

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

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial period ended 30 September 2024

(The figures have not been audited)

	THIRD QUARTER ENDED		NINE MONTHS ENDED	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	4,613	42,849	46,045	171,616
Cost of Sales	(1,963)	(30,361)	(31,316)	(125,242)
<b>Gross Profit</b>	<b>2,650</b>	<b>12,488</b>	<b>14,729</b>	<b>46,374</b>
Other income	114	2,046	425	4,661
Administrative expenses	(2,821)	(7,350)	(9,671)	(16,207)
Operating expenses	(10,820)	(10,427)	(35,878)	(27,052)
<b>(Loss)/Profit from operating activities</b>	<b>(10,877)</b>	<b>(3,243)</b>	<b>(30,395)</b>	<b>7,776</b>
Finance income	89	131	294	210
Finance cost	(9,288)	(9,368)	(27,556)	(28,442)
<b>Net finance cost</b>	<b>(9,199)</b>	<b>(9,237)</b>	<b>(27,262)</b>	<b>(28,232)</b>
Share of results of associates and joint ventures	-	(18)	-	-
<b>Loss before tax</b>	<b>(20,076)</b>	<b>(12,498)</b>	<b>(57,657)</b>	<b>(20,456)</b>
Taxation	(145)	542	383	1,210
<b>Loss for the period</b>	<b>(20,221)</b>	<b>(11,956)</b>	<b>(57,274)</b>	<b>(19,246)</b>
<b>(Loss)/Profit attributable to:</b>				
Owners of the Parent	(18,660)	(12,369)	(56,351)	(19,727)
Non-Controlling Interest	(1,561)	413	(923)	481
<b>Loss for the period</b>	<b>(20,221)</b>	<b>(11,956)</b>	<b>(57,274)</b>	<b>(19,246)</b>
<b>Loss per share attributable to owners of the parent (sen):</b>				
Basic	(3.60)	(2.50)	(10.87)	(3.99)
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 2023 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 2024

(The figures have not been audited)

	THIRD QUARTER ENDED		NINE MONTHS ENDED	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
<b>Loss for the period</b>	<b>(20,221)</b>	<b>(11,956)</b>	<b>(57,274)</b>	<b>(19,246)</b>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	1,307	(1,300)	1,595	(2,234)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>1,307</b>	<b>(1,300)</b>	<b>1,595</b>	<b>(2,234)</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(18,914)</b>	<b>(13,256)</b>	<b>(55,679)</b>	<b>(21,480)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Parent	(17,353)	(13,669)	(54,756)	(21,961)
Non-Controlling Interest	(1,561)	413	(923)	481
<b>Total comprehensive loss for the period</b>	<b>(18,914)</b>	<b>(13,256)</b>	<b>(55,679)</b>	<b>(21,480)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2023 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 2024

(The figures have not been audited)

	30 Sep 2024 RM'000 (Unaudited)	31 Dec 2023 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	14,546	21,391
Right-of-use assets	4,390	9,867
Investment properties	127,082	132,256
Intangible assets	40	40
Land rights	51,695	54,002
Goodwill	3,536	3,535
Quarrying rights	502	502
Investment in associates	199	199
Investment in joint ventures	367	367
Quarry development costs	3,303	3,303
Deferred tax assets	542	542
	<u>206,202</u>	<u>226,004</u>
<b>Current Assets</b>		
Inventories and other contract costs	441,676	539,658
Asset held for sale	135,078	-
Contract assets	28,947	102,218
Trade receivables	91,406	181,528
Other receivables	107,759	72,087
Amount due from a joint venture	99	99
Amount due from an associate	45,282	75,451
Tax recoverable	11	49
Fixed deposits with licensed banks	7,637	7,510
Cash and bank balances	12,178	13,161
	<u>870,073</u>	<u>991,761</u>
<b>TOTAL ASSETS</b>	<u>1,076,275</u>	<u>1,217,765</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	262,369	262,369
Other reserves	(77,104)	(77,104)
Foreign currency translation reserve	(614)	(614)
Retained Earnings	98,811	153,825
	<u>283,462</u>	<u>338,476</u>
<b>Non-Controlling Interest</b>	<u>3,185</u>	<u>3,850</u>
<b>Total Equity</b>	<u>286,647</u>	<u>342,326</u>
<b>Non-Current Liabilities</b>		
Lease Liabilities	133	7,075
Borrowings	124,527	291,336
Deferred tax liabilities	12,348	12,868
	<u>137,008</u>	<u>311,279</u>
<b>Current Liabilities</b>		
Contract liabilities	-	7,102
Borrowings	358,310	217,803
Trade payables	94,498	111,765
Other payables	140,254	159,976
Lease liabilities	4,159	5,816
Amount due to an associate	-	200
Provision for taxation	55,396	61,498
	<u>652,617</u>	<u>564,160</u>
<b>TOTAL LIABILITIES</b>	<u>789,625</u>	<u>875,439</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,076,272</u>	<u>1,217,765</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.55</u>	<u>0.68</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2023 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 2024**

