

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial period ended 31 March 2019

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 March 2019 RM'000 (Unaudited)	31 March 2018 RM'000 (Unaudited)	31 March 2019 RM'000 (Unaudited)	31 March 2018 RM'000 (Unaudited)
Revenue	42,362	58,498	42,362	58,498
Cost of Sales	(24,361)	(36,893)	(24,361)	(36,893)
Gross Profit	18,001	21,605	18,001	21,605
Other income	690	1,452	690	1,452
Administrative expenses	(3,316)	(3,083)	(3,316)	(3,083)
Operating expenses	(3,234)	(2,496)	(3,234)	(2,496)
Profit from operating activities	12,141	17,478	12,141	17,478
Finance income	28	7	28	7
Finance cost	(5,267)	(6,293)	(5,267)	(6,293)
Net finance cost	(5,239)	(6,286)	(5,239)	(6,286)
Share of results of associates and joint ventures	-	-	-	-
Profit before tax	6,902	11,192	6,902	11,192
Taxation	(2,058)	(2,875)	(2,058)	(2,875)
Profit for the period	4,844	8,317	4,844	8,317
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(49)	(206)	(49)	(206)
Other comprehensive income/(loss) for the period, net of tax	(49)	(206)	(49)	(206)
Total comprehensive income for the period, net of tax	4,795	8,111	4,795	8,111
Profit/(Loss) attributable to:				
Owners of the Parent	5,299	8,644	5,299	8,644
Non-Controlling Interest	(455)	(327)	(455)	(327)
Profit for the period	4,844	8,317	4,844	8,317
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	5,261	8,473	5,261	8,473
Non-Controlling Interest	(466)	(362)	(466)	(362)
Total comprehensive income for the period	4,795	8,111	4,795	8,111
Earnings per share attributable to owners of the parent (sen):				
Basic	1.41	2.31	1.41	2.31
Diluted	1.41	2.31	1.41	2.31

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	As at <u>31 March 2019</u> RM'000 (Unaudited)	As at <u>31 Dec 2018</u> RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	147,018	149,834
Right-of-use assets	1,592	-
Investment properties	16,403	13,548
Intangible assets	91	95
Land rights	92,795	93,550
Goodwill	10,978	10,978
Quarrying rights	1,042	1,070
Inventories	9,914	9,913
Investment in joint ventures	433	433
Quarry development costs	6,701	5,787
Investment	4,881	1,184
	<u>291,848</u>	<u>286,392</u>
Current Assets		
Inventories and other contract costs	426,778	415,148
Contract assets	95,825	96,899
Trade receivables	195,980	192,218
Other receivables	64,254	65,775
Amount due from a joint venture	99	99
Tax recoverable	235	338
Fixed deposits with licensed banks	11,140	10,051
Cash and bank balances	25,234	21,052
	<u>819,545</u>	<u>801,580</u>
TOTAL ASSETS	<u>1,111,393</u>	<u>1,087,972</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	207,574	207,574
Employee Share Option Reserve ("ESOS Reserve")	766	766
Warrant reserve	-	-
Other reserves	(29,687)	(29,687)
Foreign currency translation reserve	(1,471)	(1,433)
Retained Earnings	191,798	186,499
	<u>368,980</u>	<u>363,719</u>
Non-Controlling Interest	<u>13,072</u>	<u>13,538</u>
Total Equity	<u>382,052</u>	<u>377,257</u>
Non-Current Liabilities		
Finance lease liabilities	5,150	4,945
Bank borrowings	195,613	190,383
Deferred tax liabilities	22,271	22,452
	<u>223,034</u>	<u>217,780</u>
Current Liabilities		
Contract liabilities	3,158	3,917
Provision for liquidated ascertained damages	13,049	13,119
Bank borrowings	198,799	183,185
Trade payables	176,600	175,946
Other payables	82,273	85,801
Finance lease liabilities	4,085	3,542
Provision for taxation	28,343	27,425
	<u>506,307</u>	<u>492,935</u>
Total Liabilities	<u>729,341</u>	<u>710,715</u>
TOTAL EQUITY AND LIABILITIES	<u>1,111,393</u>	<u>1,087,972</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.98</u>	<u>0.97</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the financial period ended 31 March 2019

