

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED INCOME

For the Financial Period Ended 30 June 2023

(The figures have not been audited)

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	68,128	49,534	128,767	86,796
Cost of Sales	(51,025)	(37,154)	(94,881)	(67,711)
Gross Profit	17,103	12,380	33,886	19,085
Other income	984	885	2,615	2,111
Administrative expenses	(4,533)	(4,741)	(8,857)	(9,735)
Operating expenses	(7,927)	(8,055)	(16,607)	(14,473)
Profit/(loss) from operating activities	5,627	469	11,037	(3,012)
Finance income	60	156	79	208
Finance cost	(9,436)	(9,305)	(19,074)	(18,635)
Net finance cost	(9,376)	(9,149)	(18,995)	(18,427)
Loss before tax	(3,749)	(8,680)	(7,958)	(21,439)
Taxation	131	274	668	369
Loss for the period	(3,618)	(8,406)	(7,290)	(21,070)
Loss attributable to:				
Owners of the Parent	(1,393)	(9,322)	(7,358)	(20,308)
Non-Controlling Interest	(2,225)	916	68	(762)
Loss for the period	(3,618)	(8,406)	(7,290)	(21,070)
Loss per share attributable to owners of the parent (sen):				
Basic	(0.28)	(1.88)	(1.49)	(4.10)
Diluted	N/A	N/A	N/A	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 30 June 2023

(The figures have not been audited)

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(3,618)	(8,406)	(7,290)	(21,070)
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	74	(74)	-	(147)
Other comprehensive (loss)/income for the period, net of tax	74	(74)	-	(147)
Total comprehensive loss for the period, net of tax	(3,544)	(8,480)	(7,290)	(21,217)
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(1,393)	(9,322)	(7,358)	(20,308)
Non-Controlling Interest	(2,151)	842	68	(909)
Total comprehensive loss for the period	(3,544)	(8,480)	(7,290)	(21,217)

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

For the Financial Period Ended 30 June 2023

(The figures have not been audited)

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	199,798	203,647
Right-of-use assets	23,230	25,842
Investment properties	137,449	138,837
Intangible assets	39	39
Land rights	75,544	78,246
Goodwill	11,378	11,378
Quarrying rights	559	616
Inventories and other contract costs	83,260	83,260
Investment in joint ventures	367	367
Quarry development costs	3,824	4,346
Other Investment	213	2,063
Deferred tax assets	542	684
	<u>536,203</u>	<u>549,325</u>
Current Assets		
Inventories and other contract costs	456,131	460,511
Contract assets	175,260	141,607
Trade receivables	196,193	202,419
Other receivables	130,395	138,786
Amount due from a joint venture	99	99
Tax recoverable	49	162
Fixed deposits with licensed banks	11,292	11,602
Cash and bank balances	24,893	19,131
	<u>994,312</u>	<u>974,317</u>
TOTAL ASSETS	<u>1,530,515</u>	<u>1,523,642</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	256,870	256,870
Other reserves	(77,113)	(77,104)
Foreign currency translation reserve	(2,082)	(2,091)
Retained Earnings	227,085	234,443
	<u>404,760</u>	<u>412,118</u>
Non-Controlling Interest	8,952	7,584
Total Equity	<u>413,712</u>	<u>419,702</u>
Non-Current Liabilities		
Lease Liabilities	4,878	5,389
Borrowings	358,882	388,805
Deferred tax liabilities	18,355	19,166
	<u>382,115</u>	<u>413,360</u>
Current Liabilities		
Contract liabilities	20,456	20,456
Provision for liquidated ascertained damages	1	1
Borrowings	267,956	261,896
Trade payables	156,733	139,385
Other payables	217,580	192,565
Lease liabilities	7,866	9,945
Provision for taxation	64,096	66,332
	<u>734,688</u>	<u>690,580</u>
TOTAL LIABILITIES	<u>1,116,803</u>	<u>1,103,940</u>
TOTAL EQUITY AND LIABILITIES	<u>1,530,515</u>	<u>1,523,642</u>
Net assets per share attributable to equity holders of the parent (RM)	<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 30 June 2023

(The figures have not been audited)

