

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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 6 months ended	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
Revenue	6,364	5,232	12,042	9,036
Cost of sales	(3,486)	(2,598)	(6,744)	(4,480)
Gross profit	<u>2,878</u>	<u>2,634</u>	<u>5,298</u>	<u>4,556</u>
Other income	39	77	75	156
Operating and administrative expenses	(6,277)	(16,163)	(12,655)	(28,240)
Loss from operations	<u>(3,360)</u>	<u>(13,452)</u>	<u>(7,282)</u>	<u>(23,528)</u>
Finance cost	(729)	(605)	(1,439)	(1,227)
Loss before tax	<u>(4,089)</u>	<u>(14,057)</u>	<u>(8,721)</u>	<u>(24,755)</u>
Income tax expense	78	79	157	960
Loss net of tax, representing total comprehensive loss for the period	<u>(4,011)</u>	<u>(13,978)</u>	<u>(8,564)</u>	<u>(23,795)</u>
Loss per share - basic and diluted (sen)	<u>(1.21)</u>	<u>(4.20)</u>	<u>(2.58)</u>	<u>(7.16)</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 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 30.6.2023 RM'000	As at preceding financial year end 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	170,956	173,202
Right-of-use assets	<u>155,396</u>	<u>158,187</u>
	<u>326,352</u>	<u>331,389</u>
Current Assets		
Inventories	12,642	12,672
Trade and other receivables	2,512	2,442
Income tax recoverable	285	285
Deposits, bank and cash balances	<u>7,761</u>	<u>11,001</u>
	<u>23,200</u>	<u>26,400</u>
TOTAL ASSETS	<u>349,552</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	209,636	210,938
Accumulated losses	<u>(87,133)</u>	<u>(79,871)</u>
Total equity	<u>255,514</u>	<u>264,078</u>
Non-current Liabilities		
Lease liabilities	97	169
Bank borrowings	31,654	33,608
Deferred tax liabilities	<u>44,048</u>	<u>44,205</u>
	<u>75,799</u>	<u>77,982</u>
Current Liabilities		
Trade and other payables	14,045	12,670
Lease liabilities	217	304
Bank borrowings	3,977	2,663
Income tax payable	<u>-</u>	<u>92</u>
	<u>18,239</u>	<u>15,729</u>
Total liabilities	<u>94,038</u>	<u>93,711</u>
TOTAL EQUITY AND LIABILITIES	<u>349,552</u>	<u>357,789</u>
Net Assets Per Share (RM)	0.77	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

	6 months ended 30.6.2023 RM'000	6 months ended 30.6.2022 RM'000
Operating activities		
Loss before tax	(8,721)	(24,755)
Adjustments for:		
Non-cash items	5,122	5,295
Non-operating items	<u>1,370</u>	<u>1,080</u>
Operating cash before changes in working capital	(2,229)	(18,380)
Inventories	30	(77)
Receivables	(70)	37,234
Payables	1,375	(7,506)
Taxes paid	<u>(92)</u>	<u>(3,822)</u>
Net cash (used in)/from operating activities	<u>(986)</u>	<u>7,449</u>
Investing activities		
Interest received	69	147
Purchase of property, plant and equipment	(80)	(212)
Proceeds from disposal of assets held for sale	<u>-</u>	<u>6,500</u>
Net cash (used in)/from investing activities	<u>(11)</u>	<u>6,435</u>
Financing activities		
Fixed deposits pledged for banking facilities	(679)	(22)
Interest paid	(1,439)	(66)
Repayment of:		
- lease liabilities	(164)	(204)
- term loan	(640)	(553)
Withdrawal from debt service reserve account	<u>2,242</u>	<u>-</u>
Net cash used in financing activities	<u>(680)</u>	<u>(845)</u>
Net (decrease)/increase in cash and cash equivalents	(1,677)	13,039
Cash and cash equivalents at beginning of period	4,293	3,177
Cash and cash equivalents at end of period	<u>2,616</u>	<u>16,216</u>
Cash and cash equivalents comprise:		
Cash and bank balances	7,761	19,653
Less : Fixed deposits pledged	<u>(5,145)</u>	<u>(3,437)</u>
	<u>2,616</u>	<u>16,216</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 ----->					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 2022	142,188	(9,177)	196,330	21,455	(52,644)	298,152
Loss net of tax, representing total comprehensive loss for the period	-	-	-	-	(23,795)	(23,795)
Realisation of asset revaluation reserve	-	-	(5,545)	-	5,545	-
At 30 June 2022	<u>142,188</u>	<u>(9,177)</u>	<u>190,785</u>	<u>21,455</u>	<u>(70,894)</u>	<u>274,357</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	-	-	-	-	(8,564)	(8,564)
Realisation of asset revaluation reserve	-	-	(1,302)	-	1,302	-
At 30 June 2023	<u>142,188</u>	<u>(9,177)</u>	<u>188,181</u>	<u>21,455</u>	<u>(87,133)</u>	<u>255,514</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 second 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 second 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 second quarter of 2023.

