

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

**CONDENSED CONSOLIDATED INCOME**

**For the Financial Period Ended 30 September 2023**

*(The figures have not been audited)*

	<b>THIRD QUARTER ENDED</b>		<b>NINE MONTHS ENDED</b>	
	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>42,849</b>	64,466	<b>171,616</b>	151,262
Cost of Sales	<b>(30,361)</b>	(46,804)	<b>(125,242)</b>	(114,515)
<b>Gross Profit</b>	<b>12,488</b>	17,662	<b>46,374</b>	36,747
Other income	<b>2,046</b>	4,961	<b>4,661</b>	7,072
Administrative expenses	<b>(7,350)</b>	(4,743)	<b>(16,207)</b>	(14,478)
Operating expenses	<b>(10,445)</b>	(11,484)	<b>(27,052)</b>	(25,957)
<b>Profit/(loss) from operating activities</b>	<b>(3,261)</b>	6,396	<b>7,776</b>	3,384
Finance income	<b>131</b>	137	<b>210</b>	345
Finance cost	<b>(9,368)</b>	(9,910)	<b>(28,442)</b>	(28,545)
<b>Net finance cost</b>	<b>(9,237)</b>	(9,773)	<b>(28,232)</b>	(28,200)
<b>Loss before tax</b>	<b>(12,498)</b>	(3,377)	<b>(20,456)</b>	(24,816)
Taxation	<b>542</b>	(3,454)	<b>1,210</b>	(3,085)
<b>Loss for the period</b>	<b>(11,956)</b>	(6,831)	<b>(19,246)</b>	(27,901)
<b>Loss attributable to:</b>				
Owners of the Parent	<b>(12,369)</b>	(8,582)	<b>(19,727)</b>	(28,890)
Non-Controlling Interest	<b>413</b>	1,751	<b>481</b>	989
<b>Loss for the period</b>	<b>(11,956)</b>	(6,831)	<b>(19,246)</b>	(27,901)
<b>Loss per share attributable to owners of the parent (sen):</b>				
Basic	<b>(2.50)</b>	(1.73)	<b>(3.99)</b>	(5.84)
Diluted	<b>N/A</b>	N/A	<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 30 September 2023**

*(The figures have not been audited)*

	THIRD QUARTER ENDED		NINE MONTHS ENDED	
	30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
	RM'000	RM'000	RM'000	RM'000
<b>Loss for the period</b>	<b>(11,956)</b>	<b>(6,831)</b>	<b>(19,246)</b>	<b>(27,901)</b>
<b>Other comprehensive (loss)/income, net of tax</b>				
Foreign currency translation differences for foreign operations	-	(74)	-	(221)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>-</b>	<b>(74)</b>	<b>-</b>	<b>(221)</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(11,956)</b>	<b>(6,905)</b>	<b>(19,246)</b>	<b>(28,122)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Parent	<b>(12,369)</b>	(8,581)	<b>(19,727)</b>	(28,889)
Non-Controlling Interest	<b>413</b>	1,676	<b>481</b>	767
<b>Total comprehensive loss for the period</b>	<b>(11,956)</b>	<b>(6,905)</b>	<b>(19,246)</b>	<b>(28,122)</b>

