

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2022
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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	5,951	3,573	20,627	9,278
Cost of sales	(3,147)	(1,638)	(10,375)	(4,250)
Gross profit	2,804	1,935	10,252	5,028
Other expenses	(589)	(71,116)	(10,414)	(71,072)
Operating and administrative expenses	(7,568)	(17,792)	(32,414)	(32,736)
Loss from operations	(5,353)	(86,973)	(32,576)	(98,780)
Finance cost	(702)	(747)	(2,608)	(3,483)
Loss before tax	(6,055)	(87,720)	(35,184)	(102,263)
Income tax expense	78	16,823	1,110	17,071
Loss net of tax for the period	(5,977)	(70,897)	(34,074)	(85,192)
Loss per share attributable to owners of the Company - basic and diluted (sen)	(1.80)	(21.33)	(10.25)	(25.63)

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Loss net of tax for the period	(5,977)	(70,897)	(34,074)	(85,192)
Other comprehensive income, net of tax Item that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	-	10,048	-	3,476
Total comprehensive loss for the period	<u>(5,977)</u>	<u>(60,849)</u>	<u>(34,074)</u>	<u>(81,716)</u>
Loss for the period attributable to owners of the Company	<u>(5,977)</u>	<u>(70,897)</u>	<u>(34,074)</u>	<u>(85,192)</u>
Total comprehensive loss for the period attributable to owners of the Company	<u>(5,977)</u>	<u>(60,849)</u>	<u>(34,074)</u>	<u>(81,716)</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 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31.12.2022 RM'000	As at preceding financial year end 31.12.2021 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	173,202	177,136
Right-of-use assets	<u>158,187</u>	<u>163,911</u>
	<u>331,389</u>	<u>341,047</u>
Current Assets		
Inventories	12,672	12,575
Trade and other receivables	2,442	40,800
Income tax recoverable	285	285
Deposits, bank and cash balances	<u>11,001</u>	<u>10,564</u>
	26,400	64,224
Assets held for sale	<u>-</u>	<u>6,500</u>
	<u>26,400</u>	<u>70,724</u>
TOTAL ASSETS	<u>357,789</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	210,938	217,785
Accumulated losses	<u>(79,871)</u>	<u>(52,644)</u>
Total equity	<u>264,078</u>	<u>298,152</u>
Non-current Liabilities		
Lease liabilities	169	496
Bank borrowings	33,608	32,479
Deferred tax liabilities	<u>44,205</u>	<u>45,858</u>
	<u>77,982</u>	<u>78,833</u>
Current Liabilities		
Trade and other payables	12,670	21,919
Lease liabilities	304	379
Bank overdraft	-	3,972
Bank borrowings	2,663	3,609
Income tax payable	<u>92</u>	<u>4,907</u>
	<u>15,729</u>	<u>34,786</u>
Total liabilities	93,711	113,619
TOTAL EQUITY AND LIABILITIES	<u>357,789</u>	<u>411,771</u>
Net Assets Per Share (RM)	0.79	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