*(The figures have not been audited)*

	Attributable to Owners of the Parent				Distributable	Non-Controlling Interest	Total Equity
	Share Capital	Translation Reserve	Other Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2024</b>	262,369	(614)	(77,104)	153,825	338,476	3,850	342,326
Loss for the financial period	-	-	-	(56,351)	(56,351)	(923)	(57,274)
Other comprehensive income/(loss) for the financial period	-	-	-	1,337	1,337	258	1,595
<b>Total comprehensive income/(loss) for the financial period</b>	-	-	-	(55,014)	(55,014)	(665)	(55,679)
<b>At 30 September 2024</b>	262,369	(614)	(77,104)	98,811	283,462	3,185	286,647

Attributable to Owners of the Parent

	Attributable to Owners of the Parent				Distributable	Non-Controlling Interest	Total Equity
	Share Capital	Translation Reserve	Other Reserve	Retained Earnings			
	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

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2023 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 2024

(The figures have not been audited)

	Nine months ended	
	30 Sep 2024	30 Sep 2023
	RM'000	RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(57,657)	(20,456)
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	1,562	5,660
Amortisation of intangible assets	2,307	5,042
Amortisation of Right-of-use assets	2,443	4,528
Gain on disposal of property, plant and equipment	380	(450)
Gain on disposal of investments properties	2,477	-
Finance cost	27,556	28,442
Finance income	(294)	(210)
<b>Operating (loss)/profit before working capital changes</b>	<b>(21,226)</b>	<b>22,556</b>
<b>Movements in working capital</b>		
Contract assets/ (liabilities)	66,168	(19,774)
Property, plant and equipment	4,940	-
Inventories and other contract costs	(37,096)	(7,063)
Receivables	84,620	45,188
Payables	(66,080)	34,528
<b>Cash from operations</b>	<b>31,326</b>	<b>75,435</b>
Interest paid	(27,556)	(28,442)
Tax paid	(3,622)	-
Interest received	293	210
	<b>(30,885)</b>	<b>(28,232)</b>
<b>Net cash from operating activities</b>	<b>441</b>	<b>47,203</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of PPE & investment properties	1,811	6,640
Quarry development cost	-	783
Disposal of subsidiaries	-	-
Changed in pledged deposits	757	(12,361)
Contribution from non-controlling interest	363	(2,003)
<b>Net cash from/(to) investing activities</b>	<b>2,931</b>	<b>(6,941)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(31,250)	(62,297)
Drawdown of borrowings	24,948	11,301
Repayment of lease liabilities	(5,471)	(3,262)
<b>Net cash used in financing activities</b>	<b>(11,773)</b>	<b>(54,258)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Effect of changes in foreign exchange rate	1,532	-
<b>OPENING BALANCE</b>	<b>(8,512)</b>	<b>(6,378)</b>
<b>CLOSING BALANCE</b>	<b>(15,381)</b>	<b>(20,374)</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	12,178	13,637
Bank overdraft	(18,650)	(26,322)
Fixed deposits with licensed banks	7,637	9,682
Cash and cash equivalents restricted from use	(16,546)	(17,371)
	<b>(15,381)</b>	<b>(20,374)</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2023 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 2024

## Notes To The Interim Financial Statements

**1. Segmental Reporting**

The Group's segmental reporting for the nine months financial period ended 30 September 2024 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
<b>REVENUE</b>						
Revenue as reported	13,080	24,476	1,434	7,055	-	46,045
Inter-segment sales	11,709	-	-	618	(12,327)	-
Total Revenue	24,789	24,476	1,434	7,673	(12,327)	46,045
<b>RESULTS</b>						
(Loss)/Profit from operations	(235)	(28,872)	(2,457)	2,718	(1,549)	(30,395)
Finance Income	235	59	-	-	-	294
Finance costs	(7,148)	(17,061)	(103)	(3,244)	-	(27,556)
<b>Profit/(Loss) before taxation</b>	(7,148)	(45,874)	(2,560)	(526)	(1,549)	(57,657)
Taxation	-	553	-	(170)	-	383
(Loss)/Profit for the period	(7,148)	(45,321)	(2,560)	(696)	(1,549)	(57,274)
<b>(Loss)/Profit attributable to:</b>						
Owner of the Parent	(6,455)	(44,856)	(2,737)	(754)	(1,549)	(56,351)
Non-Controlling interest	(693)	(465)	177	58	-	(923)
<b>(Loss)/Profit for the period</b>	(7,148)	(45,321)	(2,560)	(696)	(1,549)	(57,274)