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 September 2023**

*(The figures have not been audited)*

	<b>30 Sept 2023</b>	<b>31 Dec 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	195,670	203,647
Right-of-use assets	21,565	25,842
Investment properties	136,776	138,837
Intangible assets	39	39
Land rights	73,288	78,246
Goodwill	11,378	11,378
Quarrying rights	530	616
Inventories and other contract costs	83,260	83,260
Investment in joint ventures	367	367
Quarry development costs	3,564	4,346
Other Investment	-	2,063
Deferred tax assets	542	684
	<u>526,979</u>	<u>549,325</u>
<b>Current Assets</b>		
Inventories and other contract costs	467,573	460,511
Contract assets	140,924	141,607
Trade receivables	197,608	202,419
Other receivables	101,081	138,786
Amount due from a joint venture	99	99
Tax recoverable	140	162
Fixed deposits with licensed banks	9,683	11,602
Cash and bank balances	13,637	19,131
	<u>930,745</u>	<u>974,317</u>
<b>TOTAL ASSETS</b>	<u>1,457,724</u>	<u>1,523,642</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	256,870	256,870
Other reserves	(77,113)	(77,104)
Foreign currency translation reserve	(2,082)	(2,091)
Retained Earnings	214,967	234,443
	<u>392,642</u>	<u>412,118</u>
<b>Non-Controlling Interest</b>	5,580	7,584
<b>Total Equity</b>	<u>398,222</u>	<u>419,702</u>
<b>Non-Current Liabilities</b>		
Lease Liabilities	4,543	5,389
Borrowings	363,158	388,805
Deferred tax liabilities	17,814	19,166
	<u>385,515</u>	<u>413,360</u>
<b>Current Liabilities</b>		
Contract liabilities	-	20,457
Borrowings	237,110	261,896
Trade payables	157,732	139,385
Other payables	209,368	192,565
Lease liabilities	7,007	9,945
Provision for taxation	62,770	66,332
	<u>673,987</u>	<u>690,580</u>
<b>TOTAL LIABILITIES</b>	<u>1,059,502</u>	<u>1,103,940</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,457,724</u>	<u>1,523,642</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.79</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 September 2023

(The figures have not been audited)

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share	Foreign	Other	Retained		Non-	Total
	<u>Capital</u>	<u>Translation</u>	<u>Reserve</u>	<u>Earnings</u>	<u>Total</u>	<u>Controlling</u>	<u>Equity</u>
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2023</b>	256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702
Loss for the financial period	-	-	-	(19,727)	(19,727)	481	(19,246)
Other comprehensive income/(loss) for the financial period	-	9	(9)	251	251	(2,485)	(2,234)
<b>Total comprehensive income/(loss) for the financial period</b>	-	9	(9)	(19,476)	(19,476)	(2,004)	(21,480)
<b>At 30 September 2023</b>	256,870	(2,082)	(77,113)	214,967	392,642	5,580	398,222

  

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share	Foreign	Other	Retained		Non-	Total
	<u>Capital</u>	<u>Translation</u>	<u>Reserve</u>	<u>Earnings</u>	<u>Total</u>	<u>Controlling</u>	<u>Equity</u>
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	(28,887)	(28,887)	989	(27,898)
Other comprehensive income/(loss) for the financial period	-	228	-	-	228	(222)	6
<b>Total comprehensive income/(loss) for the financial period</b>	-	228	-	(28,887)	(28,659)	767	(27,892)
<b>At 30 September 2022</b>	256,870	(1,665)	(77,104)	227,284	405,385	12,668	418,053

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 September 2023**

*(The figures have not been audited)*

	Nine months ended 30 Sept 2023 RM'000	Nine months ended 30 Sept 2022 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss before tax</b>	<b>(20,456)</b>	<b>(24,816)</b>
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	5,660	5,360
Depreciation of investment properties	-	1,919
Amortisation of intangible assets	5,042	3,711
Amortisation of Right-of-use assets	4,528	5,909
Gain on disposal of property, plant and equipment	(450)	-
Gain on unrealised foreign exchange	-	228
Finance cost	28,442	28,545
Finance income	(210)	(345)
<b>Operating profit before working capital changes</b>	<b>22,556</b>	<b>20,511</b>
<b>Movements in working capital</b>		
Contract assets/ (liabilities)	(19,774)	(73,600)
Inventories and other contract costs	(7,063)	(71,646)
Receivables	45,188	205,791
Payables	34,528	(51,586)
<b>Cash from operations</b>	<b>75,435</b>	<b>29,470</b>
Interest paid	(28,442)	(28,545)
Tax paid	-	(4,984)
Interest received	210	-
	<b>(28,232)</b>	<b>(33,529)</b>
<b>Net cash from/(to) operating activities</b>	<b>47,203</b>	<b>(4,059)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of PPE and investment properties	(1,201)	9,531
Proceeds from disposal of PPE & investment properties	7,841	276
Quarry development cost	783	863
Changed in pledged deposits	(12,361)	(4,697)
Contribution from non-controlling interest	(2,003)	2,445
<b>Net cash (to)/from investing activities</b>	<b>(6,941)</b>	<b>8,418</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(62,297)	(85,065)
Drawdown of borrowings	11,301	65,602
Repayment of lease liabilities	(3,262)	(7,434)
<b>Net cash used in financing activities</b>	<b>(54,258)</b>	<b>(26,897)</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,996)	(22,538)
OPENING BALANCE	(6,378)	17,831
<b>CLOSING BALANCE</b>	<b>(20,374)</b>	<b>(4,707)</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	13,637	27,236
Bank overdraft	(26,322)	(27,972)
Fixed deposits with licensed banks	9,682	12,646
Cash and cash equivalents restricted from use	(17,371)	(16,617)
	<b>(20,374)</b>	<b>(4,707)</b>

