

**HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)**

**CONDENSED CONSOLIDATED INCOME STATEMENT**

**For the financial period ended 31 March 2023**

*(The figures have not been audited)*

	<b>INDIVIDUAL QUARTER</b>	
	<b>3 MONTHS ENDED</b>	
	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>60,639</b>	37,262
Cost of Sales	<b>(43,856)</b>	(30,557)
<b>Gross Profit</b>	<b>16,783</b>	6,705
Other income	<b>1,631</b>	1,226
Administrative expenses	<b>(4,324)</b>	(4,994)
Operating expenses	<b>(8,680)</b>	(6,419)
<b>Profit / (Loss) from operating activities</b>	<b>5,410</b>	(3,482)
Finance income	<b>19</b>	52
Finance cost	<b>(9,638)</b>	(9,330)
<b>Net finance cost</b>	<b>(9,619)</b>	(9,278)
<b>Loss before tax</b>	<b>(4,209)</b>	(12,760)
Taxation	<b>537</b>	95
<b>Loss for the period</b>	<b>(3,672)</b>	(12,665)
<b>Profit / (Loss) attributable to:</b>		
Owners of the Parent	<b>(5,965)</b>	(10,987)
Non-Controlling Interest	<b>2,293</b>	(1,678)
<b>Loss for the period</b>	<b>(3,672)</b>	(12,665)
<b>Loss per share attributable to owners of the parent (sen):</b>		
Basic	<b>(1.21)</b>	(2.22)
Diluted	<b>N/A</b>	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2022 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 2023**

	<b>INDIVIDUAL QUARTER</b>	
	<b>3 MONTHS ENDED</b>	
	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period</b>	<b>(3,672)</b>	<b>(12,665)</b>
<b>Other comprehensive (loss)/income, net of tax</b>		
Foreign currency translation differences for foreign operations	<u>(74)</u>	<u>(73)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(74)</u>	<u>(73)</u>
<b>Total comprehensive loss for the period, net of tax</b>	<u><b>(3,746)</b></u>	<u><b>(12,738)</b></u>
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the Parent	<b>(6,017)</b>	<b>(11,138)</b>
Non-Controlling Interest	<u><b>2,271</b></u>	<u><b>(1,600)</b></u>
<b>Total comprehensive loss for the period</b>	<u><b>(3,746)</b></u>	<u><b>(12,738)</b></u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2022 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 2023**

	<b>As at 31 Mar 2023 RM'000 (Unaudited)</b>	<b>As at 31 Dec 2022 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	201,770	203,647
Right-of-use assets	25,071	25,842
Investment properties	137,919	138,837
Intangible assets	40	39
Land rights	76,264	78,246
Goodwill	11,377	11,378
Quarrying rights	587	616
Inventories and other contract costs	83,260	83,260
Investment in joint ventures	386	367
Quarry development costs	3,942	4,346
Other Investment	1,493	2,063
Deferred tax assets	627	684
	<u>542,736</u>	<u>549,325</u>
<b>Current Assets</b>		
Inventories and other contract costs	463,230	460,511
Contract assets	161,455	141,607
Trade receivables	203,633	202,419
Capital Work In Progress	83,209	138,786
Other receivables	99	99
Amount due from a joint venture	296	162
Tax recoverable	12,603	11,602
Fixed deposits with licensed banks	20,688	19,131
Cash and bank balances	<u>945,213</u>	<u>974,317</u>
	<u>1,487,949</u>	<u>1,523,642</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	256,870	256,870
Other reserves	(77,104)	(77,104)
Foreign currency translation reserve	(1,988)	(2,091)
Retained Earnings	<u>228,478</u>	<u>234,443</u>
	406,256	412,118
<b>Non-Controlling Interest</b>	<u>11,318</u>	<u>7,584</u>
<b>Total Equity</b>	<u>417,574</u>	<u>419,702</u>
<b>Non-Current Liabilities</b>		
Lease Liabilities	9,392	5,389
Borrowings	358,737	388,805
Deferred tax liabilities	<u>19,571</u>	<u>19,166</u>
	387,700	413,360
<b>Current Liabilities</b>		
Contract liabilities	6,462	20,456
Provision for liquidated ascertained damages	1	1
Borrowings	273,606	261,896
Trade payables	142,758	139,385
Other payables	191,255	192,565
Lease liabilities	4,846	9,945
Provision for taxation	<u>63,747</u>	<u>66,332</u>
	682,675	690,580
<b>Total Liabilities</b>	<u>1,070,375</u>	<u>1,103,940</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,487,949</u>	<u>1,523,642</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.82</u>	<u>0.83</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022 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 2023