The Group's segmental reporting for the corresponding nine months financial period ended 30 September 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
<b>REVENUE</b>						
Revenue as reported	26,331	130,326	8,605	6,354	-	171,616
Inter-segment sales	105,278	-	-	617	(105,895)	-
Total Revenue	131,609	130,326	8,605	6,971	(105,895)	171,616
<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>	(1,016)	(8,859)	(4,392)	(737)	(5,452)	(20,456)
Taxation	-	1,210	-	-	-	1,210
Profit/(loss) for the period	(1,016)	(7,649)	(4,392)	(737)	(5,452)	(19,246)
<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>	(1,016)	(7,649)	(4,392)	(737)	(5,452)	(19,246)

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

Quarterly Report On Consolidated Results

For the financial period ended 30 September 2024

Notes To The Interim Financial Statements

## 2. Group Performance Review

**2.1 The Group's performance for the financial period ended 30 September 2024 compared with the corresponding period last year, by segment, is detailed hereunder:**

	30 Sep 2024	30 Sep 2023	Variance		30 Sep 2024	30 Sep 2023	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<b>REVENUE</b>								
Construction	3,032	35,290	(32,258)	-91.4%	24,789	131,609	(106,820)	-81.2%
Property Development	(377)	28,093	(28,470)	>100%	24,476	130,326	(105,850)	-81.2%
Building Material	(2)	2,787	(2,789)	>100%	1,434	8,605	(7,171)	-83.3%
Others	2,812	2,496	316	12.7%	7,673	6,971	702	10.1%
Inter-segment eliminations	(852)	(25,817)	24,965	96.7%	(12,327)	(105,895)	93,568	-88.4%
Total	<u>4,613</u>	<u>42,849</u>	<u>(38,236)</u>	<u>&gt;-100%</u>	<u>46,045</u>	<u>171,616</u>	<u>(125,571)</u>	<u>-73.2%</u>
<b>LOSS FOR THE PERIOD</b>								
Construction	18,247	(2,525)	20,772	>100%	(7,148)	(1,016)	(6,132)	>-100%
Property Development	(17,388)	(7,387)	(10,001)	>-100%	(45,321)	(7,649)	(37,672)	>-100%
Building Material	(630)	(1,598)	968	60.6%	(2,560)	(4,392)	1,832	41.7%
Others	(366)	134	(500)	>100%	(696)	(737)	41	5.6%
Inter-segment eliminations	(20,084)	(580)	(19,504)	>-100%	(1,549)	(5,452)	3,903	71.6%
Loss After Tax	<u>(20,221)</u>	<u>(11,956)</u>	<u>(8,265)</u>	<u>&gt;-69.1%</u>	<u>(57,274)</u>	<u>(19,246)</u>	<u>(38,028)</u>	<u>&gt;-100%</u>
<b>(Loss)/Profit attributable to:</b>								
Owner of the Parent	(18,660)	(12,369)			(56,351)	(19,727)		
Non-Controlling interest	(1,561)	413			(923)	481		
<b>Loss After Tax and Minority Interest ("LATMI")</b>	<u>(20,221)</u>	<u>(11,956)</u>			<u>(57,274)</u>	<u>(19,246)</u>		

## 2.2 Quarter Ended 30 September 2024

The Group revenue for the current quarter decreased by RM38.2 million or more than 100% as compared to quarter ended 30 September 2023 due to the following:

### 2.2.1 Revenue - Analysis by Segment

#### a) Construction

Revenue decreased by RM32.3 million or 91.4%, compared to the previous year corresponding period mainly due to completion of ECRL and other construction projects in the previous financial year.

#### b) Property Development

The revenue for the property development division decreased by RM28.5 million or more than 100%, mainly due to dilution of shares in Laman Iskandaria, Kulai project and decrease in sales from KK project.

