

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED INCOME For the financial year ended 31 December 2023 (The figures have not been audited)

	FOURTH QUARTER ENDED		TWELVE MONTHS ENDED	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	15,710	61,779	187,327	213,041
Cost of Sales	(20,490)	(48,342)	(145,733)	(162,857)
Gross (Loss)/Profit	(4,780)	13,437	41,594	50,184
Other income	4,148	18,137	8,809	25,624
Administrative expenses	(5,105)	(6,203)	(21,312)	(20,681)
Operating expenses	(27,708)	(12,535)	(54,759)	(38,492)
Impairment on financial instruments	(14,718)	(1,286)	(14,718)	(1,286)
Profit/(loss) from operating activities	(48,163)	11,550	(40,386)	15,349
Finance income	26	166	236	96
Finance cost	(12,247)	(12,731)	(40,689)	(41,276)
Net finance cost	(12,221)	(12,565)	(40,453)	(41,180)
Share of results of associates and joint ventures	-	(18)	-	(18)
Loss before tax	(60,384)	(1,033)	(80,839)	(25,849)
Taxation	(454)	(7,424)	756	(10,509)
Loss for the year	(60,838)	(8,457)	(80,083)	(36,358)
Loss attributable to:				
Owners of the Parent	(55,341)	(3,239)	(75,067)	(32,129)
Non-Controlling Interest	(5,497)	(5,218)	(5,016)	(4,229)
Loss for the year	(60,838)	(8,457)	(80,083)	(36,358)
Loss per share attributable to owners of the parent (sen):				
Basic	(10.68)	(0.65)	(14.48)	(6.49)
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 year ended 31 December 2023

(The figures have not been audited)

	FOURTH QUARTER ENDED		TWELVE MONTHS ENDED	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Loss for the year	(60,838)	(8,457)	(80,083)	(36,358)
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	-	(74)	958	(286)
Other comprehensive (loss)/income for the year, net of tax	-	(74)	958	(286)
Total comprehensive loss for the year, net of tax	(60,838)	(8,531)	(79,125)	(36,644)
Total comprehensive loss attributable to:				
Owners of the Parent	(55,341)	(3,239)	(75,067)	(32,129)
Non-Controlling Interest	(5,497)	(5,292)	(4,058)	(4,515)
Total comprehensive loss for the year	(60,838)	(8,531)	(79,125)	(36,644)

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 year ended 31 December 2023

(The figures have not been audited)

	31 Dec 2023	31 Dec 2022
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	18,061	203,647
Right-of-use assets	20,243	25,842
Investment properties	135,713	138,837
Intangible assets	39	39
Goodwill	898	11,378
Quarrying rights	502	616
Inventories and other contract costs	83,260	83,260
Investment in joint ventures	567	367
Quarry development costs	3,303	4,346
Other Investment	-	2,063
Deferred tax assets	542	684
	<u>263,128</u>	<u>471,079</u>
Current Assets		
Inventories and other contract costs	510,423	538,757
Contract assets	94,914	141,607
Trade receivables	181,699	202,419
Other receivables	141,809	138,786
Amount due from a joint venture	99	99
Tax recoverable	49	162
Fixed deposits with licensed banks	7,510	11,602
Cash and bank balances	13,238	19,131
	<u>949,741</u>	<u>1,052,563</u>
TOTAL ASSETS	<u>1,212,869</u>	<u>1,523,642</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	263,169	256,870
Other reserves	(77,104)	(77,104)
Foreign currency translation reserve	(2,145)	(2,091)
Retained Earnings	159,401	234,443
	<u>343,321</u>	<u>412,118</u>
Non-Controlling Interest	<u>3,555</u>	<u>7,584</u>
Total Equity	<u>346,876</u>	<u>419,702</u>
Non-Current Liabilities		
Lease Liabilities	4,543	5,389
Borrowings	316,226	388,805
Deferred tax liabilities	13,347	19,166
	<u>334,116</u>	<u>413,360</u>
Current Liabilities		
Contract liabilities	-	20,457
Borrowings	191,890	261,896
Trade payables	111,572	139,385
Other payables	162,466	192,565
Lease liabilities	4,970	9,945
Provision for taxation	60,979	66,332
	<u>531,877</u>	<u>690,580</u>
TOTAL LIABILITIES	<u>865,993</u>	<u>1,103,940</u>
TOTAL EQUITY AND LIABILITIES	<u>1,212,869</u>	<u>1,523,642</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.66</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 year ended 31 December 2023