	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 Currency Translation Reserve RM'000			Warrant Reserve RM'000	ESOS Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
(Unaudited) At 1 January 2019	207,574	-	-	-	(1,433)	-	766	(29,687)	186,499	363,719	13,538	377,257
Profit for the financial year	-	-	-	-	-	-	-	-	5,299	5,299	(455)	4,844
Other comprehensive income for the financial year	-	-	-	-	(38)	-	-	-	-	(38)	(11)	(49)
Total comprehensive income for the financial year	-	-	-	-	(38)	-	-	-	5,299	5,261	(466)	4,795
At 31 March 2019	207,574	-	-	-	(1,471)	-	766	(29,687)	191,798	368,980	13,072	382,052

	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 Currency Translation Reserve RM'000			Warrant Reserve RM'000	ESOS Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
(Unaudited) At 1 January 2018	207,559	-	-	-	(979)	7,720	975	(37,407)	157,337	335,205	14,278	349,483
- as previously reported	-	-	-	-	-	-	-	-	62	62	-	62
Effect of adopting MFRS At January 2018	207,559	-	-	-	(979)	7,720	975	(37,407)	157,399	335,267	14,278	349,545
Profit for the financial year	-	-	-	-	-	-	-	-	8,644	8,644	(327)	8,317
Other comprehensive income for the financial year	-	-	-	-	(171)	-	-	-	-	(171)	(35)	(206)
Total comprehensive income for the financial year	-	-	-	-	(171)	-	-	-	8,644	8,473	(362)	8,111
At 31 March 2018	207,559	-	-	-	(1,150)	7,720	975	(37,407)	166,043	343,740	13,916	357,656

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the quarter ended 31 March 2019

	3 months ended 31-Mar-19 RM'000 (Unaudited)	3 months ended 31-Mar-18 RM'000 (Unaudited)
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	6,902	11,192
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	848	946
Depreciation of investment properties	85	70
Amortisation of intangible assets	787	4
Amortisation of Right-of-use assets	155	-
Gain on disposal of property, plant and equipment	(72)	(803)
Finance cost	5,267	6,293
Finance income	(28)	(7)
Operating profit before working capital changes	13,944	17,695
Movements in working capital		
Contract assets	313	(2,055)
Inventories and other contract costs	(9,415)	(3,857)
Receivables	(3,892)	(23,717)
Payables	(1,250)	10,752
	(14,244)	(18,877)
Cash generated used in operations		
Interest paid	(6,780)	(7,193)
Tax paid	(1,219)	(4,087)
Payment of liquidated ascertained damages	(70)	-
	(8,069)	(11,280)
Net cash used in operating activities	(8,369)	(12,462)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,818)	(295)
Proceeds from disposal of property, plant and equipment & investment properties	96	4,802
Quarry development cost	(799)	(295)
Interest received	28	7
Investment in shares	(3,698)	-
Net cash (used in)/from investing activities	(6,191)	4,219
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(8,349)	(6,350)
Drawdown of borrowings	29,156	15,756
Repayment of hire purchase and leases	(1,014)	(880)
Net cash from financing activities	19,793	8,526
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,233	283
Effect of changes in foreign exchange rate	(0)	-
OPENING BALANCE	(998)	5,052
CLOSING BALANCE	4,235	5,335
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	25,234	26,138
Bank overdraft	(32,139)	(30,393)
Fixed deposits with licensed banks	11,140	9,590
	4,235	5,335

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

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

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”). For the periods up to and including the financial year ended 31 December 2018, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The audited consolidated financial statements of the Group for the year ended 31 December 2018 which were prepared under MFRS and IFRS are available upon request from the Company’s registered office at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at the end for the financial year ended 31 December 2018.