#### c) Building Material

Revenue decreased by RM2.8 million or more than 100% as the ready-mix business has been discontinued.

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

### **2.2.2 Loss attributable to the owner of the company**

The Group's overall performance registered higher loss in Q3 2024 (LATMI Q3, 2024: RM18.7 million compared to LATMI: RM12.4 million in Q3, 2023) mainly due to lower revenue recognized in current quarter as a result of the Group restructuring exercises, decrease in sales for property development and construction division.

## **2.3 Nine Months Ended 30 September 2024**

The Group revenue for nine months ended 30 September 2024 decreased by RM125.6 million or 73.2% as compared to nine months ended 30 September 2023 due to the following:

### **2.3.1 Revenue - Analysis by Segment**

#### **a) Construction**

Revenue decreased by RM106.8 million or 81.2%, 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 RM105.8 million or 81.2%, mainly due to lower revenue recognised for The Crown, KK and Laman Iskandaria, Kulai project.

#### **c) Building Material**

Revenue decreased by RM7.2 million or 83.3% with lower demand and cessation operations from Q2 2024.

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

For the period 9 months ended 30 September 2024, the Group's overall performance registered a decrease of RM36.7 million (LATMI of RM56.4 million compared with a LATMI of RM19.7 million in the corresponding period last year) mainly due to lower revenue recognized in current quarter as a result of the Group restructuring exercises, decrease in sales for property development and construction division.



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

Quarterly Report On Consolidated Results

For the financial period ended 30 September 2024

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 immediate preceding quarter

Business Segment	Revenue				Profit / (Loss) before tax			
	30-Sep-24	30/06/2024	Variance		30-Sep-24	30/06/2024	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	24,789	21,757	3,032	13.9%	(7,148)	(25,395)	18,247	71.9%
Property Development	24,476	24,853	(377)	-1.5%	(45,874)	(28,461)	(17,413)	-61.2%
Building Material	1,434	1,436	(2)	-0.1%	(2,560)	(1,930)	(630)	-32.6%
Others	7,673	4,861	2,812	57.8%	(526)	(327)	(199)	-60.9%
Inter-segment eliminations	(12,327)	(11,475)	(852)	7.4%	(1,549)	18,533	(20,082)	>-100%
Total	<b>46,045</b>	<b>41,432</b>	<b>4,613</b>	<b>11.1%</b>	<b>(57,657)</b>	<b>(37,580)</b>	<b>(20,077)</b>	<b>-53.4%</b>

Revenue for the current quarter was higher by RM4.6 million when compared to the immediate preceding quarter due to higher revenue recognized from construction division. The loss before tax in current quarter was higher by RM20.0 million due to lower contribution from property development division.

## 3. Financial Year 2024 Prospects

The lower revenue and higher loss generated for the 3<sup>rd</sup> quarter was mainly due to reduced property development activities, generally in line with the Group's on-going restructuring, as it continues to focus on reducing its borrowings and exposure to high interest costs.

In this connection, pursuant to the shareholders' approval obtained on 30 September 2024 for the disposal of land by Bukit Jalil Development Sdn Bhd to EXSIM, it is anticipated that, upon completion, the Group's finance costs will be accordingly reduced. In addition, various other de-gearing activities have also been initiated.

## 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 2024

## Notes To The Interim Financial Statements

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

	As At 30 Sep 2024 RM '000	As At 31 Dec 2023 RM '000
Borrowings denominated in Ringgit Malaysia :		
<u>Non-Current</u>		
Lease liabilities	133	7,075
Borrowings	<u>124,527</u>	<u>291,336</u>
	<u>124,660</u>	<u>298,411</u>
<u>Current</u>		
Lease liabilities	4,159	5,816
Borrowings	<u>358,310</u>	<u>217,803</u>
	<u>362,469</u>	<u>223,619</u>
Total Borrowings	<u>487,129</u>	<u>522,030</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 RM522.0 million in 2023 to RM487.1 million in 2024. 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 2023. 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 2023.

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 2023 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 2024.

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 2024.

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

Quarterly Report On Consolidated Results

For the financial period ended 30 September 2024

Notes To The Interim Financial Statements

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## 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 2023.

## 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 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 the financial period under review.

## 14. Changes in composition of the Group

There were no changes in the composition of the Group for the current period under review.