(The figures have not been audited)

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share	Foreign	Other	Retained		Non-	
	Capital	Currency	Reserve	Earnings	Total	Controlling	
	RM'000	Translation	Reserve	RM'000	RM'000	Interest	
		Reserve	RM'000			RM'000	
		RM'000				Total	
						Equity	
						RM'000	
At 1 January 2023	256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702
Loss for the financial year	-	-	-	(75,067)	(75,067)	(5,016)	(80,083)
Other comprehensive income/(loss) for the financial year		(54)		25	(29)	987	958
Total comprehensive income/(loss) for the financial year	-	(54)	-	(75,042)	(75,096)	(4,029)	(79,125)
Transactions with Owners:							
Issue of ordinary shares - private placement	5,499	-	-	-	5,499	-	5,499
Additional investment in an associate	800	-	-	-	800	-	800
	6,299	-	-	-	6,299	-	6,299
At 31 December 2023	263,169	(2,145)	(77,104)	159,401	343,321	3,555	346,876

	-----Attributable to Owners of the Parent-----						
	-----Non-Distributable -----			Distributable			
	Share	Foreign	Other	Retained		Non-	
	Capital	Currency	Reserve	Earnings	Total	Controlling	
	RM'000	Translation	Reserve	RM'000	RM'000	Interest	
		Reserve	RM'000			RM'000	
		RM'000				Total	
						Equity	
						RM'000	
At 1 January 2022 (restated)	256,870	(1,893)	(77,104)	266,572	444,445	11,901	456,346
Loss for the financial year	-	-	-	(32,129)	(32,129)	(4,229)	(36,358)
Other comprehensive income/(loss) for the financial year	-	(198)	-	-	(198)	(88)	(286)
Total comprehensive income/(loss) for the financial year	-	(198)	-	(32,129)	(32,327)	(4,317)	(36,644)
At 31 December 2022	256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702

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 year ended 31 December 2023

(The figures have not been audited)

	Twelve months ended 31 Dec 2023 RM'000	Twelve months ended 31 Dec 2022 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Loss before tax	(80,839)	(25,849)
Adjustments for non-cash items:		
Bad Debts written off		
Depreciation of property, plant and equipment	7,246	9,168
Amortisation of intangible assets	6,252	5,124
Amortisation of Right-of-use assets	6,449	7,127
Amortisation of quarry rights	-	1,013
Share of results of joint ventures	(200)	18
Impairment loss on trade receivables	8,018	1,274
Impairment loss on other receivables	6,700	104
Impairment loss on goodwill	-	2,949
LAD compensation charged	(15,958)	-
Dilution of investment in subsidiaries	(9,643)	-
Contract asset written off	-	100
Inventory written off	-	20
Gain on disposal of property, plant and equipment	1,878	(114)
Gain on disposal of Right-of-use assets	-	(18)
Gain on disposal of other investment	-	241
Fair value gain on other investments	-	(10,440)
Finance cost	40,689	41,276
Finance income	(236)	(96)
Operating (loss)/profit before working capital changes	(29,644)	31,897
Movements in working capital		
Contract assets/ (liabilities)	26,237	(50,476)
Property, plant and equipment	179,291	-
Inventories and other contract costs	4,089	(95,232)
Receivables	5,651	124,428
Payables	(6,660)	19,143
Cash from operations	178,964	29,760
Interest paid	(40,689)	(41,276)
Tax paid	(3,622)	(6,316)
Interest received	236	96
	(44,075)	(47,496)
Net cash from/(to) operating activities	134,889	(17,736)

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023 (Cont'd)

(The figures have not been audited)

