HOHUP

PUSHING THE PACE

ANNUAL REPORT 2014

41st Annual General Meeting

Venue : Ballroom 1, LG Floor, Eastin Hotel Petaling Jaya, 13 Jalan 16/11, Pusat Dagangan Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan

Date : 18 June 2015, Thursday

Time : 10.30 a.m.

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Corporate Information

BOARD OF DIRECTORS

Datuk Seri Panglima Sulong Matjeraie *(Redesignated as Chairman on 25 August 2014)*	Chairman/Independent Non-Executive Director
Dato' Mah Siew Kwok *(Redesignated as Deputy Chairman on 25 August 2014)*	Deputy Chairman/Non-Independent Non-Executive Director
Dato' Sri Thong Kok Khee	Non-Independent Non-Executive Director
Datin Chan Bee Leng	Non-Independent Non-Executive Director
Mr. Wong Kit-Leong	Chief Executive Officer/Executive Director
Mr. Chow Seck Kai	Independent Non-Executive Director
Mr. Dimitrios Pantazaras	Independent Non-Executive Director
Mr. Boey Tak Kong *(Appointed on 28 November 2014)*	Independent Non-Executive Director
Mr. Low Kheng Lun	Non-Independent Non-Executive Director
YBhg. Tan Sri Dato' Kamaruzzaman Bin Shariff *(Retired on 18 June 2014)*	Chairman/Independent Non-Executive Director
Dato' Ramli Bin Yusuff *(Retired on 18 June 2014)*	Deputy Chairman/Non-Independent Non-Executive Director
Mr. Donatian Felix Dorairaj *(Retired on 18 June 2014)*	Non-Independent Non-Executive Director

COMPANY SECRETARIES
Ms. Chua Siew Chuan (MAICSA 0777689)
Ms. Chin Mun Yee (MAICSA 7019243)

SHARE REGISTRAR
ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel No. : 03-6201 1120
Fax No. : 03-6201 3121

REGISTERED OFFICE
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel No. : 03-2084 9000
Fax No. : 03-2094 9940

PRINCIPAL BANKER
United Overseas Bank (Malaysia) Berhad

AUDITORS
UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

SOLICITORS
James Monteiro
Shahrizat Rashid & Lee

STOCK EXCHANGE LISTING
Main Market, Bursa Malaysia Securities Berhad

STOCK CODE
5169
5169PA
5169PB
5169WA

STOCK NAME
HOHUP
HOHUP - PA
HOHUP - PB
HOHUP - WA

WEBSITE
www.hohupgroup.com.my

Corporate Structure

As at 20 April 2015

HOHUP

- Ho Hup Construction Company Berhad (Madagascar Branch)**
- Ho Hup Construction Company Berhad (Iraq Branch)***

- Bukit Jalil Development Sdn Bhd — 100%
  - Suria Jayajuta Sdn Bhd — 100%
- Tru-Mix Concrete Sdn Bhd — 90%
- Ho Hup Construction Company (India) Private Limited* — 100%
- Ho Hup Equipment Rental Sdn Bhd — 100%
- H2Energy Corporation Sdn Bhd — 100%
- Ho Hup Jaya Sdn Bhd — 100%
- H2Advance Builders Sdn Bhd (formerly known as Nippon Awanatech Sdn Bhd) *(Acquired on 14 October 2014)* — 60%
- Ho Hup Construction Company (L) Ltd**** — 100%
  - Ho Hup (Myanmar) E&C Co., Ltd.***** *(Incorporated on 26 August 2014)* — 70%
- Madagascar Malaysia Equipment Rental** — 49.8%

Notes:

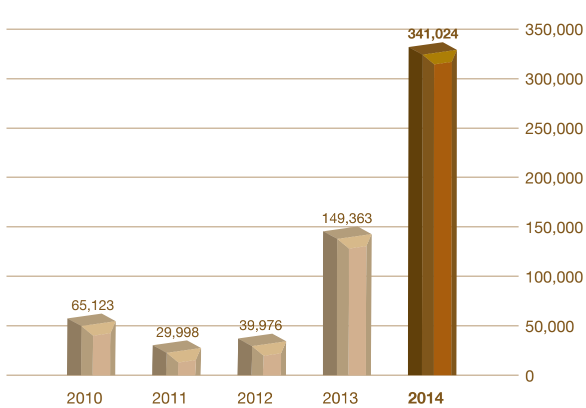
*	Incorporated in India
**	Incorporated in Madagascar
***	Incorporated in Iraq
****	Incorporated in Labuan
*****	Incorporated in Myanmar