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share <u>Capital</u> RM'000	Foreign Currency Translation	Other <u>Reserve</u> RM'000	Retained <u>Earnings</u> RM'000	<u>Total</u> RM'000	Non- Controlling <u>Interest</u> RM'000	Total <u>Equity</u> RM'000
		<u>Reserve</u> RM'000					
At 1 January 2023	256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702
Loss for the financial period	-	-	-	(7,358)	(7,358)	68	(7,290)
Other comprehensive income/(loss) for the financial period	-	9	(9)	-	-	1,300	1,300
Total comprehensive income/(loss) for the financial period	-	9	(9)	(7,358)	(7,358)	1,368	(5,990)
At 30 June 2023	<u>256,870</u>	<u>(2,082)</u>	<u>(77,113)</u>	<u>227,085</u>	<u>404,760</u>	<u>8,952</u>	<u>413,712</u>
	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share <u>Capital</u> RM'000	Foreign Currency Translation	Other <u>Reserve</u> RM'000	Retained <u>Earnings</u> RM'000	<u>Total</u> RM'000	Non- Controlling <u>Interest</u> RM'000	Total <u>Equity</u> RM'000
		<u>Reserve</u> 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	-	-	-	(20,308)	(20,308)	(762)	(21,070)
Other comprehensive income/(loss) for the financial period	-	155	-	-	155	(147)	8
Total comprehensive income/(loss) for the financial period	-	155	-	(20,308)	(20,153)	(909)	(21,062)
At 30 June 2022	<u>256,870</u>	<u>(1,738)</u>	<u>(77,104)</u>	<u>235,863</u>	<u>413,891</u>	<u>10,992</u>	<u>424,883</u>

The 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.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Financial Period Ended 30 June 2023

(The figures have not been audited)

	Six months ended 30 Jun 2023 RM'000	Six months ended 30 Jun 2022 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Loss before tax	(7,958)	(21,439)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	3,695	3,773
Depreciation of investment properties	-	1,229
Amortisation of intangible assets	2,758	1,029
Amortisation of Right-of-use assets	3,166	3,896
Gain on disposal of property, plant and equipment	(222)	-
Gain on unrealised foreign exchange	-	155
Finance cost	19,074	18,635
Finance income	(79)	(208)
Operating profit before working capital changes	20,434	7,070
Movements in working capital		
Contract assets/ (liabilities)	(33,653)	(43,507)
Inventories and other contract costs	4,380	(53,987)
Receivables	17,289	117,898
Payables	29,593	7,539
Cash from operations	38,043	35,013
Interest paid	(19,074)	(18,635)
Tax paid	(2,571)	(2,615)
Interest received	79	-
	(21,566)	(21,250)
Net cash from operating activities	16,477	13,763
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of PPE and investment properties	(579)	34
Proceeds from disposal of PPE & investment properties	3,639	31
Quarry development cost	522	578
Changed in pledged deposits	670	(9,469)
Contribution from non-controlling interest	1,368	768
Net cash from investing activities	5,620	(8,058)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(28,823)	(44,487)
Drawdown of borrowings	11,301	27,965
Repayment of lease liabilities	(3,221)	(3,985)
Net cash used in financing activities	(20,743)	(20,507)
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,354	(14,802)
OPENING BALANCE	(6,378)	17,831
CLOSING BALANCE	(5,024)	3,029
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	24,893	29,886
Bank overdraft	(24,006)	(27,918)
Fixed deposits with licensed banks	11,292	17,678
Cash and cash equivalents restricted from use	(17,203)	(16,617)
	(5,024)	3,029

The Condensed Consolidated Cash Flow Statement 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)

Quarterly Report On Consolidated Results
For the financial period ended 30 June 2023

Notes To The Interim Financial Statements

1. Segmental Reporting

The Group's segmental reporting for the six months financial period ended 30 June 2023 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	16,652	102,233	5,818	4,064	-	128,767
Inter-segment sales	79,667	-	-	411	(80,078)	-
Total Revenue	96,319	102,233	5,818	4,475	(80,078)	128,767
RESULTS						
Profit/(Loss) from operations	19,141	13,892	(2,742)	1,112	(20,366)	11,037
Finance Income	73	5	-	1	-	79
Finance costs	(17,705)	(14,827)	(52)	(1,984)	15,494	(19,074)
Profit/(Loss) before taxation	1,509	(930)	(2,794)	(871)	(4,872)	(7,958)
Taxation	-	668	-	-	-	668
Profit/(Loss) for the period	1,509	(262)	(2,794)	(871)	(4,872)	(7,290)
Profit/(Loss) attributable to:						
Owner of the Parent	1,509	(1,788)	(2,474)	(827)	(3,778)	(7,358)
Non-Controlling interest	-	1,526	(320)	(44)	(1,094)	68
Profit/(Loss) for the period	1,509	(262)	(2,794)	(871)	(4,872)	(7,290)

