

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the financial period ended 31 December 2014

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 Dec 2014 RM'000 (Unaudited)	31 Dec 2013 RM'000 (Unaudited)	31 Dec 2014 RM'000 (Unaudited)	31 Dec 2013 RM'000 (Audited)
Revenue	75,032	47,846	341,024	149,363
Cost of Sales	(41,152)	(41,354)	(241,150)	(129,674)
<b>Gross Profit</b>	<u>33,880</u>	<u>6,492</u>	<u>99,874</u>	<u>19,689</u>
Other income	2,090	5,926	2,179	15,240
Administrative expenses	(2,173)	(725)	(7,073)	(4,232)
Operating expenses	(6,000)	(2,450)	(14,675)	(9,542)
<b>Profit from operating activities</b>	<u>27,797</u>	<u>9,243</u>	<u>80,305</u>	<u>21,155</u>
Finance income	29	150	419	182
Finance cost	(261)	(357)	(635)	(1,077)
<b>Net finance (cost)/income</b>	<u>(232)</u>	<u>(207)</u>	<u>(216)</u>	<u>(895)</u>
<b>Profit before tax</b>	<u>27,565</u>	<u>9,036</u>	<u>80,089</u>	<u>20,260</u>
Taxation	(7,200)	7,487	(12,900)	7,487
<b>Profit for the period</b>	<u>20,365</u>	<u>16,523</u>	<u>67,189</u>	<u>27,747</u>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	10	(22)	(73)	(22)
Reclassification adjustment-Exchange translation reserve	-	(5,241)	-	(5,241)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>10</u>	<u>(5,263)</u>	<u>(73)</u>	<u>(5,263)</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>20,375</u>	<u>11,260</u>	<u>67,116</u>	<u>22,484</u>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Parent	20,621	12,906	67,458	22,503
Non-Controlling Interest	(256)	3,617	(269)	5,244
<b>Profit for the period</b>	<u>20,365</u>	<u>16,523</u>	<u>67,189</u>	<u>27,747</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent	20,631	7,643	67,385	17,240
Non-Controlling Interest	(256)	3,617	(269)	5,244
<b>Total comprehensive income for the period</b>	<u>20,375</u>	<u>11,260</u>	<u>67,116</u>	<u>22,484</u>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic	<u>6.64</u>	<u>12.65</u>	<u>25.77</u>	<u>22.06</u>
Diluted	<u>5.61</u>	<u>3.55</u>	<u>18.39</u>	<u>6.19</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

	As at <u>31 Dec 2014</u> RM'000 (Unaudited)	As at <u>31 Dec 2013</u> RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	11,708	5,968
Land and property development costs	29,045	111,068
Other receivables	-	500
Deferred tax assets	-	7,500
	40,753	125,036
<b>Current Assets</b>		
Amount due from customers on contracts	5,615	11,193
Land and property development costs	182,809	12,166
Inventories	733	620
Trade receivables	80,048	45,708
Other receivables	33,342	49,080
Fixed deposits	951	38,494
Cash and bank balances	9,278	68,964
	312,776	226,225
<b>TOTAL ASSETS</b>	353,529	351,261
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	155,629	51,000
Irredeemable Convertible Preference Shares ("ICPS")	97	1,020
Redeemable Convertible Preference Shares ("RCPS")	222	1,336
Share premium	16,138	115,425
Warrant reserves	7,734	8,670
Other reserves	(29,687)	-
Foreign exchange reserve	(429)	(356)
Accumulated losses	(25,489)	(93,883)
	124,215	83,212
<b>Non-Controlling Interest</b>	(599)	6,236
<b>Total Equity</b>	123,616	89,448
<b>Current Liabilities</b>		
Provision for liquidated ascertained damages	1,770	21,956
Short term borrowings	35,924	40,000
Trade payables	90,290	61,072
Other payables	92,574	138,381
Hire purchase payables	3,568	-
Tax payable	5,787	404
	229,913	261,813
<b>Total Liabilities</b>	229,913	261,813
<b>TOTAL EQUITY AND LIABILITIES</b>	353,529	351,261
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<b>0.40</b>	<b>0.82</b>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the financial period ended 31 December 2014