	Twelve months ended 31 Dec 2023 RM'000	Twelve months ended 31 Dec 2022 RM'000
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of PPE and investment properties	(993)	(2,787)
Proceeds from disposal of PPE & investment properties	2,501	11,329
Quarry development cost	1,044	760
Changed in pledged deposits	(9,025)	(3,327)
Additional investment in an associate	800	-
Contribution from non-controlling interest	(4,030)	(1,900)
Net cash (to)/from investing activities	<u>(9,703)</u>	<u>4,075</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from private placement	5,499	-
Repayment of borrowings	(151,686)	(3,409)
Drawdown of borrowings	7,948	-
Drawdown of lease liabilities	676	-
Repayment of lease liabilities	(3,266)	(8,434)
Net cash used in financing activities	<u>(140,829)</u>	<u>(11,843)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,643)	(25,504)
Effect of changes in foreign exchange rate	(65)	1,296
OPENING BALANCE	<u>(6,377)</u>	<u>17,831</u>
CLOSING BALANCE	<u>(22,085)</u>	<u>(6,377)</u>
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	13,238	19,131
Bank overdraft	(26,236)	(25,928)
Fixed deposits with licensed banks	7,510	11,602
Cash and cash equivalents restricted from use	(16,597)	(11,182)
	<u>(22,085)</u>	<u>(6,377)</u>

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 year ended 31 December 2023

Notes To The Interim Financial Statements

1. Segmental Reporting

The Group's segmental reporting for the twelve months financial year ended 31 December 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	25,165	142,345	11,218	8,599	-	187,327
Inter-segment sales	116,128	-	-	824	(116,952)	-
Total Revenue	141,293	142,345	11,218	9,423	(116,952)	187,327
RESULTS						
Profit/(Loss) from operations	9,926	(14,430)	(19,188)	1,052	(17,746)	(40,386)
Finance Income	212	22	-	2	-	236
Finance costs	(29,667)	(32,709)	(116)	(4,105)	25,908	(40,689)
Profit/(Loss) before taxation	(19,529)	(47,117)	(19,304)	(3,051)	8,162	(80,839)
Taxation	(110)	999	-	(133)	-	756
Profit/(Loss) for the year	(19,639)	(46,118)	(19,304)	(3,184)	8,162	(80,083)
Profit/(Loss) attributable to:						
Owner of the Parent	(19,717)	(42,615)	(18,345)	(2,552)	8,162	(75,067)
Non-Controlling interest	78	(3,503)	(959)	(632)	-	(5,016)
Profit/(Loss) for the year	(19,639)	(46,118)	(19,304)	(3,184)	8,162	(80,083)

The Group's segmental reporting for the corresponding twelve months financial year ended 31 December 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	44,093	147,546	14,126	7,276	-	213,041
Inter-segment sales	152,314	-	-	889	(153,203)	-
Total Revenue	196,407	147,546	14,126	8,165	(153,203)	213,041
RESULTS						
Profit/(Loss) from operations	(18,833)	5,540	(8,891)	11,918	25,615	15,349
Finance Income	96	-	-	-	-	96
Finance costs	(25,821)	(42,566)	(134)	(3,786)	31,031	(41,276)
Share of results of associates and joint ventures	-	-	-	(18)	-	(18)
Profit/(Loss) before taxation	(44,558)	(37,026)	(9,025)	8,114	56,646	(25,849)
Taxation	(7,078)	(3,283)	-	(148)	-	(10,509)
Profit/(Loss) for the year	(51,636)	(40,309)	(9,025)	7,966	56,646	(36,358)
Profit/(Loss) attributable to:						
Owner of the Parent	(51,334)	(40,276)	(7,518)	9,259	57,740	(32,129)
Non-Controlling interest	(302)	(33)	(1,507)	(1,293)	(1,094)	(4,229)
Profit/(Loss) for the year	(51,636)	(40,309)	(9,025)	7,966	56,646	(36,358)

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
For the financial year ended 31 December 2023

