

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial period ended 30 September 2020

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	<u>30 Sept 2020</u> RM'000 (Unaudited)	<u>30 Sept 2019</u> RM'000 (Unaudited)	<u>30 Sept 2020</u> RM'000 (Unaudited)	<u>30 Sept 2019</u> RM'000 (Unaudited)
Revenue	68,048	104,841	211,322	199,740
Cost of Sales	(37,059)	(66,959)	(110,392)	(123,956)
Gross Profit	<u>30,989</u>	<u>37,882</u>	<u>100,930</u>	<u>75,784</u>
Other income	5,596	3,484	8,028	4,302
Administrative expenses	(3,604)	(3,804)	(11,603)	(10,781)
Operating expenses	(10,380)	(5,960)	(30,978)	(14,389)
Profit from operating activities	<u>22,601</u>	<u>31,602</u>	<u>66,377</u>	<u>54,916</u>
Finance income	1,717	(74)	4,110	(38)
Finance cost	(6,194)	(7,131)	(13,180)	(16,477)
Net finance cost	<u>(4,477)</u>	<u>(7,205)</u>	<u>(9,070)</u>	<u>(16,515)</u>
Share of results of associates and joint ventures	-	-	-	-
Profit before tax	<u>18,124</u>	<u>24,397</u>	<u>57,307</u>	<u>38,401</u>
Taxation	(7,055)	(7,739)	(13,997)	(11,975)
Profit for the period	<u>11,069</u>	<u>16,658</u>	<u>43,310</u>	<u>26,426</u>
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(6)	(13)	197	(62)
Other comprehensive income/(loss) for the period, net of tax	<u>(6)</u>	<u>(13)</u>	<u>197</u>	<u>(62)</u>
Total comprehensive income for the period, net of tax	<u>11,063</u>	<u>16,645</u>	<u>43,507</u>	<u>26,364</u>
Profit/(Loss) attributable to:				
Owners of the Parent	11,365	16,257	41,289	26,433
Non-Controlling Interest	(296)	401	2,021	(7)
Profit for the period	<u>11,069</u>	<u>16,658</u>	<u>43,310</u>	<u>26,426</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	11,359	16,243	41,497	26,381
Non-Controlling Interest	(296)	402	2,010	(17)
Total comprehensive income for the period	<u>11,063</u>	<u>16,645</u>	<u>43,507</u>	<u>26,364</u>
Earnings per share attributable to owners of the parent (sen):				
Basic	<u>2.76</u>	<u>4.34</u>	<u>10.01</u>	<u>7.05</u>
Diluted	<u>2.76</u>	<u>4.34</u>	<u>10.01</u>	<u>7.05</u>

The Condensed Consolidated Statements of Comprehensive Income 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 FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	As at <u>30 Sept 2020</u> RM'000 (Unaudited)	As at <u>31 Dec 2019</u> RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	221,901	218,783
Right-of-use assets	18,623	21,405
Investment properties	122,602	124,628
Intangible assets	91	81
Land rights	87,282	90,160
Goodwill	10,978	10,977
Quarrying rights	871	956
Inventories	16,222	13,913
Investment in joint ventures	417	417
Quarry development costs	7,420	7,046
Other Investment	-	-
	<u>486,407</u>	<u>488,366</u>
Current Assets		
Inventories and other contract costs	310,975	304,949
Contract assets	105,813	114,982
Trade receivables	308,186	203,950
Other receivables	95,616	107,569
Amount due from a joint venture	99	99
Tax recoverable	35	16
Fixed deposits with licensed banks	28,088	31,383
Cash and bank balances	58,484	54,186
	<u>907,296</u>	<u>817,134</u>
TOTAL ASSETS	<u>1,393,703</u>	<u>1,305,500</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	225,007	225,007
Employee Share Option Reserve ("ESOS Reserve")	766	766
Other reserves	(33,024)	(29,687)
Foreign currency translation reserve	(1,269)	(1,466)
Retained Earnings	279,257	237,964
	<u>470,737</u>	<u>432,584</u>
Non-Controlling Interest	15,631	13,621
Total Equity	<u>486,368</u>	<u>446,205</u>
Non-Current Liabilities		
Finance lease liabilities	1,466	11,131
Bank borrowings	204,564	163,931
Deferred tax liabilities	21,165	22,127
	<u>227,195</u>	<u>197,189</u>
Current Liabilities		
Provision for liquidated ascertained damages	4,299	10,143
Bank borrowings	250,968	191,480
Trade payables	181,780	151,216
Other payables	174,445	262,291
Finance lease liabilities	8,034	5,814
Provision for taxation	60,614	41,162
	<u>680,140</u>	<u>662,106</u>
Total Liabilities	<u>907,335</u>	<u>859,295</u>
TOTAL EQUITY AND LIABILITIES	<u>1,393,703</u>	<u>1,305,500</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>1.14</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 30 September 2020

