

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2022
THE FIGURES HAVE NOT BEEN AUDITED****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue	3,804	2,048	3,804	2,048
Cost of sales	(1,882)	(880)	(1,882)	(880)
Gross profit	1,922	1,168	1,922	1,168
Other income	79	16	79	16
Operating and administrative expenses	(12,077)	(5,845)	(12,077)	(5,845)
Loss from operations	(10,076)	(4,661)	(10,076)	(4,661)
Finance cost	(622)	(923)	(622)	(923)
Loss before tax	(10,698)	(5,584)	(10,698)	(5,584)
Income tax expense	881	84	881	84
Loss net of tax, representing total comprehensive loss for the period	(9,817)	(5,500)	(9,817)	(5,500)
Loss per share attributable to owners of the Company - basic and diluted (sen)	(2.95)	(1.65)	(2.95)	(1.65)

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31.3.2022 RM'000	As at preceding financial year end 31.12.2021 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	175,945	177,136
Right-of-use assets	<u>162,460</u>	<u>163,911</u>
	<u>338,405</u>	<u>341,047</u>
Current Assets		
Inventories	12,612	12,575
Trade and other receivables	5,203	40,800
Income tax recoverable	285	285
Deposits, bank and cash balances	<u>28,586</u>	<u>10,564</u>
	46,686	64,224
Assets held for sale	<u>-</u>	<u>6,500</u>
	<u>46,686</u>	<u>70,724</u>
TOTAL ASSETS	<u>385,091</u>	<u>411,771</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	142,188	142,188
Treasury shares	(9,177)	(9,177)
Reserves	212,891	217,785
Accumulated losses	<u>(57,567)</u>	<u>(52,644)</u>
Total equity	<u>288,335</u>	<u>298,152</u>
Non-current Liabilities		
Lease liabilities	384	496
Bank borrowings	33,110	32,479
Deferred tax liabilities	<u>44,440</u>	<u>45,858</u>
	<u>77,934</u>	<u>78,833</u>
Current Liabilities		
Trade and other payables	12,445	21,919
Lease liabilities	381	379
Bank overdraft	-	3,972
Bank borrowings	3,609	3,609
Income tax payable	<u>2,387</u>	<u>4,907</u>
	<u>18,822</u>	<u>34,786</u>
Total liabilities	96,756	113,619
TOTAL EQUITY AND LIABILITIES	<u>385,091</u>	<u>411,771</u>
Net Assets Per Share (RM)	0.87	0.90

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31.3.2022 RM'000	3 months ended 31.3.2021 RM'000
Operating activities		
Loss before tax	(10,698)	(5,584)
Adjustments for:		
Non-cash items	2,670	2,779
Non-operating items	545	907
Operating cash before changes in working capital	(7,483)	(1,898)
Inventories	(37)	(471)
Receivables	35,597	(225)
Payables	(9,961)	(686)
Income taxes paid	(2,520)	(2,465)
Net cash from/(used in) operating activities	15,596	(5,745)
Investing activities		
Interest received	77	16
Purchase of property, plant and equipment	(13)	-
Proceeds from disposal of assets held for sale	6,500	-
Net cash from investing activities	6,564	16
Financing activities		
Fixed deposits pledged for banking facilities	(13)	(9)
Interest paid	(56)	(357)
Repayment of lease liabilities	(110)	(127)
Net cash used in financing activities	(179)	(493)
Net increase/(decrease) in cash and cash equivalents	21,981	(6,222)
Cash and cash equivalents at beginning of period	3,177	3,083
Cash and cash equivalents at end of period	25,158	(3,139)
Cash and cash equivalents comprise:		
Cash and bank balances	28,586	4,220
Less : Bank overdraft	-	(3,979)
: Fixed deposits pledged	(3,428)	(3,380)
	25,158	(3,139)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the Company ----->					Total RM'000
	<----- Non-distributable ----->			<----- Distributable ----->		
	Share capital RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	(Accumulated losses) RM'000	
At 1 January 2021	142,188	(9,177)	248,367	21,455	(22,965)	379,868
Loss net of tax, representing total comprehensive loss for the period	-	-	-	-	(5,500)	(5,500)
Realisation of asset revaluation reserve	-	-	(626)	-	626	-
At 31 March 2021	<u>142,188</u>	<u>(9,177)</u>	<u>247,741</u>	<u>21,455</u>	<u>(27,839)</u>	<u>374,368</u>
At 1 January 2022	142,188	(9,177)	196,330	21,455	(52,644)	298,152
Loss net of tax, representing total comprehensive loss for the period	-	-	-	-	(9,817)	(9,817)
Realisation of asset revaluation reserve	-	-	(4,894)	-	4,894	-
At 31 March 2022	<u>142,188</u>	<u>(9,177)</u>	<u>191,436</u>	<u>21,455</u>	<u>(57,567)</u>	<u>288,335</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 2021.

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 2021. 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 2021.

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 2021.

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 2022, 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 first quarter of 2022.

2.) **Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2021 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 first quarter of 2022, 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 first quarter of 2022.

7.) **Dividends Paid**

There were no payment of dividends in the first quarter of 2022.

