

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial period ended 30 June 2022

(The figures have not been audited)

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	49,534	56,532	86,796	100,884
Cost of Sales	(37,154)	(37,840)	(67,711)	(62,425)
Gross Profit	12,380	18,692	19,085	38,459
Other income	885	1,485	2,111	4,953
Administrative expenses	(4,741)	(4,052)	(9,735)	(7,639)
Operating expenses	(8,055)	(10,972)	(14,473)	(20,203)
Profit/(loss) from operating activities	469	5,153	(3,012)	15,570
Finance income	156	(254)	208	48
Finance cost	(9,305)	(10,648)	(18,635)	(14,793)
Net finance cost	(9,149)	(10,902)	(18,427)	(14,745)
(Loss)/profit before tax	(8,680)	(5,749)	(21,439)	825
Taxation	274	(438)	369	(1,127)
Loss for the period	(8,406)	(6,187)	(21,070)	(302)
(Loss)/profit attributable to:				
Owners of the Parent	(9,322)	(5,709)	(20,308)	(689)
Non-Controlling Interest	916	(478)	(762)	387
Loss for the period	(8,406)	(6,187)	(21,070)	(302)
Loss per share attributable to owners of the parent (sen):				
Basic	(1.88)	(1.15)	(4.10)	(0.14)
Diluted	(1.88)	(1.15)	(4.10)	(0.14)

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 this interim financial statements.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 June 2022

(The figures have not been audited)

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(8,406)	(6,187)	(21,070)	(302)
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	(74)	12	(147)	12
Other comprehensive loss for the period, net of tax	(74)	12	(147)	12
Total comprehensive loss for the period, net of tax	(8,480)	(6,175)	(21,217)	(290)
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(9,170)	(5,809)	(20,308)	(789)
Non-Controlling Interest	690	(366)	(909)	499
Total comprehensive loss for the period	(8,480)	(6,175)	(21,217)	(290)

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 this interim financial statements.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	As at 30 Jun 2022 RM'000 (Unaudited)	As at 31 Dec 2021 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	207,486	211,167
Right-of-use assets	30,617	34,544
Investment properties	116,537	117,892
Intangible assets	54	54
Land rights	82,334	83,363
Goodwill	13,650	13,650
Quarrying rights	672	729
Inventories and other contract costs	83,260	83,260
Investment in joint ventures	385	385
Quarry development costs	4,725	5,246
Other Investment	1,547	5,633
Deferred tax assets	1,407	1,480
	<u>542,674</u>	<u>557,403</u>
Current Assets		
Inventories and other contract costs	420,520	366,533
Contract assets	114,842	95,331
Trade receivables	257,530	339,469
Other receivables	98,057	129,929
Amount due from a joint venture	99	99
Tax recoverable	164	158
Fixed deposits with licensed banks	17,678	14,520
Cash and bank balances	29,886	33,465
	<u>938,776</u>	<u>979,504</u>
TOTAL ASSETS	<u>1,481,450</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	(1,738)	(1,893)
Retained Earnings	235,864	256,171
	<u>413,892</u>	<u>434,044</u>
Non-Controlling Interest	<u>10,991</u>	<u>11,901</u>
Total Equity	<u>424,883</u>	<u>445,945</u>
Non-Current Liabilities		
Lease Liabilities	9,963	11,966
Borrowings	380,319	399,383
Deferred tax liabilities	20,770	21,264
	<u>411,052</u>	<u>432,613</u>
Current Liabilities		
Contract liabilities	488	24,556
Provision for liquidated ascertained damages	508	956
Borrowings	254,553	246,391
Trade payables	110,569	137,942
Other payables	211,970	177,069
Lease liabilities	9,994	11,023
Provision for taxation	57,433	60,412
	<u>645,515</u>	<u>658,349</u>
Total Liabilities	<u>1,056,567</u>	<u>1,090,962</u>
TOTAL EQUITY AND LIABILITIES	<u>1,481,450</u>	<u>1,536,907</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.84</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 this interim financial statements.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial period ended 30 June 2022

(The figures have not been audited)

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Foreign Currency		Other Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	Share Capital	Translation Reserve					
RM'000	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 year	-	-	-	(20,307)	(20,307)	(762)	(21,069)
Other comprehensive (loss)/income for the financial period	-	155	-	-	155	(148)	7
Total comprehensive loss for the financial period	-	155	-	(20,307)	(20,152)	(910)	(21,062)
Transactions with Owners:							
Issue of ordinary shares - private placement	-	-	-	-	-	-	-
Issuance of shares by a subsidiary to non controlling shareholders	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
At 30 June 2022	256,870	(1,738)	(77,104)	235,864	413,892	10,991	424,883

