

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 30 September 2021

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	<u>30 Sept 2021</u> RM'000 (Unaudited)	<u>30 Sept 2020</u> RM'000 (Unaudited)	<u>30 Sept 2021</u> RM'000 (Unaudited)	<u>30 Sept 2020</u> RM'000 (Unaudited)
Revenue	49,894	68,048	150,778	211,322
Cost of Sales	(29,150)	(37,059)	(91,575)	(110,392)
Gross Profit	20,744	30,989	59,203	100,930
Other income	962	5,596	5,915	8,028
Administrative expenses	(4,703)	(3,604)	(12,342)	(11,603)
Operating expenses	(9,177)	(10,380)	(29,380)	(30,978)
Profit from operating activities	7,826	22,601	23,396	66,377
Finance income	64	1,717	112	4,110
Finance cost	(8,804)	(6,194)	(23,597)	(13,180)
Net finance cost	(8,740)	(4,477)	(23,485)	(9,070)
Share of results of associates and joint ventures	-	-	-	-
(Loss)/profit before tax	(914)	18,124	(89)	57,307
Taxation	(1,520)	(7,055)	(2,647)	(13,997)
(Loss)/profit for the period	(2,434)	11,069	(2,736)	43,310
(Loss)/profit attributable to:				
Owners of the Parent	479	11,365	(210)	41,289
Non-Controlling Interest	(2,913)	(296)	(2,526)	2,021
(Loss)/profit for the period	(2,434)	11,069	(2,736)	43,310
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	601	11,359	(295)	41,497
Non-Controlling Interest	(2,946)	(296)	(2,452)	2,010
Total comprehensive (loss)/income for the period	(2,345)	11,063	(2,747)	43,507

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 30 September 2021

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)
(Loss)/profit for the period	(2,434)	11,069	(2,736)	43,310
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	89	(6)	(11)	197
Other comprehensive (loss)/income for the period, net of tax	89	(6)	(11)	197
Total comprehensive (loss)/income for the period, net of tax	(2,345)	11,063	(2,747)	43,507
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	601	11,359	(295)	41,497
Non-Controlling Interest	(2,946)	(296)	(2,452)	2,010
Total comprehensive (loss)/income for the period	(2,345)	11,063	(2,747)	43,507
(Loss)/earnings per share attributable to owners of the parent (sen):				
Basic	0.10	2.76	(0.04)	10.01
Diluted	0.10	2.76	(0.04)	10.01

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	As at 30 Sept 2021 RM'000 (Unaudited)	As at 31 Dec 2020 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	212,418	216,450
Right-of-use assets	32,320	26,083
Investment properties	121,659	122,023
Intangible assets	78	78
Land rights	85,397	87,264
Goodwill	15,318	10,978
Quarrying rights	758	843
Inventories and other contract costs	83,260	83,260
Investment in joint ventures	404	404
Quarry development costs	5,364	6,146
Other Investment	4,255	2,659
	<u>561,231</u>	<u>556,188</u>
Current Assets		
Inventories and other contract costs	380,214	315,677
Contract assets	19,926	48,881
Trade receivables	313,347	280,422
Other receivables	102,565	100,065
Amount due from a joint venture	99	99
Tax recoverable	97	52
Fixed deposits with licensed banks	19,878	7,588
Cash and bank balances	27,133	41,601
	<u>863,259</u>	<u>794,385</u>
TOTAL ASSETS	<u>1,424,490</u>	<u>1,350,573</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	256,870	225,007
Other reserves	(76,525)	(75,751)
Foreign currency translation reserve	(1,251)	(1,240)
Retained Earnings	287,003	287,213
	<u>466,097</u>	<u>435,229</u>
Non-Controlling Interest	<u>18,493</u>	<u>13,551</u>
Total Equity	<u>484,590</u>	<u>448,780</u>
Non-Current Liabilities		
Finance lease liabilities	13,184	11,521
Bank borrowings	338,233	321,846
Deferred tax liabilities	21,716	22,124
	<u>373,133</u>	<u>355,491</u>
Current Liabilities		
Contract liabilities	30,532	29,446
Provision for liquidated ascertained damages	85	1,001
Bank borrowings	279,966	188,086
Trade payables	85,059	112,108
Other payables	101,790	143,610
Finance lease liabilities	8,112	7,971
Provision for taxation	61,223	64,080
	<u>566,767</u>	<u>546,302</u>
Total Liabilities	<u>939,900</u>	<u>901,793</u>
TOTAL EQUITY AND LIABILITIES	<u>1,424,490</u>	<u>1,350,573</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.94</u>	<u>1.06</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 30 September 2021