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 31 December was as follows:

	Property		Hotel		Corporate		Adjustments and eliminations		Consolidated	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue										
External customers	798	795	3,006	1,253	-	-	-	-	3,804	2,048
Inter-segment	-	-	-	-	300	300	(300)	(300)	-	-
Total revenue	798	795	3,006	1,253	300	300	(300)	(300)	3,804	2,048
Results										
Segment loss	(7,942)	(2,157)	(1,391)	(1,802)	(820)	(718)	(545)	(907)	(10,698)	(5,584)
Segment assets	258,245	391,385	125,965	130,986	881	1,693	-	-	385,091	524,064
Segment liabilities	48,893	95,955	37,633	36,223	10,230	17,518	-	-	96,756	149,696

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 first quarter of 2022, there were no changes in the composition of the Group.

12.) Changes in Contingent Liabilities/Assets

In the first quarter of 2022, 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 first quarter of 2022.

14.) Significant Related Party Transactions

The Group has no significant related party transactions in the first quarter of 2022.

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

I.) Review of Performance - 2022 First Quarter (2022Q1) compared to 2021 First Quarter (2021Q1)

	Individual quarter 3 months ended		Changes	
	31.3.2022 RM'000	31.3.2021 RM'000	RM'000	%
Revenue	3,804	2,048	1,756	86%
Loss before interest and tax	(10,076)	(4,661)	(5,415)	(116%)
Loss before tax	(10,698)	(5,584)	(5,114)	(92%)
Loss after tax	(9,817)	(5,500)	(4,317)	(78%)
Loss attributable to owners of the Company	(9,817)	(5,500)	(4,317)	(78%)

The Group's revenue for the quarter ended 31 March 2022 recovered to RM3.80 million from RM2.05 million in the same period last year on higher contribution from the hotel segment. The hotel segment posted stronger sales of RM3.01 million in the current quarter compared to RM1.25 million in prior year quarter supported by improved operating condition. The return of inter-state travellers and group events upon the resumption of domestic tourism and the removal of all pandemic driven restrictions in October 2021 led to growing demand for rooms and food & beverage events across all customer segments. Revenue from the property investment segment was little change from a year earlier at RM0.79 million as rental remains essentially unchanged.

Loss for the current quarter was RM9.82 million against loss of RM5.50 million in prior year quarter due largely to expenses incurred on land.

II.) Review of 2022 First Quarter (2022Q1) against 2021 Fourth Quarter (2021Q4)

	Individual quarter 3 months ended		Changes	
	31.3.2022 RM'000	31.12.2021 RM'000	RM'000	%
Revenue	3,804	3,573	231	6%
Loss before interest and tax	(10,076)	(86,973)	76,897	88%
Loss before tax	(10,698)	(87,720)	77,022	88%
Loss after tax	(9,817)	(70,897)	61,080	86%
Loss attributable to owners of the Company	(9,817)	(70,897)	61,080	86%

The Group made a sustained recovery in revenue for the quarter ended 31 March 2022 to RM3.80 million from RM3.57 million in the previous quarter driven by strong performance of the hotel segment. Despite the seasonally weak first quarter, the hotel segment benefited from the continuous uptick in room reservations and event bookings from the local market following the removal of all pandemic driven restrictions in October 2021. Revenue from the property investment segment was higher compared to the preceding quarter on increase in car parking income.

Loss for the current quarter was RM9.82 million compared to loss of RM70.90 million in the last quarter on the absence of impairment loss on goodwill of RM8.93 million and the write-off of property development cost of RM53.62 million. Excluding these amount from the previous quarter's loss, the current quarter loss would have been higher than the previous quarter by RM1.47 million due mainly to expenses incurred on land.

III.) **Prospects**

The outlook for the Group's businesses for the year remains positive ahead of the global reopening and the resumption of international travel which particularly bodes well for the recovery of our hotel's business. The Group will continue to stay prudent and resilient through active cost management to mitigate the risk of rising cost.

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 first quarter of 2022.

VIII.) **Loss from Operations**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,204	1,283	1,204	1,283
Depreciation of right-of-use assets	1,451	1,496	1,451	1,496
Interest income	(77)	(16)	(77)	(16)
Provision for corporate guarantee loss	15	-	15	-

IX.) **Significant Event**

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

X.) **Income Tax Expense**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Real property gains tax	(537)	-	(537)	-
Deferred tax relating to net surplus on revaluation of land and buildings	1,418	84	1,418	84
	<u>881</u>	<u>84</u>	<u>881</u>	<u>84</u>

XI.) **Material Litigation**

There were no material litigation as at the end of the first quarter of 2022.

XII.) **Group Borrowings/Debt Securities**

A.) Group borrowings/debt securities as at 31 March 2022 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	3,609	33,110	36,719
Lease liabilities	381	384	765
Total borrowings	3,990	33,494	37,484

B.) Group borrowings/debt securities as at 31 March 2021 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Bank overdraft (secured)	3,979	-	3,979
Term loans (secured)	5,000	44,236	49,236
Lease liabilities	407	667	1,074
Total borrowings	9,386	44,903	54,289

XIII.) **Dividends**

The Board of Directors did not recommend or paid any dividend for the first quarter of 2022.

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 3 months ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
Loss net of tax attributable to owners of the Company (RM'000)	(9,817)	(5,500)	(9,817)	(5,500)
Weighted average number of ordinary shares ('000)	332,421	332,421	332,421	332,421
Basic and diluted loss per share (sen)	(2.95)	(1.65)	(2.95)	(1.65)

XV.) **Comparative Figures**

The following comparative figures have been reclassified to be consistent with current year's presentation:

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Segment information			
Segment assets			
Property	388,804	2,581	391,385
Hotel	126,710	4,276	130,986
Corporate	8,550	(6,857)	1,693