	Attributable to Owners of the Parent							Non-Controlling Interest RM'000	Total Equity RM'000			
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000			Accumulated Losses RM'000	Total RM'000	
(Unaudited)												
At 1 January 2014	51,000	1,020	1,336	115,425	(356)	8,670		(93,883)	83,212	6,236	89,448	
Total comprehensive income for the financial year					(73)						(269)	67,116
Transactions with owners:												
Conversion of ICPS	46,169	(923)		(45,246)								
Conversion of RCPS	55,706		(1,114)	(54,592)								
Exercise of Warrants	2,754			551		(936)		936	3,305		3,305	
Acquisition of additional interest in a subsidiary							(29,687)		(29,687)	(6,860)	(36,547)	
Incorporation of subsidiary										294	294	
Total transactions with owners	104,629	(923)	(1,114)	(99,287)		(936)	(29,687)	936	(26,382)	(6,566)	(32,948)	
At 31 December 2014	155,629	97	222	16,138	(429)	7,734	(29,687)	(25,489)	124,215	(599)	123,616	

	Attributable to Owners of the Parent							Non-Controlling Interest RM'000	Total Equity RM'000		
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000			Total RM'000	
(Audited)											
At 1 January 2013	102,000				4,907		(158,716)	(51,809)	992		(50,817)
Total comprehensive income for the financial year					(5,263)			22,503	17,240	5,244	22,484
Transactions with owners:											
Capital reduction	(51,000)							51,000			51,000
Issue of ICPS		1,020		49,980					51,000		51,000
Issue of RCPS			1,336	65,445					66,781		66,781
Issue of warrants						8,670	(8,670)				
Total transactions with owners	(51,000)	1,020	1,336	115,425		8,670	42,330	117,781			117,781
At 31 December 2013	51,000	1,020	1,336	115,425	(356)	8,670	(93,883)	83,212	6,236		89,448

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes to the interim financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the quarter ended 31 December 2014

	12 months ended 31 Dec 2014 RM'000 (Unaudited)	12 months ended 31 Dec 2013 RM'000 (Audited)
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	80,089	20,260
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,196	576
Reversal of fair value adjustment on other receivable	-	(659)
Impairment of trade receivables	-	73
Gain on disposal of property, plant and equipment	-	(15)
Gain on disposal of associated company	-	(14,142)
(Reversal) / Provision for liquidated ascertained damages	(417)	2,517
Reversal of impairment on trade receivables	-	(79)
Writeback of provision	-	(3)
Finance cost	635	1,077
Finance income	(419)	(182)
<b>Operating profit before working capital changes</b>	<b>81,084</b>	<b>9,423</b>
<b>Movements in working capital</b>		
Land and property development costs	(88,620)	3,600
Amount owing by/to customer on contracts	5,578	(10,094)
Inventories	(113)	(301)
Receivables	(18,102)	(47,526)
Payables	(16,589)	59,370
<b>Cash generated (used in)/from operations</b>	<b>(117,846)</b>	<b>5,049</b>
Interest paid	(635)	(1,077)
Tax paid	(18)	(13)
Tax refund	-	18
Payment of liquidated ascertained damages	(19,769)	-
<b>Net cash (used in)/from operating activities</b>	<b>(20,422)</b>	<b>(1,072)</b>
	(57,184)	13,400
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,053)	(4,966)
Proceeds from disposal of property, plant and equipment	-	41
Proceeds from disposal of investment in an associated company (net of transaction costs)	-	8,901
Interest received	419	182
Acquisition of additional interest in a subsidiary (net)	(36,547)	-
Incorporation of subsidiary	294	-
	<b>(38,887)</b>	<b>4,158</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(40,000)	-
Drawdown of term loan	18,247	40,000
Repayment of hire purchase	(314)	-
Proceeds from issuance of ICPS	-	51,000
Issuance of warrants	3,305	-
	<b>(18,762)</b>	<b>91,000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(114,833)</b>	<b>108,558</b>
Effect of changes in foreign exchange rate	(73)	(18)
Cash and cash equivalent restricted	-	-
<b>OPENING BALANCE</b>	<b>107,458</b>	<b>(1,082)</b>
<b>CLOSING BALANCE</b>	<b>(7,448)</b>	<b>107,458</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	9,278	68,964
Bank overdraft	(17,677)	-
Fixed deposits with licensed banks	951	38,494
	<b>(7,448)</b>	<b>107,458</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements

## HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

### A) EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

#### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013. These 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 2013.

#### 2. Significant accounting policies

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2013.

The adoption of the following Financial Reporting Standards (“FRSs”), Amendments to FRSs and Issues Committee (“IC”) Interpretations that come into effect on 1 January 2014 did not have any significant impact on the unaudited condensed consolidated financial statements of the Group upon their initial application.