	12 months ended 31.12.2022 RM'000	12 months ended 31.12.2021 RM'000
Operating activities		
Loss before tax	(35,184)	(102,263)
Adjustments for:		
Non-cash items	9,423	74,888
Non-operating items	<u>2,356</u>	<u>3,410</u>
Operating cash before changes in working capital	(23,405)	(23,965)
Inventories	(97)	(717)
Receivables	38,364	8,664
Payables	(8,431)	(5,825)
Income taxes paid	<u>(5,358)</u>	<u>(3,115)</u>
Net cash from/(used in) operating activities	<u>1,073</u>	<u>(24,958)</u>
Investing activities		
Interest received	252	73
Proceeds from disposal of assets held for sale	6,500	41,484
Proceeds from disposal of property, plant and equipment	271	-
Purchase of property, plant and equipment	<u>(772)</u>	<u>(30)</u>
Net cash from investing activities	<u>6,251</u>	<u>41,527</u>
Financing activities		
Deposits in debt service reserve account	(2,242)	-
Fixed deposits pledged for banking facilities	(1,051)	(44)
Interest paid	(1,852)	(1,065)
Repayment of:		
- lease liabilities	(491)	(366)
- bank borrowings	<u>(572)</u>	<u>(15,000)</u>
Net cash used in financing activities	<u>(6,208)</u>	<u>(16,475)</u>
Net increase in cash and cash equivalents	1,116	94
Cash and cash equivalents at beginning of period	3,177	3,083
Cash and cash equivalents at end of period	<u>4,293</u>	<u>3,177</u>
Cash and cash equivalents comprise:		
Cash and bank balances	11,001	10,564
Less : Bank overdraft	-	(3,972)
: Fixed deposits pledged	(4,466)	(3,415)
: Debt service reserve account	<u>(2,242)</u>	<u>-</u>
	<u>4,293</u>	<u>3,177</u>

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 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
At 1 January 2022	142,188	(9,177)	196,330	21,455	(52,644)	298,152
Loss net of tax for the period, representing total comprehensive loss for the period	-	-	-	-	(34,074)	(34,074)
Realisation of asset revaluation reserve	-	-	(6,847)	-	6,847	-
At 31 December 2022	142,188	(9,177)	189,483	21,455	(79,871)	264,078

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 fourth 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 fourth 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 fourth quarter of 2022.

7.) **Dividends Paid**

There were no payment of dividends in the fourth 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	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	3,440	2,774	17,187	6,504	-	-	-	-	20,627	9,278
Inter-segment	-	-	-	-	1,200	1,200	(1,200)	(1,200)	-	-
Total revenue	3,440	2,774	17,187	6,504	1,200	1,200	(1,200)	(1,200)	20,627	9,278
Results										
Segment loss	(26,823)	(82,487)	(3,828)	(10,796)	(2,177)	(5,570)	(2,356)	(3,410)	(35,184)	(102,263)
Segment assets	234,882	283,460	122,550	127,718	357	593	-	-	357,789	411,771
Segment liabilities	50,315	56,877	36,961	37,763	6,435	18,979	-	-	93,711	113,619

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

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

On 30 December 2022, Bondmark Construction Services Co. Sdn Bhd, LH Indah Apartments (First) Sdn Bhd, LH Indah Apartments (Second) Sdn Bhd and Lien Hoe Square Sdn Bhd, all wholly-owned subsidiary companies, were struck off from the register of The Companies Commission of Malaysia in accordance with Section 550 of the Companies Act 2016.

13.) **Capital Commitments**

There were no material capital commitments as at the end of the fourth quarter of 2022.

14.) **Significant Related Party Transactions**

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

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

I.) Review of Performance - 2022 Fourth Quarter (2022Q4) compared to 2021 Fourth Quarter (2021Q4)

	Individual quarter 3 months ended		Changes	
	31.12.2022 RM'000	31.12.2021 RM'000	RM'000	%
Revenue	5,951	3,573	2,378	67%
Loss before interest and tax	(5,353)	(86,973)	81,620	94%
Loss before tax	(6,055)	(87,720)	81,665	93%
Loss after tax	(5,977)	(70,897)	64,920	92%
Loss attributable to owners of the Company	(5,977)	(70,897)	64,920	92%

For the three months to 31 December 2022, the Group's total revenue rose by 66.6% to RM5.95 million from RM3.57 million in the same period last year driven by higher contribution from the hotel segment. The Group's hotel operations in this quarter made further progress in the post-pandemic recovery amid robust domestic demand, which led to a 73.2% year-on-year increase in total sales to RM5.05 million. With domestic leisure travel leading the recovery in hospitality industry, our hotel benefited from higher room occupancy and average room rate as compared to the prior year period. Additionally, an uptick in demand for meetings and events from the government and corporate market segments enabled our hotel to increase non-room sales over the last year period. Revenue from the property investment segment was up by RM0.20 million owing mostly to pandemic-driven rental assistance given in previous year period.