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 September 2023

## Notes To The Interim Financial Statements

**1. Segmental Reporting**

The Group's segmental reporting for the nine months financial period ended 30 September 2023 is as follows:

	<b>Construction RM'000</b>	<b>Property Development RM'000</b>	<b>Building Material RM'000</b>	<b>Others RM'000</b>	<b>Inter-segment Elimination RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>						
Revenue as reported	26,331	130,326	8,605	6,354	-	171,616
Inter-segment sales	105,278	-	-	617	(105,895)	-
<b>Total Revenue</b>	<b>131,609</b>	<b>130,326</b>	<b>8,605</b>	<b>6,971</b>	<b>(105,895)</b>	<b>171,616</b>
<b>RESULTS</b>						
Profit/(Loss) from operations	25,301	13,312	(4,312)	2,167	(28,692)	7,776
Finance Income	202	7	-	1	-	210
Finance costs	(26,519)	(22,178)	(80)	(2,905)	23,240	(28,442)
<b>Profit/(Loss) before taxation</b>	<b>(1,016)</b>	<b>(8,859)</b>	<b>(4,392)</b>	<b>(737)</b>	<b>(5,452)</b>	<b>(20,456)</b>
Taxation	-	1,210	-	-	-	1,210
<b>Profit/(Loss) for the period</b>	<b>(1,016)</b>	<b>(7,649)</b>	<b>(4,392)</b>	<b>(737)</b>	<b>(5,452)</b>	<b>(19,246)</b>
<b>Profit/(Loss) attributable to:</b>						
Owner of the Parent	(1,016)	(7,918)	(3,957)	(760)	(6,076)	(19,727)
Non-Controlling interest	-	269	(435)	23	624	481
<b>Profit/(Loss) for the period</b>	<b>(1,016)</b>	<b>(7,649)</b>	<b>(4,392)</b>	<b>(737)</b>	<b>(5,452)</b>	<b>(19,246)</b>

The Group's segmental reporting for the corresponding nine months financial period ended 30 September 2022 is as follows:

	<b>Construction RM'000</b>	<b>Property Development RM'000</b>	<b>Building Material RM'000</b>	<b>Others RM'000</b>	<b>Inter-segment Elimination RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>						
Revenue as reported	41,396	94,477	10,246	5,143	-	151,262
Inter-segment sales	118,598	-	-	683	(119,281)	-
<b>Total Revenue</b>	<b>159,994</b>	<b>94,477</b>	<b>10,246</b>	<b>5,826</b>	<b>(119,281)</b>	<b>151,262</b>
<b>RESULTS</b>						
Profit/(Loss) from operations	8,431	4,213	(3,448)	(2,671)	(3,141)	3,384
Finance Income	341	5	-	1	(2)	345
Finance costs	(9,734)	(16,299)	(93)	(2,482)	63	(28,545)
<b>Profit/(Loss) before taxation</b>	<b>(962)</b>	<b>(12,081)</b>	<b>(3,541)</b>	<b>(5,152)</b>	<b>(3,080)</b>	<b>(24,816)</b>
Taxation	(986)	(2,099)	-	-	-	(3,085)
<b>Profit/(Loss) for the period</b>	<b>(1,948)</b>	<b>(14,180)</b>	<b>(3,541)</b>	<b>(5,152)</b>	<b>(3,080)</b>	<b>(27,901)</b>
<b>Profit/(Loss) attributable to:</b>						
Owner of the Parent	(1,948)	(16,548)	(3,035)	(4,968)	(2,391)	(28,890)
Non-Controlling interest	-	2,368	(506)	(184)	(689)	989
<b>Profit/(Loss) for the period</b>	<b>(1,948)</b>	<b>(14,180)</b>	<b>(3,541)</b>	<b>(5,152)</b>	<b>(3,080)</b>	<b>(27,901)</b>

