

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial period ended 31 March 2022

(The figures have not been audited)

| | INDIVIDUAL QUARTER | |
|--|---------------------------|--------------------|
| | 3 MONTHS ENDED | |
| | 31 Mar 2022 | 31 Mar 2021 |
| | RM'000 | RM'000 |
| Revenue | 37,262 | 44,352 |
| Cost of Sales | (30,557) | (24,585) |
| Gross Profit | <u>6,705</u> | <u>19,767</u> |
| Other income | 1,226 | 3,468 |
| Administrative expenses | (4,994) | (3,587) |
| Operating expenses | (6,419) | (9,231) |
| (Loss)/Profit from operating activities | <u>(3,482)</u> | <u>10,417</u> |
| Finance income | 52 | 302 |
| Finance cost | (9,330) | (4,145) |
| Net finance cost | <u>(9,278)</u> | <u>(3,843)</u> |
| (Loss)/Profit before tax | <u>(12,760)</u> | <u>6,574</u> |
| Taxation | 95 | (689) |
| (Loss)/Profit for the period | <u>(12,665)</u> | <u>5,885</u> |
| (Loss)/Profit attributable to: | | |
| Owners of the Parent | (10,987) | 5,020 |
| Non-Controlling Interest | (1,678) | 865 |
| (Loss)/Profit for the period | <u>(12,665)</u> | <u>5,885</u> |
| (Loss)/Earnings per share attributable to owners of the parent (sen): | | |
| Basic | <u>(2.22)</u> | <u>1.01</u> |
| Diluted | <u>n/a</u> | <u>n/a</u> |

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 31 March 2022

(The figures have not been audited)

| | INDIVIDUAL QUARTER | |
|---|---------------------------|--------------------|
| | 3 MONTHS ENDED | |
| | 31 Mar 2022 | 31 Mar 2021 |
| | RM'000 | RM'000 |
| (Loss)/Profit for the period | (12,665) | 5,885 |
| Other comprehensive (loss)/income, net of tax | | |
| Foreign currency translation differences for foreign operations | (73) | - |
| Other comprehensive (loss)/income for the period, net of tax | (73) | - |
| Total comprehensive (loss)/income for the period, net of tax | <u>(12,738)</u> | <u>5,885</u> |
| Total comprehensive (loss)/income attributable to: | | |
| Owners of the Parent | (11,138) | 5,020 |
| Non-Controlling Interest | (1,600) | 865 |
| Total comprehensive (loss)/income for the period | <u>(12,738)</u> | <u>5,885</u> |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| | As at 31 Mar 2022 RM'000 Unaudited | As at 31 Dec 2021 RM'000 Audited |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 209,932 | 211,167 |
| Right-of-use assets | 32,554 | 34,544 |
| Investment properties | 117,179 | 117,892 |
| Intangible assets | 54 | 54 |
| Land rights | 83,173 | 83,363 |
| Goodwill | 13,650 | 13,650 |
| Quarrying rights | 701 | 729 |
| Inventories and other contract costs | 83,260 | 83,260 |
| Investment in joint ventures | 385 | 385 |
| Quarry development costs | 4,986 | 5,246 |
| Other Investment | 2,834 | 5,633 |
| Deferred tax assets | 1,453 | 1,480 |
| | <u>550,161</u> | <u>557,403</u> |
| Current Assets | | |
| Inventories and other contract costs | 405,749 | 366,533 |
| Contract assets | 95,448 | 95,331 |
| Trade receivables | 314,138 | 339,469 |
| Other receivables | 96,289 | 129,929 |
| Amount due from a joint venture | 99 | 99 |
| Tax recoverable | 82 | 158 |
| Fixed deposits with licensed banks | 16,970 | 14,520 |
| Cash and bank balances | 27,327 | 33,465 |
| | <u>956,102</u> | <u>979,504</u> |
| TOTAL ASSETS | <u>1,506,263</u> | <u>1,536,907</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Ordinary share capital | 256,870 | 256,870 |
| Other reserves | (77,104) | (77,104) |
| Foreign currency translation reserve | (1,812) | (1,893) |
| Retained Earnings | 245,184 | 256,171 |
| | <u>423,138</u> | <u>434,044</u> |
| Non-Controlling Interest | <u>10,150</u> | <u>11,901</u> |
| Total Equity | <u>433,288</u> | <u>445,945</u> |
| Non-Current Liabilities | | |
| Lease Liabilities | 9,848 | 11,966 |
| Borrowings | 364,441 | 399,383 |
| Deferred tax liabilities | 21,103 | 21,264 |
| | <u>395,392</u> | <u>432,613</u> |
| Current Liabilities | | |
| Contract liabilities | 10,027 | 24,556 |
| Provision for liquidated ascertained damages | 674 | 956 |
| Borrowings | 255,816 | 246,391 |
| Trade payables | 162,690 | 137,942 |
| Other payables | 177,765 | 177,069 |
| Lease liabilities | 11,675 | 11,023 |
| Provision for taxation | 58,936 | 60,412 |
| | <u>677,583</u> | <u>658,349</u> |
| Total Liabilities | <u>1,072,975</u> | <u>1,090,962</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,506,263</u> | <u>1,536,907</u> |
| Net assets per share attributable to equity holders of the parent (RM) | <u>0.86</u> | <u>0.88</u> |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 31 March 2022