7.) **Dividends Paid**

There were no payment of dividends in the second 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 30 June was as follows:

	Property		Hotel		Corporate		Adjustments and eliminations		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue										
External customers	1,869	1,640	10,173	7,396	-	-	-	-	12,042	9,036
Inter-segment	-	-	-	-	600	600	(600)	(600)	-	-
Total revenue	1,869	1,640	10,173	7,396	600	600	(600)	(600)	12,042	9,036
Results										
Segment loss	(3,951)	(19,871)	(2,164)	(2,180)	(1,236)	(1,624)	(1,370)	(1,080)	(8,721)	(24,755)
Segment assets	230,271	246,006	118,824	125,082	457	1,047	-	-	349,552	372,135
Segment liabilities	51,793	51,165	36,459	37,445	5,786	9,168	-	-	94,038	97,778

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

12.) Changes in Contingent Liabilities/Assets

In the second 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 second quarter of 2023.

14.) Significant Related Party Transactions

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

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

I.) Review of Performance - 2023 Second Quarter (2023Q2) compared to 2022 Second Quarter (2022Q2)

	Individual quarter 3 months ended		Changes	
	30.6.2023 RM'000	30.6.2022 RM'000	RM'000	%
Revenue	6,364	5,232	1,132	22%
Loss before interest and tax	(3,360)	(13,452)	10,092	75%
Loss before tax	(4,089)	(14,057)	9,968	71%
Loss after tax	(4,011)	(13,978)	9,967	71%
Loss attributable to owners of the Company	(4,011)	(13,978)	9,967	71%

The Group's revenue for the second quarter ended 30 June 2023 grew by 21.6% to RM6.36 million from RM5.23 million during the same period last year on higher contribution from both the hotel segment and property investment segment. Sales from the hotel segment increased from RM4.39 million in previous year period to RM5.43 million in this quarter amid an improved business environment. Our hotel saw continued rebound in demand for rooms throughout this quarter which led to higher room occupancy rate and average daily room rate across all customer segments. There was also an increase in non-room revenue driven by higher number of bookings for group events such as seminars, trainings and workshops. Revenue from the property investment segment was up by RM0.09 million compared to prior year period attributed largely to additional rental income.

Net loss for this quarter narrowed substantially to RM4.01 million compared to the RM13.98 million loss the year before due mainly to the absence of expenses related to land and payment of remuneration to the former managing director.

II.) Review of 2023 Second Quarter (2023Q2) against 2023 First Quarter (2023Q1)

	Individual quarter 3 months ended		Changes	
	30.6.2023 RM'000	31.3.2023 RM'000	RM'000	%
Revenue	6,364	5,678	686	12%
Loss before interest and tax	(3,360)	(3,922)	562	14%
Loss before tax	(4,089)	(4,632)	543	12%
Loss after tax	(4,011)	(4,553)	542	12%
Loss attributable to owners of the Company	(4,011)	(4,553)	542	12%

The Group's revenue improved quarter-on-quarter by 12.0% to RM6.36 million from RM5.68 million in the previous quarter, led by continuous growth in sales from the hotel segment. Our hotel posted total sales of RM5.43 million in this quarter against RM4.74 million in the prior quarter as strong demand for group events and also the Ramadan buffet during April boosted the non-room revenue from sales of food & beverage. Revenue from the property investment segment was broadly in line with that reported in the previous quarter on the back of unchanged rental income.

The Group sustained a narrower net loss of RM4.01 million in this quarter as compared to loss of RM4.55 million in prior quarter due mainly to higher operating profit from the hotel segment and lower expenses from the property investment segment.

III.) Prospects

The Group's outlook for the remaining period of this financial year remain challenging as the hotel and property operations are expected to face continued market volatility from the on-going economic uncertainty and rising costs. We shall navigate this challenging operating conditions by intensifying efforts on marketing as well as continuing stringent control over costs.

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 second quarter of 2023.

VIII.) Loss from Operations

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,159	1,173	2,326	2,377
Depreciation of right-of-use assets	1,376	1,451	2,796	2,902
Interest income	(40)	(70)	(69)	(147)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

IX.) Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Real property gains tax	-	-	-	(537)
Deferred tax relating to net surplus on revaluation of land and buildings	78	79	157	1,497
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

X.) **Significant Event**

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

XI.) **Material Litigation**

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

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

A.) Group borrowings/debt securities as at 30 June 2023 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	3,977	31,654	35,631
Lease liabilities	217	97	314
Total borrowings	4,194	31,751	35,945

B.) Group borrowings/debt securities as at 30 June 2022 were :-

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	784	35,506	36,290
Lease liabilities	380	290	670
Total borrowings	1,164	35,796	36,960

XIII.) **Dividends**

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

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 6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Loss net of tax attributable to owners of the Company (RM'000)	<u>(4,011)</u>	<u>(13,978)</u>	<u>(8,564)</u>	<u>(23,795)</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>(1.21)</u>	<u>(4.20)</u>	<u>(2.58)</u>	<u>(7.16)</u>