	Attributable to Owners of the Parent										Total Equity RM'000	
	Non-Distributable					Distributable						
	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		Non-Controlling Interest RM'000
(Unaudited)												
At 1 January 2020	225,007	-	-	-	(1,466)	-	766	(29,687)	237,968	432,588	13,621	446,209
Profit for the financial year	-	-	-	-	-	-	-	-	41,289	41,289	2,021	43,310
Other comprehensive income for the financial year	-	-	-	197	-	-	-	(3,337)	-	(3,140)	(11)	(3,151)
Total comprehensive income for the financial year	-	-	-	197	-	-	-	(3,337)	41,289	38,148	2,010	40,159
At 30 September 2020	225,007	-	-	-	(1,269)	-	766	(33,024)	279,257	470,736	15,631	486,368

	Attributable to Owners of the Parent										Total Equity RM'000	
	Non-Distributable					Distributable						
	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		Non-Controlling Interest RM'000
(Unaudited)												
At 1 January 2019	207,574	-	-	-	(1,431)	-	766	(29,687)	186,495	363,717	13,537	377,254
- as previously reported	-	-	-	-	-	-	-	-	-	-	-	-
Effect of adopting MFRS 16	-	-	-	-	(1,431)	-	766	(29,687)	186,495	363,717	13,537	377,254
At 30 September 2019	207,574	-	-	-	(1,483)	-	766	(29,687)	212,928	390,098	13,520	403,618

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 30 September 2020

	9 months ended 30-Sep-20 RM'000 (Unaudited)	9 months ended 30-Sep-19 RM'000 (Unaudited)
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	57,307	38,401
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	4,665	1,200
Depreciation of investment properties	1,643	254
Amortisation of intangible assets	2,878	2,386
Amortisation of Right-of-use assets	2,733	278
(Gain)/Loss on disposal of property, plant and equipment	-	(489)
Loss / (Gain) on unrealised foreign exchange	197	-
Finance cost	13,180	16,477
Finance income	(4,111)	38
Operating profit before working capital changes	78,492	58,545
Movements in working capital		
Contract assets/ (liabilities)	9,169	24,724
Inventories and other contract costs	(8,335)	(116,974)
Receivables	(92,363)	(21,963)
Payables	(56,663)	27,463
	(148,192)	(86,750)
Cash generated from/ (used in) operations		
Interest paid	(13,180)	(17,786)
Tax paid	(5,252)	(3,418)
Payment of liquidated ascertained damages	-	(1,327)
Interest received	-	-
	(18,432)	(22,531)
Net cash used in operating activities	(88,132)	(50,736)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,784)	(3,330)
Proceeds from disposal of property, plant and equipment & investment properties	432	96
Quarry development cost	(301)	(1,416)
Interest received	-	(38)
Investment	-	(9,817)
Changed in pledged deposits	7,407	-
Contribution from non-controlling interest	-	-
Net cash (used in)/from investing activities	(246)	(14,505)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(8,380)	(7,740)
Drawdown of borrowings	104,204	85,152
Repayment of hire purchase and leases	(7,445)	(1,927)
Proceeds from exercise on ESOS	-	-
Net cash from financing activities	88,379	75,485
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1	10,244
Effect of changes in foreign exchange rate	-	-
OPENING BALANCE	46,325	(998)
CLOSING BALANCE	46,326	9,246
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	58,484	30,432
Bank overdraft	(13,292)	(31,795)
Fixed deposits with licensed banks	28,088	10,609
Cash and cash equivalents restricted from use	(26,954)	-
	46,326	9,246