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Foreign Currency		Other Reserve	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	Share Capital	Translation Reserve					
RM'000	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
(Loss) for the financial year	-	-	-	(689)	(689)	387	(302)
Other comprehensive income for the financial period	-	(100)	(774)	-	(874)	107	(767)
Total comprehensive income/(loss) for the financial period	-	(100)	(774)	(689)	(1,563)	494	(1,069)
Transactions 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 June 2021	256,870	(1,340)	(76,525)	286,524	465,529	21,439	486,968

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 this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 30 June 2022

(The figures have not been audited)

	Six Months Ended 30 Jun 2022 RM'000	Six Months Ended 30 Jun 2021 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(21,439)	825
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	3,773	3,039
Depreciation of investment properties	1,229	1,335
Amortisation of intangible assets	1,029	1,640
Amortisation of Right-of-use assets	3,896	2,553
Gain/(Loss) on unrealised foreign exchange	155	(100)
Finance cost	18,635	14,623
Finance income	(208)	(48)
Operating profit before working capital changes	7,070	23,867
Movements in working capital		
Contract (liabilities)/assets	(43,507)	60,752
Inventories and other contract costs	(53,987)	(118,014)
Receivables	117,898	(9,314)
Payables	7,539	(45,659)
Cash used in operations	35,013	(88,368)
Interest paid	(18,635)	(14,623)
Tax paid	(2,615)	(2,785)
	(21,250)	(17,408)
Net cash used in operating activities	13,763	(105,776)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and investment properties	34	(7,037)
Proceeds from disposal of property, plant and equipment & investment properties	31	-
Quarry development cost	578	(3,665)
Investment in subsidiary	-	(12,000)
Changed in pledged deposits	(9,469)	1,860
Contribution from non-controlling interest	768	7,502
Net cash used in investing activities	(8,058)	(13,340)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(44,488)	-
Drawdown of borrowings	27,965	74,672
Repayment of lease liabilities	(3,985)	(939)
Proceeds from private placement	-	31,863
Net cash from financing activities	(20,508)	105,596
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,802)	(13,520)
OPENING BALANCE	17,831	27,696
CLOSING BALANCE	3,029	14,176
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	29,886	36,934
Bank overdraft	(27,918)	(19,213)
Fixed deposits with licensed banks	17,678	15,083
Cash and cash equivalents restricted from use	(16,617)	(18,628)
	3,029	14,176

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 this interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)
 Quarterly Report On Consolidated Results
 For the financial period ended 30 June 2022

Notes To The Interim Financial Statements

1. Segmental Reporting

The Group's segmental reporting for the six months financial period ended 30 June 2022 is as follows:

	Construction RM'000	Property Development RM'000	Building Material RM'000	Others RM'000	Inter-segment Elimination RM'000	Total RM'000
REVENUE						
Revenue as reported	25,056	51,422	7,111	3,207	-	86,796
Inter-segment sales	78,107	-	-	412	(78,519)	-
Total Revenue	103,163	51,422	7,111	3,619	(78,519)	86,796
RESULTS						
Profit/(Loss) from operations	5,987	(66)	(2,503)	(1,335)	(4,887)	(2,804)
Finance costs	(5,145)	(11,901)	(65)	(1,570)	46	(18,635)
Profit/(Loss) before taxation	842	(11,966)	(2,568)	(2,905)	(4,841)	(21,439)
Taxation	(51)	420	-	-	-	369
Profit/(Loss) for the period	791	(11,546)	(2,568)	(2,905)	(4,841)	(21,070)
Non-Controlling interest	-	(535)	371	126	800	762
Profit/(Loss) attributable to owners of the Company	791	(12,081)	(2,197)	(2,779)	(4,041)	(20,308)

The Group's segmental reporting for the corresponding six months financial period ended 30 June 2021 is as follows:

	Construction RM'000	Property Development RM'000	Building Material RM'000	Others RM'000	Inter-segment Elimination RM'000	Total RM'000
REVENUE						
Revenue as reported	29,037	56,817	11,778	3,252	-	100,884
Inter-segment sales	57,535	-	-	-	(57,535)	-
Total Revenue	86,572	56,817	11,778	3,252	(57,535)	100,884
RESULTS						
Profit/(Loss) from operations	5,016	16,744	(2,493)	(1,541)	(2,108)	15,618
Finance costs	(5,023)	(7,792)	(110)	(1,868)	-	(14,793)
(Loss)/Profit before taxation	(7)	8,952	(2,603)	(3,409)	(2,108)	825
Taxation	(25)	(1,102)	-	-	-	(1,127)
(Loss)/profit for the period	(32)	7,850	(2,603)	(3,409)	(2,108)	(302)
Non-Controlling interest	(1,045)	(426)	366	69	649	(387)
(Loss)/Profit attributable to owners of the Company	(1,077)	7,424	(2,237)	(3,340)	(1,459)	(689)

2. Group Performance Review

2.1 The Group's performance for the financial quarter ended 30 June 2022 compared with the corresponding period last year, by segment, is detailed hereunder.

	Quarter Ended				Six Months Ended			
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	Variance RM'000	%	30 Jun 2022 RM'000	30 Jun 2021 RM'000	Variance RM'000	%
REVENUE								
Construction	61,124	75,630	(14,506)	-19.2%	103,163	86,572	16,591	19.2%
Property Development	36,281	23,636	12,645	53.5%	51,422	56,817	(5,395)	-9.5%
Building Material	2,163	4,424	(2,261)	-51.1%	7,111	11,778	(4,667)	-39.6%
Others	882	1,981	(1,099)	-55.5%	3,207	3,252	(45)	-1.4%
Inter-segment eliminations	(50,916)	(49,139)	(1,777)	-3.6%	(78,107)	(57,535)	(20,572)	-35.8%
Total	49,534	56,532	(6,998)	-12.4%	86,796	100,884	(14,088)	-14.0%
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT								
Construction	1,896	411	1,485	>100%	791	(32)	823	>100%
Property Development	(5,438)	(2,617)	(2,821)	>-100%	(11,546)	7,850	(19,396)	>-100%
Building Material	(1,067)	(222)	(845)	>-100%	(2,568)	(2,603)	35	1.3%
Others	(2,188)	(2,235)	47	2.1%	(2,906)	(3,409)	503	14.8%
Inter-segment eliminations	(1,609)	(1,524)	(85)	-5.6%	(4,841)	(2,108)	(2,733)	>-100%
(Loss)/Profit After Tax	(8,406)	(6,187)	(2,219)	-35.9%	(21,070)	(302)	(20,768)	>-100%
Minority Interest	(916)	478	(1,394)	>-100%	762	(387)	1,149	>-100%
(Loss)/Profit After Tax Minority Interest	(9,322)	(5,709)	(3,613)	-63.3%	(20,308)	(689)	(19,619)	>-100%

2.2 Quarter Ended 30 Jun 2022

The Group revenue for quarter ended 30 June 2022 decreased by RM7.0 million or -12.4% as compared to quarter ended 30 June 2021 due to the following:

2.2.1 Revenue - Analysis by Segment

a) Construction

Revenue declined by RM14.5 million or -19.2%, when compared to the previous year corresponding period mainly due to the TVET project as it is currently approaching its completion phase.

2. Group Performance Review (Cont'd)

2.2.1 Revenue Analysis by Segment (Cont'd)

b) Property Development

The revenue for the property development division increased by RM12.6 million or 53.5%. This was mainly due to higher sales (qualifying for revenue and profit recognition) secured and higher percentage of completion achieved on site for Kulai Development (Phase 1A & 1B).

c) Building Material

Revenue decreased by RM2.3 million or -51.1% with lower demand, due mainly to the soft market conditions prevailing.

2.3 Loss attributable to the owner of the company

The Group's overall performance (LATMI: RM-9.3 million in quarter ended 30 June 2022 compared with PATMI: RM-5.7 million in quarter ended 30 June 2021) was adversely affected by the lower contribution from JDA entitlement (RM5.1 million in second quarter ended compared with RM11.4 million in the previous corresponding period). 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 Six Months Ended 30 Jun 2022

The Group revenue for six months ended 30 June 2022 decreased by RM14.1 million or -14.0% as compared to six months ended 30 June 2021 due to the following:

2.4.1 Revenue - Analysis by Segment

a) Construction

Revenue increased by RM16.6 million or 19.2%, when compared to the previous year corresponding period mainly from the revenue recognition of the ECRL project in the current period.

b) Property Development

The revenue for the property development division declined by RM5.4 million or -9.5%. This was mainly due to the near completion of our JDA entitlement for Phase 2C, Phase 3A-Commercial and Phase 4 but compensated by JDA entitlement for Block M-Hotel.