	-----Attributable to Owners of the Parent-----							
	-----Non-Distributable-----			-----Distributable-----				
	Share Capital	Foreign Currency Translation Reserve	ESOS Reserve	Other Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Unaudited)								
At 1 January 2021	225,007	(1,240)	-	(75,751)	287,213	435,229	13,551	448,780
(Loss)/profit for the financial period	-	-	-	-	(210)	(210)	(2,526)	(2,736)
Other comprehensive (loss)/income for the financial period	-	(11)	-	(774)	-	(785)	74	(711)
Total comprehensive income for the financial period	-	(11)	-	(774)	(210)	(995)	(2,452)	(3,447)
Transaction with Owners:								
Issue of ordinary shares - private placement	31,863	-	-	-	-	31,863	-	31,863
Issuance of shares by a subsidiary to non controlling shareholders	-	-	-	-	-	-	7,394	7,394
	31,863	-	-	-	-	31,863	7,394	39,257
At 30 September 2021	256,870	(1,251)	-	(76,525)	287,003	466,097	18,493	484,590

	-----Attributable to Owners of the Parent-----							
	-----Non-Distributable-----			-----Distributable-----				
	Share Capital	Foreign Currency Translation Reserve	ESOS Reserve	Other Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 period	-	-	-	-	41,289	41,289	2,021	43,310
Other comprehensive income/(loss) for the financial period	-	197	-	(3,337)	-	(3,140)	(11)	(3,151)
Total comprehensive income/(loss) for the financial period	-	197	-	(3,337)	41,289	38,149	2,010	40,159
At 30 September 2020	225,007	(1,269)	766	(33,024)	279,253	470,733	15,631	486,364

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 September 2021

	9 months ended 30 Sept 2021 RM'000 (Unaudited)	9 months ended 30 Sept 2020 RM'000 (Unaudited)
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	(89)	57,307
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	4,910	4,665
Depreciation of investment properties	1,995	1,643
Amortisation of intangible assets	3,626	2,878
Amortisation of Right-of-use assets	1,867	2,733
Loss /(Gain) on unrealised foreign exchange	(11)	197
Finance cost	23,427	13,180
Finance income	(112)	(4,111)
Operating profit before working capital changes	35,613	78,492
Movements in working capital		
Contract assets/ (liabilities)	(10,064)	9,169
Inventories and other contract costs	(71,963)	(8,335)
Receivables	(10,900)	(92,363)
Payables	(49,672)	(56,663)
	(142,599)	(148,192)
Cash generated used in operations		
Interest paid	(23,427)	-
Tax paid	(2,185)	(5,252)
	(25,612)	(5,252)
Net cash used in operating activities	(132,598)	(74,952)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and investment properties	(12,373)	(7,784)
Proceeds from disposal of property, plant and equipment & investment properties	-	432
Quarry development cost	(3,472)	(301)
Investment in subsidiary	(12,000)	-
Changed in pledged deposits	2,519	7,407
Contribution from non-controlling interest	7,468	-
Net cash used in investing activities	(17,858)	(246)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(7,726)	(8,380)
Drawdown of borrowings	106,812	104,204
Repayment of hire purchase and leases	(556)	(7,445)
Proceeds from private placement	31,863	-
Net cash from financing activities	130,393	88,379
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,063)	13,181
Effect of changes in foreign exchange rate		
OPENING BALANCE	27,696	46,325
CLOSING BALANCE	7,633	59,506
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	27,133	58,484
Bank overdraft	(21,293)	(13,292)
Fixed deposits with licensed banks	19,878	28,088
Cash and cash equivalents restricted from use	(18,085)	(26,954)
	7,633	46,326