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)

		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 9 months			
	Revenue		Profit attributable to owners of the parent	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Construction	47,506	97,623	(5,429)	2,147
Property Development	155,434	105,692	55,092	30,225
Building Material	16,919	27,950	(3,880)	(3,405)
Others	3,342	660	(5,357)	(986)
Inter-segment eliminations	(11,879)	(32,185)	2,884	(1,555)
Total before non-controlling interest	211,322	199,740	43,310	26,426
Non-controlling interest	-	-	(2,021)	7
Total	211,322	199,740	41,289	26,433

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 30 September 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:

	No. of Options
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	(3,648,800)
Outstanding unexercised options as at 30 September 2020	0

The Scheme had duly expired 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	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	728,067	738,067
- Amount utilised	-	-	318,380	348,658
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	28,850	28,850
- Amount utilised	-	-	2,336	1,797
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	9,439	8,677	9,439	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

There were no capital commitment as at the date of this quarterly report.

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			
	30.09.20	30.09.19	Changes		30.09.20	30.09.19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	17,496	54,092	(36,596)	(67.65)	(3,370)	(1,536)	(1,834)	(>100.00)
Property Development	45,137	57,907	(12,770)	(22.05)	17,013	18,492	(1,479)	(8.00)
Building Material	10,042	10,613	(571)	(5.38)	(659)	(1,202)	543	45.17
Others	1,543	360	1,183	>100.00	(1,721)	(199)	(1,522)	(>100.00)
Inter-segment eliminations	(6,170)	(18,131)	11,961	>100.00	(194)	1,103	(1,297)	(>100.00)
Total before non-controlling interest	68,048	104,841	(36,793)	(35.09)	11,069	16,658	(5,589)	(33.55)
Non-controlling interest	-	-	-	-	296	(401)	697	>100.00
Total	68,048	104,841	(36,793)	(35.09)	11,365	16,257	(4,892)	(30.09)

The Group revenue for the current quarter decreased by RM36.8 million or 35.0% as compared to previous year corresponding quarter due to the following:

a) Construction

Revenue declined by RM36.6 million or 67.6% mainly due to the implementation of RMCO directive, resulted in the slower overall construction progress for the rehabilitation work in Besut, bridge works in Teluk Intan, road project in Yong Peng and the construction of the Technical Vocational College (TVET) in Kulai.

b) Property Development

Property revenue declined mainly due to the lower share of progressive billings for both the Phase 3 Park 2 and the sales of the Pavilion Bukit Jalil Mall, coupled with limited progress billings for the Kota Kinabalu Crown development units.

c) Building Material

Revenue declined by RM0.05 million or 5.4% impacted by the RMCO implementation that resulted in the lower demand for rock supply for the rehabilitation work activities in the Besut, project.

Accordingly, the Group recorded an overall lower profit after tax (PAT) of RM5.6 million or less than 33.5% as compared to the same corresponding quarter in the previous year, with the slower progress billings for both the Phase 3 Park 2 and Pavilion Bukit Jalil Mall property development.

B) Performance of Current Cumulative Nine Months compared with Previous Year Corresponding Nine Months

Business Segment	Cumulative 9 months ended							
	Revenue				Profit attributable to owners of the parent			
	30.09.20	30.09.19	Changes		30.09.20	30.09.19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	47,506	97,623	(50,117)	(51.33)	(5,429)	2,147	(7,576)	(>100.00)
Property Development	155,434	105,692	49,742	47.06	55,092	30,225	24,867	82.27
Building Material	16,919	27,950	(11,031)	(39.46)	(3,880)	(3,405)	(475)	(13.95)
Others	3,342	660	2,682	>100.00	(5,357)	(986)	(4,371)	(>100.00)
Inter-segment eliminations	(11,879)	(32,185)	20,306	63.09	2,884	(1,555)	4,439	>100.00
Total before non-controlling interest	211,322	199,740	11,582	5.79	43,310	26,426	16,884	63.89
Non-controlling interest	-	-	-	-	(2,021)	7	(2,028)	(>100.00)
Total	211,322	199,740	11,582	5.79	41,289	26,433	14,856	56.20

