

LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 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		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	7,318	6,746	21,280	18,788
Cost of sales	(3,212)	(3,360)	(9,966)	(10,104)
Gross profit	4,106	3,386	11,314	8,684
Other income	-	39	29	114
Operating and administrative expenses	(5,556)	(6,971)	(16,686)	(19,626)
Loss from operations	(1,450)	(3,546)	(5,343)	(10,828)
Finance cost	(632)	(724)	(1,966)	(2,163)
Loss before tax	(2,082)	(4,270)	(7,309)	(12,991)
Income tax expense	79	78	235	235
Loss net of tax, representing total comprehensive loss for the period	(2,003)	(4,192)	(7,074)	(12,756)
Loss per share - basic and diluted (sen)	(0.60)	(1.26)	(2.13)	(3.84)

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 30.9.2024 RM'000	As at preceding financial year end 31.12.2023 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	167,776	169,218
Right-of-use assets	148,639	152,686
	<u>316,415</u>	<u>321,904</u>
Current Assets		
Inventories	12,522	12,624
Trade and other receivables	1,181	1,763
Deposits, bank and cash balances	1,588	6,539
	<u>15,291</u>	<u>20,926</u>
TOTAL ASSETS	<u>331,706</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	206,330	208,335
Accumulated losses	(97,511)	(92,442)
Total equity	<u>241,830</u>	<u>248,904</u>
Non-current Liabilities		
Lease liabilities	62	75
Bank borrowings	26,234	29,271
Deferred tax liabilities	43,657	43,891
	<u>69,953</u>	<u>73,237</u>
Current Liabilities		
Trade and other payables	15,559	16,215
Lease liabilities	106	107
Bank borrowings	4,258	4,367
	<u>19,923</u>	<u>20,689</u>
Total liabilities	<u>89,876</u>	<u>93,926</u>
TOTAL EQUITY AND LIABILITIES	<u>331,706</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

	9 months ended 30.9.2024 RM'000	9 months ended 30.9.2023 RM'000
Operating activities		
Loss before tax	(7,309)	(12,991)
Adjustments for:		
Non-cash items	6,203	7,631
Non-operating items	1,999	2,059
Operating cash before changes in working capital	893	(3,301)
Inventories	102	59
Receivables	582	796
Payables	(653)	2,438
Net taxes paid	-	193
Net cash used in operating activities	<u>924</u>	<u>185</u>
Investing activities		
Interest received	29	104
Purchase of property, plant and equipment	(714)	(159)
Net cash used in investing activities	<u>(685)</u>	<u>(55)</u>
Financing activities		
Decrease/(Increase) in fixed deposits pledged to licensed bank	3,007	(69)
Interest paid	(1,999)	(2,162)
Repayment of:		
- lease liabilities	(74)	(233)
- term loan	(3,117)	(1,623)
Withdrawal from debt service reserve account	2,242	2,242
Net cash used in financing activities	<u>(2,183)</u>	<u>(1,845)</u>
Net decrease in cash and cash equivalents	(1,944)	(1,715)
Cash and cash equivalents at beginning of period	3,532	4,293
Cash and cash equivalents at end of period	<u>1,588</u>	<u>2,578</u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,588	7,113
Less : Fixed deposits pledged to licensed banks	(4,535)	(4,535)
	<u>1,588</u>	<u>2,578</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	-	-	-	-	(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>
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	-	-	-	-	(7,074)	(7,074)
Realisation of asset revaluation reserve	-	-	(2,005)	-	2,005	-
At 30 September 2024	<u>142,188</u>	<u>(9,177)</u>	<u>184,875</u>	<u>21,455</u>	<u>(97,511)</u>	<u>241,830</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 third 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 third 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 third quarter of 2024.

7.) **Dividends Paid**

There were no payment of dividends in the third 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 September 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	3,137	2,748	18,144	16,040	-	-	-	-	21,281	18,788
Inter-segment	-	-	-	-	900	900	(900)	(900)	-	-
Total revenue	3,137	2,748	18,144	16,040	900	900	(900)	(900)	21,281	18,788
Results										
Segment profit/(loss)	(4,516)	(6,698)	(1,193)	(2,400)	(1,600)	(1,834)		(2,059)	(7,309)	(12,991)
Segment assets										
	220,772	227,639	110,539	116,857	395	798	-	-	331,706	345,294
Segment liabilities										
	56,102	52,578	32,055	35,797	1,719	5,597	-	-	89,876	93,972

10.) Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the third quarter of 2024 to the date of this announcement.

11.) Changes in the Composition of the Group

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

12.) Changes in Contingent Liabilities/Assets

In the third 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 third quarter of 2024.