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)
 Quarterly Report On Consolidated Results
 For the financial period ended 30 September 2021

Notes To The Interim Financial Statements
 (The figures have not been audited)

1. Segmental Reporting

The Group's segmental reporting for the nine months financial period ended 30 September 2021

	Construction	Property Development	Building Material	Others	Inter-segment Elimination	Total
REVENUE						
Revenue as reported	50,328	81,059	15,241	4,150	-	150,778
Inter-segment sales	74,776	-	-	663	(75,439)	-
Total Revenue	125,104	81,059	15,241	4,813	(75,439)	150,778
RESULTS						
Profit from operations	2,072	23,278	(4,623)	(2,805)	5,586	23,508
Finance costs	(8,290)	(12,346)	(163)	(2,798)	-	(23,597)
(Loss)/profit before taxation	(6,218)	10,932	(4,786)	(5,603)	5,586	(89)
Taxation	(11)	(2,636)	-	-	-	(2,647)
(Loss)/Profit for the period	(6,229)	8,296	(4,786)	(5,603)	5,586	(2,736)
Non-Controlling interest	1,494	(1,022)	525	179	1,350	2,526
(Loss)/profit attributable to owners of the Company	(4,735)	7,274	(4,261)	(5,424)	6,936	(210)

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)
 Quarterly Report On Consolidated Results
 For the financial period ended 30 September 2021

Notes To The Interim Financial Statements
 (The figures have not been audited)

1. Segmental Reporting (Continued)

The Group's segmental reporting for the corresponding nine months financial period ended 30 September 2020

	Construction	Property Development	Building Material	Others	Inter- segment Elimination	Total
REVENUE						
Revenue as reported	35,627	155,434	16,919	3,342	-	211,322
Inter-segment sales	11,879	-	-	-	(11,879)	-
Total Revenue	47,506	155,434	16,919	3,342	(11,879)	211,322
RESULTS						
Profit from operations	1,434	71,900	(3,611)	(2,122)	2,886	70,487
Finance costs	(3,277)	(6,399)	(269)	(3,235)	-	(13,180)
(Loss)/profit before taxation	(1,843)	65,501	(3,880)	(5,357)	2,886	57,307
Taxation	(3,588)	(10,409)	-	-	-	(13,997)
(Loss)/profit for the period	(5,431)	55,092	(3,880)	(5,357)	2,886	43,310
Non-Controlling interest	200	(1,827)	126	263	(783)	(2,021)
(Loss)/profit attributable to owners of the Company	(5,231)	53,265	(3,754)	(5,094)	2,103	41,289

Notes To The Interim Financial Statements
 (The figures have not been audited)

2. Group Performance Review

A) The Group's segmental reporting for the financial quarter ended 30 September 2021 compared with Previous Year Corresponding financial quarter ended 30 September 2020.

	Current Year Comparative			Current Year Preceding Year		
	Quarter	Quarter	Var	To Date	Corresponding	Var
	30.9.21 RM'000	30.09.20 RM'000		30.9.21 RM'000	30.9.20 RM'000	
BY SEGMENT						
REVENUE						
Construction	38,532	17,496	>100%	125,104	47,506	>100%
Property Development	24,242	45,138	-46.3%	81,059	155,434	-47.8%
Building Material	3,463	10,041	-65.5%	15,241	16,919	-9.9%
Others	1,560	1,543	1.1%	4,813	3,342	44.0%
Inter-segment eliminations	(17,903)	(6,170)	>-100%	(75,439)	(11,879)	>-100%
Total	49,894	68,048	-26.7%	150,778	211,322	-28.7%
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT						
Construction	(6,195)	(3,370)	-83.8%	(6,229)	(5,431)	-14.7%
Property Development	444	17,013	-97.4%	8,296	55,092	-84.9%
Building Material	(2,183)	(659)	>-100%	(4,786)	(3,880)	-23.4%
Others	(2,194)	(1,721)	-27.5%	(5,603)	(5,357)	-4.6%
Inter-segment eliminations	7,694	(194)	>100%	5,586	2,886	93.6%
(LAT)/PAT	(2,434)	11,069	>-100%	(2,736)	43,310	>-100%
Minority Interest	2,913	296	>100%	2,526	(2,021)	>100%
PATMI/(LATMI)	479	11,365	-95.8%	(210)	41,289	>-100%