The Group overall revenue improved by RM11.6 million and profit after tax increased by RM14.8 million for the financial period ended 30 September 2020. The Divisional revenue and profit after tax are explained as follows:-

a) Construction

Overall cumulative revenue for the period declined by RM50.1 million mainly due to the imposition of MCO directive, which at its early stage resulted in the suspension of construction activities.

b) Property Development

Cumulative Property Development revenue for the period increased by RM49.7 million, mainly attributed by the Bukit Jalil City project under the Joint Development Agreement (JDA) for Phase 2, Phase 3 and the progress billings of Kota Kinabalu Crown development units.

c) Building Material

Revenue declined by RM11.0 million or 39.5% grossly impacted by the MCO implementation that resulted in the suspension of rock demand for the Besut rehabilitation work.

Overall, the Group recorded a higher profit after tax (PAT) of RM16.8 million or higher by 63.8% as compared to the same corresponding quarter in the previous financial period due to cost rationalization exercise to streamline cost with actual activity progress.

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			
	30.09.20	31.06.20	Changes		30.09.20	31.06.20	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	47,506	30,010	17,496	58.30	(5,429)	(2,059)	(3,370)	(>100)
Property Development	155,434	110,296	45,138	40.92	55,092	38,077	17,015	44.68
Building Material	16,919	6,878	10,041	>100.00	(3,880)	(3,221)	(659)	(20.45)
Others	3,342	1,799	1,543	85.76	(5,357)	(3,636)	(1,721)	(47.33)
Inter-segment eliminations	(11,879)	(5,709)	(6,170)	(>100.00)	2,884	3,080	(196)	(6.36)
Total	211,322	143,274	68,048	47.49	43,310	32,241	11,069	34.33

Revenue for the current quarter is higher compared to the immediate preceding quarter mainly from the higher revenue recognition from sales of the Pavilion Bukit Jalil Mall and Joint Development Agreement (JDA) entitlement of 18% recognised from the Phase 3 Park Residences completion. Lower progressive sales of Kota Kinabalu Crown development units were recorded from the retail lots sales but generally sales were affected by the MCO lockdown period due to the Covid-19 pandemic. The profit before tax increased by RM11.0 million based on the increase in revenue with some impact from higher financing cost due to more borrowings to fund projects implementation.

3. (a) Financial Year 2020 Prospects

The Board expects the remaining financial year 2020 to be challenging with sluggish demand for the Group's property projects with the continued Covid-19 pandemic environment.

Accordingly, Management is realigning and restructuring its cost components to better optimize and protect its profitability moving forward.

(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:

	Current Quarter Ended 30.09.20 RM'000
Current period tax expense	14,687
Deferred tax expense	(690)
	13,997

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

The Company had on 10th July 2020, announced that the Company is proposing to undertake a rights issue of up to 82,476,799 new Redeemable Preference Shares ("RPS") at an issue price of RM1.00 per RPS together with up to 206,191,997 free detachable warrants ("Warrants") on the basis of 1 RPS for every 5 existing ordinary shares held and 5 Warrants for every 2 RPS subscribed at an entitlement date to be determined by the Board at a later date.

The proposed utilisation is shown in the table below:

	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Working capital	30,000	30,000
Repayment of borrowings	18,200	50,677
Estimated expenses	1,800	1,800
	50,000	82,477

On 20 November 2020, the Company announced the abortion of the RPS together with free detachable warrants and replace with private placement of up to 20% of the total number of issued shares of the Company or equivalent to 82,476,700 placement shares.

Other than the above, 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

	30.09.2020	31.12.2019
	RM'000	RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	1,466	11,131
Bank borrowings	204,564	163,931
<u>Current</u>		
Finance lease liabilities	8,034	5,814
Bank borrowings	250,968	191,480
Total Borrowings	<u>465,032</u>	<u>372,356</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.

12. Changes in material litigations (cont'd)

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

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.

