

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the financial period ended 31 March 2020**

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	31 March 2020 RM'000 (Unaudited)	31 March 2019 RM'000 (Unaudited)	31 March 2020 RM'000 (Unaudited)	31 March 2019 RM'000 (Unaudited)
Revenue	80,302	42,362	80,302	42,362
Cost of Sales	(41,917)	(24,361)	(41,917)	(24,361)
<b>Gross Profit</b>	<b>38,385</b>	<b>18,001</b>	<b>38,385</b>	<b>18,001</b>
Other income	2,404	690	2,404	690
Administrative expenses	(4,124)	(3,316)	(4,124)	(3,316)
Operating expenses	(10,620)	(3,234)	(10,620)	(3,234)
<b>Profit from operating activities</b>	<b>26,045</b>	<b>12,141</b>	<b>26,045</b>	<b>12,141</b>
Finance income	541	28	541	28
Finance cost	(3,329)	(5,267)	(3,329)	(5,267)
<b>Net finance cost</b>	<b>(2,788)</b>	<b>(5,239)</b>	<b>(2,788)</b>	<b>(5,239)</b>
Share of results of associates and joint ventures	-	-	-	-
<b>Profit before tax</b>	<b>23,257</b>	<b>6,902</b>	<b>23,257</b>	<b>6,902</b>
Taxation	(4,617)	(2,058)	(4,617)	(2,058)
<b>Profit for the period</b>	<b>18,640</b>	<b>4,844</b>	<b>18,640</b>	<b>4,844</b>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	(13)	(49)	(13)	(49)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(13)</b>	<b>(49)</b>	<b>(13)</b>	<b>(49)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>18,627</b>	<b>4,795</b>	<b>18,627</b>	<b>4,795</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Parent	15,847	5,299	15,847	5,299
Non-Controlling Interest	2,793	(455)	2,793	(455)
<b>Profit for the period</b>	<b>18,640</b>	<b>4,844</b>	<b>18,640</b>	<b>4,844</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent	15,847	5,261	15,847	5,261
Non-Controlling Interest	2,780	(466)	2,780	(466)
<b>Total comprehensive income for the period</b>	<b>18,627</b>	<b>4,795</b>	<b>18,627</b>	<b>4,795</b>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic	<b>3.84</b>	<b>1.41</b>	<b>3.84</b>	<b>1.41</b>
Diluted	<b>3.84</b>	<b>1.41</b>	<b>3.84</b>	<b>1.41</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2020

	As at <b>31 March 2020</b> RM'000 (Unaudited)	As at <b>31 Dec 2019</b> RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	205,924	218,783
Right-of-use assets	21,139	21,405
Investment properties	127,231	124,628
Intangible assets	91	81
Land rights	92,267	90,160
Goodwill	10,977	10,977
Quarrying rights	928	956
Inventories	13,913	13,913
Investment in joint ventures	433	417
Quarry development costs	7,400	7,046
Other Investment	-	-
	<u>480,303</u>	<u>488,366</u>
<b>Current Assets</b>		
Inventories and other contract costs	375,704	304,949
Contract assets	148,790	114,982
Trade receivables	160,769	203,870
Other receivables	113,071	107,569
Amount due from a joint venture	99	99
Tax recoverable	22	16
Fixed deposits with licensed banks	25,677	31,383
Cash and bank balances	88,342	54,186
	<u>912,474</u>	<u>817,054</u>
<b>TOTAL ASSETS</b>	<u>1,392,777</u>	<u>1,305,420</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	225,007	225,007
Employee Share Option Reserve ("ESOS Reserve")	766	766
Other reserves	(29,687)	(29,687)
Foreign currency translation reserve	(1,479)	(1,466)
Retained Earnings	253,811	237,964
	<u>448,418</u>	<u>432,584</u>
<b>Non-Controlling Interest</b>	16,414	13,621
<b>Total Equity</b>	<u>464,832</u>	<u>446,205</u>
<b>Non-Current Liabilities</b>		
Finance lease liabilities	9,939	11,131
Bank borrowings	183,375	167,141
Deferred tax liabilities	21,106	22,127
	<u>214,420</u>	<u>200,399</u>
<b>Current Liabilities</b>		
Provision for liquidated ascertained damages	5,100	10,143
Bank borrowings	237,475	188,270
Trade payables	162,155	151,216
Other payables	256,959	262,211
Finance lease liabilities	4,109	5,814
Provision for taxation	47,727	41,162
	<u>713,525</u>	<u>658,816</u>
<b>Total Liabilities</b>	<u>927,945</u>	<u>859,215</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,392,777</u>	<u>1,305,420</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>1.09</u>	<u>1.05</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the financial period ended 31 March 2020