Five-Year Financial Highlights

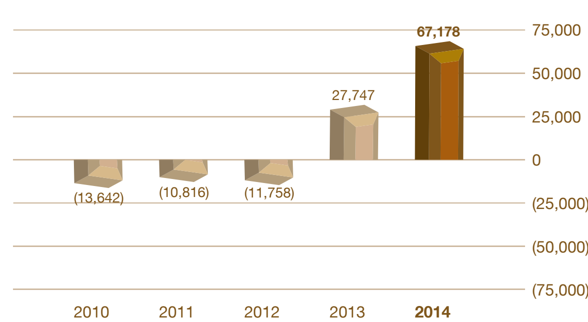
FINANCIAL HIGHLIGHT (RM'000)	2010	2011	2012	2013	2014
Key Statement of Comprehensive Income					
Revenue	65,123	29,998	39,976	149,363	341,024
Profit/(Loss) before Tax	(16,093)	(10,615)	(16,707)	20,260	80,083
Profit/(Loss) after Tax	(13,642)	(10,816)	(11,758)	27,747	67,178
Profit/(Loss) Attributable to Owners of the Parent	(13,606)	(10,346)	(12,108)	22,503	65,750
Key Statement of Financial Position					
Total Assets	211,530	157,920	180,982	351,261	363,297
Total Borrowings	84,671	85,756	10,710	40,000	39,588
Shareholders Equity Attributable to Owners of the Parent	(29,112)	(39,639)	(51,809)	83,212	122,609
Share Information					
Basic Earning per Share Attributable to Owners of the Parent (sen)	(13.34)	(10.14)	(11.87)	22.06	25.11
Net Assets per Share Attributable to Owners of the Parent (sen)	(28.54)	(38.86)	(50.79)	81.58	39.39
Financial Indicators					
Net Return on Shareholders' Funds (%)	46.74	26.10	23.37	27.04	53.63
Gearing Ratio (times)	#	#	#	*	0.25

Gearing ratio is not applicable due to deficit in shareholders' equity.
* Gearing ratio is not applicable as the cash and cash equivalents is sufficient to cover the entire borrowing obligation.

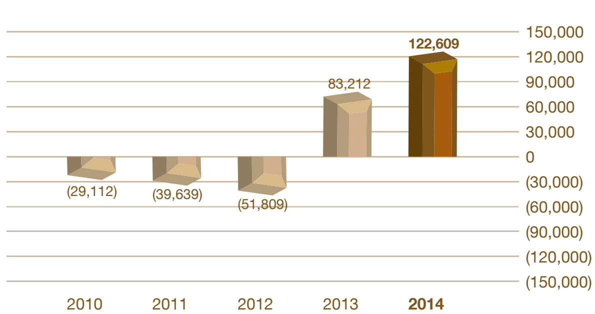
Revenue (RM'000)



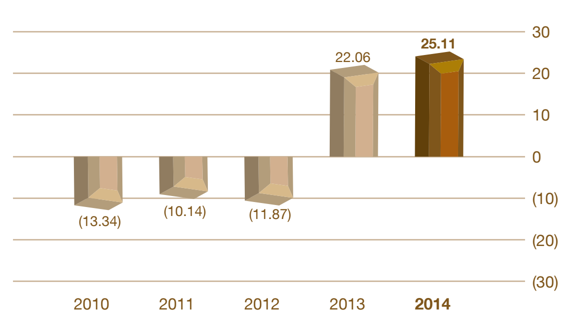
Profit/(Loss) after Tax (RM'000)



Shareholders Equity Attributable to Owners of the Parent (RM'000)



Basic Earning per Share Attributable to Owners of the Parent (sen)



Board of Directors

1. **DATUK SERI PANGLIMA SULONG MATJERAIE**
   Chairman/Independent Non-Executive Director
2. **DATO' MAH SIEW KWOK**
   Deputy Chairman/Non-Independent Non-Executive Director
3. **MR. WONG KIT-LEONG**
   Chief Executive Officer/Executive Director
4. **DATO' SRI THONG KOK KHEE**
   Non-Independent Non-Executive Director
5. **DATIN CHAN BEE LENG**
   Non-Independent Non-Executive Director
6. **MR. LOW KHENG LUN**
   Non-Independent Non-Executive Director
7. **MR. DIMITRIOS PANTAZARAS**
   Independent Non-Executive Director
8. **MR. CHOW SECK KAI**
   Independent Non-Executive Director
9. **MR. BOEY TAK KONG**
   Independent Non-Executive Director

Directors' Profile

DATUK SERI PANGLIMA SULONG MATJERAIE
Chairman/Independent Non-Executive Director

Datuk Seri Panglima Sulong Matjeraie, a Malaysian, aged 68, was appointed to the Board of the Company as an Independent Non-Executive Director on 15 July 2013. He was appointed as a member of the Nomination Committee and Remuneration Committee on 24 April 2014. On 25 August 2014, he was redesignated as Chairman of the Board and appointed as Chairman of the Nomination Committee.

