

LIEN HOE CORPORATION BERHAD
Registration No. 196901000161 (8507-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2023
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	
	31.3.2023 RM'000	31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
Revenue	5,678	3,804	5,678	3,804
Cost of sales	(3,258)	(1,882)	(3,258)	(1,882)
Gross profit	2,420	1,922	2,420	1,922
Other income	36	79	36	79
Operating and administrative expenses	(6,378)	(12,077)	(6,378)	(12,077)
Loss from operations	(3,922)	(10,076)	(3,922)	(10,076)
Finance cost	(710)	(622)	(710)	(622)
Loss before tax	(4,632)	(10,698)	(4,632)	(10,698)
Income tax expense	79	881	79	881
Loss net of tax, representing total comprehensive loss for the period	(4,553)	(9,817)	(4,553)	(9,817)
Loss per share attributable to owners of the Company - basic and diluted (sen)	(1.37)	(2.95)	(1.37)	(2.95)

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 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31.3.2023 RM'000	As at preceding financial year end 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	172,045	173,202
Right-of-use assets	<u>156,767</u>	<u>158,187</u>
	<u>328,812</u>	<u>331,389</u>
Current Assets		
Inventories	12,652	12,672
Trade and other receivables	2,645	2,442
Income tax recoverable	285	285
Deposits, bank and cash balances	<u>8,761</u>	<u>11,001</u>
	<u>24,343</u>	<u>26,400</u>
TOTAL ASSETS	<u>353,155</u>	<u>357,789</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	142,188	142,188
Treasury shares	(9,177)	(9,177)
Reserves	210,287	210,938
Accumulated losses	<u>(83,773)</u>	<u>(79,871)</u>
Total equity	<u>259,525</u>	<u>264,078</u>
Non-current Liabilities		
Lease liabilities	120	169
Bank borrowings	32,573	33,608
Deferred tax liabilities	<u>44,126</u>	<u>44,205</u>
	<u>76,819</u>	<u>77,982</u>
Current Liabilities		
Trade and other payables	12,846	12,670
Lease liabilities	267	304
Bank borrowings	3,698	2,663
Income tax payable	<u>-</u>	<u>92</u>
	<u>16,811</u>	<u>15,729</u>
Total liabilities	<u>93,630</u>	<u>93,711</u>
TOTAL EQUITY AND LIABILITIES	<u>353,155</u>	<u>357,789</u>
Net Assets Per Share (RM)	0.78	0.79

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31.3.2023 RM'000	3 months ended 31.3.2022 RM'000
Operating activities		
Loss before tax	(4,632)	(10,698)
Adjustments for:		
Non-cash items	2,586	2,670
Non-operating items	<u>681</u>	<u>545</u>
Operating cash before changes in working capital	(1,365)	(7,483)
Inventories	20	(37)
Receivables	(203)	35,597
Payables	176	(9,961)
Income taxes paid	<u>(92)</u>	<u>(2,520)</u>
Net cash (used in)/from operating activities	<u>(1,464)</u>	<u>15,596</u>
Investing activities		
Interest received	29	77
Purchase of property, plant and equipment	(10)	(13)
Proceeds from disposal of assets held for sale	<u>-</u>	<u>6,500</u>
Net cash from investing activities	<u>19</u>	<u>6,564</u>
Financing activities		
Fixed deposits pledged for banking facilities	(24)	(13)
Interest paid	(710)	(56)
Repayment of lease liabilities	<u>(85)</u>	<u>(110)</u>
Net cash used in financing activities	<u>(819)</u>	<u>(179)</u>
Net (decrease)/increase in cash and cash equivalents	(2,264)	21,981
Cash and cash equivalents at beginning of period	4,293	3,177
Cash and cash equivalents at end of period	<u>2,029</u>	<u>25,158</u>
Cash and cash equivalents comprise:		
Deposits, bank and cash balances	8,761	28,586
Less : Fixed deposits pledged	(4,490)	(3,428)
Debt service reserve account	<u>(2,242)</u>	<u>-</u>
	<u>2,029</u>	<u>25,158</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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	(Accumulated losses)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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>
At 1 January 2023	142,188	(9,177)	189,483	21,455	(79,871)	264,078
Loss net of tax, representing total comprehensive loss for the period	-	-	-	-	(4,553)	(4,553)
Realisation of asset revaluation reserve	-	-	(651)	-	651	-
At 31 March 2023	<u>142,188</u>	<u>(9,177)</u>	<u>188,832</u>	<u>21,455</u>	<u>(83,773)</u>	<u>259,525</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 2022.

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 2022. 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 2022.

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 2022.

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 2023, 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 2023.

2.) **Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2022 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 2023, 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 2023.

7.) **Dividends Paid**

There were no payment of dividends in the first quarter of 2023.