Following thereto, HHCCI has lodged an Execution Petition before the City Civil Courts at Hyderabad, India to proceed with execution and recovery of Appellate Court's award against APHB. The matter is pending before City Civil Courts at Hyderabad.

b) Ho Hup Construction Company Berhad vs Seni Kenanga Sdn Bhd and Hj Said Binaan Sdn Bhd (In Liquidation)

The Company had awarded a building contract to Hj Said Binaan Sdn Bhd-Seni Kenanga Sdn Bhd JV ("Contractors") on 28 March 2014 for the construction and completion of the Company's project located at Bandar Bukit Jalil, Kuala Lumpur ("Project").

The Contractors were to complete construction of the Project within the contract period but failed to complete the Project within the specific time period. Hence, the Contractors has breached its contract with the Company.

The Company has claimed a sum of RM54,200,000.00 as at 31 March 2019 as ascertained liquidated damages ("LAD") against the Contractors and a further sum of RM14,798,828.99 as of 31 December 2019 being back charges for work done by the Company to complete the Project arising from the Contractors' failure to complete the Project within contracted time period, cost and interest.

The Company had filed a suit against Seni Kenanga Sdn Bhd and Hj Said Binaan Sdn Bhd (In Liquidation) and announced to Bursa Malaysia Securities Berhad on 26 August 2020.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 19 November 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 9 Months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Transaction with Directors of the Company				
-Progress billing received/receivable	-	-	-	158
Transaction with companies in which a substantial shareholder has interest				
-Progress billing received/receivable	-	-	-	197
Transaction with Directors of related companies				
-Progress billing received/receivable	-	-	-	30
Transaction with a major shareholder				
-Progress billing received/receivable	-	-	-	870
Transaction with a Company in which a Director of a related company has interest				
- Progress billing received/ receivable	-	-	-	934
Transaction with subsidiary companies of a corporate shareholder with a significant influence over the Company				
-Progress billing received/receivable	-	-	-	3,967
-Interest expenses paid/payable	(2,029)	(4,044)	(2,029)	(9,103)
-Drawdown of term loans	6,235	-	6,235	40,000
-Repayment of term loans	-	-	-	(7,000)
Transaction with a minority shareholder of a subsidiary company				
-Project management fee paid/payable	(540)	(520)	(540)	(1,560)
Transaction with a company in which a Director of the Company has interest				
-Progress claims paid/payable	(5,191)	(6,350)	(5,191)	(8,060)
- Rental of Retail Spaces	(150)	-	(150)	(418)
- Rental of Office	316	(140)	316	(140)

15. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment ("PPE")	1,709	280	4,665	1,200
Depreciation of investment properties ("IP")	548	85	1,643	254
Amortisation of intangible asset	136	1,194	2,878	2,386
Amortisation of Right-of-use assets	916	123	2,733	278
Rental expenses	382	234	556	586
Finance cost	6,194	7,131	13,180	16,477
And Crediting:-				
Gain on disposal of PPE	-	-	-	-
Rental income	660	360	1,535	956
Finance income	1,717	74	4,110	(38)

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 30.09.2020	Preceding year corresponding quarter 30.09.2019	Financial year to-date 30.09.2020	Preceding year corresponding period to-date 30.09.2019
Net profit for the period attributable to owners of the parent (RM'000)	11,365	16,257	41,289	26,433
Weighted average number of ordinary shares ('000)	412,383	374,890	412,383	374,890
Basic EPS (sen)	2.76	4.34	10.01	7.05

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.

	Current quarter 30.09.2020	Preceding year corresponding quarter 30.09.2019	Financial period to-date 30.09.2020	Preceding year corresponding period to-date 30.09.2019
Net profit for the period attributable to owners of the parent (RM'000)	11,365	16,257	41,289	26,433
Adjustment for convertible preference dividend (RM'000)	-	-	-	-
Adjusted net profit for the period attributable to owners of the parent (RM'000)	11,365	16,257	41,289	26,433
Weighted average number of ordinary shares ('000)	412,383	374,890	412,383	374,890
Adjustment for Warrants ('000)	-	-	-	-
Adjustment for ESOS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	412,383	374,890	412,383	374,890
Diluted EPS (sen)	2.76	4.34	10.01	7.05

By Order of the Board

Dato' Wong Kit-Leong
Chief Executive Officer
Kuala Lumpur
20 November 2020