

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2024
THE FIGURES HAVE NOT BEEN AUDITED****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	6,807	6,364	13,962	12,042
Cost of sales	(3,357)	(3,486)	(6,754)	(6,744)
Gross profit	3,450	2,878	7,208	5,298
Other income	12	39	29	75
Operating and administrative expenses	(5,434)	(6,277)	(11,130)	(12,655)
Loss from operations	(1,972)	(3,360)	(3,893)	(7,282)
Finance cost	(660)	(729)	(1,334)	(1,439)
Loss before tax	(2,632)	(4,089)	(5,227)	(8,721)
Income tax expense	78	78	156	157
Loss net of tax, representing total comprehensive loss for the period	(2,554)	(4,011)	(5,071)	(8,564)
Loss per share - basic and diluted (sen)	(0.77)	(1.21)	(1.53)	(2.58)

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 2023.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 30.6.2024 RM'000	As at preceding financial year end 31.12.2023 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	168,153	169,218
Right-of-use assets	<u>149,988</u>	<u>152,686</u>
	<u>318,141</u>	<u>321,904</u>
Current Assets		
Inventories	12,590	12,624
Trade and other receivables	1,966	1,763
Deposits, bank and cash balances	<u>2,420</u>	<u>6,539</u>
	<u>16,976</u>	<u>20,926</u>
TOTAL ASSETS	<u>335,117</u>	<u>342,830</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	142,188	142,188
Treasury shares	(9,177)	(9,177)
Reserves	207,033	208,335
Accumulated losses	<u>(96,211)</u>	<u>(92,442)</u>
Total equity	<u>243,833</u>	<u>248,904</u>
Non-current Liabilities		
Lease liabilities	64	75
Bank borrowings	27,301	29,271
Deferred tax liabilities	<u>43,735</u>	<u>43,891</u>
	<u>71,100</u>	<u>73,237</u>
Current Liabilities		
Trade and other payables	15,888	16,215
Lease liabilities	38	107
Bank borrowings	<u>4,258</u>	<u>4,367</u>
	<u>20,184</u>	<u>20,689</u>
Total liabilities	91,284	93,926
TOTAL EQUITY AND LIABILITIES	<u>335,117</u>	<u>342,830</u>
Net Assets Per Share (RM)	0.73	0.75

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30.6.2024 RM'000	6 months ended 30.6.2023 RM'000
Operating activities		
Loss before tax	(5,227)	(8,721)
Adjustments for:		
Non-cash items	4,135	5,122
Non-operating items	1,305	1,370
Operating cash before changes in working capital	213	(2,229)
Inventories	34	30
Receivables	(203)	(70)
Payables	(327)	1,375
Net taxes paid	-	(92)
Net cash used in operating activities	<u>(283)</u>	<u>(986)</u>
Investing activities		
Interest received	29	69
Purchase of property, plant and equipment	(372)	(80)
Net cash used in investing activities	<u>(343)</u>	<u>(11)</u>
Financing activities		
Decrease/(Increase) in fixed deposits pledged to licensed banks	2,281	(679)
Interest paid	(1,334)	(1,439)
Repayment of:		
- lease liabilities	(80)	(164)
- bank borrowings	(2,079)	(640)
Withdrawal from debt service reserve account	-	2,242
Net cash used in financing activities	<u>(1,212)</u>	<u>(680)</u>
Net decrease in cash and cash equivalents	(1,838)	(1,677)
Cash and cash equivalents at beginning of period	3,532	4,293
Cash and cash equivalents at end of period	<u>1,694</u>	<u>2,616</u>
Cash and cash equivalents comprise:		
Cash and bank balances	2,420	7,761
Less : Fixed deposits pledged to licensed banks	(726)	(5,145)
	<u>1,694</u>	<u>2,616</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->		<----- Distributable ----->			
		Asset				
	Share capital	Treasury	revaluation	Capital	Accumulated	Total
	RM'000	shares	reserve	reserve	losses	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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>
At 1 January 2024	142,188	(9,177)	186,880	21,455	(92,442)	248,904
Loss net of tax, representing total comprehensive loss for the period	-	-	-	-	(5,071)	(5,071)
Realisation of asset revaluation reserve	-	-	(1,302)	-	1,302	-
At 30 June 2024	<u>142,188</u>	<u>(9,177)</u>	<u>185,578</u>	<u>21,455</u>	<u>(96,211)</u>	<u>243,833</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 2023.

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 2023. 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 2023.

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 2023.

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 2024, 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 2024.

2.) **Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2023 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 2024, 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 2024.

7.) **Dividends Paid**

There were no payment of dividends in the second quarter of 2024.

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External customers	2,073	1,869	11,889	10,173	-	-	-	-	13,962	12,042
Inter-segment	-	-	-	-	600	600	(600)	(600)	-	-
Total revenue	2,073	1,869	11,889	10,173	600	600	(600)	(600)	13,962	12,042
Results										
Segment loss	(3,314)	(4,246)	(781)	(3,235)	(1,132)	(1,240)	-	-	(5,227)	(8,721)
Segment assets	222,175	230,271	112,449	118,824	493	457	-	-	335,117	349,552
Segment liabilities	56,694	55,698	32,764	35,833	1,826	2,507	-	-	91,284	94,038

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 2024, there were no changes in the composition of the Group.