Notes To The Interim Financial Statements

2. Group Performance Review

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

	Fourth Quarter Ended				Twelve Months Ended			
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	Variance RM'000	%	31 Dec 2023 RM'000	31 Dec 2022 RM'000	Variance RM'000	%
REVENUE								
Construction	9,684	36,413	(26,729)	-73.4%	141,293	196,407	(55,114)	-28.1%
Property Development	12,019	53,069	(41,050)	-77.4%	142,345	147,546	(5,201)	-3.5%
Building Material	2,613	3,880	(1,267)	-32.7%	11,218	14,126	(2,908)	-20.6%
Others	2,451	2,339	112	4.8%	9,423	8,165	1,258	15.4%
Inter-segment eliminations	(11,057)	(33,922)	22,865	67.4%	(116,952)	(153,203)	36,251	23.7%
Total	15,710	61,779	(46,069)	-74.6%	187,327	213,041	(25,714)	-12.1%
LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT								
Construction	(18,701)	(49,386)	30,685	62.1%	(19,717)	(51,334)	31,617	61.6%
Property Development	(34,697)	(23,728)	(10,969)	-46.2%	(42,615)	(40,276)	(2,339)	-5.8%
Building Material	(14,388)	(4,483)	(9,905)	>-100%	(18,345)	(7,518)	(10,827)	>-100%
Others	(1,793)	14,227	(16,020)	>-100%	(2,552)	9,259	(11,811)	>-100%
Inter-segment eliminations	14,238	60,131	(45,893)	-76.3%	8,162	57,740	(49,578)	-85.9%
(Loss)/Profit After Tax	(55,341)	(3,239)	(52,102)	>-100%	(75,067)	(32,129)	(42,938)	>-100%
Profit/(Loss) attributable to:								
Owner of the Parent	(55,341)	(3,239)			(75,067)	(32,129)		
Non-Controlling interest	(5,497)	(5,218)			(5,016)	(4,229)		
Loss for the year	(60,838)	(8,457)			(80,083)	(36,358)		

2.2 Quarter Ended 31 December 2023

The Group revenue for the current quarter decreased by RM46.1 million or 74.6% as compared to quarter ended 31 December 2022 due to the following:

2.2.1 Revenue - Analysis by Segment

a) Construction

Revenue decreased by RM26.7 million or 73.4%, when compared to the previous year corresponding period mainly due to completion of ECRL project in the current quarter.

b) Property Development

The revenue for the property development division decreased by RM41.1 million or 77.4%, due to lower contribution from our Laman Iskandaria, Kulai and The Crown, KK.

c) Building Material

Revenue decreased slightly by RM1.3 million or 32.7% due to decrease in activities by ready-mix business.

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 Q4 2023 (LATMI Q4, 2023: RM55.3 million compared to LATMI: RM3.2 million in Q4, 2022) largely on account of the impairment of its long outstanding receivables RM14.7 million and LAD expenses of RM15.9 million and also lower contribution recognition for Laman Iskandaria, Kulai and The Crown, KK.

2.3 Twelve Months Ended 31 December 2023

The Group revenue for twelve months ended 31 December 2023 decreased by RM25.7 million or 12.1% as compared to twelve months ended 31 December 2022 due to the following:

2.3.1 Revenue - Analysis by Segment

a) Construction

Revenue decreased by RM55.1 million or 28.1%, when compared to the previous year corresponding period mainly due to completion of ECRL project.

b) Property Development

The revenue for the property development division decreased by RM5.2 million or 3.5%, mainly due to lower revenue recognised for Laman Iskandaria, Kulai. However, it was compensated by the sales from our newly launched project Flex @ Bukit Jalil and current on-going project The Crown, KK.

c) Building Material

Revenue decreased by RM2.9 million or 20.6% with lower demand, due to soft market conditions prevailing.

2.3.2 Loss attributable to the owner of the company

For the period 12 months ended 31 December 2023, the Group's overall performance registered a decrease of RM42.9 million (LATMI of RM75.1 million compared with a LATMI of RM32.1 million in the corresponding period last year) mainly due to the impairment of its long outstanding receivables RM14.7 million and LAD expenses of RM15.9 million in the fourth quarter and also lower contribution from Laman Iskandaria, Kulai project, compensated by higher contribution from Flex @ Bukit Jalil and The Crown, Kota Kinabalu projects.