	Attributable to Owners of the Parent										Total Equity RM'000	
	Non-Distributable					Distributable						
	Share Capital RM'000	ICFS RM'000	RCFS 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		Non- Controlling Interest RM'000
(Unaudited)												
At 1 January 2020	225,007	-	-	-	(1,466)	-	766	(29,687)	237,964	432,584	13,621	446,205
Profit for the financial year	-	-	-	-	-	-	-	-	15,847	15,847	2,793	18,640
Other comprehensive income for the financial year	-	-	-	(13)	(13)	-	-	-	(13)	(13)	-	(13)
Total comprehensive income for the financial year	-	-	-	(13)	(13)	-	-	-	15,847	15,833	2,793	18,627
At 31 March 2020	225,007	-	-	-	(1,479)	-	766	(29,687)	253,811	448,418	16,414	464,832

	Attributable to Owners of the Parent										Total Equity RM'000	
	Non-Distributable					Distributable						
	Share Capital RM'000	ICFS RM'000	RCFS 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		Non- Controlling Interest RM'000
(Unaudited)												
At 1 January 2019	207,574	-	-	-	(1,433)	-	766	(29,687)	186,499	363,719	13,538	377,257
- as previously reported	-	-	-	-	-	-	-	-	-	-	-	-
Effect of adopting MFRS 16	-	-	-	-	(1,433)	-	766	(29,687)	186,499	363,719	13,538	377,257
At 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)	-	-	-	(38)	(38)	(11)	(49)
Total comprehensive income for the financial year	-	-	-	(38)	(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

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2020

	3 months ended 31-Mar-20 RM'000 (Unaudited)	3 months ended 31-Mar-19 RM'000 (Unaudited)
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	23,257	6,902
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,183	848
Depreciation of investment properties	85	85
Amortisation of intangible assets	606	787
Amortisation of Right-of-use assets	563	155
(Gain)/Loss on disposal of property, plant and equipment	-	(72)
Finance cost	3,329	5,267
Finance income	(541)	(28)
<b>Operating profit before working capital changes</b>	<b>29,482</b>	<b>13,944</b>
Movements in working capital		
Contract assets/ (liabilities)	(33,808)	313
Inventories and other contract costs	(70,755)	(9,415)
Receivables	37,599	(3,892)
Payables	(1,760)	(1,250)
	<b>(68,724)</b>	<b>(14,244)</b>
<b>Cash generated from / (used in) operations</b>		
Interest paid	(3,329)	(6,780)
Tax paid	559	(1,219)
Payment of liquidated ascertained damages	-	(70)
Interest received	-	-
	<b>(2,770)</b>	<b>(8,069)</b>
<b>Net cash used in operating activities</b>	<b>(42,012)</b>	<b>(8,369)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(1,818)
Proceeds from disposal of property, plant and equipment & investment properties	7,691	96
Quarry development cost	(3,049)	(799)
Interest received	-	28
Investment	-	(3,698)
Contribution from non-controlling interest	-	-
<b>Net cash (used in)/from investing activities</b>	<b>4,642</b>	<b>(6,191)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(9,944)	(8,349)
Drawdown of borrowings	43,887	29,156
Repayment of hire purchase and leases	(2,897)	(1,014)
Proceeds from exercise on ESOS	-	-
<b>Net cash from financing activities</b>	<b>31,046</b>	<b>19,793</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(6,324)</b>	<b>5,233</b>
Effect of changes in foreign exchange rate	-	-
OPENING BALANCE	46,325	(998)
CLOSING BALANCE	<b>40,001</b>	<b>4,235</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	88,342	25,234
Bank overdraft	(11,728)	(32,139)
Fixed deposits with licensed banks	25,677	11,140
Cash and cash equivalents restricted from use	(62,290)	-
	<b>40,001</b>	<b>4,235</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 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 2019, 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 2019 which were prepared under MFRS and IFRS are available upon request from the Company’s registered office at Ho Hup Tower – Aurora Place, 2-07-01-Level 7, Plaza Bukit Jalil, No.1, Jalan Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

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 2019.