(The figures have not been audited)

| | -----Attributable to Owners of the Parent----- | | | | | | |
|--|--|--------------------------------------|-----------------|-------------------|----------------|--------------------------|----------------|
| | -----Non-Distributable ----- | | | Distributable | | Non-Controlling Interest | Total Equity |
| | Share Capital | Foreign Currency Translation Reserve | Other Reserve | Retained Earnings | Total | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| At 1 January 2022 | 256,870 | (1,893) | (77,104) | 256,171 | 434,044 | 11,901 | 445,945 |
| (Loss) for the financial period | - | - | - | (10,987) | (10,987) | (1,678) | (12,665) |
| Other comprehensive (loss)/income for the financial period | - | 81 | - | - | 81 | (73) | 8 |
| Total comprehensive loss for the financial period | - | 81 | - | (10,987) | (10,906) | (1,751) | (12,657) |
| Transactions with Owners: | | | | | | | |
| Issue of ordinary shares - private placement | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| At 31 March 2022 | 256,870 | (1,812) | (77,104) | 245,184 | 423,138 | 10,150 | 433,288 |

| | -----Attributable to Owners of the Parent----- | | | | | | |
|--|--|--------------------------------------|-----------------|-------------------|----------------|--------------------------|----------------|
| | -----Non-Distributable ----- | | | Distributable | | Non-Controlling Interest | Total Equity |
| | Share Capital | Foreign Currency Translation Reserve | Other Reserve | Retained Earnings | Total | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| At 1 January 2021 | 225,007 | (1,240) | (75,751) | 287,213 | 435,229 | 13,551 | 448,780 |
| Profit for the financial period | - | - | - | 5,020 | 5,020 | 865 | 5,885 |
| Other comprehensive income for the financial period | - | (112) | (484) | - | (596) | 203 | (393) |
| Total comprehensive income/(loss) for the financial period | - | (112) | (484) | 5,020 | 4,424 | 1,068 | 5,492 |
| Transactions with Owners: | | | | | | | |
| Issue of ordinary shares - private placement | 31,863 | - | - | - | 31,863 | - | 31,863 |
| | 31,863 | - | - | - | 31,863 | - | 31,863 |
| At 31 March 2021 | 256,870 | (1,352) | (76,235) | 292,233 | 471,516 | 14,619 | 486,135 |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 31 March 2022