2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments that apply for the first time in 2019 do not have a material impact on the annual consolidated financial statements of the Group nor to the interim condensed consolidated financial statements of the Group.

On 1 January 2019, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the dates stated below:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle:		
•	Amendments to MFRS 3	1 January 2019
•	Amendments to MFRS 11	1 January 2019
•	Amendments to MFRS 112	1 January 2019
•	Amendments to MFRS 123	1 January 2019

2. Significant accounting policies (cont'd)

On 1 January 2019, the Group adopted the following new and amended MFRSs mandatory accounting policies for annual financial periods beginning on or after the dates stated below:

	Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 – Definition of a Business	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The adoption of the above standards and amendments will not have any material effect on the financial performance or position of the Group.

MFRS 16: Leases – Impact on financial statements

On MFRS 16 Leases, the Group adopts the new standard on the required effective date using the modified retrospective approach and recognises a right-of-use asset and a corresponding lease liability. The following table presents the impact of changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019:

Group	31 December 2018 RM'000	Changes RM'000	1 January 2019 RM'000
Non-current assets			
Right-of-use assets	-	1,747	1,747
Non-current liabilities			
Lease liabilities	-	1,138	1,138
Current liabilities			
Lease liabilities	-	609	609
Total lease liabilities	-	1,747	1,747

3. Audit report on preceding annual financial statements

The auditors issued an unqualified audit opinion on the financial statements for the period ended 31 March 2019.

4. Segment reporting

	Cumulative 3 months			
	Revenue		Profit attributable to owners of the parent	
	31.3.19 RM'000	31.3.18 RM'000	31.3.19 RM'000	31.3.18 RM'000
Business Segment				
Construction	22,160	26,000	1,719	1,905
Property Development	20,919	27,284	6,484	8,439
Building Material	8,781	9,689	(1,131)	(89)
Others	150	414	(450)	(614)
Inter-segment eliminations	(9,648)	(4,889)	(1,778)	(1,324)
Total before non-controlling interest	42,362	58,498	4,844	8,317
Non-controlling interest	-	-	455	327
Total	42,362	58,498	5,299	8,644

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 period ended 31 March 2019.

6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current period 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 under review.

8. Dividends paid

No dividends have been declared for the current financial quarter.

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 period to-date.

10. Changes in debts and equity securities

- i) The following equity securities were issued during the financial period under review:

The movement of the Employees' Share Option Scheme ("the Scheme") for the period under review is as follows:

Number of options over ordinary shares at exercise price of RM0.74 each:

	No. of Options
Granted on 1 September 2015	6,000,900
Outstanding unexercised options as at 31 December 2018	3,648,800
Exercised during the period	-
Lapsed during the period	-
Outstanding unexercised options as at 31 March 2019	3,648,800

The Scheme is expiring on 20 August 2020.

- ii) There were no issuances, cancellations, repurchases, resale and repayments of debts securities during the financial period under review.

11. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

12. Changes in contingent liabilities

	Group		Company	
	31.3.2019 RM'000	31.3.2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	596,067	269,067
- Amount utilised	-	-	267,595	166,855
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	28,850	28,850
- Amount utilised	-	-	2,137	3,359
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	8,677	21,577	8,677	21,577

Apart from the above, there were no changes in contingent liabilities (other than the material litigations disclosed under Note B12 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

Save as disclosed below, there were no other capital commitment as at the date of this quarterly report.

	31.3.2019 RM'000	31.12.2018 RM'000
Capital expenditure Approved and contracted for:		
- Purchase of property, plant and equipment	<u>-</u>	<u>526</u>

14. Subsequent Material Event

Save and except for the progress on the status of material litigations as disclosed below under explanatory note B 12 Changes in Material Litigations and development as set out herein, in the opinion of the Directors, the financial statements for the interim period have not been affected by any material event that has occurred between the end of the interim period and the date of this report.