#### FRSs effective 1 January 2014

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

## 2. Significant accounting policies (cont'd)

### FRSs that have been issued by the MASB but are not yet effective for the Company:

The Group have not applied the following new FRSs and amendments to FRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group.

		<u>Effective date for financial periods beginning on or after</u>
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle		1 July 2014
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle		1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group is subject to the application of IC Interpretation 15, therefore falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017.

The Group is currently assessing the implications and financial impact of transition to the MFRS Framework and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

## 3. Audit report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 for the Group was not qualified.

#### 4. Segment reporting

Business Segment	For cumulative 12 months ended 31 December 2014			
	Revenue		Profit attributable to owners of the parent	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Construction	195,849	92,649	13,469	6,138
Property Development	186,698	33,341	58,070	17,550
Ready mixed concrete	38,429	32,854	(1,267)	(212)
Others	2,360	604	474	17
Inter-segment eliminations	(82,312)	(10,085)	(3,557)	4,254
Total before non-controlling interest	341,024	149,363	67,189	27,747
Non-controlling interest	-	-	269	(5,244)
Total	341,024	149,363	67,458	22,503

#### 5. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year ended 31 December 2014.

#### 6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current year result.

#### 7. Seasonal or cyclical factors

The Group's performance was not materially affected by any seasonal or cyclical factors save for unfavorable weather conditions, shortage of construction materials and increase in the cost of construction materials for the quarter/year under review.

#### 8. Dividends paid

On 8 December 2014, the Company declared the second cumulative preferential dividends to the holders of Irredeemable Convertible Preference Shares ("ICPS") and Redeemable Convertible Preference Shares ("RCPS") at a dividend rate of 1.25 sen per ICPS and 0.75 sen per RCPS amounting to a total of RM289,260 which was paid on 14 January 2015.

#### 9. Valuation of property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. No valuations have been undertaken in prior year and financial year to-date.

## 10. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial year ended 31 December 2014. The Private Placement issue of 31,125,000 new ordinary shares of RM0.50 each in Ho Hup which announced on 5 September 2014 was completed on 23 January 2015.

## 11. Changes in composition of the Group

There is no change to the composition of the Group in the current quarter.

## 12. Changes in contingent liabilities

### a) Contingent liabilities

	Group		Company	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Corporate guarantees given to a supplier of goods to a subsidiary company (unsecured)				
- Limit of guarantee	21,533	12,000	21,533	12,000
- Amount utilised	9,406	6,735	9,406	6,735
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects and tenancy:				
- Secured fixed deposits	200	-	200	-
- Unsecured	-	7,416	-	7,416

b) Apart from the above, there were no changes in contingent liabilities (other than the material litigation disclosed in Note 11 on Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad) since the last date of statement of financial position.

## 13. Capital Commitment

There was no capital commitment as at the date of this financial report.

## 14. Material Events Subsequent to the End of Interim Period

On 23 January 2015, the Company's Private Placement of 31,125,000 new shares were listed and quoted on the Main Market of Bursa Securities.



## HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

### B) EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 1. Group Performance Review

##### a) Performance of the Current Quarter Compared with Previous Year Corresponding Quarter

The Group recorded a revenue of RM75.0 million and profit after tax of RM20.4 million in Q4 2014, as compared to a revenue of RM47.8 million and profit after tax of RM16.5 million in Q4 2013.

Divisional performance is as follows: -

- The Construction Division registered a revenue of RM33.1 million with a profit after tax of RM7.8 million in the current quarter against last year corresponding quarter revenue of RM37.3 million and a profit after tax of RM125,000. Profit after tax in the current quarter was mainly contributed from a higher level of activities in the Johore Kem Askar and the Aurora Place Bukit Jalil projects. During the current quarter, Tower C in the Aurora Place project was launched and contributed a maiden profit of RM1.9 million to the Construction Division.
- Property Development Division registered a revenue of RM47.3 million and a profit after tax of RM13.2 million in the current quarter as compared to last year corresponding quarter revenue of RM10.6 million and profit after tax of RM12.1 million. Revenue for the current quarter was mainly derived from the development progress of Aurora Place project and entitlement from the joint-venture development with Pioneer Haven Sdn Bhd (JDA) of RM11.6 million. Profit after tax was lower in the current quarter due to higher tax provision and higher operating expenses as compared to the corresponding quarter in 2013.
- Ready Mix Concrete Division reported a revenue of RM8.5 million and a loss after tax of RM1.2 million in the current quarter against last year corresponding quarter revenue of RM9.4 million and loss after tax of RM123,000. As part of its efforts to improve efficiency in 2014, the Division implemented a major reorganisation of the batching plants and invested in new batching plants and trucks. The former Bukit Jalil and Jinjang plants were retired in March and May 2014, respectively. New plants were set up in Bukit Jalil and USJ Subang in the last quarter of 2014. In 2014, a program was initiated to replace the older trucks and 13 new trucks were purchased. The higher losses in this Division was mainly due to higher depreciation and fixed cost from the addition of new trucks and once off costs arising from reorganization of the batching plants.

