

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 9 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Revenue	6,746	5,640	18,788	14,676
Cost of sales	(3,360)	(2,748)	(10,104)	(7,228)
Gross profit	3,386	2,892	8,684	7,448
Other income	39	57	114	213
Operating and administrative expenses	(6,971)	(6,644)	(19,626)	(34,884)
Loss from operations	(3,546)	(3,695)	(10,828)	(27,223)
Finance cost	(724)	(679)	(2,163)	(1,906)
Loss before tax	(4,270)	(4,374)	(12,991)	(29,129)
Income tax expense	78	72	235	1,032
Loss net of tax, representing total comprehensive loss for the period	(4,192)	(4,302)	(12,756)	(28,097)
Loss per share - basic and diluted (sen)	(1.26)	(1.29)	(3.84)	(8.45)

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 30.9.2023 RM'000	As at preceding financial year end 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	169,881	173,202
Right-of-use assets	<u>154,041</u>	<u>158,187</u>
	<u>323,922</u>	<u>331,389</u>
Current Assets		
Inventories	12,613	12,672
Trade and other receivables	1,646	2,442
Income tax recoverable	-	285
Deposits, bank and cash balances	<u>7,113</u>	<u>11,001</u>
	<u>21,372</u>	<u>26,400</u>
TOTAL ASSETS	<u>345,294</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	208,986	210,938
Accumulated losses	<u>(90,675)</u>	<u>(79,871)</u>
Total equity	<u>251,322</u>	<u>264,078</u>
Non-current Liabilities		
Lease liabilities	79	169
Bank borrowings	30,813	33,608
Deferred tax liabilities	<u>43,970</u>	<u>44,205</u>
	<u>74,862</u>	<u>77,982</u>
Current Liabilities		
Trade and other payables	15,108	12,670
Lease liabilities	167	304
Bank borrowings	3,835	2,663
Income tax payable	<u>-</u>	<u>92</u>
	<u>19,110</u>	<u>15,729</u>
Total liabilities	<u>93,972</u>	<u>93,711</u>
TOTAL EQUITY AND LIABILITIES	<u>345,294</u>	<u>357,789</u>
Net Assets Per Share (RM)	0.76	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

	9 months ended 30.9.2023 RM'000	9 months ended 30.9.2022 RM'000
Operating activities		
Loss before tax	(12,991)	(29,129)
Adjustments for:		
Non-cash items	7,631	7,891
Non-operating items	2,059	1,704
Operating cash before changes in working capital	(3,301)	(19,534)
Inventories	59	(77)
Receivables	796	37,763
Payables	2,438	(8,566)
Net taxes refund/(paid)	193	(4,593)
Net cash from operating activities	<u>185</u>	<u>4,993</u>
Investing activities		
Interest received	104	202
Purchase of property, plant and equipment	(159)	(728)
Proceeds from disposal of assets held for sale	-	6,500
Net cash (used in)/from investing activities	<u>(55)</u>	<u>5,974</u>
Financing activities		
Fixed deposits pledged for banking facilities	(69)	(33)
Interest paid	(2,162)	(1,151)
Repayment of:		
- lease liabilities	(233)	(300)
- term loan	(1,623)	(572)
Withdrawal from debt service reserve account	2,242	-
Net cash used in financing activities	<u>(1,845)</u>	<u>(2,056)</u>
Net (decrease)/increase in cash and cash equivalents	(1,715)	8,911
Cash and cash equivalents at beginning of period	4,293	3,177
Cash and cash equivalents at end of period	<u>2,578</u>	<u>12,088</u>
Cash and cash equivalents comprise:		
Cash and bank balances	7,113	15,536
Less : Fixed deposits pledged	<u>(4,535)</u>	<u>(3,448)</u>
	<u>2,578</u>	<u>12,088</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	-	-	-	-	(28,097)	(28,097)
Realisation of asset revaluation reserve	-	-	(6,196)	-	6,196	-
At 30 September 2022	<u>142,188</u>	<u>(9,177)</u>	<u>190,134</u>	<u>21,455</u>	<u>(74,545)</u>	<u>270,055</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	-	-	-	-	(12,756)	(12,756)
Realisation of asset revaluation reserve	-	-	(1,952)	-	1,952	-
At 30 September 2023	<u>142,188</u>	<u>(9,177)</u>	<u>187,531</u>	<u>21,455</u>	<u>(90,675)</u>	<u>251,322</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 third 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 third 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 third quarter of 2023.