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
<b>At 1 January 2023</b>	256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702
(Loss)/ Profit for the financial period	-	-	-	(5,965)	(5,965)	2,293	(3,672)
Other comprehensive (loss)/income for the financial period	-	103	-	-	103	1,441	1,544
<b>Total comprehensive (loss)/income for the financial period</b>	-	103	-	(5,965)	(5,862)	3,734	(2,128)
<b>At 31 March 2023</b>	256,870	(1,988)	(77,104)	228,478	406,256	11,318	417,574

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
<b>At 1 January 2022</b>	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 income / (loss) for the financial period	-	81	-	-	81	(73)	8
Total comprehensive income/(loss) for the financial period	-	81	-	(10,987)	(10,906)	(1,751)	(12,657)
<b>At 31 March 2022</b>	256,870	(1,812)	(77,104)	245,184	423,138	10,150	433,288

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the financial period ended 31 March 2023

	<b>3 MONTHS ENDED</b>	
	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before tax</b>	<b>(4,209)</b>	<b>(12,760)</b>
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	1,901	1,857
Depreciation of investment properties	-	642
Amortisation of intangible assets	2,010	190
Amortisation of Right-of-use assets	1,466	1,425
Share of results of joint ventures	(20)	-
Gain on unrealised foreign exchange	94	81
Finance cost	9,638	9,330
Finance income	(19)	(52)
<b>Operating profit before working capital changes</b>	<b>10,861</b>	<b>713</b>
<b>Movements in working capital</b>		
Contract assets/ (liabilities)	(12,451)	(14,619)
Inventories and other contract costs	(24,053)	(39,216)
Receivables	56,241	61,769
Payables	1,055	28,300
<b>Cash used in operations</b>	<b>20,792</b>	<b>36,234</b>
Interest paid	(9,638)	(9,330)
Tax paid	-	(1,304)
	<b>(9,638)</b>	<b>(10,634)</b>
<b>Net cash used in operating activities</b>	<b>22,015</b>	<b>26,313</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and investment properties	(14)	(551)
Proceeds from disposal of property, plant and equipment & investment properties	-	566
Quarry development cost	404	289
Investment in subsidiary		
Changed in pledged deposits	5,144	(8,708)
Contribution from non-controlling interest	1,445	(73)
<b>Net cash used in investing activities</b>	<b>6,979</b>	<b>(8,477)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(33,016)	(51,157)
Drawdown of borrowings	9,010	24,709
Repayment of lease liabilities	(1,095)	(3,826)
<b>Net cash from financing activities</b>	<b>(25,101)</b>	<b>(30,274)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,893</b>	<b>(12,438)</b>
Effect of changes in foreign exchange rate	-	-
<b>OPENING BALANCE</b>	<b>(6,377)</b>	<b>17,831</b>
<b>CLOSING BALANCE</b>	<b>(2,484)</b>	<b>5,393</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	20,688	27,327
Bank overdraft	(27,315)	(22,287)
Fixed deposits with licensed banks	12,603	16,970
Cash and cash equivalents restricted from use	(8,460)	(16,617)
	<b>(2,484)</b>	<b>5,393</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022 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 31 March 2023