2. Group Performance Review (Cont'd)

2.4.1 Revenue Analysis by Segment (Cont'd)

c) Building Material

Revenue decreased by RM4.7 million or -39.6% with lower demand, due mainly to the soft market conditions prevailing.

2.5 Loss attributable to the owner of the company

For the 6 months ended 30 June 2022, the group registered a LATMI of RM20.3 million compared with a LATMI of RM0.7 million in the corresponding period last year. This was mainly due to the lower contribution from JDA entitlement (RM5.1 million in six months ended compared with RM37.3 million in the previous corresponding period). The results were further impacted by higher finance cost (RM18.6 million) mainly due to the adoption IFRIC Agenda Decision on MFRS 123.

2.6 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	Quarter ended							
	Revenue				(Loss)/Profit before tax			
	30 Jun 2022	31 Mar 2022	Variance		30 Jun 2022	31 Mar 2022	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	61,124	42,039	19,085	45.4%	1,990	(1,148)	3,138	>100%
Property Development	36,281	15,141	21,140	>100%	(5,806)	(6,160)	354	5.7%
Building Material	2,163	4,948	(2,785)	(56.3%)	(1,067)	(1,501)	434	28.9%
Others	882	2,737	(1,855)	(67.8%)	(2,188)	(718)	(1,470)	>-100%
Inter-segment eliminations	(50,916)	(27,603)	(23,313)	(84.5%)	(1,608)	(3,233)	1,625	50.3%
Total	49,534	37,262	12,272	32.9%	(8,679)	(12,760)	4,081	32.0%

Revenue for the Quarter ended 30 June 2022 was higher compared to the immediate preceding quarter mainly due to higher sales achieved during the quarter. The main projects which contributed to the revenue were Kota Kinabalu Crown development and Kulai Development (Phase 1A & 1B).

Arising from the above, the loss before tax was lower by RM4.1 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.

3. Financial Year 2022 Prospects

Market conditions remain challenging despite the recent relaxation of Covid-19 restrictions. Notwithstanding this, we have registered a slight improvement in our Quarter 2 results compared with the preceding quarter. Management will continue to focus on our cost competitiveness and successful execution of our ongoing projects to ensure the sustainability and growth of our business opportunities.

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 Jun 2022 RM'000	As at 31 Dec 2021 RM'000
Borrowings denominated in Ringgit Malaysia:		
<u>Non-Current</u>		
Lease liabilities	9,963	11,966
Borrowings	380,319	399,383
	<u>390,282</u>	<u>411,349</u>
<u>Current</u>		
Lease liabilities	9,994	11,023
Borrowings	254,553	246,391
	<u>264,547</u>	<u>257,414</u>
Total Borrowings	<u>654,829</u>	<u>668,763</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.

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

	Second Quarter Ended		Six Months Ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM '000	RM '000	RM '000	RM '000
Malaysian income tax - current	22	649	51	1,520
Deferred tax	(296)	(211)	(420)	(393)
Taxation	<u>(274)</u>	<u>438</u>	<u>(369)</u>	<u>1,127</u>

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	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 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 12 September 2022 to 14 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. Loss per share

Basic Loss Per Share (Basic LPS)

Basic loss 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.

	Second Quarter Ended		Six Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net loss for the period attributable to owners of the parent (RM'000)	(9,322)	(5,709)	(20,308)	(689)
Weighted average number of ordinary shares ('000)	494,860	494,860	494,860	494,860
Basic LPS (sen)	(1.88)	(1.15)	(4.10)	(0.14)

Diluted Loss Per Share (Diluted LPS)

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.

27. (Loss)/Profit before Tax

	Second Quarter Ended		Six Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment ("PPE")	1,916	2,497	3,773	3,039
Depreciation of investment properties ("IP")	587	788	1,229	1,335
Amortisation of intangible asset	839	875	1,029	1,640
Amortisation of Right-of-use assets	2,471	1,388	3,896	2,553
Rental expenses	315	271	480	406
Finance cost	9,305	10,648	18,635	14,793
And Crediting:-				
Rental income	1,063	497	2,054	1,254
Finance income	156	(254)	208	48

By Order of the Board

Dato' Wong Kit-Leong
 Chief Executive Officer
Kuala Lumpur
 29 August 2022