14.) Significant Related Party Transactions

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

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

I.) Review of Performance - 2024 Third Quarter (2024Q3) compared to 2023 Third Quarter (2023Q3)

	Individual quarter 3 months ended		Changes	
	30.9.2024	30.9.2023	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	7,318	6,746	572	8%
Loss before interest and tax	(1,450)	(3,546)	2,096	59%
Loss before tax	(2,082)	(4,270)	2,188	51%
Loss after tax	(2,003)	(4,192)	2,189	52%
Loss attributable to owners of the Company	(2,003)	(4,192)	2,189	52%

During the third quarter to 30 September 2024, the Group's total revenue rose by 8.5% to RM7.32 million from RM6.75 million in the same period last year. Strong operational performance by the Group's hotel segment along with higher rental income from the property investment segment contributed to the increase in revenue. Our hotel registered revenue growth of 6.6% to RM6.26 million from RM5.87 million in previous year period as we benefited from continued momentum in demand for our hotel's rooms and food & beverage services. After a slow start to the quarter, we saw demand picked up for rooms driven mostly by tourist arrivals from foreign market, especially the outbound China business and group travel for educational trips, leading to a balanced increase in occupancy and rate compared to last year period. Non-room revenue from sales of food and beverage was lower than a year ago amid weaker demand for seminars and group events. Revenue from the property investment segment also strengthened to RM1.06 million from RM0.88 million in the same three-month period last year due mostly to the additional rental income from a new tenant.

Net loss for this quarter narrowed to RM2.00 million from RM4.19 million in the previous year same quarter attributable to higher operating profit from the hotel segment and lower depreciation charge.

II.) Review of 2024 Third Quarter (2024Q3) against 2024 Second Quarter (2024Q2)

	Individual quarter 3 months ended		Changes	
	30.9.2024	30.6.2024	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	7,318	6,807	511	8%
Loss before interest and tax	(1,450)	(1,972)	522	26%
Loss before tax	(2,082)	(2,632)	550	21%
Loss after tax	(2,003)	(2,554)	551	22%
Loss attributable to owners of the Company	(2,003)	(2,554)	551	22%

For the third quarter to 30 September 2024, Group revenue of RM7.32 million is 7.5% higher than the RM6.81 million reported in the previous quarter ended 30 June 2024, driven by increased sales from the hotel segment. The hotel segment posted total sales of RM6.26 million for this quarter, which exceeded preceding quarter sales by RM0.50 million or 8.7%. This quarter-over-quarter revenue growth primarily reflected the strong demand trends across all key markets for our hotel's rooms, with sales up 18.6% to RM3.37 million. In particular, room reservations by online travel agencies along with group bookings remained robust throughout the period. Non-room revenue was at almost the same level as last quarter amid vibrant bookings for group events such as seminars, trainings and meetings. Revenue from the property investment segment amounted to RM1.06 million in this quarter was comparable to the previous quarter as there was no changes in rental income.

Net loss for this quarter declined to RM2.00 million as compared to RM2.55 million in the previous quarter due mainly to higher sales coupled with lower operating cost achieved by the hotel segment in this quarter.

III.) Prospects

The outlook for the Group's hotel business for the rest of the current financial year remains positive as we see continued strength in demand from the uptick in enquiries for the hotel's rooms and corporate event spaces. Additionally, we are enhancing efforts to capture more market share in the corporate event segment by expanding our marketing activities. The performance of the Group's investment property is expected to stay at the current level as it is well supported by secured tenancy. The Board is optimistic that the Group's strategic focus on sales generation and cost saving will lead to continued growth in revenue and earnings for the current financial year.

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	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation of property, plant and equipment	719	1,154	2,156	3,480
Depreciation of right-of-use assets	1,349	1,355	4,047	4,151
Interest income	-	(35)	(29)	(104)

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 third quarter of 2024.

IX.) Material Litigation

There were no material litigation as at the end of third quarter of 2024.

X.) Significant Event

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

XI.) Income Tax Expense

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax relating to net surplus on revaluation of land and buildings	79	78	235	235

XII.) Group Borrowings/Debt Securities

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

	Current RM'000	Non-current RM'000	Total borrowings RM'000
Term loans (secured)	4,258	26,234	30,492
Lease liabilities	106	62	168
Total borrowings	<u>4,364</u>	<u>26,296</u>	<u>30,660</u>

B.) 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	<u>4,002</u>	<u>30,892</u>	<u>34,894</u>

XIII.) Dividends

The Board of Directors did not recommend or paid any dividend for the third 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 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
Loss net of tax attributable to owners of the Company (RM'000)	(2,003)	(4,192)	(7,074)	(12,756)
Weighted average number of ordinary shares ('000)	332,420	332,420	332,420	332,420
Basic and diluted loss per share (sen)	<u>(0.60)</u>	<u>(1.26)</u>	<u>(2.13)</u>	<u>(3.84)</u>