Datuk Seri Panglima Sulong Matjeraie who has more than 30 years of legal and judicial experience was a Federal Court Judge before his retirement in 2013.

He had his early education at University of Malaya, Kuala Lumpur where he graduated with the Bachelor of Arts (Honours) Degree and he obtained his Master of Laws Degree from University of Southampton, England. He read law at the Inns of Court School of Law in London in October 1971 and was called to the Bar of England and Wales in the Trinity Term of 1974 by the Honourable Society of Inner Temple, London. In 1978, he was awarded a Certificate in Advanced Management Programme by the Banff School of Advanced Management, Alberta, Canada.

He has served in various capacities in the Sarawak State Service such as District Officer, Bintulu, State Training Officer Sarawak, Secretary of the Government Examinations Board, Secretary of the Sarawak Complaints and Suggestions Bureau, Director of Civic Development Unit, General Manager of Sarawak Timber Industry Development Corporation and General Manager of Bintulu Development Authority.

In 1983, he resigned from the Sarawak Government service to set up a legal firm under the name and style of Messrs Sulong Matjeraie & Co. and served as its senior partner. He was the President of the Advocates Association of Sarawak until his appointment as a Judicial Commissioner at the High Court of Malaya in Johor in 1998. He was a High Court Judge of Malaya in Johor Bahru in 2000 before being transferred to the High Court of Sabah and Sarawak where he served as its High Court Judge in Kota Kinabalu, Sabah.

In 2007, he was promoted to be a Judge of the Court of Appeal and was later appointed as a Federal Court Judge at the Federal Court of Malaysia, Palace of Justice at Putrajaya.

In 2013, Datuk Seri Panglima Sulong Matjeraie was appointed by the Prime Minister, Malaysia as one of the four eminent persons to serve as a member of the Judicial Appointments Commission for a period of two years. His appointment has been extended further by the Prime Minister for a maximum period of another two more years until the 9th February 2017.

On 30 January 2014, he was made a Bencher of the prestigious Honourable Society of the Inner Temple, London.

Datuk Seri Panglima Sulong Matjeraie is currently an Independent Non-Executive Director of Sona Petroleum Berhad, Brahim's Holdings Berhad and Southern Acids (M) Berhad. He is also an Independent Non-Executive Chairman of Petra Energy Berhad.

Datuk Seri Panglima Sulong Matjeraie attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

Directors' Profile (Cont'd)

DATO' MAH SIEW KWOK
Deputy Chairman/
Non-Independent
Non-Executive Director

Dato' Mah Siew Kwok, a Malaysian, aged 67, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 15 July 2013. He was appointed as a member of the Nomination Committee and Remuneration Committee on 24 April 2014. On 25 August 2014, he was redesignated as Deputy Chairman of the Board.

Dato' Mah qualified in law and was called to the English Bar in 1972. He was the founder and senior partner of Messrs. Mah & Partners in 1975 and specialised in Corporate Law, Banking Law as well as Land Law. Dato' Mah remained in practice for ten (10) years before venturing into the commercial sector. Dato' Mah was the Managing Director of South Malaysia Industries Berhad from 1983 to 1994. Since 1994, Dato' Mah has been involved in the information technology business where his last executive role was as Executive Vice Chairman and Chief Executive Officer of Omesti Berhad (formerly known as Formis Resources Berhad).

Dato' Mah is currently a Non-Executive Vice Chairman of Omesti Berhad (formerly known as Formis Resources Berhad), the Chairman of Diversified Gateway Solutions Berhad and a Director of Kian Joo Can Factory Berhad. Besides, Dato' Mah is also the Deputy Chairman of Chong Hwa Independent High School and a member of the Board of Trustee of Kwan Inn Teng Foundation.

Dato' Mah is a major shareholder of the Company.

Dato' Mah attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

MR. WONG KIT-LEONG
Chief Executive Officer/
Executive Director

Mr. Wong Kit-Leong, a Malaysian, aged 44, was appointed to the Board of the Company as an Executive Director on 12 August 2010 and was entrusted with spearheading the financial and corporate restructuring of the Group. He was re-designated as Chief Executive Officer (CEO) of the Company by the Board, with effect from 24 April 2014.