2. Group Performance Review (Cont'd)

CURRENT QUARTER

The Group revenue for the current quarter decreased by RM18.1 million or -26.7% as compared to previous year corresponding quarter due to the following:

a) **Construction**

Revenue increased by RM21.0 million or >100% mainly from the ECRL project with the activities of the rest of the other projects affected by lockdown restriction due to the extended movement control order ordinance (“EMCO”) throughout the quarter.

b) **Property Development**

Property revenue decreased with the lower share of progressive billings for JDA entitlement and limited progress billings for the Kota Kinabalu Crown development units. The continuous lockdown situation slowed down the conversion of bookings into sales in the quarter.

c) **Building Material**

Revenue decreased by RM6.6 million or -65.5% with lower demand from the 3 batching plants located in Subang, USJ and Kota Damansara.

Accordingly, the Group recorded an overall profit after tax and minority interest (PATMI) of RM0.4 million or >-96% as compared to the same corresponding quarter in the previous year, mainly due to the EMCO situation across the country.

YEAR TO DATE

The Group revenue for the financial period ended 30 September 2021 decreased by RM60.5 million or -28.7% compared to previous year corresponding financial period ended 30 September 2020 due to the following:

a) **Construction**

Revenue increased by RM77.6 million or >100.0 % with overall construction progress for bridge works in Teluk Intan reaching completion stages. The construction of the Technical Vocational College (TVET) in Kulai and the ECRL project progressed well despite the implementation of RMCO directive during the first quarter and subsequently EMCO directive till the third quarter.

Notes To The Interim Financial Statements
 (The figures have not been audited)

2. Group Performance Review (Cont'd)

b) Property Development

Property revenue declined by RM74.4 million or -47.8% mainly due to the lower share of progressive billings for both Phase 3 Park 2 and the sales of the Pavilion Bukit Jalil Mall. Limited progress billings for the Kota Kinabalu Crown development units due to the continuous lockdown restrictions has also slowed down conversion of bookings into sales.

c) Building Material

Revenue decreased by RM1.7 million or -9.9% due to the lockdown restrictions with lower demand from the 3 batching plants located in Subang, USJ and Kota Damansara.

Accordingly, the Group recorded an overall loss after tax and minority interest (LATMI) of RM41.3 million or >-100% compared to the same corresponding financial period ended 30 September 2020. The result mainly due to significantly lower revenue recorded with fixed operations and administrative cost being incurred i.e interest costs during the lockdown period.

B) 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				(Loss)/Profit before tax			
	30.9.21	30.06.21	Changes		30.9.21	30.06.21	Changes	
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Construction	38,532	75,630	(37,098)	-49.1%	(6,210)	436	(6,646)	>-100%
Property Development	24,242	23,636	606	2.6%	1,979	(2,204)	4,183	>100%
Building Material	3,463	4,424	(961)	-21.7%	(2,183)	(222)	(1,961)	>-100%
Others	1,560	1,981	(421)	-21.3%	(2,194)	(2,235)	41	1.8%
Inter-segment eliminations	(17,903)	(49,139)	31,236	63.6%	7,694	(1,524)	9,218	>100%
Total	49,894	56,532	(6,638)	-11.7%	(914)	(5,749)	4,835	84.1%

Revenue for the current quarter was lower compared to the immediate preceding quarter mainly due to the balance contributed by construction projects namely ECRL. The rest of the projects were affected by the lockdown restriction due to the extended movement control order ordinance (“EMCO”) throughout the quarter mitigated by slightly higher revenue from the JDA entitlement. The loss before tax was lower by RM4.8 million based on the higher margin achieved and lower fixed operations and administrative cost being incurred.