##### b) Performance of the 12 months financial period

The Group's overall performance for the financial year ended 31 December 2014 recorded a revenue of RM341.0 million and profit after tax of RM67.2 million as compared to a revenue of RM149.4 million and profit after tax of RM27.7 million for the same period in the previous year.

For the full year 2014, revenue increased by RM191.7 million or 128.3% and Profit after tax increased by RM39.4 million or 142.1% mainly due to profit contributed by the Property Development Division, the progress of the construction work of Aurora Place, joint development income and construction income.

**2. Explanatory comments on any material change in the profit before taxation for the quarter reported as compared with the immediate preceding quarter**

The Group registered a profit before tax of RM27.6 million in the current quarter ended 31 December 2014 as compared to profit before tax of RM24.5 million in the immediate preceding quarter ended 30 September 2014. The increase in profit before tax for the current quarter was mainly from on-going development of Parcel A, entitlement from the joint development with Pioneer Haven Sdn Bhd of RM9.5 million and commencement of Tower C development in the Aurora Place Project.

**3. Business Prospects**

The Board expects the financial year 2015 to be a challenging year, as both the construction and property development sectors will be impacted by Goods and Services Tax (GST) implementation coupled with weaker consumer sentiment. Accordingly, on-going operational initiatives are made to strengthen productivity and improve margins with the upgrading of pre-mix plants and the replacement of transportation vehicles.

Overall, the Board envisages a higher level of construction activities based on the tendering process initiated to reposition the Company as a leading construction group in the region.

**4. Variance of actual profit from forecast profit and shortfall in profit guarantee**

This is not applicable.

**5. Taxation**

The breakdown of tax expense for the quarter and financial year-to-date are as follows:

	<b>3 Months Ended 31.12.2014 RM'000</b>	<b>12 Months Ended 31.12.2014 RM'000</b>
Current period tax expense	5,200	5,400
Deferred tax expense	2,000	7,500
	<u>7,200</u>	<u>12,900</u>

The effective tax rate for the current quarter was higher than the statutory tax rate mainly due to realisation of deferred tax assets to profit or loss.

## 6. Status of current corporate proposals

There were no corporate proposals announced but not completed as at the date of this announcement, being the latest practicable date from the date of the issue of this quarterly report.

On 5 September 2014, Ho Hup announced that the Company proposed to implement a private placement of up to 38,856,195 new ordinary shares of RM0.50 each in Ho Hup ("Placement Shares") to independent third party investors.

On 10 September 2014, Ho Hup had submitted the listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ("Bursa Securities"). On 10 November 2014, Bursa Securities had approved the listing and quotation for up to 38,856,195 new ordinary shares of RM0.50 each in Ho Hup to be issued pursuant to the Proposed Private Placement, on the Main Market of Bursa Securities.

On 23 January 2015, Ho Hup had completed the Private Placement following the listing of and quotation for 31,125,000 Placement Shares on the Main Market of Bursa Securities. The Placement Shares were issued at RM1.12 per share.

## 7. Group borrowings and debt securities

	31.12.2014 RM'000	31.12.2013 RM'000
Short term borrowings denominated in Ringgit Malaysia:		
Secured	35,924	40,000
Unsecured	-	-
Total Borrowings	<u>35,924</u>	<u>40,000</u>

## 8. Derivative Financial instrument

For the quarter ended 31 December 2014, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. There have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

## 9. Gains and Losses arising from Fair Value Changes of Financial Liabilities

Financial liabilities are measured at the amortised cost method; hence no gains or losses are recognised for changes in the fair values of these liabilities.