Notes To The Interim Financial Statements

**1. Segmental Reporting**

The Group's segmental reporting for the three months financial period ended 31 March 2023 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
<b>REVENUE</b>						
Revenue as reported	5,933	49,959	2,492	2,255		60,639
Inter-segment sales	34,219	-	-	95	(34,314)	-
<b>Total Revenue</b>	<b>40,152</b>	<b>49,959</b>	<b>2,492</b>	<b>2,350</b>	<b>(34,314)</b>	<b>60,639</b>
<b>RESULTS</b>						
Profit/(Loss) from operations	8,886	7,183	(1,195)	633	(10,097)	5,410
Finance Income	17	2	-	-	-	19
Finance costs	(9,051)	(7,403)	(25)	(982)	7,823	(9,638)
<b>Profit / (Loss) before taxation</b>	<b>(148)</b>	<b>(218)</b>	<b>(1,220)</b>	<b>(349)</b>	<b>(2,274)</b>	<b>(4,209)</b>
Taxation	-	537	-	-	-	537
<b>Profit / (Loss) for the period</b>	<b>(148)</b>	<b>319</b>	<b>(1,220)</b>	<b>(349)</b>	<b>(2,274)</b>	<b>(3,672)</b>
Non-Controlling interest	-	(2,261)	-	(32)	-	(2,293)
<b>Profit / (Loss) attributable to owners of the Company</b>	<b>(148)</b>	<b>(1,942)</b>	<b>(1,220)</b>	<b>(381)</b>	<b>(2,274)</b>	<b>(5,965)</b>

The Group's segmental reporting for the corresponding 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
<b>REVENUE</b>						
Revenue as reported	14,642	15,141	4,948	2,531	-	37,262
Inter-segment sales	27,397	-	-	206	(27,603)	-
<b>Total Revenue</b>	<b>42,039</b>	<b>15,141</b>	<b>4,948</b>	<b>2,737</b>	<b>(27,603)</b>	<b>37,262</b>
<b>RESULTS</b>						
Profit/(Loss) from operations	1,303	52	(1,487)	(91)	(3,259)	(3,482)
Finance income	51	1	-	-	-	52
Finance costs	(2,502)	(6,213)	(14)	(627)	26	(9,330)
<b>(Loss)/Profit before taxation</b>	<b>(1,148)</b>	<b>(6,160)</b>	<b>(1,501)</b>	<b>(718)</b>	<b>(3,233)</b>	<b>(12,760)</b>
Taxation	(29)	124	-	-	-	95
<b>(Loss)/profit for the period</b>	<b>(1,177)</b>	<b>(6,036)</b>	<b>(1,501)</b>	<b>(718)</b>	<b>(3,233)</b>	<b>(12,665)</b>
Non-Controlling interest	-	939	223	61	455	1,678
<b>(Loss)/Profit attributable to owners of the Company</b>	<b>(1,177)</b>	<b>(5,097)</b>	<b>(1,278)</b>	<b>(657)</b>	<b>(2,778)</b>	<b>(10,987)</b>

Notes To The Interim Financial Statements

**2. Group Performance Review**

\*

**2.1 The Group's performance for the financial quarter ended 31 March 2023 compared with the corresponding period last year, by segment, is detailed hereunder:**