Notes To The Interim Financial Statements
 (The figures have not been audited)

3. (a) Financial Year 2021 Prospects

The Board remains cautious of the COVID-19 pandemic which continues to raise concern and uncertainty to the Malaysian and the global economy and the timing for full recovery on all economic sectors and consumer confidence remain uncertain. Going forward, the management shall focus on working capital management, manpower deployment and cost reduction initiatives.

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

There was no financial forecast previously announced by the Group.

4. Financial estimate, forecast or projection/profit guarantee

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

5. Dividend paid

No dividends have been declared for the current financial period.

6. Group borrowings and debt securities

	As At 30.09.2021 RM'000	As at 31.12.2020 RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	13,184	11,521
Bank borrowings	338,233	321,846
	<u>351,417</u>	<u>333,367</u>
<u>Current</u>		
Finance lease liabilities	8,112	7,971
Bank borrowings	279,966	188,086
	<u>280,078</u>	<u>196,057</u>
Total Borrowings	<u>639,495</u>	<u>529,424</u>

7. Basis of preparation

These condensed consolidated interim financial statements (“Condensed Report”) have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting*, the International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and the requirements of the Companies Act 2016 in Malaysia. This Condensed Report has also been prepared in accordance with paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

For the periods up to and including the financial year ended 31 December 2020, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The accounting policies applied by the Group in this Condensed Report 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 2020.

8. 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 2021, 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, MFRS 139 and MFRS 7 Interest Rate Benchmark Rate Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9	1 January 2020
Amendments to MFRS 16 Covid-19-Related Rent Concessions	1 January 2020

8. Significant accounting policies (cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 related Rent Concessions beyond 30 June 2021	1 April 2021
Amendment to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to MFRSs Standards 2018-2020		1 January 2022
<ul style="list-style-type: none"> • Amendment to MFRS 1 • Amendment to MFRS 9 • Amendment to MFRS 16 • Amendment to MFRS 141 		
Amendments to MFRS 116	Property, Plant & Equipment – Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137	Onerous Contracts – Cost of Fulfilling a contract	1 January 2022
Amendment to MFRS 17	Insurance Contracts	1 January 2023
Amendment to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendment to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendment to MRS 108	Definition of Accounting Estimates	1 January 2023
Amendment 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, except for the change in accounting policy as a result of the Agenda Decision on IAS 23 Borrowing Costs to financial statements as stated below:

Notes To The Interim Financial Statements
(The figures have not been audited)

8. Significant accounting policies (Continued)

The IFRS Interpretation Committee (“IFRIC”) received a submission on the capitalization of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the IFRIC asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019, that, in the fact pattern described in the request:

- (i) Any receivables and contract asset that the entity recognizes is not a qualifying asset; and
- (ii) Any inventory (work in progress) for unsold units under construction that the entity recognizes is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that the entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

Accordingly, to be prudent the Group adopted this change in its accounting policy for the financial year ending 31 December 2021.

9. Audit report on preceding annual financial statements

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2020.

10. 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.

11. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group.

12. Material changes in estimates

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

Notes To The Interim Financial Statements
 (The figures have not been audited)

13. Changes in debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts securities during the financial period under review, except for the completion of the private placement following the listing and quotation for 47,658,000 placement shares and 34,818,700 placement shares on the Main Market of Bursa Malaysia Securities Berhad on 15 February 2021 and 19 March 2021 respectively.

14. 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 under review.

15. Significant Subsequent Events

There were no material events subsequent to the end of the current financial quarter under review.

16. Changes in composition of the Group

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

17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/09/2021 RM '000	Preceding year corresponding quarter 30/09/2020 RM '000	Current year to-date 30/09/2021 RM '000	Preceding year corresponding year to date 30/09/2020 RM '000
Malaysian income tax - current	1,534	7,214	3,054	14,687
Deferred tax	(14)	(159)	(407)	(690)
Tax expense	<u>1,520</u>	<u>7,055</u>	<u>2,647</u>	<u>13,997</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.

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

This is not applicable.

