	<u>(20,867)</u>	<u>(24,362)</u>
Loss for the period attributable to owners of the Company	<u>(4,535)</u>	<u>(8,698)</u>	<u>(14,295)</u>	<u>(24,362)</u>
Total comprehensive loss for the period attributable to owners of the Company	<u>(11,107)</u>	<u>(8,698)</u>	<u>(20,867)</u>	<u>(24,362)</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 30.9.2021 RM'000	As at preceding financial year end 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	174,896	178,559
Right-of-use assets	157,049	176,674
Other investment	1,000	1,000
Goodwill on consolidation	8,927	8,927
Inventories	<u>53,516</u>	<u>52,934</u>
	<u>395,388</u>	<u>418,094</u>
Current Assets		
Inventories	12,524	12,548
Trade and other receivables	1,710	2,334
Income tax recoverable	285	282
Deposits, bank and cash balances	<u>9,294</u>	<u>10,440</u>
	<u>23,813</u>	<u>25,604</u>
Assets held for sale	<u>95,166</u>	<u>88,666</u>
	<u>118,979</u>	<u>114,270</u>
TOTAL ASSETS	<u>514,367</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	261,371	269,822
Accumulated losses	<u>(35,381)</u>	<u>(22,965)</u>
Total equity	<u>359,001</u>	<u>379,868</u>
Non-current Liabilities		
Deferred tax liabilities	61,021	63,347
Bank borrowings	33,031	46,670
Lease liabilities	<u>525</u>	<u>761</u>
	<u>94,577</u>	<u>110,778</u>
Current Liabilities		
Trade and other payables	33,931	27,273
Bank borrowings	17,338	2,000
Lease liabilities	355	440
Bank overdraft	3,963	3,986
Income tax payable	<u>5,202</u>	<u>8,019</u>
	<u>60,789</u>	<u>41,718</u>
Total liabilities	<u>155,366</u>	<u>152,496</u>
TOTAL EQUITY AND LIABILITIES	<u>514,367</u>	<u>532,364</u>
Net Assets Per Share (RM)	1.08	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

	9 months ended 30.9.2021 RM'000	9 months ended 30.9.2020 RM'000
Operating activities		
Loss before tax	(14,543)	(25,308)
Adjustments for:		
Non-cash items	8,248	13,426
Non-operating items	<u>2,693</u>	<u>2,885</u>
Operating cash before changes in working capital	(3,602)	(8,997)
Inventories	(558)	(4,984)
Receivables	624	2,095
Payables	6,658	(6,236)
Income taxes paid	<u>(2,820)</u>	<u>(2,970)</u>
Net cash from/(used in) operating activities	<u>302</u>	<u>(21,092)</u>
Investing activities		
Interest received	43	113
Proceeds from disposal of asset held for sale	-	9,000
Purchase of property, plant and equipment	<u>(111)</u>	<u>(24)</u>
Net cash (used in)/from investing activities	<u>(68)</u>	<u>9,089</u>
Financing activities		
Drawdown of term loan	-	15,000
Fixed deposits pledged for banking facilities	(34)	(58)
Interest paid	(1,036)	(1,964)
Repayment of:		
- lease liabilities	(321)	(201)
- term loan	<u>-</u>	<u>(1,624)</u>
Net cash (used in)/from financing activities	<u>(1,391)</u>	<u>11,153</u>
Net decrease in cash and cash equivalents	(1,157)	(850)
Cash and cash equivalents at beginning of period	3,083	(1,013)
Cash and cash equivalents at end of period	<u>1,926</u>	<u>(1,863)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	9,294	5,490
Less : Bank overdraft	(3,963)	(3,992)
: Fixed deposits pledged	<u>(3,405)</u>	<u>(3,361)</u>
	<u>1,926</u>	<u>(1,863)</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 shares	Asset revaluation reserve	Capital reserve	Retained earnings/ (Accumulated losses)	Total
	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	-	-	-	-	(24,362)	(24,362)
Realisation of asset revaluation reserve	-	-	(4,090)	-	4,090	-
At 30 September 2020	<u>142,188</u>	<u>(9,177)</u>	<u>308,130</u>	<u>21,455</u>	<u>(17,970)</u>	<u>444,626</u>
At 1 January 2021	142,188	(9,177)	248,367	21,455	(22,965)	379,868
Loss net of tax for the period	-	-	-	-	(14,295)	(14,295)
Other comprehensive loss for the period	-	-	(6,572)	-	-	(6,572)
Total comprehensive loss for the period	-	-	(6,572)	-	(14,295)	(20,867)
Realisation of asset revaluation reserve	-	-	(1,879)	-	1,879	-
At 30 September 2021	<u>142,188</u>	<u>(9,177)</u>	<u>239,916</u>	<u>21,455</u>	<u>(35,381)</u>	<u>359,001</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 third 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 third 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 third quarter of 2021.