	3 MONTHS ENDED			
	31 Mar 2023	31 Mar 2022	Variance	%
	RM'000	RM'000	RM'000	
<b>REVENUE</b>				
Construction	40,152	42,039	(1,887)	-4.5%
Property Development	49,959	15,141	34,818	> 100%
Building Material	2,492	4,948	(2,456)	-49.6%
Others	2,350	2,737	(387)	-14.1%
Inter-segment eliminations	(34,314)	(27,603)	(6,711)	-24.3%
<b>Total</b>	<b>60,639</b>	<b>37,262</b>	<b>23,377</b>	<b>62.7%</b>
<b>LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Construction	(148)	(1,177)	1,029	> 100%
Property Development	319	(6,036)	6,355	> 100%
Building Material	(1,220)	(1,501)	281	18.7%
Others	(349)	(718)	369	51.4%
Inter-segment eliminations	(2,274)	(3,233)	959	29.7%
<b>Loss After Tax</b>	<b>(3,672)</b>	<b>(12,665)</b>	<b>8,993</b>	<b>71.0%</b>
<b>Attributable to:</b>				
Owners of the Parent	(5,965)	(10,987)	5,022	45.7%
Minority Interest	2,293	(1,678)	3,971	> 100%
<b>Loss After Tax and Minority Interest ("LATMI")</b>	<b>(3,672)</b>	<b>(12,665)</b>	<b>8,993</b>	<b>&gt; 100%</b>

The Group revenue for the current quarter increased by RM23.4 million or 62.7% as compared to previous year corresponding quarter due to the following:

**2.2 Revenue - Analysis by Segment**

**a) Construction**

Revenue decreased by RM1.9 million or 4.5%, when compared to the previous year corresponding period mainly due to slow progress in the ECRL project and completion of TVET project in previous year.

## 2. Group Performance Review (Cont'd)

### 2.2 Revenue Analysis by Segment (Cont'd)

#### b) Property Development

The revenue for the property development division increased by RM34.8 million or more than 100%, on account higher revenue recognised for The Crown, Kota Kinabalu and Laman Iskandaria, Kulai (Phase 1A, 1B and 2C) projects.

#### c) Building Material

Revenue decreased by RM2.5 million or -49.6% due to lower demand, arising from the prevailing soft market conditions.

### 2.3 Loss attributable to the owner of the company

The Group's overall performance registered an improvement in Q1 2023 (LATMI Q1, 2023: RM3.7 million compared to LATMI: RM12.7 million in Q1, 2022) due to the strong sales performance and progress for The Crown, Kota Kinabalu and Laman Iskandaria, Kulai property development projects.

### 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							
	Revenue				Profit / (Loss) before tax			
	31-Mar-23	31-Dec-22	Variance		31-Mar-23	31-Dec-22	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	40,152	43,736	(3,584)	(8.2%)	(148)	(33,380)	33,232	> 100%
Property Development	49,959	45,207	4,752	10.5%	(218)	(4,540)	4,322	> 100%
Building Material	2,492	3,880	(1,388)	(35.8%)	(1,220)	(5,471)	4,251	77.7%
Others	2,350	2,877	(527)	(18.3%)	(349)	13,613	(13,962)	> -100%
Inter-segment eliminations	(34,314)	(33,921)	(393)	(1.2%)	(2,274)	28,745	(31,019)	> -100%
<b>Total</b>	<b>60,639</b>	<b>61,779</b>	<b>(1,140)</b>	<b>(1.8%)</b>	<b>(4,209)</b>	<b>(1,033)</b>	<b>(3,176)</b>	<b>&gt; -100%</b>

Revenue for the current quarter was slightly lower when compared to the immediate preceding quarter. The loss before tax in current quarter year was higher by RM3.2 million due to higher other income registered in Q4 2022 arising from the change in Accounting Policy on Investment Properties.



Notes To The Interim Financial Statements

**3. Financial Year 2023 Prospects**

In the 1st Quarter of 2023, the Group continued to record an improvement trend both in terms of revenue generated and declining losses, mainly on account of the better performance of our property development division (increased sales from our KK and Kulai projects) coupled with our lower operating expenses incurred. Given this momentum and our recent launch of Flex@Bukit Jalil project in Q2 2023, we are confident that our results for 2023 will be significantly better than 2022.