## 15. Taxation

	Third Quarter Ended		Nine Months Ended	
	30 Sep 2024 RM '000	30 Sep 2023 RM '000	30 Sep 2024 RM '000	30 Sep 2023 RM '000
Malaysian income tax - current	(170)	-	(170)	-
Malaysian income tax - prior year	-	-	-	-
	<u>(170)</u>	<u>-</u>	<u>(170)</u>	<u>-</u>
Deferred tax	25	542	553	1,210
Tax expense	<u>(145)</u>	<u>542</u>	<u>383</u>	<u>1,210</u>

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

This is not applicable.

**17. Status of current corporate proposals**

**17.1 Disposal of land by Bukit Jalil Development Sdn Bhd (“BJD”)**

On 6 May 2024, Bukit Jalil Development Sdn Bhd, a wholly-owned subsidiary of the Group entered into a conditional sale and purchase agreement (“SPA”) with EXSIM Persiaran Jalil Sdn Bhd for the proposed disposal of a parcel of freehold commercial development land measuring 12,492 square metres (equivalent to approximately 134,463 square feet or 3.09 acres) held under H.S.(D) 123328, PT 50194 in the Mukim of Petaling, District of Kuala Lumpur and State of Wilayah Persekutuan for a cash consideration of RM110,000,000, subject to the terms of the SPA.

The proposed disposal offers an opportunity improve liquidity, and fortify the Group’s financial position and is in the best interest of Ho Hup and its shareholders. The proposed disposal has obtained approval of the shareholders at an extraordinary general meeting held on 30 September 2024.

The proposed disposal is expected to be completed in the 4<sup>th</sup> Quarter of 2024.

**17.2 Restraining Order served on Golden Wave Sdn Bhd (“GWSB”)**

On 1 October 2024, Golden Wave Sdn Bhd, an indirect subsidiary of Ho Hup received an application of Restraining Order (“RO”) pursuant to Sections 368 of the Companies Act 2016 by Accolades Project Consultancy Sdn Bhd at the High Court of Sabah & Sarawak at Kota Kinabalu.

The RO application immediately puts into effect a temporary moratorium for 2 months commencing with the RO application (“Moratorium”), during which no resolution shall be passed or order shall be made for the winding up of GWSB.

Golden Wave Sdn Bhd (“GWSB”) had earlier on 17 May 2024 made an application for Judicial Management Order pursuant to Sections 404 and 405 of the Companies Act 2016 with the High Court of Malaya at Kuala Lumpur (“JM Application”).

The JM Application made by GWSB was dismissed by the High Court of Malaya at Kuala Lumpur on 1 October 2024.

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**18. Changes in contingent liabilities**

	Group		Company	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	598,978	838,353
- Amount utilised	-	-	391,554	443,015
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	35,350	23,150
- Amount utilised	-	-	6,208	4,083
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	5,124	16,234	5,124	11,986

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**

The Group and the Company have not engaged in any litigation which will have a material effect on the business or financial position of the Group and of the Company except for the following:

(i) 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 the Company, entered into a joint development agreement with the Andhra Pradesh Housing Board ("APHB") to develop an integrated township at Raviryal Village, Maheshwaran Mandal, Rangareddy District, Andhra Pradesh ("JDA").

The JDA was subsequently terminated by APHB. HHCCI disputed the termination on the grounds that APHB had yet to comply with its obligations in respect of the conditions precedent under the JDA.

On 2 May 2005, HHCCI commenced an arbitration proceeding to claim for expenses incurred and damages due to the unlawful termination of the JDA. On 19 May 2008, an arbitration award was published in HHCCI's favour ("Award"). The Award provides for:

- (a) The upfront fee in the amount of Rs16,796,250 together interest at the rate of 12% per annum to be refunded to HHCCI, interest of which is to be calculated from 1 February 2006 to the date of the refund being made; and
- (b) Compensation for expenses incurred in the amount of Rs600,000 together with interest at the rate of 9% per annum, interest of which is to be calculated from 6 January 2006.

On 18 November 2013, APHB filed an appeal against the Award and applied to set aside the Award. The appeal was dismissed and ruled in favour of HHCCI by the appellate court on 19 January 2018. There being no further appeal filed by APHB against the ruling of the appellate court, the Award is now deemed final and absolute. APHB had yet to comply with the terms of the Award and HHCCI had instructed their solicitors to commence recovery proceeding to enforce the Award against APHB.

Following thereto, the Company 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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### 22. Changes in material litigations (Cont'd)

- (ii) Ipoh High Court Civil Suit Mo. AA-22NCC-10-09/2022 (previously known as Kuala Lumpur High Court Civil Suit No. WA-22NNCC-185-05/2020 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. 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. This suit has been transferred to Ipoh High Court.