(The figures have not been audited)

| | 3 months ended 31 Mar 2022 RM'000 | 3 months ended 31 Mar 2021 RM'000 |
|---|---|---|
| CASHFLOW FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before tax | (12,760) | 6,574 |
| Adjustments for non-cash items: | | |
| Depreciation of property, plant and equipment | 1,857 | 543 |
| Depreciation of investment properties | 642 | 548 |
| Amortisation of intangible assets | 190 | 765 |
| Amortisation of Right-of-use assets | 1,425 | 1,165 |
| Gain on unrealised foreign exchange | 81 | 91 |
| Finance cost | 9,330 | 4,145 |
| Finance income | (52) | (302) |
| Operating profit before working capital changes | 713 | 13,529 |
| Movements in working capital | | |
| Contract assets/ (liabilities) | (14,619) | (30,123) |
| Inventories and other contract costs | (39,216) | (16,388) |
| Receivables | 61,769 | (54,658) |
| Payables | 28,300 | 5,964 |
| Cash from/(used in) operations | 36,947 | (81,676) |
| Interest paid | (9,330) | (4,145) |
| Tax paid | (1,304) | (2,927) |
| Net cash from/(used in) operating activities | (10,634) | (7,072) |
| | 26,313 | (88,748) |
| CASHFLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and investment properties | (551) | (76) |
| Proceeds from disposal of property, plant and equipment & investment properties | 566 | 1,307 |
| Quarry development cost | 289 | 289 |
| Change in pledged deposits | (8,708) | 302 |
| Contribution from non-controlling interest | (73) | - |
| Net cash (used in)/from investing activities | (8,477) | 1,822 |
| CASHFLOW FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings | (51,157) | (3,828) |
| Drawdown of borrowings | 24,709 | 48,195 |
| Repayment of lease liabilities | (3,826) | - |
| Proceeds from private placement | - | 31,863 |
| Net cash (used in)/from financing activities | (30,274) | 76,230 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (12,438) | (10,696) |
| OPENING BALANCE | 17,831 | 27,696 |
| CLOSING BALANCE | 5,393 | 17,000 |
| Closing balance of cash and cash equivalents comprises:- | | |
| Cash and bank balances | 27,327 | 31,182 |
| Bank overdraft | (22,287) | (13,333) |
| Fixed deposits with licensed banks | 16,970 | 7,588 |
| Cash and cash equivalents restricted from use | (16,617) | (8,437) |
| | 5,393 | 17,000 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements

Notes To The Interim Financial Statements

1. Segmental Reporting

The Group's segmental reporting for the three months financial period ended 31 March 2022 is as follows:

| | Construction | Property Development | Building Material | Others | Inter-segment Elimination | Total |
|---|---------------------|-----------------------------|--------------------------|---------------|----------------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | | | | | |
| Revenue as reported | 14,642 | 15,141 | 4,948 | 2,531 | - | 37,262 |
| Inter-segment sales | 27,397 | - | - | 206 | (27,603) | - |
| Total Revenue | 42,039 | 15,141 | 4,948 | 2,737 | (27,603) | 37,262 |
| RESULTS | | | | | | |
| (Loss)/Profit from operations | 1,354 | 53 | (1,487) | (91) | (3,259) | (3,430) |
| Finance costs | (2,502) | (6,213) | (14) | (627) | 26 | (9,330) |
| Loss before taxation | (1,148) | (6,160) | (1,501) | (718) | (3,233) | (12,760) |
| Taxation | (29) | 124 | - | - | - | 95 |
| Loss for the period | (1,177) | (6,036) | (1,501) | (718) | (3,233) | (12,665) |
| Non-Controlling interest | - | 939 | 223 | 61 | 455 | 1,678 |
| Loss attributable to owners of the Company | (1,177) | (5,097) | (1,278) | (657) | (2,778) | (10,987) |