The Group's segmental reporting for the corresponding 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	5,782	(68)	(2,503)	(1,335)	(4,888)	(3,012)
Finance Income	205	3	-	-	-	208
Finance costs	(5,145)	(11,901)	(65)	(1,570)	46	(18,635)
Profit/(Loss) before taxation	842	(11,966)	(2,568)	(2,905)	(4,842)	(21,439)
Taxation	(51)	420	-	-	-	369
Profit/(Loss) for the period	791	(11,546)	(2,568)	(2,905)	(4,842)	(21,070)
Profit/(Loss) attributable to:						
Owner of the Parent	791	(12,081)	(2,197)	(2,779)	(4,042)	(20,308)
Non-Controlling interest	-	535	(371)	(126)	(800)	(762)
Profit/(Loss) for the period	791	(11,546)	(2,568)	(2,905)	(4,842)	(21,070)

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
For the financial period ended 30 June 2023

Notes To The Interim Financial Statements

2. Group Performance Review

2.1 The Group's performance for the financial quarter ended 30 June 2023 compared with the corresponding period last year, by segment, is detailed hereunder:

	Second Quarter Ended				Six Months Ended			
	30 Jun 2023 RM'000	30 Jun 2022 RM'000	Variance		30 Jun 2023 RM'000	30 Jun 2022 RM'000	Variance	
			RM'000	%			RM'000	%
REVENUE								
Construction	56,167	61,124	(4,957)	-8.1%	96,319	103,163	(6,844)	-6.6%
Property Development	52,274	36,281	15,993	44.1%	102,233	51,422	50,811	98.8%
Building Material	3,326	2,163	1,163	53.8%	5,818	7,111	(1,293)	-18.2%
Others	2,125	882	1,243	>100%	4,475	3,207	1,268	39.5%
Inter-segment eliminations	(45,764)	(50,916)	5,152	10.1%	(80,078)	(78,107)	(1,971)	-2.5%
Total	68,128	49,534	18,594	37.5%	128,767	86,796	41,971	48.4%
LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT								
Construction	1,657	1,896	(239)	-12.6%	1,509	791	718	90.8%
Property Development	(581)	(5,438)	4,857	89.3%	(262)	(11,546)	11,284	97.7%
Building Material	(1,574)	(1,067)	(507)	-47.5%	(2,794)	(2,568)	(226)	-8.8%
Others	(522)	(2,188)	1,666	76.1%	(871)	(2,906)	2,035	70.0%
Inter-segment eliminations	(2,598)	(1,609)	(989)	-61.5%	(4,872)	(4,841)	(31)	-0.6%
(Loss)/Profit After Tax	(3,618)	(8,406)	4,788	57.0%	(7,290)	(21,070)	13,780	65.4%
Profit/(Loss) attributable to:								
Owner of the Parent	(1,393)	(9,322)			(7,358)	(20,308)		
Non-Controlling interest	(2,225)	916			68	(762)		
Loss for the period	(3,618)	(8,406)			(7,290)	(21,070)		

2.2 Quarter Ended 30 Jun 2023

The Group revenue for the current quarter increased by RM18.6 million or 37.5% as compared to quarter ended 30 June 2022 due to the following:

2.2.1 Revenue - Analysis by Segment

a) Construction

Revenue decreased by RM5.0 million or 8.1%, when compared to the previous year corresponding period mainly our ECRL project currently near completion stage.

b) Property Development

The revenue for the property development division increased by RM16.0 million or 44.1%, due to increase in property development activities contributed by our newly launched project Flex @ Bukit Jalil in current quarter and our current on-going projects i.e. The Crown, KK and Laman Iskandaria, Kulai.

c) Building Material

Revenue increased by RM1.2 million or 53.8% due to increase in activities by ready-mix business.

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Quarterly Report On Consolidated Results
For the financial period ended 30 June 2023

Notes To The Interim Financial Statements

2. Group Performance Review (Cont'd)

2.3 Loss attributable to the owner of the company

The Group's overall performance registered an improvement in Q2 2023 (LATMI Q2, 2023: RM1.4 million compared to LATMI: RM9.3 million in Q2, 2022) due to the strong sales in newly launched project Flex @ Bukit Jalil and current on-going projects i.e. for The Crown, Kota Kinabalu and Laman Iskandaria, Kulai in property development division.

2.4 Six Months Ended 30 Jun 2023

The Group revenue for six month ended 30 June 2023 increased by RM42.0 million or 48.4% as compared to six months ended 30 June 2022 due to the following:

2.4.1 Revenue - Analysis by Segment

a) Construction

Revenue decreased by RM6.8 million or 6.6%, when compared to the previous year corresponding period mainly due to near completion for ECRL project.

b) Property Development

The revenue for the property development division increased by RM50.8 million or 98.8%, due to higher sales (qualifying for revenue and profit recognition) for newly launched project Flex @ Bukit Jalil and current on-going projects i.e. The Crown, KK and Laman Iskandaria, Kulai.

c) Building Material

Revenue decreased by RM1.3 million or 18.2% with lower demand, due to soft market conditions prevailing.