On 30 May 2019, the Board of Directors of Ho Hup announced, pursuant to the announcement made by Malton Berhad ("Malton") on 28th May 2019 on the proposed sale of Pavilion Bukit Jalil Mall ("the Mall") the following:

- 1) Based on the Joint Development Agreement dated 16 March 2010 ("JDA") and Supplemental Agreement dated 3 July 2012 ("SA") between Bukit Jalil Development Sdn. Bhd. ("BJD") (a wholly-owned subsidiary of Ho Hup) and Pioneer Haven Sdn Bhd ("PHSB") (a wholly-owned subsidiary of Malton), BJD is entitled to 18% of the Gross Development Value of the development known as Bukit Jalil City on the 50 acres of freehold land at Bukit Jalil, Kuala Lumpur;
- 2) As a result of Malton's sale of the Mall, BJD's entitlement shall be a sum of RM266,400,000.00 ("BJD's Entitlement"); and
- 3) Payment of the BJD's Entitlement will be made in accordance with the JDA and SA. These funds will be used to repay bank borrowings, business expansion and for general working capital purposes.

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

1. Group Performance Review

A) Performance of Current Quarter compared with Previous Year Corresponding Quarter

Business Segment	Individual Quarter 3 months ended							
	Revenue				Profit attributable to owners of the parent			
	31.3.19	31.3.18	Changes		31.3.19	31.3.18	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	22,160	26,000	(3,840)	(14.8)	1,719	1,905	(186)	(9.8)
Property Development	20,919	27,284	(6,365)	(23.3)	6,484	8,439	(1,955)	(23.2)
Building Material	8,781	9,689	(908)	(9.4)	(1,131)	(89)	(1,042)	(>100)
Others	150	414	(264)	(63.8)	(450)	(614)	164	26.7
Inter-segment eliminations	(9,648)	(4,889)	(4,759)	(97.3)	(1,778)	(1,324)	(454)	(34.4)
Total before non-controlling interest	42,362	58,498	(16,136)	(27.6)	4,844	8,317	(3,473)	(41.8)
Non-controlling interest	-	-	-	-	455	327	128	39.1
Total	42,362	58,498	(16,136)	(27.6)	5,299	8,644	(3,345)	(38.7)

The Group revenue for the current quarter decreased by RM16.1 million (27.6%) as compared to previous year corresponding quarter due to the following:

a) Construction Division

Revenue decreased by RM3.8 million or 14.8% due to the lower work certification arising from Jabatan Kerja Raya (JKR) projects for the first quarter due to close period for JKR which affected completed works for both the breakwater rehabilitation work in Besut and the Bridges work in Teluk Intan.

b) Property Development Division

The revenue of the Property Development Division mainly comprised of the 18% Joint Development Agreement (JDA) income from our joint venture partner, Pioneer Haven Sdn Bhd in the Bukit Jalil City project of RM19.4 million (Q1 2018: RM22.5 million) and partly the Crown Project in Kota Kinabalu (KK) of RM 1.5 million (Q1 2018: Nil) for the current quarter. JDA contribution declined by RM3.1 million due to lower income recognition of Phase 2 Parkview Residence.

c) Building Material Division

Revenue declined by RM908,000 or 9.4% was attributed by the poor weather condition which affected the supply of rocks and aggregates to the rehabilitation work in Besut, Terengganu. Ready mix business provided a slight increase of RM0.2 million in revenue for the current quarter.

Overall, the Group recorded a profit after tax (PAT) of RM4.8 million as compared to RM8.3 million in the same corresponding quarter in the previous year. The PAT decreased by RM3.5 million or 41.8% mainly due to the non-certification of work in progress by JKR.