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Quarterly Report On Consolidated Results
For the financial year ended 31 December 2023

Notes To The Interim Financial Statements

2. Group Performance Review (Cont'd)

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

Business Segment	Quarter ended				Quarter ended			
	Revenue				Profit / (Loss) before tax			
	31-Dec-23	30-Sep-23	Variance		31-Dec-23	30-Sep-23	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	9,684	35,290	(25,606)	-72.6%	(18,513)	(2,525)	(15,988)	>-100%
Property Development	12,019	28,093	(16,074)	-57.2%	(38,258)	(7,387)	(30,871)	>-100%
Building Material	2,613	2,787	(174)	-6.2%	(14,912)	(1,598)	(13,314)	>-100%
Others	2,451	2,496	(45)	-1.8%	(2,315)	134	(2,449)	>-100%
Inter-segment eliminations	(11,057)	(25,817)	14,760	57.2%	13,614	(580)	14,194	>100%
Total	15,710	42,849	(27,139)	-63.3%	(60,384)	(11,956)	(48,428)	>-100%

Revenue for the current quarter was lower by RM27.1 million when compared to the immediate preceding quarter due to lower revenue recognize from property and construction division. The loss before tax in current quarter was higher by RM48.4 million due to impairment of long outstanding receivables and lower contribution from property division.

3. Financial Year 2024 Prospects

Recognising the challenges faced by the Group, several restructuring and de-gearing activities were undertaken towards the end of 2023 with the primary objective of reducing our exposure to finance costs amidst the high interest rates prevailing.

Towards this end, we have managed to reduce our borrowings from RM666.0 million in 2022 to RM517.6 million in 2023, a decrease of 22.3%, and we anticipate that this lower borrowing and our on-going development projects in Crown KK and Flex @ Bukit Jalil will place us in a better position to meet the challenges in 2024.

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 year.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

Quarterly Report On Consolidated Results
For the financial year ended 31 December 2023

Notes To The Interim Financial Statements

6. Group borrowings and debt securities (Secured)

	As At 31 Dec 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	316,226	388,805
	<u>320,769</u>	<u>394,194</u>
<u>Current</u>		
Lease liabilities	4,970	9,945
Borrowings	191,890	261,896
	<u>196,860</u>	<u>271,841</u>
 Total Borrowings	 <u>517,629</u>	 <u>666,035</u>

In view of the substantial challenges prevailing, including escalating costs and inflationary pressures in general, and high interest rates in particular, in December 2023 the Group embarked on a de-gearing and restructuring exercise to reduce its borrowings. This exercise coupled with repayments from on-going projects has resulted in our borrowings being reduced from RM666.0 million in 2022 to RM517.6 million in 2023. With this our exposure to finance costs in the following years will be accordingly reduced.

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.

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Quarterly Report On Consolidated Results
For the financial year ended 31 December 2023

Notes To The Interim Financial Statements

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 year 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 year 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 year 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 the financial year under review.

14. Significant Subsequent Events

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

15. Changes in composition of the Group

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").

The proposed subscription has been completed in 30 November 2023.

Other than the above, there were no changes in the composition of the Group for the current year under review.

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16. Taxation

	Fourth Quarter Ended		Twelve Months Ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM '000	RM '000	RM '000	RM '000
Malaysian income tax - current	(604)	(8,227)	(604)	(11,811)
Malaysian income tax - prior year	29	-	29	-
Deferred tax	121	803	1,331	1,302
Tax expense	<u>(454)</u>	<u>(7,424)</u>	<u>756</u>	<u>(10,509)</u>

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

This is not applicable.

18. Status of current corporate proposals

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. 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.

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”). 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 had 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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18. Changes in contingent liabilities

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 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	-	-	938,353	833,053
- Amount utilised	-	-	445,321	538,790
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	27,650	21,950
- Amount utilised	-	-	4,666	4,244
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	16,324	27,047	11,986	22,669

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.

19. Capital Commitment

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

20. Derivative Financial instrument

This is not applicable.

21. 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.

22. 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.