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 March was as follows:

	Property		Hotel		Corporate		Adjustments and eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	939	798	4,739	3,006	-	-	-	-	5,678	3,804
Inter-segment	-	-	-	-	300	300	(300)	(300)	-	-
Total revenue	939	798	4,739	3,006	300	300	(300)	(300)	5,678	3,804
Results										
Segment loss	(2,162)	(7,942)	(1,250)	(1,391)	(539)	(820)	(681)	(545)	(4,632)	(10,698)
Segment assets	232,040	258,245	120,687	125,965	428	881	-	-	353,155	385,091
Segment liabilities	50,743	48,893	37,001	37,633	5,886	10,230	-	-	93,630	96,756

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 2023, there were no changes in the composition of the Group.

12.) Changes in Contingent Liabilities/Assets

In the first quarter of 2023, 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 2023.

14.) Significant Related Party Transactions

The Group has no significant related party transactions in the first quarter of 2023.

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

I.) Review of Performance - 2023 First Quarter (2023Q1) compared to 2022 First Quarter (2022Q1)

	Individual quarter 3 months ended		Changes	
	31.3.2023 RM'000	31.3.2022 RM'000	RM'000	%
Revenue	5,678	3,804	1,874	49%
Loss before interest and tax	(3,922)	(10,076)	6,154	61%
Loss before tax	(4,632)	(10,698)	6,066	57%
Loss after tax	(4,553)	(9,817)	5,264	54%
Loss attributable to owners of the Company	(4,553)	(9,817)	5,264	54%

The Group's revenue for the quarter ended 31 March 2023 rose to RM5.68 million from RM3.80 million in the same period last year on the strength of stronger performance from the hotel segment. Total sales from the hotel segment increased from RM3.01 million in previous year period to RM4.74 million in this quarter. The improved travel conditions led to increased revenue from rooms which was driven by higher occupancy and average daily rate across all customer segments. Non-room revenue also grew significantly from the previous year period spurred by higher bookings for seminars, meetings and other group events. Revenue from the property investment segment increased to RM0.94 million from RM0.80 million in the previous year quarter due mainly to higher collection of carpark income.

The Group sustained a narrower loss of RM4.55 million for this quarter as compared to a loss of RM9.82 million in the prior year period due largely to the absence of expenses related to land.

II.) Review of 2023 First Quarter (2023Q1) against 2022 Fourth Quarter (2022Q4)

	Individual quarter 3 months ended		Changes	
	31.3.2023 RM'000	31.12.2022 RM'000	RM'000	%
Revenue	5,678	5,951	(273)	(5%)
Loss before interest and tax	(3,922)	(5,353)	1,431	27%
Loss before tax	(4,632)	(6,055)	1,423	24%
Loss after tax	(4,553)	(5,977)	1,424	24%
Loss attributable to owners of the Company	(4,553)	(5,977)	1,424	24%

In the first quarter to 31 March 2023, the Group's total revenue declined by 4.5% to RM5.68 million from RM5.95 million in the preceding quarter on a marginally weaker contribution from the hotel segment. The performance of the hotel segment was weighed down by seasonal factors as leisure travel and corporate bookings generally slow down in the first two months of the year. The resulting lower revenue from both room and non-room led to the hotel segment posted total sales of RM4.74 million against RM5.05 million in the prior quarter, down by 6.2%. Revenue from the property investment segment was at the same level of previous quarter as rentals were essentially unchanged.

The Group sustained a narrower loss of RM4.55 million for this quarter as compared to a loss of RM5.98 million in the last quarter owing mainly to lower expenses related to land.

III.) Prospects

The outlooks for the Group's businesses remain challenging as our hotel operation is expected to experience continued market volatility from the on-going economic uncertainty. Additionally, elevated operating cost arising from utility and foods coupled with the new minimum wages may have an adverse impact on the Group's financial performance for this financial year. We will navigate this challenging operating conditions by continuing taking stringent measures on cost and agile pricing for our services.

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 2023.

VIII.) Loss from Operations

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2023 RM'000	31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,167	1,204	1,167	1,204
Depreciation of right-of-use assets	1,420	1,451	1,420	1,451
Interest income	(29)	(77)	(29)	(77)
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.) Material Litigation

There were no material litigation as at the end of the first quarter of 2023.

XI.) Income Tax Expense

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2023 RM'000	31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
Real property gains tax	-	(537)	-	(537)
Deferred tax relating to net surplus on revaluation of land and buildings	79	1,418	79	1,418
	<u>79</u>	<u>881</u>	<u>79</u>	<u>881</u>

XII.) Group Borrowings/Debt Securities

A.) Group borrowings/debt securities as at 31 March 2023 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	3,698	32,573	36,271
Lease liabilities	267	120	387
Total borrowings	<u>3,965</u>	<u>32,693</u>	<u>36,658</u>

B.) 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	<u>3,990</u>	<u>33,494</u>	<u>37,484</u>

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the first quarter of 2023.

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 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 3 months ended	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Loss net of tax attributable to owners of the Company (RM'000)	<u>(4,553)</u>	<u>(9,817)</u>	<u>(4,553)</u>	<u>(9,817)</u>
Weighted average number of ordinary shares ('000)	<u>332,420</u>	<u>332,420</u>	<u>332,420</u>	<u>332,420</u>
Basic and diluted loss per share (sen)	<u>(1.37)</u>	<u>(2.95)</u>	<u>(1.37)</u>	<u>(2.95)</u>