## 10. Breakdown of Realised and Unrealised Profits or Losses of the Group

The breakdown of the accumulated losses of the Group as at 31 December 2014, into realised and unrealised profits or losses is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

10. Breakdown of Realised and Unrealised Profits or Losses of the Group (cont'd)

	As At 31 December 2014 RM'000	As At 31 December 2013 RM'000
Accumulated Losses- Realised	(60,773)	(140,945)
Accumulated Losses - Unrealised	-	7,500
Less: consolidated adjustments	35,284	39,562
	<b>(25,489)</b>	<b>(93,883)</b>

11. Changes in material litigations

- (a) On 9 March 2005, a subsidiary of the Company, Ho Hup Construction Company (India) Pte Ltd ("Ho Hup India") entered into a Joint Development Agreement ("JDA") with Andhra Pradesh Housing Board ("APHB") to develop a piece of land situated at Kanchalmarat, Maheshwaran Mandal, Ranga Reddy District, Andhra Pradesh, India. Ho Hup India was selected to implement the development of the said land into an integrated township with an approximate development value of India Rupee ("Rs") 3.6 billion at Shamshabad near Hyderabad. Ho Hup India shall pay APHB development fees of Rs101,175,000 over a period of 5 years.

This JDA was subsequently terminated by APHB. The Company has disputed the termination on the grounds that APHB had yet to comply with its obligations in respect of the conditions precedent under the JDA.

On 2 May 2005, Ho Hup India commenced an arbitration claim for damages amounting to Rs.2,544,512,230 being the unlawful termination of the abovementioned contract. The award in Ho Hup India's favor was published in May 2008.

The Company has since appointed an advocate to represent Ho Hup India in respect of execution of the said award as well as the appeal lodged by APHB against same. The next Hearing has been adjourned to a date to be fixed later.

- (b) On 31 July 2009, the Company was served by Dato' Low Tuck Choy ("Plaintiff") with a Writ of Summons KL High Court Civil Suit S-22-525-2009 dated 24 July 2009, seeking damages and, an injunction that the Defendants and or his agents to injunct an arbitral tribunal from handing down its award. This derivative action has been fixed for decision and clarification on 25 February 2015 but the aforesaid date has been vacated and the Court fixed a new date for 27 March 2015.
- (c) On 27 March 2012, the High Court, after hearing a petition by Zen Courts Sdn Bhd, ordered Ho Hup to buy-out Zen Court's 30% stake in BJDSB ("Buy-Out Order"). Pursuant to the Buy-Out-Order, the appointed Independent Valuer issued the valuation report on 31 December 2012 ("Valuation Report").

Zen Courts subsequently filed applications to review the valuation and for an interim payment of the amount so valued viz. RM35,970,000.00. On 18 July 2013, the Court dismissed applications filed by Zen Courts and further ordered, inter alia, that the Company shall purchase the 4,500,000 shares ("Shares") in BJDSB held by Zen Courts at the price of RM7.99 per share and the aggregate purchase price for the same shall be fixed at RM 35,970,000.00 (the "Purchase Price").

On 14 August 2013, Zen Courts filed two (2) Notices of Appeal (“Appeals”) in respect of Orders made on 18 July 2013 by the High Court, inter-alia, dismissing Zen Courts’ application to make further representations on the Valuation Report and fixing the Purchase Price of the Shares at RM35,970,000.00 and related orders. The said Appeals were dismissed by the Court of Appeal on 19 February 2014. Zen Courts then filed an application for leave to the Federal Court to appeal against the dismissal of its Appeals (“Leave Application”) and the same has been fixed for Hearing on 30 October 2014. However, Zen Courts filed an application to adjourn the same due to its appointment of a new counsel. The Leave Application is now fixed for Hearing on 5 March 2015.

Zen Courts has further filed a Notice of Appeal to the Court of Appeal against the decision of Y.A. Tuan Abu Bakar Bin Jais on 15 October 2014 where the Judge affirmed the decision of the Deputy Registrar to rectify the order of the High Court given on 18 July 2013 by Y.A. Datuk Mary Lim (“Order”) to correct the clerical error which omitted the words "By Consent" as to the payment of interest by the Company at 5% per annum from the date of that Order. The Hearing of the same is now fixed for 12 March 2015.

On February 2014, the Company’s application for the Consequential Orders was allowed by the High Court. The transfer of the BJDSB Shares to the Company as ordered by the Court was completed on 7 March 2014.

- (d) On 9 September 2011, the Company brought an action against Woo Thin Choy, the Company’s former Project Director. The Company claimed that the Defendant caused the Company to suffer loss and damages of USD 2.5 million and further alleged that the Defendant breached his fiduciary, contractual and/or common law duties owed to the Company.