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

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

Notes To The Interim Financial Statements

## 2. Group Performance Review

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

	Third Quarter Ended				Nine Months Ended			
	30 Sept 2023 RM'000	30 Sept 2022 RM'000	Variance RM'000	%	30 Sept 2023 RM'000	30 Sept 2022 RM'000	Variance RM'000	%
<b>REVENUE</b>								
Construction	35,290	56,831	(21,541)	-37.9%	131,609	159,994	(28,385)	-17.7%
Property Development	28,093	43,055	(14,962)	-34.8%	130,326	94,477	35,849	37.9%
Building Material	2,787	3,135	(348)	-11.1%	8,605	10,246	(1,641)	-16.0%
Others	2,496	2,206	290	13.1%	6,971	5,826	1,145	19.7%
Inter-segment eliminations	(25,817)	(40,761)	14,944	36.7%	(105,895)	(119,281)	13,386	11.2%
<b>Total</b>	<b>42,849</b>	<b>64,466</b>	<b>(21,617)</b>	<b>-33.5%</b>	<b>171,616</b>	<b>151,262</b>	<b>20,354</b>	<b>13.5%</b>
<b>LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>								
Construction	(2,525)	(1,282)	(1,243)	97.0%	(1,016)	(562)	(454)	80.8%
Property Development	(7,387)	(4,065)	(3,322)	-81.7%	(7,649)	(15,540)	7,891	50.8%
Building Material	(1,598)	(973)	(625)	-64.2%	(4,392)	(3,541)	(851)	-24.0%
Others	134	(2,273)	2,407	>100%	(737)	(5,179)	4,442	85.8%
Inter-segment eliminations	(580)	1,762	(2,342)	>100%	(5,452)	(3,079)	(2,373)	-77.1%
<b>(Loss)/Profit After Tax</b>	<b>(11,956)</b>	<b>(6,831)</b>	<b>(5,125)</b>	<b>-75.0%</b>	<b>(19,246)</b>	<b>(27,901)</b>	<b>8,655</b>	<b>31.0%</b>
Profit/(Loss) attributable to:								
Owner of the Parent	(12,369)	(8,582)			(19,727)	(29,890)		
Non-Controlling interest	413	1,751			481	989		
<b>Loss for the period</b>	<b>(11,956)</b>	<b>(6,831)</b>			<b>(19,246)</b>	<b>(28,901)</b>		

### 2.2 Quarter Ended 30 September 2023

The Group revenue for the current quarter decreased by RM21.6 million or 33.5% as compared to quarter ended 30 September 2022 due to the following:

#### 2.2.1 Revenue - Analysis by Segment

##### a) Construction

Revenue decreased by RM21.5 million or 37.9%, when compared to the previous year corresponding period mainly due to ECRL project currently near completion stage.

##### b) Property Development

The revenue for the property development division decreased by RM15.0 million or 34.8%, due to lower contribution from our Laman Iskandaria, Kulai and The Crown, KK but compensated by our newly launched project Flex @ Bukit Jalil.

##### c) Building Material

Revenue decreased slightly by RM0.3 million or 11.1% due to decrease in activities by ready-mix business.