**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)**

	<b>As At 31 Mar 2023 RM'000</b>	<b>As at 31 Dec 2022 RM'000</b>
Borrowings denominated in Ringgit Malaysia:		
<u>Non-Current</u>		
Lease liabilities	9,392	5,389
Borrowings	358,737	388,805
	<b>368,129</b>	<b>394,194</b>
<u>Current</u>		
Lease liabilities	4,846	9,945
Borrowings	273,606	261,896
	<b>278,452</b>	<b>271,841</b>
Total Borrowings	<b>646,581</b>	<b>666,035</b>

## **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 2022. 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 2022.

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 2022 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 2022.

## **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.

Notes To The Interim Financial Statements

---

**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**

	<b>Individual Quarter 3 Months Ended</b>	
	<b>31 Mar 2023 RM '000</b>	<b>31 Mar 2022 RM '000</b>
Malaysian income tax - current	-	(29)
Deferred tax	537	124
Tax expense	<u>537</u>	<u>95</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	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	833,053	833,053
- Amount utilised	-	-	538,790	520,833
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	23,150	19,850
- Amount utilised	-	-	4,249	2,389
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	27,047	32,181	22,669	22,777

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:

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

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) **High Court of Malaya at Kuala Lumpur Suit No. WA-22NCC-112-03/2019 Malayan Banking Berhad vs (1) Ho Hup Construction Company Berhad (2) Seni Kenanga Sdn Bhd (3) 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.

On 6 March 2019, Malayan Banking Berhad (“Plaintiff” or “MBB”) initiated a civil suit against Ho Hup for outstanding sums owing by the Contractors in relation to a letter of undertaking dated 25 September 2017 (“LU”) issued by Ho Hup for a sum of RM10.0 million wherein Ho Hup’s obligations under the LU was extinguished with the revocation of the LU on 29 December 2017. Notwithstanding that, Ho Hup had never executed any document with MBB for the loan undertaken by the Contractors.

By a Court Order dated 7 February 2020, the Contractors were subsequently added as 2<sup>nd</sup> and 3<sup>rd</sup> defendant respectively. The Company has filed a counterclaim for a sum of RM54.2 million as at 31 March 2019 as ascertained liquidated damages (“LAD”) against the Contractors and a further claimed for a sum of RM14.8 million 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 suit had proceeded partially on 4 April 2022 to 8 April 2022 and 12 to September 2022 with the calling of plaintiff’s witnesses and subsequent closing of plaintiff’s case. The case is now fixed for continued hearing on 10 July 2023 to 13 July 2023 and 17 July 2023.

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.

## 24. Dividend

No interim dividend proposed for this quarter under review.

Notes To The Interim Financial Statements

**25. Loss per share**

**Basic Loss Per Share (Basic LPS)**

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.

	<b>Current quarter 31 Mar 2023</b>	<b>Preceding year corresponding quarter 31 Mar 2022</b>
<b>Net Loss for the period attributable to owners of the parent (RM'000)</b>	<b>(5,965)</b>	<b>(10,987)</b>
Weighted average number of ordinary shares in 1 January ('000)	494,860	494,860
<b>Weighted average number of shares in issue ('000)</b>	<b>494,860</b>	<b>494,860</b>
<b>Basic LPS (sen)</b>	<b>(1.21)</b>	<b>(2.22)</b>

***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.

Notes To The Interim Financial Statements

**26. (Loss) / Profit before Tax**

	<b>Individual Quarter 3 Months Ended</b>	
	<b>31 Mar 2023 RM'000</b>	<b>31 Mar 2022 RM'000</b>
<b>(Loss)/Profit before tax is arrived at after charging: -</b>		
Depreciation of property, plant and equipment ("PPE")	1,901	1,857
Depreciation of investment properties ("IP")	-	642
Amortisation of intangible asset	2,010	190
Amortisation of Right-of-use assets	1,466	1,425
Rental expenses	255	165
Finance cost	9,638	9,330
<b>And Crediting: -</b>		
Rental income	891	991
Finance income	19	52

**By Order of the Board**

Dato' Wong Kit-Leong  
 Executive Director  
Kuala Lumpur  
 31 May 2023