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

Business Segment	Individual Quarter 3 months ended							
	Revenue				Profit before tax			
	31.3.19	31.12.18	Changes		31.3.19	31.12.18	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	22,160	100,019	(77,859)	(77.8)	1,722	2,799	(1,077)	(38.5)
Property Development	20,919	31,439	(10,520)	(33.5)	8,720	11,542	(2,822)	(24.4)
Building Material	8,781	11,469	(2,688)	(23.4)	(1,130)	(2,005)	875	43.6
Others	150	151	(1)	(0.7)	(450)	585	(1,035)	(>100)
Inter-segment eliminations	(9,648)	(41,243)	31,595	(76.6)	(1,960)	(2,193)	233	10.6
Total	42,362	101,835	(59,473)	(58.4)	6,902	10,728	(3,826)	(35.7)

Revenue in current quarter was lower compared to its previous quarter mainly due to lower billing for Parcel A and lower work certification by JKR due to the “closed period” for year end. The current quarter profit before tax decreased marginally due to the lower gross profit.

3. (a) Financial Year Prospects

The Board expects the current year performance to be better, supported by following events which will contribute positively to the Group:

- The good construction progress in Phase 2 of the Bukit Jalil City Development for which there is a 18% JDA entitlement receivable from Pioneer Haven Sdn Bhd;
- On-going marketing events to promote sales of The Crown in Kota Kinabalu; and
- The revival of the East Coast Rail Link (ECRL) project.

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced

There was no financial forecast previously announced by the Group.

4. Statement of the Board of Directors’ opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable.

5. Financial estimate, forecast or projection/profit guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

6. Variance of actual profit from forecast profit and shortfall in profit guarantee

This is not applicable.

7. Taxation

The breakdown of tax expense for the current quarter under review is as follow:

	Current Quarter Ended 31.3.2019 RM'000
Current period tax expense	2,058
Deferred tax expense	-
	2,058

The Group's effective tax rate for the current quarter was higher than the statutory tax rate mainly due to losses from other subsidiaries which reduced profit before tax of the Group.

8. 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.

9. Group borrowings and debt securities

	31.3.2019 RM'000	31.12.2018 RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	5,150	4,945
Bank borrowings	195,613	190,383
<u>Current</u>		
Finance lease liabilities	4,085	3,542
Bank borrowings	198,799	183,185
Total Borrowings	<u>403,647</u>	<u>382,055</u>

10. Derivative Financial instrument

This is not applicable.

11. 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.

12. Changes in material litigations

a) **Hon'ble II Chief Judge City Civil Court, Hyderabad O.P.No. 2039 of 2008**

On 9 March 2005, Ho Hup Construction Company (India) Pte Ltd (“HHCCI”), a wholly-owned subsidiary of Ho Hup, entered into a joint development agreement with the Andhra Pradesh Housing Board (“APHB”) to develop an integrated township at Raviryal Village, Maheshwaran Mandal, Rangareddy District, Andhra Pradesh (“JDA”).

The JDA was subsequently terminated by APHB. HHCCI 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, HHCCI commenced an arbitration proceeding to claim for expenses incurred and damages due to the unlawful termination of the JDA. On 19 May 2008, an arbitration award was published in HHCCI's favour (“Award”). The Award provides for:

- (a) The upfront fee in the amount of Rs16,796,250 together interest at the rate of 12% per annum to be refunded to HHCCI, interest of which is to be calculated from 1 February 2006 to the date of the refund being made; and
- (b) Compensation for expenses incurred in the amount of Rs600,000 together with interest at the rate of 9% per annum, interest of which is to be calculated from 6 January 2006.