Full trial for this matter fixed earlier on 4 and 5 November 2024 has been adjourned and rescheduled to 5 and 6 May 2025.

Meanwhile, Ho Hup obtained discovery against MBB on 7 November 2023. MBB then appealed to the Court of Appeal against the said Order. On 6 August 2024 MBB's appeal was dismissed and MBB is mandated to comply with the said discovery order made against it.

- (iii) High Court of Malaya at Kuala Lumpur Suit No. WA-22NCC-122-03/2019 Malayan Banking Berhad ("MBB") v. (1) Hj Said Binaan Sdn. Bhd., (2) Seni Kenanga Sdn. Bhd., (3) Ho Hup Construction Company Berhad.

The Company awarded a building contract to Hj Said Binaan Sdn Bhd ("HSB") - Seni Kenanga Sdn. Bhd. JV ("JV Partners"). Subsequently, HSB obtained a financing facility from MBB and the JV Partners then forwarded to the Company copy of the Notice of Assignment between HSB and MBB. The JV Partners subsequently breached its contractual obligation and this has led to the Company exercising its contractual rights under the building contract and has imposed significant liquidated ascertained damages ("LAD") and back-charges of RM68,998,829 against the JV Partners. MBB initiated a claim against the Company due to the set-off of contract proceeds through imposition of LAD and back-charges by the Company on the JV Partners. In turn, the company has filed a counterclaim against MBB and the JV Partners. The trial had proceeded partially from 4 to 8 April 2022.

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 its decision 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 Plaintiff's additional claim on the Letter of Undertaking and assessed it to be a duplication of Plaintiff's claimed on the said Certificate. The Court also disallowed Ho Hup's counter-claim for LAD and back charges against the Contractors ("Decision").

**22. Changes in material litigations (Cont'd)**

- (iii) High Court of Malaya at Kuala Lumpur Suit No. WA-22NCC-122-03/2019 Malayan Banking Berhad ("MBB") v. (1) Hj Said Binaan Sdn. Bhd., (2) Seni Kenanga Sdn. Bhd., (3) Ho Hup Construction Company Berhad. (Cont'd)

Ho Hup being dissatisfied with the Decision filed an appeal to the Court of Appeal on 18 March 2024. The Court of Appeal has yet to fix any hearing date for disposal of the appeal.

- (iv) 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"), a subsidiary of Ho Hup, had on 12 December 2023 received a copy of Adjudication Decision pertaining to the disputes with the contractor, Eko Bina Sdn Bhd ("EKB").

The Adjudication Decision provides 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 and stay the whole of the Adjudication Decision pursuant to Section 15 (b), (c) & (d) of the CIPPA Act ("Applications")

The Kota Kinabalu High Court had on 17 May 2024 dismissed the Applications and the Company appealed further to the Court of Appeal on the said dismissal. The Court of Appeal has yet to fix any hearing date for the disposal of the said appeal.

The Adjudication Decision made under CIPPA Act being a temporary means of resolving payment dispute between GWSB and EKB, GWSB proceeded also to file an Arbitration to dispose of the payment dispute with finality.

On 30/9/2024, GWSB filed its Statement of Case in the said Arbitration and the Arbitrator has directed that EKB is to file its Statement of Defence and Counterclaim, if any, on or before 2 December 2024.



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**23. Significant Subsequent Events**

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

**24. Dividend**

No interim dividend proposed for this financial period under review.

**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 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
Net loss for the period attributable to owners of the parent (RM'000)	(18,660)	(12,369)	(56,351)	(19,727)
Weighted average number of ordinary shares ('000)	518,260	494,860	518,260	494,860
<b>Basic LPS (sen)</b>	<b>(3.60)</b>	<b>(2.50)</b>	<b>(10.87)</b>	<b>(3.99)</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.

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

	Third Quarter Ended		Nine Months Ended	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
<b>Profit before tax is arrived at after charging: -</b>				
Depreciation of property, plant and equipment ("PPE")	437	1,965	1,562	5,660
Amortisation of intangible asset	107	2,284	2,307	5,042
Amortisation of Right-of-use assets	799	1,362	2,443	4,528
Rental expenses	845	286	1,055	825
Finance cost	9,161	9,368	27,429	28,442
<b>And Crediting: -</b>				
Rental income	734	1,008	2,164	3,140
Finance income	89	131	294	210