12.) Changes in Contingent Liabilities/Assets

In the second quarter of 2024, 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 2024.

14.) Significant Related Party Transactions

The Group has no significant related party transactions in the second quarter of 2024.

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

I.) Review of Performance - 2024 Second Quarter (2024Q2) compared to 2023 Second Quarter (2023Q2)

	Individual quarter 3 months ended		Changes	
	30.6.2024 RM'000	30.6.2023 RM'000	RM'000	%
Revenue	6,807	6,364	443	7%
Loss before interest and tax	(1,972)	(3,360)	1,388	41%
Loss before tax	(2,632)	(4,089)	1,457	36%
Loss after tax	(2,554)	(4,011)	1,457	36%
Loss attributable to owners of the Company	(2,554)	(4,011)	1,457	36%

For the three months period to 30 June 2024, the Group's total revenue grew by 7.0% to RM6.81 million compared to RM6.36 million in the same period last year on stronger performance from both the hotel and property investment segments. Reflecting the continued rebound in business and leisure travel in the hospitality industry, total sales from the hotel operation exceeded last year same period by 5.9% reaching RM5.75 million in this quarter. Our hotel experienced healthy growth in visitor arrivals from key markets during this quarter, driving room occupancy to a higher level. Non-room revenue from sales of food and beverage was lower than a year ago amid weaker demand for seminars and group events. Additional rental from a new tenant led to an increase of 13.9% in revenue from the property investment segment to RM1.06 million against RM0.93 million for the same three-month period last year.

Net loss for this quarter narrowed to RM2.55 million from RM4.01 million in the previous year same quarter attributable to higher operating profit from the hotel segment and lower depreciation charge.

II.) Review of 2024 Second Quarter (2024Q2) against 2024 First Quarter (2024Q1)

	Individual quarter 3 months ended		Changes	
	30.6.2024 RM'000	31.3.2024 RM'000	RM'000	%
Revenue	6,807	7,155	(348)	(5%)
Loss before interest and tax	(1,972)	(1,921)	(51)	(3%)
Loss before tax	(2,632)	(2,595)	(37)	(1%)
Loss after tax	(2,554)	(2,517)	(37)	(1%)
Loss attributable to owners of the Company	(2,554)	(2,517)	(37)	(1%)

The Group's total revenue for the second quarter of 2024 fell 4.8% to RM6.81 million from RM7.16 million achieved in the first quarter of 2024 as it was weighed down by the performance of the hotel segment. Total sales from our hotel was down 6.3% to RM5.75 million from RM6.14 million in the previous quarter due to lower non-room revenue mitigated partially by increased room revenue. During this quarter, bookings for group event like seminars, conferences and trainings were relatively soft while reservations for room from key markets notably the online platforms remained robust. Tour groups from oversea and group bookings especially for educational trips also contributed to the sustained demand for rooms. Revenue from the property investment segment amounted to RM1.06 million in this quarter was comparable to the previous quarter on the back of unchanged rental income.

The Group sustained a loss of RM2.55 million in this period compared to the loss of RM2.52 million in the prior quarter mainly due to lower operating profit from the hotel segment.

III.) Prospects

The outlook for the Group's operations in the second half of the year remain positive as demand for our hotel's rooms and group event services is expected to edge up further through the course of the year. We shall continue focusing on sales generation and operational efficiencies to deliver further growth in revenue and earnings.

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		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	708	1,159	1,437	2,326
Depreciation of right-of-use assets	1,343	1,376	2,698	2,796
Interest income	(12)	(40)	(29)	(69)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 second quarter of 2024.

IX.) 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.

The plaintiffs' solicitors on 30 May 2024 filed a Notice of Discontinuance against the Company. Accordingly there are no longer any proceedings against the Company in respect of this matter.

X.) **Significant Event**

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

XI.) **Income Tax Expense**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax relating to net surplus on revaluation of land and buildings	78	78	156	157

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

A.) Group borrowings/debt securities as at 30 June 2024 were :-

	Current	Non-current	Total
	RM'000	RM'000	borrowings
			RM'000
Term loans (secured)	4,258	27,301	31,559
Lease liabilities	38	64	102
Total borrowings	<u>4,296</u>	<u>27,365</u>	<u>31,661</u>

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

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

XIII.) **Dividends**

The Board of Directors did not recommend or paid any dividend for the second quarter of 2024.

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		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
Loss net of tax attributable to owners of the Company (RM'000)	<u>(2,554)</u>	<u>(4,011)</u>	<u>(5,071)</u>	<u>(8,564)</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>(0.77)</u>	<u>(1.21)</u>	<u>(1.53)</u>	<u>(2.58)</u>