The Group's segmental reporting for the corresponding three months financial period ended 31 March 2021 is as follows:

| | Construction | Property Development | Building Material | Others | Inter-segment Elimination | Total |
|--|---------------------|-----------------------------|--------------------------|----------------|----------------------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | | | | | |
| Revenue as reported | 2,546 | 33,181 | 7,354 | 1,271 | - | 44,352 |
| Inter-segment sales | 8,396 | - | - | - | (8,396) | - |
| Total Revenue | 10,942 | 33,181 | 7,354 | 1,271 | (8,396) | 44,352 |
| RESULTS | | | | | | |
| Profit/(Loss) from operations | 955 | 12,938 | (2,331) | (260) | (583) | 10,719 |
| Finance costs | (1,400) | (1,782) | (50) | (913) | - | (4,145) |
| (Loss)/Profit before taxation | (445) | 11,156 | (2,381) | (1,173) | (583) | 6,574 |
| Taxation | - | (689) | - | - | - | (689) |
| (Loss)/profit for the period | (445) | 10,467 | (2,381) | (1,173) | (583) | 5,885 |
| Non-Controlling interest | (804) | (380) | 309 | 95 | (85) | (865) |
| (Loss)/Profit attributable to owners of the Company | (1,249) | 10,087 | (2,072) | (1,078) | (668) | 5,020 |

Notes To The Interim Financial Statements

2. Group Performance Review

2.1 The Group's performance for the financial quarter ended 31 March 2022 compared with the corresponding period last year, by segment, is detailed hereunder.

| | 3 MONTHS ENDED | | | |
|---|-----------------------|-----------------------|--------------------|--------|
| | 31 Mar 2022 RM'000 | 31 Mar 2021 RM'000 | Variance RM'000 | % |
| REVENUE | | | | |
| Construction | 42,039 | 10,942 | 31,097 | >100% |
| Property Development | 15,141 | 33,181 | (18,040) | -54.4% |
| Building Material | 4,948 | 7,354 | (2,406) | -32.7% |
| Others | 2,737 | 1,271 | 1,466 | >100% |
| Inter-segment eliminations | (27,603) | (8,396) | (19,207) | >-100% |
| Total | 37,262 | 44,352 | (7,090) | -16.0% |
| (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | |
| Construction | (1,177) | (445) | (732) | >-100% |
| Property Development | (6,036) | 10,467 | (16,503) | >-100% |
| Building Material | (1,501) | (2,381) | 880 | 37.0% |
| Others | (718) | (1,173) | 455 | 38.8% |
| Inter-segment eliminations | (3,233) | (583) | (2,650) | >-100% |
| (Loss)/Profit After Tax | (12,665) | 5,885 | (18,550) | >-100% |
| Minority Interest | 1,678 | (865) | 2,543 | >100% |
| (Loss)/Profit After Tax Minority Interest | (10,987) | 5,020 | (16,007) | >-100% |

The Group revenue for the current quarter decreased by RM7.09 million or -16.0% as compared to previous year corresponding quarter due to the following:

2.2 Revenue - Analysis by Segment

a) Construction

Revenue increased by RM31.1 million or >100%, when compared to the previous year corresponding period mainly from the ECRL project in the current period. This increase was mainly due to relaxation of the lockdown during the year.

Notes To The Interim Financial Statements

2. Group Performance Review (Cont'd)

2.2 Revenue Analysis by Segment (Cont'd)

b) Property Development

The revenue for the property development division decreased by RM18.0 million or -54.4%, mainly due to the near completion of our JDA entitlement at end 2021 and lower revenue recognized for The Crown development project but compensated by revenue recognized for Kulai Development (Phase 1A & 1B).

c) Building Material

Revenue decreased by RM2.4 million or -32.7% with lower demand, due mainly to the soft market conditions prevailing.

2.3 (Loss)/Profit attributable to the owner of the company

The Group's overall performance (LATMI: RM-11.0 million in Q1, 2022 compared with PATMI: RM5.0 million in Q1, 2021) was adversely affected by the lower contribution from JDA entitlement (RM3.0 million in Q1, 2022 compared with RM24.7 million in Q1, 2021), slower than expected progress of the Kota Kinabalu Crown Development (due to lower sales and delay in progress due to labour shortage) compensated by the inclusion of Kulai Development (RM5.0 million) in this quarter. The results were further impacted by higher finance cost (RM9.3 million) mainly due to the adoption IFRIC Agenda Decision on MFRS 123.