2.5 Loss attributable to the owner of the company

For the period 6 months ended 30 June 2023, the Group's overall performance registered an improvement of RM13.0 million (LATMI of RM7.4 million compared with a LATMI of RM20.3 million in the corresponding period last year), this was mainly due to the higher contribution in newly launched project Flex @ Bukit Jalil and current on-going project i.e. for The Crown, Kota Kinabalu and Laman Iskandaria, Kulai in property development division.

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Notes To The Interim Financial Statements

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	Individual Quarter 3 months ended							
	Revenue				Profit / (Loss) before tax			
	30-Jun-23	31-Mar-23	Variance		30-Jun-23	31-Mar-23	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	69,780	40,152	29,628	73.8%	1,656	(148)	1,804	>100%
Property Development	38,661	49,959	(11,298)	-22.6%	(712)	(218)	(494)	-227%
Building Material	3,326	2,492	834	33.5%	(1,574)	(1,220)	(354)	-29.0%
Others	2,125	2,350	(225)	-9.6%	(521)	(349)	(172)	-49.3%
Inter-segment eliminations	(45,764)	(34,314)	(11,450)	-33.4%	(2,598)	(2,274)	(324)	-14.2%
Total	68,128	60,639	7,489	12.4%	(3,749)	(4,209)	460	10.9%

Revenue for the current quarter was higher by RM7.5 million when compared to the immediate preceding quarter. The loss before tax in current quarter year was slightly lower by RM0.5 million due to higher income contributed by property development activities.

3. Financial Year 2023 Prospects

In second quarter of 2023, the Group registered a revenue slightly higher than the preceding quarter, mainly contributed by our newly launched Flex @ Bukit Jalil. We are confident that our results for the upcoming quarters will be better given the current momentum of our on-going projects (The Crown, KK and Flex @ Bukit Jalil).

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.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
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Notes To The Interim Financial Statements

6. Group borrowings and debt securities (Secured)

	As At 30 June 2023 RM'000	As at 31 Dec 2022 RM'000
Borrowings denominated in Ringgit Malaysia:		
<u>Non-Current</u>		
Lease liabilities	4,878	5,389
Borrowings	358,882	388,805
	<u>363,760</u>	<u>394,194</u>
<u>Current</u>		
Lease liabilities	7,866	9,945
Borrowings	267,956	261,896
	<u>275,822</u>	<u>271,841</u>
Total Borrowings	<u>639,582</u>	<u>666,035</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 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 2023.

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 2023.

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.

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Notes To The Interim Financial Statements

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.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
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Notes To The Interim Financial Statements

16. Taxation

	Second Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM '000	RM '000	RM '000	RM '000
Malaysian income tax - current	-	(22)	-	(51)
Deferred tax	131	296	668	420
Tax expense	131	274	668	369

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.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
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Notes To The Interim Financial Statements

20. Changes in contingent liabilities

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	838,353	833,053
- Amount utilised	-	-	443,015	520,833
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	23,150	19,850
- Amount utilised	-	-	4,083	2,389
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	16,234	32,181	11,986	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 2nd and 3rd 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 on 4 April 2022 to 8 April 2022 and 12 to September 2022 with the calling of plaintiff’s witnesses and closed of plaintiff’s case. The case proceeded further on 10 July 2023, 11 July 2023, 17 July 2023 22 August 2023 and 23 August 2023 with the calling of the 1st Defendant’s witnesses. This matter is now fixed for continue hearing on 4 to 5 September 2023.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 24th August 2023, 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.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
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Notes To The Interim Financial Statements

25. 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Net loss for the period attributable to owners of the parent (RM'000)	(1,393)	(9,322)	(7,358)	(20,308)
Weighted average number of ordinary shares ('000)	494,860	494,860	494,860	494,860
Basic LPS (sen)	(0.28)	(1.88)	(1.49)	(4.10)

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.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
For the financial period ended 30 June 2023

Notes To The Interim Financial Statements

26. (Loss) / Profit before Tax

	Second Quarter Ended		Six Months Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment ("PPE")	1,794	1,916	3,695	3,773
Depreciation of investment properties ("IP")	-	587	-	1,229
Amortisation of intangible asset	748	839	2,758	1,029
Amortisation of Right-of-use assets	1,700	2,471	3,166	3,896
Rental expenses	284	315	539	480
Finance cost	9,436	9,305	19,074	18,635
And Crediting:-				
Rental income	1,241	1,063	2,132	2,054
Finance income	60	156	79	208

By Order of the Board

Dato' Wong Kit-Leong
Executive Director
Kuala Lumpur
30 August 2023