On 18 November 2013, APHB filed an appeal against the Award and applied to set aside the Award. The appeal was dismissed and ruled in favour of HHCCI by the appellate court on 19 January 2018. There being no further appeal filed by APHB against the ruling of the appellate court, the Award is now deemed final and absolute. APHB had yet to comply with the terms of the Award and HHCCI had instructed their solicitors to commence recovery proceeding to enforce the Award against APHB.

b) **High Court of Malaya at Kuala Lumpur Suit No. D-26NCC-42-2011 Federal Court of Malaysia Civil Appeal No. 02(f)-140-12/2017**

Zen Courts Sdn Bhd (“Zen Courts”) had initiated a petition vide the High Court of Malaya at Kuala Lumpur (“KLHC”) Petition No. 26NCC-42-2011 against the respondents, namely Bukit Jalil Development Sdn Bhd (“BJDSB”), Ho Hup and Ho Hup Equipment Rental Sdn Bhd (“HHERSB”) alleging Ho Hup and HHERSB had oppressed its rights as a minority shareholder of BJDSB. The KLHC in finding that there was oppression, had ordered the Company to buy out the Zen Courts' shares in BJDSB. Such shares were to be valued by Ferrier Hodgson MH Sdn Bhd (“FHMH”) who was, by consensus, appointed as the independent valuer on 19 June 2012.

The valuation report was issued by FHMH on 31 December 2012. After having considered all relevant factors, FHMH valued the 30% shareholding stake in BJDSB held by Zen Courts to be RM35,970,000 (“Valuation Report”). Dissatisfied with the Valuation Report, Zen Courts filed an application to make representations on the Valuation Report for determination of the value of the shares (“Zen Court Application”). Ho Hup, on the other hand, filed an application to fix the value of the shares as recommended in the Valuation Report (“Ho Hup Application”). The KLHC dismissed Zen Court Application and allowed Ho Hup Application by fixing the value of the shares as per the Valuation Report on 31 December 2012 and for the buy out to be completed within 4 months (“Valuation Order”).

12. Changes in material litigations (cont'd)

b) **High Court of Malaya at Kuala Lumpur Suit No. D-26NCC-42-2011 Federal Court of Malaysia Civil Appeal No. 02(f)-140-12/2017 (cont'd)**

Zen Courts appealed to the Court of Appeal against the dismissal of Zen Court Application and the Valuation Order. These appeals were dismissed by the Court of Appeal on 19 February 2014 (“Court of Appeal’s Orders”).

Zen Courts subsequently applied for leave to appeal to the Federal Court of Malaysia (“Federal Court”) in relation to the Court of Appeal’s Orders. On 5 May 2015, the Federal Court granted leave to Zen Courts to appeal to the Federal Court based on 2 leave questions (“FC Appeals”).

At the hearing of the FC Appeals on 26 April 2016, the Federal Court allowed the FC Appeals without answering the leave questions (“FC Order”). The effect of the FC Order is that Zen Court Application is allowed and the Valuation order is set aside. Both Zen Court Application and Ho Hup Application have been remitted to the KLHC for determination of the value of the buy-out. The evidence-taking expert witnesses in respect of the valuation of the 30% shares took 6 days between 20 March 2018 to 20 March 2018, after which parties filed their respective written submissions. Oral submission by respective parties was heard on 1 June 2018, 9 and 10 October 2018. The matter which was fixed for decision on 25 January 2019 has been adjourned to 12 March 2019 for a case management for the share valuers to attend before the Judge to take further instructions from him to build a model to value the 30% shares. On 12 March 2019, the Judge has directed the matter to be adjourned to 29 April 2019 for further mention.

On 29 April 2019, at the behest of the Court, the share valuers had presented a working model to the Court for evaluation of the 30% shares and thereafter adjourned the matter to 14 June 2019 for Court’s decision on the valuation of the 30% shares.

Meanwhile, Zen Courts had on 22 August 2016 filed an application to the KLHC to restore the previously existing state of affairs of them in BJDSB from Ho Hup pending the disposal of Zen Court Application (“Restoration Application”). The Restoration Application was dismissed with costs by the KLHC on 27 March 2017. Zen Courts subsequently appealed to the Court of Appeal on 18 April 2017 against such dismissal and the appeal had then been dismissed by the Court of Appeal with costs on 2 August 2017 (“COA Decision”).