2.4 Explanatory comments on any material change in the (loss)/profit before taxation for the quarter reported as compared with the immediate preceding quarter

| Business Segment | Individual Quarter 3 months ended | | | | | | | |
|----------------------------|-----------------------------------|---------------|-----------------------|--------------------|--------------------------|-----------------------|-----------------------|--------------------|
| | 31 Mar 2022 | Revenue | | | (Loss)/Profit before tax | | | |
| | | RM'000 | 31 Dec 2021 RM'000 | Variance RM'000 | % | 31 Mar 2022 RM'000 | 31 Dec 2021 RM'000 | Variance RM'000 |
| Construction | 42,039 | 42,053 | (14) | (0.0%) | (1,148) | (4,493) | 3,345 | 74.4% |
| Property Development | 15,141 | 26,050 | (10,909) | (41.9%) | (6,160) | (10,011) | 3,851 | >-100% |
| Building Material | 4,948 | 6,526 | (1,578) | (24.2%) | (1,501) | (1,558) | 57 | 3.7% |
| Others | 2,737 | 1,949 | 788 | 40.4% | (718) | (2,257) | 1,539 | 68.2% |
| Inter-segment eliminations | (27,603) | (32,387) | 4,784 | 14.8% | (3,233) | (4,155) | 922 | >-100% |
| Total | 37,262 | 44,191 | (6,929) | (15.7%) | (12,760) | (22,474) | 9,714 | >43.2% |

Revenue for the current quarter was lower compared to the immediate preceding quarter mainly due to lower revenue from the JDA entitlement and Kota Kinabalu Crown development. The loss before tax was lower by RM9.7 million due to lower administrative and operating expenses incurred but offset by higher finance cost in the current quarter as compared to the immediate preceding quarter.

Notes To The Interim Financial Statements

3. Financial Year 2022 Prospects

With the recent “Transition to Endemic” phase commencing from 1 April 2022, we are cautiously optimistic that market conditions will improve. Notwithstanding this, we are fully aware of the many challenges ahead and will therefore recalibrate our focus and strategy to ensure the sustainability of our core businesses, focusing on both growth opportunities and cost consciousness.

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 (Secured)

| | As At 31 Mar 2022 RM'000 | As at 31 Dec 2021 RM'000 |
|---|---|---|
| Borrowings denominated in Ringgit Malaysia: | | |
| <u>Non-Current</u> | | |
| Lease liabilities | 9,848 | 11,966 |
| Borrowings | 364,441 | 399,383 |
| | <u>374,289</u> | <u>411,349</u> |
| <u>Current</u> | | |
| Lease liabilities | 11,675 | 11,023 |
| Borrowings | 255,816 | 246,391 |
| | <u>267,491</u> | <u>257,414</u> |
| Total Borrowings | <u><u>641,780</u></u> | <u><u>668,763</u></u> |

7. Basis of preparation

The interim financial report has 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.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year audited 31 December 2021. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2021 except for the adoption of certain new Standard, amendments to Standards and annual improvements to Standards issued by the MASB that became effective and relevant to the Group for the financial year beginning on or after 1 January 2022.

The Group has not early adopted new Standard, amendments to Standards and annual improvements to Standards that have been issued but are not yet effective for the accounting period beginning 1 January 2022.

8. Audit report on preceding annual financial statements

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2021.

9. Seasonal or cyclical factors

The Group’s performance during the current period were not materially affected by any seasonal or cyclical factors.

10. 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.

11. Material changes in estimates

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

12. Changes in debts and equity securities

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

Notes To The Interim Financial Statements

13. 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.

14. Significant Subsequent Events

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

15. Changes in composition of the Group

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

16. Taxation

| | Individual Quarter 3 Months Ended | |
|--------------------------------|--|--------------------|
| | 31 Mar 2022 | 31 Mar 2021 |
| | RM '000 | RM '000 |
| Malaysian income tax - current | 29 | 871 |
| Deferred tax | (124) | (182) |
| Tax expense | <u>(95)</u> | <u>689</u> |

The Group's effective tax rate for the current quarter was higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

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

This is not applicable.