#### 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 2020 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 2020, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the dates stated below:

	<u>Effective dates for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, Interest Rate Benchmark Rate Reform MFRS 139 and MFRS 7	1 January 2020

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

On 1 January 2020, 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 MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current and Non-current	1 January 2022
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.

## 3. Audit report on preceding annual financial statements

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

## 4. Segment reporting

Business Segment	Cumulative 3 months			
	Revenue		Profit attributable to owners of the parent	
	31.03.20 RM'000	31.03.19 RM'000	31.03.20 RM'000	31.03.19 RM'000
Construction	11,026	22,160	(2,171)	1,719
Property Development	67,928	20,919	23,165	6,484
Building Material	4,134	8,781	(1,285)	(1,131)
Others	756	150	(2,399)	(450)
Inter-segment eliminations	(3,543)	(9,648)	1,330	(1,778)
Total before non-controlling interest	<b>80,302</b>	<b>42,362</b>	<b>18,640</b>	<b>4,844</b>
Non-controlling interest	-	-	(2,793)	455
Total	<b>80,302</b>	<b>42,362</b>	<b>15,847</b>	<b>5,299</b>

**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 2020.

**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:

	<b>No. of Options</b>
Granted on 1 September 2015	6,000,900
Outstanding unexercised options as at 31 December 2019	3,648,800
Exercised during the period	-
Lapsed during the period	-
Outstanding unexercised options as at 31 March 2020	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	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	738,067	596,067
- Amount utilised	-	-	348,658	267,595
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	28,850	28,850
- Amount utilised	-	-	1,797	2,137
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	8,677	8,677	8,677	8,677

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.

	31.03.2020 RM'000	31.12.2019 RM'000
Capital expenditure		
Approved and contracted for:		
- Purchase of property, plant and equipment	-	-

## 14. Significant Subsequent Event

On 27<sup>th</sup> May 2020, the Company received 2 Letters of Acceptance from China Communications Construction Sdn Bhd to work on the East Coast Rail Link ("ECRL"). Both jobs which are for 30 months, starting from 15<sup>th</sup> June 2020 are for the construction and completion of subgrade, drainage and culvert works on Section 6 of the ECRL. The first contract is worth RM 53.79 million, while the second contract is worth RM 48.7 million.

The ECRL Contracts are subject to the acceptance of the Letters of Acceptance by the Company and formal Sub-Contracts to be entered into between ECRL and the Company.



**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			
	31.03.20	31.03.19	Changes		31.03.20	31.03.19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	11,026	22,160	(11,134)	(50.24)	(2,171)	1,719	(3,890)	(>100.00%)
Property Development	67,928	20,919	47,009	>100.00	23,165	6,484	16,681	>100.00%
Building Material	4,134	8,781	(4,647)	(52.92)	(1,285)	(1,131)	(154)	13.60%
Others	756	150	606	>100.00	(2,399)	(450)	(1,949)	(>100.00%)
Inter-segment eliminations	(3,543)	(9,648)	6,103	63.25	1,330	(1,778)	3,108	>100.00%
<b>Total before non-controlling interest</b>	<b>80,302</b>	<b>42,362</b>	<b>37,940</b>	<b>89.60</b>	<b>18,640</b>	<b>4,844</b>	<b>13,796</b>	<b>&gt;100.00%</b>
Non-controlling interest	-	-	-	-	(2,793)	455	(3,248)	(>100.00%)
<b>Total</b>	<b>80,302</b>	<b>42,362</b>	<b>37,940</b>	<b>89.60</b>	<b>15,847</b>	<b>5,299</b>	<b>10,548</b>	<b>&gt;100.00%</b>

The Group revenue for the current quarter increased by RM37.9 million (89.6%) as compared to previous year corresponding quarter due to the following:

**a) Construction Division**

Revenue decreased by RM11.1 million or 59.2% mainly due to the slower progression of the rehabilitation work in Besut, Bridges in Teluk Intan, Yong Peng Road project and construction of the Technical Vocational College (TVET) in Kulai.