7.) **Dividends Paid**

There were no payment of dividends in the third 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 September 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	2,748	2,540	16,040	12,136	-	-	-	-	18,788	14,676
Inter-segment	-	-	-	-	900	900	(900)	(900)	-	-
Total revenue	2,748	2,540	16,040	12,136	900	900	(900)	(900)	18,788	14,676
Results										
Segment loss	(6,698)	(22,424)	(2,400)	(2,800)	(1,834)	(2,201)	(2,059)	(1,704)	(12,991)	(29,129)
Segment assets	227,639	241,217	116,857	123,429	798	763	-	-	345,294	365,409
Segment liabilities	52,578	49,775	35,797	37,223	5,597	8,356	-	-	93,972	95,354

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

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

In the third 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 third quarter of 2023.

14.) **Significant Related Party Transactions**

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

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

I.) Review of Performance - 2023 Third Quarter (2023Q3) compared to 2022 Third Quarter (2022Q3)

	Individual quarter 3 months ended		Changes	
	30.9.2023 RM'000	30.9.2022 RM'000	RM'000	%
Revenue	6,746	5,640	1,106	20%
Loss before interest and tax	(3,546)	(3,695)	149	4%
Loss before tax	(4,270)	(4,374)	104	2%
Loss after tax	(4,192)	(4,302)	110	3%
Loss attributable to owners of the Company	(4,192)	(4,302)	110	3%

In the 3 months to 30 September 2023, the Group's revenue rose by 19.6% to RM6.75 million from RM5.64 million during the same period last year. The higher revenue was driven by significantly stronger operating performance by the hotel segment as total sales from the hotel segment increased from RM4.74 million in previous year period to RM5.87 million in this quarter on the back of continued improvement in business condition. Our hotel saw foreign visitors from key markets plus new market returned gradually throughout the period, leading to higher occupancy rate and average daily room rate compared to previous year period. There was also an increase in non-room revenue lifted by higher number of bookings for group meetings and food & beverage events. Revenue from the property investment segment was slightly lower by RM0.02 million against the prior year period owing mainly to the loss of rental income from a tenant who did not renew its tenancy.

Net loss for this quarter narrowed marginally to RM4.19 million compared to the RM4.30 million loss the year before due mainly to the net effect of higher revenue and improved profit margin offset by higher expenses on land.

II.) Review of 2023 Third Quarter (2023Q3) against 2023 Second Quarter (2023Q2)

	Individual quarter 3 months ended		Changes	
	30.9.2023 RM'000	30.6.2023 RM'000	RM'000	%
Revenue	6,746	6,364	382	6%
Loss before interest and tax	(3,546)	(3,360)	(186)	(6%)
Loss before tax	(4,270)	(4,089)	(181)	(4%)
Loss after tax	(4,192)	(4,011)	(181)	(5%)
Loss attributable to owners of the Company	(4,192)	(4,011)	(181)	(5%)

The Group's revenue for the third quarter to 30 September 2023 grew by 6.0% to RM6.75 million from RM6.36 million in the preceding quarter amid continuous improvement in performance of the hotel segment. Our hotel generated total sales of RM5.87 million in this period against RM5.43 million in prior quarter as we leveraged on the increasing business events and activities from the surrounding precinct to capture more non-room revenue during this quarter. Revenue from the property investment segment was marginally lower by RM0.05 million compared with previous quarter due to the loss of rental income from one tenant who did not renew its tenancy.

The Group sustained a higher net loss of RM4.19 million in this quarter as compared to loss of RM4.01 million in the prior quarter due mainly to the net effect of higher expenses on land and the impairment of a trade receivable mitigated by higher operating profit from the hotel segment.

III.) Prospects

Notwithstanding the continued positive momentum in the hotel segment amid the steady revival of business travel and events, the Group's outlook for the remaining period of this financial year remains challenging as the hotel operations are expected to face continued market volatility as tourists and businesses cut back on their travel plans due to rising costs, uncertain economic conditions and geopolitical turbulence. We shall focus on navigating this challenging operating environment through intensifying efforts on marketing coupled with 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.) Loss from Operations

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	1,154	1,148	3,480	3,525
Depreciation of right-of-use assets	1,355	1,449	4,151	4,351
Interest income	(35)	(55)	(104)	(202)

VIII.) Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
Underprovision in prior year	-	(6)	-	(6)
Real property gains tax	-	-	-	(537)
Deferred tax relating to net surplus on revaluation of land and buildings	78	78	235	1,575
	<u>78</u>	<u>72</u>	<u>235</u>	<u>1,032</u>

IX.) 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 2023.

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 third quarter of 2023.

XII.) Group Borrowings/Debt Securities

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	3,835	30,813	34,648
Lease liabilities	167	79	246
Total borrowings	4,002	30,892	34,894

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	1,947	34,325	36,272
Lease liabilities	360	214	574
Total borrowings	2,307	34,539	36,846

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the third 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 9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Loss net of tax attributable to owners of the Company (RM'000)	(4,192)	(4,302)	(12,756)	(28,097)
Weighted average number of ordinary shares ('000)	332,420	332,420	332,420	332,420
Basic and diluted loss per share (sen)	(1.26)	(1.29)	(3.84)	(8.45)