

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2023
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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	7,555	5,951	26,343	20,627
Cost of sales	(3,572)	(3,147)	(13,676)	(10,375)
Gross profit	3,983	2,804	12,667	10,252
Other income/(expenses)	94	(589)	208	(10,414)
Operating and administrative expenses	(5,876)	(7,568)	(25,502)	(32,414)
Loss from operations	(1,799)	(5,353)	(12,627)	(32,576)
Finance cost	(698)	(702)	(2,861)	(2,608)
Loss before tax	(2,497)	(6,055)	(15,488)	(35,184)
Income tax expense	79	78	314	1,110
Loss net of tax, representing total comprehensive loss for the period	(2,418)	(5,977)	(15,174)	(34,074)
Loss per share - basic and diluted (sen)	(0.73)	(1.80)	(4.56)	(10.25)

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 31.12.2023 RM'000	As at preceding financial year end 31.12.2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	169,219	173,202
Right-of-use assets	<u>152,685</u>	<u>158,187</u>
	<u>321,904</u>	<u>331,389</u>
Current Assets		
Inventories	12,624	12,672
Trade and other receivables	1,763	2,442
Income tax recoverable	-	285
Deposits, bank and cash balances	<u>6,539</u>	<u>11,001</u>
	<u>20,926</u>	<u>26,400</u>
TOTAL ASSETS	<u>342,830</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	208,335	210,938
Accumulated losses	<u>(92,442)</u>	<u>(79,871)</u>
Total equity	<u>248,904</u>	<u>264,078</u>
Non-current Liabilities		
Lease liabilities	75	169
Bank borrowings	29,271	33,608
Deferred tax liabilities	<u>43,891</u>	<u>44,205</u>
	<u>73,237</u>	<u>77,982</u>
Current Liabilities		
Trade and other payables	16,215	12,670
Lease liabilities	107	304
Bank borrowings	4,367	2,663
Income tax payable	-	92
	<u>20,689</u>	<u>15,729</u>
Total liabilities	<u>93,926</u>	<u>93,711</u>
TOTAL EQUITY AND LIABILITIES	<u>342,830</u>	<u>357,789</u>
Net Assets Per Share (RM)	0.75	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

	12 months ended 31.12.2023 RM'000	12 months ended 31.12.2022 RM'000
Operating activities		
Loss before tax	(15,488)	(35,184)
Adjustments for:		
Non-cash items	9,772	9,435
Non-operating items	2,722	2,356
Operating cash before changes in working capital	(2,994)	(23,393)
Inventories	48	(97)
Receivables	669	38,352
Payables	3,545	(8,431)
Net taxes refund/(paid)	193	(5,358)
Net cash from operating activities	<u>1,461</u>	<u>1,073</u>
Investing activities		
Interest received	139	252
Purchase of property, plant and equipment	(266)	(771)
Proceeds from disposal of assets held for sale	-	6,500
Proceeds from disposal of property, plant & equipment	-	271
Net cash (used in)/from investing activities	<u>(127)</u>	<u>6,252</u>
Financing activities		
Fixed deposits pledged to licensed banks	1,458	(1,051)
Interest paid	(2,861)	(1,853)
Repayment of:		
- lease liabilities	(302)	(491)
- bank borrowings	(2,633)	(572)
Withdrawal from/(deposit in) debt service reserve account	2,242	(2,242)
Net cash used in financing activities	<u>(2,096)</u>	<u>(6,209)</u>
Net (decrease)/increase in cash and cash equivalents	(762)	1,116
Cash and cash equivalents at beginning of year	4,293	3,177
Cash and cash equivalents at end of year	<u>3,531</u>	<u>4,293</u>
Cash and cash equivalents comprise:		
Cash and bank balances	6,539	11,001
Less : Fixed deposits pledged to licensed banks	(3,008)	(4,466)
Debt service reserve account	-	(2,242)
	<u>3,531</u>	<u>4,293</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	Asset	Capital	Accumulated	Total
	RM'000	shares	revaluation	reserve	losses	RM'000
	RM'000	RM'000	reserve	RM'000	RM'000	RM'000
	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	-	-	-	-	(34,074)	(34,074)
Realisation of asset revaluation reserve	-	-	(6,847)	-	6,847	-
At 31 December 2022	<u>142,188</u>	<u>(9,177)</u>	<u>189,483</u>	<u>21,455</u>	<u>(79,871)</u>	<u>264,078</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	-	-	-	-	(15,174)	(15,174)
Realisation of asset revaluation reserve	-	-	(2,603)	-	2,603	-
At 31 December 2023	<u>142,188</u>	<u>(9,177)</u>	<u>186,880</u>	<u>21,455</u>	<u>(92,442)</u>	<u>248,904</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 fourth 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 fourth 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 fourth quarter of 2023.

7.) **Dividends Paid**

There were no payment of dividends in the fourth 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 December 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	3,612	3,440	22,731	17,187	-	-	-	-	26,343	20,627
Inter-segment	-	-	-	-	1,200	1,200	(1,200)	(1,200)	-	-
Total revenue	3,612	3,440	22,731	17,187	1,200	1,200	(1,200)	(1,200)	26,343	20,627
Results										
Segment loss	(8,322)	(26,823)	(1,941)	(3,828)	(2,503)	(2,177)	(2,722)	(2,356)	(15,488)	(35,184)
Segment assets	225,920	234,882	116,211	122,550	699	357	-	-	342,830	357,789
Segment liabilities	54,081	50,315	34,600	36,961	5,245	6,435	-	-	93,926	93,711

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

12.) Changes in Contingent Liabilities/Assets

In the fourth 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 fourth quarter of 2023.