22. 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 (In Liquidation) (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 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. On 21 February 2024, the Court delivered the decision of this matter and ordered *inter alia* Ho Hup to pay the sum for Interim Certificate of Payment No. 41 and No. 42 (“Certificates”) less partial settlement paid earlier by Ho Hup for the said Certificates; the sum of which is to be assessed and determined by the Parties. The Court however disallowed the Claimant’s additional claim on the Letter of Undertaking and assessed it to be a duplication of Claimant’s claimed on the said Certificate. The Court also disallowed Ho Hup’s counter-claim for LAD and back charges against the Contractors.

**c) Ipoh High Court Civil Suit No. AA-22NCC-10-09/2022 Malayan Banking Berhad
("MBB") v. (1) DSE Construction Sdn. Bhd. ("DSE") & Ho Hup Construction
Company Berhad**

MBB commenced proceedings in Kuala Lumpur High Court against DSE and the Company via its writ and statement of claim dated 18 May 2020 for all sum certified by Jabatan Perairan and Saliran (“JPS”) pursuant to payment certificate No. 15 to 29, alternatively the sum of RM44,429,823. This suit has later been transferred to Ipoh High Court.

22. Changes in material litigations (Cont'd)

- c) **Ipoh High Court Civil Suit No. AA-22NCC-10-09/2022 Malayan Banking Berhad ("MBB") v. (1) DSE Construction Sdn. Bhd. ("DSE") & Ho Hup Construction Company Berhad (Cont'd)**

The Company's defence, amongst others, is that it has fulfilled its obligations entirely under the joint letter of undertaking, it has not received any proceeds of the project, and it did not interfere with the manner and route of the channelling of the contract proceeds. The Company obtained discovery against MBB on 7 November 2023. MBB being dissatisfied with the decision of the High Court has subsequently filed an appeal to the Court of Appeal against the discovery. The appeal is now fixed for a case management on 22 July 2024 and hearing on 6 August 2024.

- d) **Ipoh High Court Civil Suit No. AA-22NCC-12-07/2020 Malayan Banking Berhad ("MBB") v. (1) Kumpulan Liziz Sdn. Bhd. (2) Liew Ah Kau (3) Ghazali Bin Abdul Halim 1st Third Party: DSE Construction Sdn. Bhd. ("DSE") 2nd Third Party: Ho Hup Construction Company Berhad 3rd Third Party: Pembinaan Azam Jaya Sdn. Bhd.**

MBB commenced proceedings which have been transferred to the Ipoh High Court, against Kumpulan Liziz Sdn. Bhd. and two of its directors via its writ and statement of claim dated 1 April 2020. MBB is claiming against the Defendants for an alleged breach of banking facilities granted to Kumpulan Liziz Sdn Bhd. and guaranteed by two of its directors. The Defendants thereafter took out a Third Party Notice against DSE and the Company claiming an indemnity in the sum of RM25,344,945.38 in respect of MBB's claim against the Defendants.

Company's defence, amongst others, is that it does not stand in any contractual or other legal relationship with the JPS, it was not in control or involved in the channelling of the contract proceeds from the JPS and any letter of undertaking and security documents there are in this respect is between the Company and MBB; and the Company has fulfilled its obligations pursuant thereto entirely. The suit is presently fixed for case management before the High Court on 28 February 2024.

- e) **Notice of Adjudication Issued under the Construction Industry Payment and Adjudication Act 2012 (CIPAA) by Eko Bina Sdn Bhd (Formerly known as E&J Builders Sdn Bhd) to Golden Wave Sdn Bhd**

Golden Wave Sdn Bhd ("GWSB"), an indirect effective 52.5% owned subsidiary of Ho Hup, had on 12 December 2023 received a copy of Adjudication Decision in relation to disputes over the payment claims filed by Eko Bina Sdn Bhd ("EKB") for the project known as the proposed mixed commercial development of the Main Buildings and External Works for Retails (Basement Carparks, Level 1 & 2) & Serviced Apartments

(Basement & Podium Carparks, Level 2 to 14 on land vested with DBKK G.N. 1049, Jalan Wawasan, Kota Kinabalu, Sabah.