7.) **Dividends Paid**

There were no payment of dividends in the third 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 September 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	2,117	2,034	3,588	7,260	-	-	-	-	5,705	9,294
Inter-segment	-	-	-	-	900	900	(900)	(900)	-	-
Total revenue	2,117	2,034	3,588	7,260	900	900	(900)	(900)	5,705	9,294
Results										
Segment loss	(4,452)	(14,367)	(5,436)	(5,252)	(1,962)	(2,804)	(2,693)	(2,885)	(14,543)	(25,308)
Segment assets	383,162	467,985	122,770	129,646	8,435	8,943	-	-	514,367	606,574
Segment liabilities	101,287	109,159	36,679	34,243	17,400	18,546	-	-	155,366	161,948

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

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

In the third 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 third quarter of 2021.

14.) **Significant Related Party Transactions**

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

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

I.) Review of Performance - 2021 Third Quarter (2021Q3) compared to 2020 Third Quarter (2020Q3)

	Individual quarter 3 months ended		Changes	
	30.9.2021 RM'000	30.9.2020 RM'000	RM'000	%
Revenue	1,350	3,109	(1,759)	(57%)
Loss before interest and tax	(3,711)	(8,506)	4,795	56%
Loss before tax	(4,616)	(9,477)	4,861	51%
Loss after tax	(4,535)	(8,698)	4,163	48%
Loss attributable to owners of the Company	(4,535)	(8,698)	4,163	48%

For the three months to 30 September 2021, the Group's total revenue fell 57% year-on-year to RM1.35 million following the re-imposition of nationwide lockdown beginning from 12 May 2021 to the end of the quarter, with strict restriction on movements and total shutdown of all social and non-essential economic sectors to curb a resurgence in covid-19 cases. The hotel segment was severely impacted as revenue from events and functions tumbled while room occupancy dropped significantly. Income from the property investment segment also declined on the back of partial rental rebate extended to tenants as a form of support during the lockdown.

Net loss for the current quarter is smaller than the loss of RM8.70 million recorded in last year's quarter due to the absence of last year's one-off non-cash charge of RM4.08 million related to the write-down of property development cost.

II.) Review of 2021 Third Quarter (2021Q3) against 2021 Second Quarter (2021Q2)

	Individual quarter 3 months ended		Changes	
	30.9.2021 RM'000	30.6.2021 RM'000	RM'000	%
Revenue	1,350	2,307	(957)	(41%)
Loss before interest and tax	(3,711)	(3,435)	(276)	(8%)
Loss before tax	(4,616)	(4,343)	(273)	(6%)
Loss after tax	(4,535)	(4,260)	(275)	(6%)
Loss attributable to owners of the Company	(4,535)	(4,260)	(275)	(6%)

The Group's total revenue was down by 41% to RM1.35 million from the previous quarter on the back of lower revenue from both the hotel segment and the property investment segment. Throughout the current quarter, the hotel operations were weighed down by the re-imposition of nationwide lockdown that started in mid May 2021 which significantly curtailed the sale of rooms and food & beverage events at the hotel. Tenant support in the form of partial rental rebate extended in the current quarter contributed to a decline in revenue from the property investment segment compared to previous quarter.

The lower total revenue in the current quarter led to a marginally higher net loss of RM4.53 million for the Group comparing to RM4.26 million net loss in previous quarter.

III.) Prospects

The gradual reopening of all social and economic activities in the fourth quarter, particularly the resumption of interstate travel, will certainly help to boost the operations of our hotel. Our hotel has started various promotional packages and weekend crowd in the restaurants has been encouraging. Notwithstanding the uptick in business, the Board remains cautious on the pace of recovery in the hotel and property sectors in the near term.

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 ("CRSB") had entered into a conditional sale and purchase agreement ("SPA") 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.

Subsequently on 26 September 2021 CRSB had obtained the KM Layout Approval and SBKS Approval from Pejabat Tanah dan Galian Johor in accordance to Clause 1.1(b) of the SPA. Thus the disposal consideration is confirmed at RM88.67 million.

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 third quarter of 2021.

VIII.) Loss from Operations

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,266	1,446	3,807	4,345
Depreciation of right-of-use assets	1,462	1,498	4,441	4,497
Interest income	(16)	(15)	(43)	(113)
Loss from disposal of asset held for sale	-	500	-	500
Property development costs written off	-	4,083	-	4,083

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 third quarter of 2021.

XI.) Income Tax Expense

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax relating to net surplus on revaluation of land and buildings	81	779	248	946

XII.) Group Borrowings/Debt Securities

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft (secured)	3,963	-	3,963
Term loans (secured)	17,338	33,031	50,369
Lease liabilities	355	525	880
Total borrowings	<u>21,656</u>	<u>33,556</u>	<u>55,212</u>

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft (secured)	3,992	-	3,992
Term loans (secured)	2,000	45,124	47,124
Lease liabilities	468	849	1,317
Total borrowings	<u>6,460</u>	<u>45,973</u>	<u>52,433</u>

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the third 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 9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Loss net of tax attributable to owners of the Company (RM'000)	(4,535)	(8,698)	(14,295)	(24,362)
Weighted average number of ordinary shares ('000)	332,421	332,421	332,421	332,421
Basic and diluted loss per share (sen)	<u>(1.36)</u>	<u>(2.62)</u>	<u>(4.30)</u>	<u>(7.33)</u>