In view of the COA Decision, Zen Courts further filed an application in the Federal Court for leave to appeal against the COA Decision. Leave to Appeal was granted by the Federal Court on 4 December 2017 and fixed for hearing on 11 February 2019. On 11 February 2019, the Federal Court has ordered, by consent of the parties, that the Restoration Application be remitted to the KLHC for hearing and disposal. The KLHC has indicated that the Restoration Application should be determined after the completion of the re-evaluation exercise and fixed the matter for hearing on 25 June 2019.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 30 May 2019, being the latest practicable date from the date of the issue of this quarterly report.

13. Dividend

No interim dividend proposed for this quarter under review.

14. Purchases and sales of quoted securities

Investment in quoted securities held by the Group as at 31 March 2019 was as follows:

	Current Quarter Ended 31.3.2019 RM'000
Quoted investment in Malaysia, at cost	<u>4,881</u>

15. Related Party Disclosures

The Group carried out the following related party transactions during the period under review:

	Individual Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31.3.2019 RM'000	31.3.2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Transaction with Directors of the Company				
-Progress billing received/receivable	158	142	158	142
Transaction with companies in which a substantial shareholder has interest				
-Progress billing received/receivable	197	-	197	-
Transaction with Directors of related companies				
-Progress billing received/receivable	8	-	8	-
Transaction with a major shareholder				
-Progress billing received/receivable	870	-	870	-
Transaction with subsidiary companies of a corporate shareholder with a significant influence over the Company				
-Progress billing received/receivable	70	400	70	400
-Interest expenses paid/payable	(2,204)	(3,025)	(2,204)	(3,025)
-Drawdown of term loans	10,000	19,000	10,000	19,000
-Repayment of term loans	(7,000)	(12,000)	(7,000)	(12,000)
Transaction with a minority shareholder of a subsidiary company	(520)	(425)	(520)	(425)
-Project management fee paid/payable				
Transaction with a company in which a Director of the Company has interest	(6,069)	-	(6,069)	-
-Progress claims paid/payable				

16. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31.3.2019 RM'000	31.3.2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment ("PPE")	848	946	848	946
Depreciation of investment properties ("IP")	85	70	85	70
Amortisation of intangible asset	787	4	787	4
Amortisation of Right-of-use assets	155	-	155	-
Rental expenses	103	270	103	270
Finance cost	5,267	6,293	5,267	6,293
And Crediting:-				
Gain on disposal of PPE	72	803	72	803
Rental income	311	552	311	552
Finance income	28	7	28	7

17. 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 31.3.2019	Preceding year corresponding quarter 31.3.2018	Financial period to- date 31.3.2019	Preceding year corresponding period to-date 31.3.2018
Net profit for the period attributable to owners of the parent (RM'000)	5,299	8,644	5,299	8,644
Weighted average number of ordinary shares ('000)	374,894	374,870	374,894	374,870
Basic EPS (sen)	1.41	2.31	1.41	2.31

17. Earnings per share (cont'd)

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 31.3.2019	Preceding year corresponding quarter 31.3.2018	Financial period to-date 31.3.2019	Preceding year corresponding period to-date 31.3.2018
Net profit for the period attributable to owners of the parent (RM'000)	5,299	8,644	5,299	8,644
Adjustment for convertible preference dividend (RM'000)	-	-	-	-
Adjusted net profit for the period attributable to owners of the parent (RM'000)	5,299	8,644	5,299	8,644
Weighted average number of ordinary shares ('000)	374,894	374,870	374,894	374,870
Adjustment for Warrants ('000)	-	-	-	-
Adjustment for ESOS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	374,894	374,870	374,894	374,870
Diluted EPS (sen)	1.41	2.31	1.41	2.31

By Order of the Board
Dato' Wong Kit-Leong
Chief Executive Officer
Kuala Lumpur
30 May 2019