Notes To The Interim Financial Statements
 (The figures have not been audited)

19. Status of current corporate proposals

There were no other material changes in the composition of the Group for the period ended 30 September 2021.

20. Changes in contingent liabilities

	Group		Company	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	833,053	728,067
- Amount utilised	-	-	539,844	318,380
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	19,850	28,850
- Amount utilised	-	-	856	2,336
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	19,661	9,439	10,258	9,439

Apart from the above, there were no changes in contingent liabilities (other than the material litigations disclosed under Note B24 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.

21. Capital Commitment

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

22. Derivative Financial instrument

This is not applicable.

23. 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.

24. 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.

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.

24. Changes in material litigations (Cont'd)

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 9 November 2021, being the latest practicable date from the date of the issue of this quarterly report.

25. Dividend

No interim dividend proposed for this quarter under review.

26. 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	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Transaction with Directors of the Company -Progress billing received/receivable	-	-	-	-
Transaction with companies in which a substantial shareholder has interest -Progress billing received/receivable	-	-	-	-
Transaction with Directors of related companies -Progress billing received/receivable	-	-	-	-
Transaction with a major shareholder -Progress billing received/receivable	-	-	-	-
Transaction with a Company in which a Director of a related company has interest - Progress billing received/ receivable	-	-	-	-
Transaction with subsidiary companies of a corporate shareholder with a significant influence over the Company -Progress billing received/receivable	-	-	-	-
-Interest expenses paid/payable	(2,991)	(2,029)	(4,374)	(2,029)
-Drawdown of term loans	20,000	6,235	30,000	6,235
-Repayment of term loans	-	-	-	-
Transaction with a minority shareholder of a subsidiary company -Project management fee paid/payable	-	(540)	-	(540)
Transaction with a company in which a Director of the Company has interest -Progress claims paid/payable	-	(5,191)	-	(5,191)
- Rental of Retail Spaces	(140)	(150)	(280)	(150)
- Rental of Office	246	316	456	316

Notes To The Interim Financial Statements
 (The figures have not been audited)

27. 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 30.09.2021	Preceding year corresponding quarter 30.09.2020	Current Year To Date 30.09.2021	Preceding year corresponding period 30.09.2020
Net profit for the period attributable to owners of the parent (RM'000)	479	11,365	(210)	41,289
Weighted average number of ordinary shares in 1 January ('000)	412,383	412,383	412,383	412,383
Effect of ordinary shares issued during the financial period ('000)	82,477	-	82,477	-
Weighted average number of shares in issue ('000)	494,860	412,383	494,860	412,383
Basic EPS (sen)	0.10	2.76	(0.04)	10.01

Diluted Earnings Per Share (Diluted EPS)

Diluted earnings per share for the reporting quarter and financial period ended 30 September 2021 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 30.09.2021	Preceding year corresponding quarter 30.09.2020	Current Year To Date 30.09.2021	Preceding year corresponding period 30.09.2020
Net profit for the period attributable to owners of the parent (RM'000)	479	11,365	(210)	41,289
Adjusted net profit for the period attributable to owners of the parent (RM'000)	479	11,365	(210)	41,289
Weighted average number of ordinary shares ('000)	494,860	412,383	494,860	412,383
Adjustment for Warrants ('000)	-	-	-	-
Adjustment for ESOS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	494,860	412,383	494,860	412,383
Diluted EPS (sen)	0.10	2.76	(0.04)	10.01

Notes To The Interim Financial Statements
 (The figures have not been audited)

28. Profit before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment ("PPE")	1,871	1,709	4,910	4,665
Depreciation of investment properties ("IP")	659	548	1,995	1,643
Amortisation of intangible asset	227	136	1,867	2,878
Amortisation of Right-of-use assets	1,073	916	3,626	2,733
Rental expenses	375	382	781	556
Finance cost	8,804	6,194	23,597	13,180
And Crediting:-				
Rental income	628	660	1,882	1,535
Finance income	64	1,717	112	4,110

By Order of the Board

Dato' Wong Kit-Leong
 Chief Executive Officer
Kuala Lumpur
 26 November 2021