18. Status of current corporate proposals

There is no corporate proposal that has been announced but has not been completed as at the date of this Report.

19. Status of utilization of proceeds

There are no unutilized proceeds from any corporate proposal.

20. Changes in contingent liabilities

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 Mar 2022 RM'000 | 31 Mar 2021 RM'000 | 31 Mar 2022 RM'000 | 31 Mar 2021 RM'000 |
| Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies | | | | |
| - Limit of guarantee | - | - | 833,053 | 811,067 |
| - Amount utilised | - | - | 520,833 | 469,720 |
| Corporate guarantees given to a supplier of goods to subsidiary companies | | | | |
| - Limit of guarantee | - | - | 19,850 | 28,850 |
| - Amount utilised | - | - | 2,389 | 2,336 |
| Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects | 32,181 | 19,163 | 22,777 | 19,163 |

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.

The suit had proceeded partially on 4 April 2022 to 8 April 2022 with the calling of plaintiff’s witnesses and subsequent closing of plaintiff’s case. The suit is fixed now for continued hearing on 19 September 2022 to 21 September 2022.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 31 May 2022, 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 | | Actual Value Transacted from 27 May 2021 (date of 47 th AGM) to the Current Quarter | |
|---|--------------------------------------|-----------------------|---|-----------------------|
| | 31 Mar 2022 RM'000 | 31 Mar 2021 RM'000 | 31 Mar 2022 RM'000 | 31 Mar 2021 RM'000 |
| Transaction with subsidiary companies of a corporate shareholder with a significant influence over the Company | | | | |
| -Progress billing received/receivable | - | - | - | - |
| -Interest expenses paid/payable | (1,477) | (2,019) | (9,609) | (6,106) |
| -Drawdown of term loans | 1,800 | - | 45,490 | 6,235 |
| -Repayment of term loans | - | - | - | - |
| Transaction with a minority shareholder of a subsidiary company | | | | |
| -Project management fee paid/payable | - | (140) | - | (880) |
| Transaction with a company in which a Director of the Company has interest | | | | |
| -Progress claims paid/payable | - | (3,880) | - | (15,935) |
| - Rental of Retail Spaces | (210) | (210) | (700) | (420) |
| - Rental of Office | 315 | 316 | 1,157 | 395 |

27. (Loss)/Earnings per share

Basic (Loss)/Earnings Per Share (Basic (LPS)/EPS)

Basic (loss)/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 Mar 2022 | Preceding year corresponding quarter 31 Mar 2021 |
|---|--------------------------------|--|
| Net (Loss)/Profit for the period attributable to owners of the parent (RM'000) | (10,987) | 5,020 |
| Weighted average number of ordinary shares in 1 January ('000) | 494,860 | 494,860 |
| Effect of ordinary shares issued during the financial period ('000) | - | - |
| Weighted average number of shares in issue ('000) | 494,860 | 494,860 |
| Basic (LPS)/EPS (sen) | (2.22) | 1.01 |

Diluted Earnings Per Share (Diluted EPS)

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial period and before the authorization of these financial statements.

28. (Loss)/Profit before Tax

| | Individual Quarter 3 Months Ended | |
|--|--|-------------------------------|
| | 31 Mar 2022 RM'000 | 31 Mar 2021 RM'000 |
| (Loss)/Profit before tax is arrived at after charging:- | | |
| Depreciation of property, plant and equipment ("PPE") | 1,857 | 543 |
| Depreciation of investment properties ("IP") | 642 | 548 |
| Amortisation of intangible asset | 190 | 765 |
| Amortisation of Right-of-use assets | 1,425 | 1,165 |
| Rental expenses | 165 | 135 |
| Finance cost | 9,330 | 4,145 |
| And Crediting:- | | |
| Rental income | 991 | 757 |
| Finance income | 52 | 302 |

By Order of the Board

Dato' Wong Kit-Leong
 Chief Executive Officer
Kuala Lumpur
 31 May 2022