**b) Property Development Division**

The revenue increased from the recognition of the progressive billings from the Phase 2 Park Residence, sale of the Pavilion Bukit Jalil Mall and the progressive sale of Kota Kinabalu Crown development units.

**c) Building Material Division**

Revenue declined by RM4.6 million or 52.9% attributed to the by slower progression of the rehabilitation work in Besut and lower demand of rocks on site in Besut.

Overall, the Group recorded a higher profit after tax (PAT) of RM18.6 million or more than 100% as compared to the same corresponding quarter in the previous year mainly due to higher recognition of revenue from property development but lower revenue from construction division in this period.

**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			
	31.03.20	31.12.19	Changes		31.03.20	31.12.19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	11,026	115,417	(104,391)	(>100)	(2,171)	1,836	(4,007)	(>100)
Property Development	67,928	121,139	(53,211)	(>100)	23,165	44,324	21,159	47.73
Building Material	4,134	6,952	(2,818)	(40.53)	(1,285)	(1,424)	139	9.76
Others	756	366	390	51.58	(2,399)	(3,328)	929	27.91
Inter-segment eliminations	(3,543)	(77,349)	73,806	95.41	1,330	(13,911)	15,241	>100
<b>Total</b>	<b>80,302</b>	<b>166,525</b>	<b>86,223</b>	<b>(51.77)</b>	<b>18,640</b>	<b>27,497</b>	<b>8,857</b>	<b>32.21</b>

Revenue for the current quarter is lower compared to immediate preceding quarter mainly due to lower revenue entitlement of 18% recognised arising from the sale of the Pavilion Bukit Jalil Mall with higher progressive sale of Kota Kinabalu Crown development units recorded via the retail lots. The profit before tax decreased by RM8.85 million with the decrease in revenue being offset by the lower marketing cost and financing cost.

**3. (a) Financial Year 2020 Prospects**

The Board expects the remaining financial year 2020 to be challenging in view of Covid-19 pandemic, impacted the entire economy with great uncertainty. Accordingly, management is taking timely actions to realign project activities to market demand, in order to protect its profitability.

**(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 year under review is as follow:

	<b>Current Quarter Ended 31.03.20 RM'000</b>
Current period tax expense	6,000
Deferred tax expense	(1,383)
	<u>4,617</u>

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

	<b>31.03.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	9,939	2,385
Bank borrowings	183,375	184,431
<u>Current</u>		
Finance lease liabilities	4,109	5,044
Bank borrowings	237,475	170,960
Total Borrowings	<u>434,898</u>	<u>362,820</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.

### a) **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.

## 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)**

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").

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. Thereafter, on 26 June 2019, the Court ordered that the value of 30% shares of BJD fixed at RM99.09 mil. The Company having paid RM35.97 mil earlier for the said 30% BJD's shares is to pay further sum of RM63.12 million.

On 14 August 2019, the Court had further ordered that:-

- a) the Company is to pay Zen Courts interest upon the RM63.12 million at the rate of 5% per annum calculated from 26 June 2019 until the date of full settlement;
- b) the Company is to pay Zen Courts, party to party costs of RM250,000.00;
- c) Bukit Jalil Development is to pay the fees and disbursements of KPMG Corporate Advisory Sdn. Bhd. amounting to RM1,040,072.00 inclusive of tax; and

## **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)**

- d) Bukit Jalil Development is to pay the fees and disbursements of Hartanah Consultants (Valuation) Sdn. Bhd. amounting to RM2,650.00 inclusive of tax.

The Court further ordered that the Company's application for stay of all further proceedings and enforcement of all the High Court decisions pending the disposal of the appeal by the Company to the Court of Appeal had been granted on condition that the following payment are paid to Zen Courts:-

- a) RM20 million on or before 10 October 2019;
- b) the balance RM43.12 million on or before 10 January 2020; and
- c) all the sum are paid within the time permitted into an interest-bearing bank deposit account held jointly by the solicitors for the Company and Zen Courts.

The Company has paid RM20million in October 2019.

Meanwhile, the Company is appealing to the Court of Appeal against the High Court revaluation order of the 30% shareholding in BJDSB

In relation to Zen Courts application to the Kuala Lumpur High Court for restitution of the 30% shares in BJD from Ho Hup, the High Court has granted stay application on 15 October 2019.