On 16 January 2014, the High Court decided that the Company has not proven its claim and dismissed the same with costs of RM40,000.00. The Company appealed to the Court of Appeal against the said decision (“Appeal”) and on 20 August 2014 the Court of Appeal has allowed the Appeal, reversed the High Court Judge’s decision and granted judgment against the Defendant as follows:-

- (1) a declaration that the Defendant is liable to account to the Company for the sums of USD2.5 million;
- (2) an Order for payment of the sum of USD1.5 million by the Defendant to the Company;
- (3) an Order for payment of the sum of USD1.0 million by the Defendant to the Company; and
- (4) costs of RM50,000.00 for the proceedings in the Court of Appeal and High Court to be paid by the Defendant to the Company.

The Defendant, being dissatisfied with the judgment granted by the Court of Appeal, has subsequently filed an application for leave to appeal to the Federal Court (“Leave Application”). The Federal Court has fixed a Case Management for the Leave Application on 22 April 2015.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 27 February 2015, being the latest practicable date from the date of the issue of this quarterly report.

**12. Dividends paid**

On 8 December 2014, the Company declared the second cumulative preferential dividends to the holders of Irredeemable Convertible Preference Shares (“ICPS”) and Redeemable Convertible Preference Shares (“RCPS”) at a dividend rate of 1.25 sen per ICPS and 0.75 sen per RCPS amounting to a total of RM289,260 which was paid on 14 January 2015.

**13. Earnings per share**

**Basic Earnings Per Share (Basic EPS)**

Basic earnings per share for the financial period to-date are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue.

	Current quarter 31.12.2014	Preceding year corresponding quarter 31.12.2013	Financial period to-date 31.12.2014	Preceding year corresponding period to-date 31.12.2013
Net profit for the period attributable to owners of the parent (RM'000)	20,621	12,906	67,458	22,503
Weighted average number of ordinary shares ('000)	310,747	102,000	261,818	102,000
<b>Basic EPS (sen)</b>	<b>6.64</b>	<b>12.65</b>	<b>25.77</b>	<b>22.06</b>

**Diluted Earnings Per Share (Diluted EPS)**

Diluted earnings per share for the reporting quarter and financial period to-date are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period after taking into consideration of all dilutive potential ordinary shares.

	Current quarter 31.12.2014	Preceding year corresponding quarter 31.12.2013	Financial period to-date 31.12.2014	Preceding year corresponding period to-date 31.12.2013
Net profit for the period attributable to owners of the parent (RM'000)	20,621	12,906	67,458	22,503
Adjustment for convertible preference dividend (RM'000)	-	-	340	-
<b>Adjusted net profit for the period attributable to owners of the parent (RM'000)</b>	<b>20,621</b>	<b>12,906</b>	<b>67,798</b>	<b>22,503</b>
Weighted average number of ordinary shares ('000)	310,747	102,000	261,818	102,000
Adjustment for ICPS ('000)	9,849	102,000	39,483	102,000
Adjustment for RCPS ('000)	22,473	133,561	39,476	133,561
Adjustment for Warrants ('000)	24,333	25,711	27,875	25,711
<b>Adjusted weighted average number of ordinary shares in issue ('000)</b>	<b>367,402</b>	<b>363,272</b>	<b>368,652</b>	<b>363,272</b>
<b>Diluted EPS (sen)</b>	<b>5.61</b>	<b>3.55</b>	<b>18.39</b>	<b>6.19</b>

**14. Significant Related Party Transactions**

There were no significant related party transactions occurred during the financial quarter ended 31 December 2014.

**15. Profit before Tax**

	Individual Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Profit before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment	941	202	1,196	576
Finance cost	261	357	635	1,077
Impairment on trade receivables (Reversal)/Provision for liquidated ascertained damages	-	73	-	73
	-	294	(417)	2,517
<b>And Crediting:-</b>				
Gain on disposal of associated company	-	4,978	-	14,142
Gain on disposal of property, plant and equipment	-	14	-	15
Reversal of fair value adjustment on other receivables	-	659	-	659
Reversal of impairment on trade receivables	-	-	-	79
Rental income	34	34	138	138
Finance income	29	150	419	182

**By Order of the Board**

Wong Kit-Leong  
Chief Executive Officer  
Kuala Lumpur  
27 February 2015