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

Quarterly Report On Consolidated Results

For the financial period ended 30 September 2023

Notes To The Interim Financial Statements

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

### 2.2.2 Loss attributable to the owner of the parent

The Group's overall performance registered higher loss in Q3 2023 (LATMI Q3, 2023: RM12.4 million compared to LATMI: RM8.6 million in Q3, 2022) due to lower revenue recognition for Laman Iskandaria, Kulai and The Crown, KK but compensated by newly launched project Flex @ Bukit Jalil.

## 2.3 Nine Months Ended 30 September 2023

The Group revenue for nine month ended 30 September 2023 increased by RM20.4 million or 13.5% as compared to nine months ended 30 September 2022 due to the following:

### 2.3.1 Revenue - Analysis by Segment

#### a) Construction

Revenue decreased by RM28.4 million or 17.7%, 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 RM35.8 million or 37.9%, mainly derived from the sales from our newly launched project Flex @ Bukit Jalil and current on-going project The Crown, KK off set however with lower revenue recognised for Laman Iskandaria, Kulai.

#### c) Building Material

Revenue decreased by RM1.6 million or 16% with lower demand, due to soft market conditions prevailing.

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

For the period 9 months ended 30 September 2023, the Group's overall performance registered an improvement of RM10.2 million (LATMI of RM19.7 million compared with a LATMI of RM29.9 million in the corresponding period last year) , this was mainly due to the higher revenue contribution in newly launched Flex @ Bukit Jalil and current on-going project, The Crown, Kota Kinabalu.



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

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

Notes To The Interim Financial Statements

### 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 9 months ended							
	Revenue				Profit / (Loss) before tax			
	30-Sep-23	30-Jun-23	Variance		30-Sep-23	30-Jun-23	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	35,290	69,780	(34,490)	-49.4%	(2,525)	1,656	(4,181)	>100%
Property Development	28,093	38,661	(10,568)	-27.3%	(7,387)	(712)	(6,675)	-938%
Building Material	2,787	3,326	(539)	-16.2%	(1,598)	(1,574)	(24)	-1.5%
Others	2,496	2,125	371	17.5%	134	(521)	655	>100%
Inter-segment eliminations	(25,817)	(45,764)	19,947	43.6%	(580)	(2,598)	2,018	77.7%
Total	<b>42,849</b>	<b>68,128</b>	<b>(25,279)</b>	<b>(37.1%)</b>	<b>(11,956)</b>	<b>(3,749)</b>	<b>(8,207)</b>	<b>&gt;100%</b>

Revenue for the current quarter was lower by RM25.3 million when compared to the immediate preceding quarter. The loss before tax in current quarter was higher by RM8.2 million due to lower contribution from property division.

### 3. Financial Year 2023 Prospects

With market conditions expected to still remain challenging for the rest of the year, given the prevailing geo-political environment, generally low market sentiment within the property sector and inflationary pressures/ cost escalation, we anticipate that the our 4th quarter results will not improve.

Given this scenario, the Group has embarked on several restructuring and rationalisation exercises with the primary focus on de-gearing our balance sheet. In addition, the Group has also undertaken a private placement exercise to further mitigate our cash position.

With these activities, moving forward, the Group is relatively confident that our current Flex @ Bukit Jalil project with a GDV of RM860 million will generate the requisite profit and cash flow for the coming years.

### 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  
For the financial period ended 30 September 2023

Notes To The Interim Financial Statements

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## 6. Group borrowings and debt securities (Secured)

	As At 30 Sept 2023 RM'000	As at 31 Dec 2022 RM'000
Borrowings denominated in Ringgit Malaysia:		
<u>Non-Current</u>		
Lease liabilities	4,543	5,389
Borrowings	363,158	388,805
	<u>367,701</u>	<u>394,194</u>
<u>Current</u>		
Lease liabilities	7,007	9,945
Borrowings	237,110	261,896
	<u>244,117</u>	<u>271,841</u>
Total Borrowings	<u>611,818</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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#### **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**

Ho Hup Construction Company Berhad ("Ho Hup" or "the Company") announced that the Company had on 21 November 2023 entered into a Share Subscription Agreement with Ho Hup Ventures (Johor) Sdn Bhd ("HHVJ"), a 99.9875% owned subsidiary of the Company, Tribeca Real Estate Asset Management Sdn Bhd ("Tribeca") and Armani Streams Sdn Bhd ("Investor" or "ASSB") for the Investor to subscribe for 600,000 new ordinary shares in HHVJ ("Subscription Shares") at a total subscription price of Ringgit Malaysia Six Hundred Thousand (RM600,000) only ["Proposed Subscription"].