On 22 January 2020, the Company has entered into a Settlement Agreement with Zen Courts. An upfront sum will be paid along with a property transfer and the balance cash settlement over a payment term of 3 instalments.

With this settlement, the disputes with Zen Courts relating to their previous 30% shareholding in BJD, including all litigation pertaining thereto will be completely resolved and upon the full payment of settlement amount, there will be no further claims whatsoever against the Company in relation to the Buy-Out Shares and the Company shall be released from all actions, claims and demands whatsoever arising from the dispute concerning the Buy-Out Shares.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 28 May 2020, 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. 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	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
<b>Transaction with Directors of the Company</b>				
-Progress billing received/receivable	-	158	-	158
<b>Transaction with companies in which a substantial shareholder has interest</b>				
-Progress billing received/receivable	-	197	-	197
<b>Transaction with Directors of related companies</b>				
-Progress billing received/receivable	-	8	-	8
<b>Transaction with a major shareholder</b>				
-Progress billing received/receivable	-	870	-	870
<b>Transaction with a Company in which a Director of a related company has interest</b>				
- Progress billing received/ receivable	-	-	-	-
<b>Transaction with subsidiary companies of a corporate shareholder with a significant influence over the Company</b>				
-Progress billing received/receivable	-	70	-	70
-Interest expenses paid/payable	(1,526)	(2,204)	(8,683)	(2,204)
-Drawdown of term loans	-	10,000	-	10,000
-Repayment of term loans	(4,042)	(7,000)	-	(4,042)
<b>Transaction with a minority shareholder of a subsidiary company</b>				
-Project management fee paid/payable	-	(520)	-	(520)
<b>Transaction with a company in which a Director of the Company has interest</b>				
-Progress claims paid/payable	-	(6,069)	(12,883)	(12,883)
- Rental of Retail Spaces	(210)	-	(699)	(909)
- Rental of Office	(210)	-	(351)	(561)

15. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
<b>Profit before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment ("PPE")	2,183	848	2,183	848
Depreciation of investment properties ("IP")	85	85	85	85
Amortisation of intangible asset	606	787	606	787
Amortisation of Right-of-use assets	563	155	563	155
Rental expenses	70	103	70	103
Finance cost	3,329	5,267	3,329	5,267
<b>And Crediting:-</b>				
Gain on disposal of PPE	-	72	-	72
Rental income	511	311	511	311
Finance income	541	28	541	28

16. 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 31.03.2020	Preceding year corresponding quarter 31.03.2019	Financial year to-date 31.03.2020	Preceding year corresponding period to-date 31.03.2019
Net profit for the period attributable to owners of the parent (RM'000)	15,847	5,299	15,847	5,299
Weighted average number of ordinary shares ('000)	412,383	374,894	412,383	374,894
<b>Basic EPS (sen)</b>	<b>3.84</b>	<b>1.41</b>	<b>3.84</b>	<b>1.41</b>



## 16. 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.

	<b>Current quarter 31.03.2020</b>	<b>Preceding year corresponding quarter 31.03.2019</b>	<b>Financial period to-date 31.03.2020</b>	<b>Preceding year corresponding period to-date 31.03.2019</b>
Net profit for the period attributable to owners of the parent (RM'000)	15,847	5,299	15,847	5,299
Adjustment for convertible preference dividend (RM'000)	-	-	-	-
<b>Adjusted net profit for the period attributable to owners of the parent (RM'000)</b>	<b>15,847</b>	<b>5,299</b>	<b>15,847</b>	<b>5,299</b>
Weighted average number of ordinary shares ('000)	412,383	374,894	412,383	374,894
Adjustment for Warrants ('000)	-	-	-	-
Adjustment for ESOS ('000)	-	-	-	-
<b>Adjusted weighted average number of ordinary shares in issue ('000)</b>	<b>412,383</b>	<b>374,894</b>	<b>412,383</b>	<b>374,894</b>
<b>Diluted EPS (sen)</b>	<b>3.84</b>	<b>1.41</b>	<b>3.84</b>	<b>1.41</b>

**By Order of the Board**  
Dato' Wong Kit-Leong  
Chief Executive Officer  
Kuala Lumpur  
28 May 2020