22. Changes in material litigations (Cont'd)

e) Notice of Adjudication Issued under the Construction Industry Payment and Adjudication Act 2012 (CIPAA) by Eko Bina Sdn Bhd (Formerly known as E&J Builders Sdn Bhd) to Golden Wave Sdn Bhd (Cont'd)

Following the adjudication under the CIPAA, the Adjudicator had on 12 December 2023 delivered the Adjudication Decision as follows:-

1. GWSB pays to EKB the total sum of RM23,161,711.46 as payments due and owing pursuant to Interim Certificates No. 12 to 23 (“Adjudicated Sum”);
2. Pursuant to Section 18(1) of the CIPAA, GWSB bears the Costs of Adjudication in the sum of RM61,289.00 (“Costs of Adjudication”);
3. GWSB shall further pay EKB’s Legal Costs in the sum of RM30,000.00 (“Legal Costs”);
4. GWSB shall pay EKB the Adjudicated Sum, Costs of Adjudication and Legal Costs within thirty (30) days from the date of the Adjudication Decision; and
5. In the event GWSB fails to do so, GWSB shall pay interest at 5% per annum on the Adjudicated Sum, Costs of Adjudication and the Legal Costs from the expiry of the thirty (30) days from the date of the Adjudication Decision until the date of full and final settlement.

In response to the Adjudication Decision, GWSB had filed an Originating Summons in the High Court at Kota Kinabalu, Sabah on 18 December 2023 to set aside the whole of the Adjudication Decision pursuant to Section 15 (b), (c) & (d) of the CIPAA Act on the grounds, inter alia, that there has been a denial of natural justice, that the Adjudicator has not acted impartially and/or that the Adjudicator has acted in excess of jurisdiction in ignoring the declaration made by the High Court on 11 July 2023 that the claimed amount is an disputed debts and failing to take into consideration the substantial direct payments already made by GWSB to the nominated sub-contractors and nominated suppliers which would amount to a double recovery for EKB. The Court has fixed this matter for clarification and/or decision on 25 March 2024.

GWSB had also issued Notice of Arbitration to EKB on 20 December 2023 on the disputes relating the said Contract and the claims which forms part of the Adjudication Decision pursuant to Clause 34.5 of Pertubuhan Arkitek Malaysia (“PAM”) 2006 Contract. Pending the disposal of the arbitration, GWSB have applied for a stay of the Adjudication Decision under Section 16 of CIPAA and the same has been fixed for clarification and/or decision on 25 March 2024.

Pending the outcome of the proceedings, there is no financial impact on the earnings and net assets of Ho Hup at this juncture.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 29th February 2024, being the latest practicable date from the date of the issue of this quarterly report.

HO HUP CONSTRUCTION COMPANY BERHAD 197301000497 (14034-W)

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23. Dividend

No interim dividend proposed for this financial year under review.

24. Loss per share**Basic Loss Per Share (Basic LPS)**

Basic loss per share for the financial year 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.

	Fourth Quarter Ended		Twelve Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net loss for the period attributable to owners of the parent (RM'000)	(55,341)	(3,239)	(75,067)	(32,129)
Weighted average number of ordinary shares ('000)	518,261	494,860	518,261	494,860
Basic LPS (sen)	(10.68)	(0.65)	(14.48)	(6.49)

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 year and before the authorization of these financial statements.

25. (Loss) / Profit before Tax

	Fourth Quarter Ended		Twelve Months Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit before tax is arrived at after charging: -				
Depreciation of property, plant and equipment ("PPE")	1,586	3,808	7,246	9,168
Amortisation of intangible asset	1,210	1,413	6,252	5,124
Amortisation of Right-of-use assets	1,921	618	6,449	7,127
Rental expenses	893	6,360	1,718	7,012
Finance cost	12,247	12,731	40,689	41,276
And Crediting: -				
Rental income	949	1,029	4,089	3,754
Finance income	26	166	236	96

By Order of the Board

Dato' Wong Kit-Leong
Executive Director
Kuala Lumpur
29 February 2024