Net loss for this quarter narrowed substantially to RM5.98 million from RM70.90 million in the previous year quarter mainly as a result of the recognition of one-off expenses amounted to RM62.55 million in the previous year period.

II.) Review of 2022 Fourth Quarter (2022Q4) against 2022 Third Quarter (2022Q3)

	Individual quarter 3 months ended		Changes	
	31.12.2022 RM'000	30.9.2022 RM'000	RM'000	%
Revenue	5,951	5,640	311	6%
Loss before interest and tax	(5,353)	(3,695)	(1,658)	(45%)
Loss before tax	(6,055)	(4,374)	(1,681)	(38%)
Loss after tax	(5,977)	(4,302)	(1,675)	(39%)
Loss attributable to owners of the Company	(5,977)	(4,302)	(1,675)	(39%)

The Group's total revenue improved quarter-on-quarter by 5.5% to RM5.95 million from RM5.64 million in the previous quarter on higher contribution from the hotel segment. The hotel segment posted total sales of RM5.05 million in this quarter compared to RM4.74 million in the prior quarter, an increase of RM0.31 million or 6.5% despite it was a seasonally weaker quarter as demand for rooms and meetings was exceedingly strong in November before the normal seasonal drop-off in December. Revenue from the property investment segment remains on par with the previous quarter on the back of unchanged rental income.

The Group sustained loss of RM5.98 million in this period as compared to loss of RM4.30 million in the prior quarter mainly due to lower profit margin from the hotel segment and higher expenses on land.

III.) Prospects

The outlooks for the Group's core business in the hotel industry remain challenging amid increasing economic uncertainty and a weaker than expected rebound in business and corporate travel from the local and overseas markets. Notwithstanding the difficult operating conditions, the Board expects the positive momentum in the recovery of the Group's hotel business to be sustained into the new financial year as the domestic and overseas travel markets continue to rise towards pre-pandemic level.

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 2022.

VIII.) Loss from Operations

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,180	1,249	4,705	5,056
Depreciation of right-of-use assets	1,461	1,408	5,812	5,848
Expenses arising from the sale of freehold land:				
- construction of the access road	-	5,500	-	5,500
- rebate on prepayment	-	2,142	-	2,142
Gain from disposal of property, plant and equipment	(271)	-	(271)	-
Impairment loss on goodwill	-	8,927	-	8,927
Impairment loss on receivables	6	52	6	52
Interest income	(50)	(30)	(252)	(73)
Other investment written off	-	1,000	-	1,000
Property development costs written off	1,746	53,624	9,769	53,624
Provision for corporate guarantee loss	-	471	15	471
Reversal of provision for corporate guarantee loss	(833)	-	(833)	-

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 2022.

XI.) **Income Tax Expense**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Malaysian income tax:				
Under provision in prior year	-	-	(6)	-
Real property gains tax	-	-	(537)	-
Deferred tax:				
Deferred tax relating to net surplus on revaluation of land and buildings	78	16,823	1,653	17,071
	<u>78</u>	<u>16,823</u>	<u>1,110</u>	<u>17,071</u>

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

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	2,663	33,608	36,271
Lease liabilities	304	169	473
Total borrowings	<u>2,967</u>	<u>33,777</u>	<u>36,744</u>

B.) 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	379	496	875
Total borrowings	<u>7,960</u>	<u>32,975</u>	<u>40,935</u>

XIII.) **Dividends**

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

XIV.) **Loss Per Share**

The basic loss per share is calculated by dividing the loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. The Group has no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares.

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Loss net of tax attributable to owners of the Company (RM'000)	<u>(5,977)</u>	<u>(70,897)</u>	<u>(34,074)</u>	<u>(85,192)</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>(1.80)</u>	<u>(21.33)</u>	<u>(10.25)</u>	<u>(25.63)</u>