#### **15. Changes in composition of the Group**

There were no changes in the composition of the Group for the current quarter under review until the completion of Proposed Subscription (Note 14).

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**16. Taxation**

	Third Quarter Ended		Nine Months Ended	
	30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
	RM '000	RM '000	RM '000	RM '000
Malaysian income tax - current	-	(3,533)	-	(3,584)
Deferred tax	542	79	1,210	499
Tax expense	542	(3,454)	1,210	(3,085)

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

This is not applicable.

**18. Status of current corporate proposals****(i) Proposed Private Placement**

On 15 August 2023, the Company announced to undertake a Private Placement (“PP”) of up to 49,486,000 new ordinary shares in HO HUP (“HO HUP Shares”), As such, the PP will entail the issuance of up to 49,486,000 new Shares (“Placement Shares”), representing up to 10.0% of the total number of issued Shares to independent third-party investors.

**(ii) Approval of Bursa Malaysia Securities Berhad**

Bursa Malaysia Securities Berhad had approved the listing of and quotation for the new ordinary shares in Ho Hup (“Placement Shares”) on 27 October 2023.

**(iii) Price Fixing by Tranches**

The Proposed Private Placement will be implemented in multiple tranches, if required, within 6 months from the date of approval of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the Proposed Private Placement. Subsequently, any extension of time for the implementation of the Proposed Private Placement will be subject to Bursa Securities’ approval. As such, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation.

On 14 November 2023, the Company has fixed the issue price of the first tranche of the Placement Shares at RM0.235 per Placement Share to be issued pursuant to the Private Placement, representing a discount of approximately RM0.0243 or approximately 9.37% to the 5-day volume weighted average market price of Ho Hup Shares from 6 November 2023 to 10 November 2023 of RM0.2593.

On 28 November 2023, the 23,400,000 new Shares @ RM0.2350 has been listed.

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**19. Changes in contingent liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>30 Sept 2023 RM'000</b>	<b>30 Sept 2022 RM'000</b>	<b>30 Sept 2023 RM'000</b>	<b>30 Sept 2022 RM'000</b>
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.

**20. Capital Commitment**

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

**21. Derivative Financial instrument**

This is not applicable.

**22. 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.

### **23. 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.

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### **23. 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 case continued with the calling of Defendant’s witnesses on 10 July 2023, 11 July 2023, 17 July 2023, 22 August 2023 and 23 August 2023, and subsequent close of Defendant’s case on 5 September 2023. This matter is now fixed for submission and clarification on 7 December 2023.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 30<sup>th</sup> November 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.

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**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.

	Third Quarter Ended		Nine Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Net loss for the period attributable to owners of the parent (RM'000)	(12,369)	(8,582)	(19,727)	(28,890)
Weighted average number of ordinary shares ('000)	494,860	494,860	494,860	494,860
<b>Basic LPS (sen)</b>	<b>(2.50)</b>	<b>(1.73)</b>	<b>(3.99)</b>	<b>(5.84)</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.



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

	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment ("PPE")	1,965	1,587	5,660	5,360
Depreciation of investment properties ("IP")	-	690	-	1,919
Amortisation of intangible asset	2,284	2,682	5,042	3,711
Amortisation of Right-of-use assets	1,362	2,613	4,528	6,509
Rental expenses	286	172	825	652
Finance cost	9,368	9,910	28,442	28,545
<b>And Crediting:-</b>				
Rental income	1,008	671	3,140	2,725
Finance income	131	137	210	345

**By Order of the Board**

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