14.) Significant Related Party Transactions

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

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

I.) Review of Performance - 2023 Fourth Quarter (2023Q4) compared to 2022 Fourth Quarter (2022Q4)

	Individual quarter 3 months ended		Changes	
	31.12.2023 RM'000	31.12.2022 RM'000	RM'000	%
Revenue	7,555	5,951	1,604	27%
Loss before interest and tax	(1,799)	(5,353)	3,554	66%
Loss before tax	(2,497)	(6,055)	3,558	59%
Loss after tax	(2,418)	(5,977)	3,559	60%
Loss attributable to owners of the Company	(2,418)	(5,977)	3,559	60%

Total Group revenue for the fourth quarter to 31 December 2023 rose by 26.9% to RM7.55 million from RM5.95 million in the same period last year, driven by higher contribution from the hotel segment. Higher demand for rooms and group events led to the Group's hotel operations delivered stronger results in this quarter with total sales of RM6.69 million against RM5.05 million in the previous year period. Reflecting improved business demand for rooms and continued leisure arrivals from key markets, our hotel saw higher room occupancy and a healthy increase in room rate during this quarter leading to overall growth in room revenue. Additionally, non-room sales were bolstered by robust activities of meetings and group events from the corporate and government segments during the first two months of this quarter. Revenue from the property investment segment was fairly similar to that reported in the previous year quarter on the back of relatively unchanged rental income.

Net loss for the current quarter narrowed to RM2.42 million from RM5.98 million in the previous year quarter mainly due to higher operating profit from the hotel segment and the absence of expenses related to land.

II.) Review of 2023 Fourth Quarter (2023Q4) against 2023 Third Quarter (2023Q3)

	Individual quarter 3 months ended		Changes	
	31.12.2023 RM'000	30.9.2023 RM'000	RM'000	%
Revenue	7,555	6,746	809	12%
Loss before interest and tax	(1,799)	(3,546)	1,747	49%
Loss before tax	(2,497)	(4,270)	1,773	42%
Loss after tax	(2,418)	(4,192)	1,774	42%
Loss attributable to owners of the Company	(2,418)	(4,192)	1,774	42%

The Group's total revenue for the fourth quarter to 31 December 2023 of RM7.56 million exceeded the previous quarter revenue by RM0.81 million or 12.0% as it was lifted by higher contribution from the hotel segment. The hotel segment posted total sales of RM6.69 million in this quarter compared to RM5.87 million in the prior quarter, an increase of RM0.82 million or 14.0% which is defying seasonal trend as fourth quarter is normally a softer period in sales compared to third quarter. The stronger operating performance was driven by increased room reservations which allowed the hotel to drive occupancy rate to a higher level during this quarter. Non-room sales continued to show growth during this quarter supported by a robust market for business meetings and events from the surrounding precinct. Revenue from the property investment segment remains on par with the previous quarter amid unchanged rental income.

The Group sustained a lower loss of RM2.42 million in this period compared to loss of RM4.19 million in the prior quarter mainly due to higher operating profit from the hotel segment and lower other expenses.

III.) Prospects

Looking forward, the board of directors acknowledges that the challenges facing by the Group's core business of hotel operations will persist into the new financial year amid heightened local competition and the on-going economic uncertainty. However, we expect the demand from both business and leisure travel as well as group events remains positive going into 2024. The outlook is further boosted by the recent relaxation of visa entry for tourists from China, India and some middle east countries and better flight connectivity which will also help to spur the resurgence in Malaysian tourism.

The Group will remain steadfast and continue to drive revenue growth for the hotel and property investment segments whilst optimising operating costs through efficiency and prudent management.

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		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	770	1,180	4,250	4,705
Depreciation of right-of-use assets	1,361	1,461	5,512	5,813
Expenses related to land	-	1,746	-	9,769
Gain on disposal of property, plant and equipment	-	(271)	-	(271)
Interest income	(35)	(50)	(139)	(252)
Reversal of provision for corporate guarantee loss	-	(833)	-	(818)

VIII.) 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 2023.

IX.) **Significant Event**

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

X.) **Material Litigation**

The Company was served on 26 February 2024 an originating summons dated 22 February 2024 in which the Company is named as one of the defendants by Belastra Sdn Bhd and Lim Yew Keng as plaintiffs in relation to the sale and purchase of the Company's shares between the said plaintiffs and a shareholder.

There is no claims made against the Company in the said summons and as far as the Company is aware, there is no financial and operational impact to the Company arising from this summons. The Company is seeking the necessary legal advice to defend the summons.

XI.) **Income Tax Expense**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Income tax				
Underprovision in prior year	-	-	-	(6)
Real property gains tax	-	-	-	(537)
Deferred tax relating to net surplus on revaluation of land and buildings	79	78	314	1,653
	<u>79</u>	<u>78</u>	<u>314</u>	<u>1,110</u>

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

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	4,367	29,271	33,638
Lease liabilities	107	75	182
Total borrowings	<u>4,474</u>	<u>29,346</u>	<u>33,820</u>

B.) 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>

XIII.) **Dividends**

The Board of Directors did not recommend or paid any dividend for the fourth 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 12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loss net of tax attributable to owners of the Company (RM'000)	<u>(2,418)</u>	<u>(5,977)</u>	<u>(15,174)</u>	<u>(34,074)</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>(0.73)</u>	<u>(1.80)</u>	<u>(4.56)</u>	<u>(10.25)</u>