Mr. Wong graduated with a Bachelor of Commerce from the University of British Columbia, Canada in 1995.

He began his career with Citibank Malaysia in 1995 before moving to Abric Berhad in 1999. During his tenure in Abric up to 2007, he served as Executive Director/Chief Operating Officer.

Mr. Wong is a Shareholder and Director in Red Zone Development Sdn. Bhd., a major shareholder of the Company by virtue of its substantial shareholding in Omesti Berhad (formerly known as Formis Resources Berhad) which is the holding company of Omesti Holdings Berhad (formerly known as Formis Holdings Berhad).

Mr. Wong does not hold any directorship in other public companies.

Mr. Wong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

Directors' Profile (Cont'd)

DATO' SRI THONG KOK KHEE
Non-Independent Non-Executive Director

Dato' Sri Thong Kok Khee, a Malaysian, aged 60, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 6 October 2011. He is a member of the Remuneration Committee and subsequently was appointed as the Chairman of the Remuneration Committee on 25 August 2014.

A graduate from the London School of Economics, United Kingdom, Dato' Sri Thong has worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore from October 1982 to June 1988 and his last held position was Director of its Corporate Finance Division. Dato' Sri Thong is the Executive Deputy Chairman cum Chief Executive Officer of Insas Berhad. He is also a Non-Independent Non-Executive Director of Inari Amertron Berhad, Omesti Berhad (formerly known as Formis Resources Berhad) and SYF Resources Berhad.

Dato' Sri Thong is a substantial shareholder of the Company.

Dato' Sri Thong attended three (3) out of four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

DATIN CHAN BEE LENG
Non-Independent Non-Executive Director

Datin Chan Bee Leng, a Malaysian, aged 55, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 31 October 2011.

Datin Chan graduated from University of Warwick, United Kingdom ("UK") with BSc (Hons) Management Science (Majoring in Finance & Marketing) and from Weston-Super-Mare Technical College, UK with GCSE 'A' Levels & Business Education Council Diploma (BEC).

Datin Chan was a Finance Manager in Brisdale Sdn. Bhd. (a subsidiary of developer Perwira Indra Sakti Sdn. Bhd.) from 1990 to 1996. She was a Director of Tepat Concrete Sdn. Bhd. from 2000 to 2006. She subsequently joined Bukit Jalil Development Sdn. Bhd. as a Consultant from 2006 to 2008.

Datin Chan is the spouse of Dato' Low Tuck Choy, a major shareholder of the Company and the mother to Mr. Low Kheng Lun, a Non-Independent Non-Executive Director of the Company.

Datin Chan does not hold any directorship in other public companies.

Datin Chan attended three (3) out of four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

Directors' Profile (Cont'd)

MR. LOW KHENG LUN
Non-Independent
Non-Executive Director

Mr. Low Kheng Lun, a Malaysian, aged 28, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 31 October 2011.

Mr. Low graduated from European Business School, London, United Kingdom ("UK") with MA (Hons) Entrepreneurial Management and University College London, UK with BEng (Hons) Civil Engineering.

Mr. Low was a Graduate Engineer in Buildings and Infrastructure Department in Scott Wilson PLC, London, UK from 2008 to 2009. He was an IT Advisory Associate in KPMG. He is currently the Managing Director of Catalyst Interior Design Sdn. Bhd. and a Director of Low Chee Group Sdn. Bhd.

Mr. Low is the son of Dato' Low Tuck Choy, a major shareholder of the Company and Datin Chan Bee Leng, a Non-Independent Non-Executive Director of the Company.

Mr. Low does not hold any directorship in other public companies.

Mr. Low attended three (3) out of four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

MR. DIMITRIOS PANTAZARAS
Independent Non-Executive
Director

Mr. Dimitrios Pantazaras, a Greek, aged 58, was appointed to the Board of the Company as an Independent Non-Executive Director on 9 September 2011. He is currently a member of the Nomination Committee and Audit Committee.

Mr. Pantazaras received a Master in Business Administrative (MBA) from the Stanford University Graduate School of Business, a Masters in Computer Science from the University of Essex and a Bachelor in Physics from the University of Athens. He also holds an Investment Manager License from the Indonesian Securities and Exchange Authority.

Mr. Pantazaras has over 30 years of experience in banking and investment management in the United States of America and Asia. He started his career as a consultant at Merrill Lynch in Princeton and later joined the International Finance Corporation (IFC), initially in Washington DC and later in Jakarta, where he led IFC's restructuring negotiations during the Asian financial crisis. He later founded a fund management and financial advisory firm in Jakarta and subsequently joined Emerging Markets Partnership (EMP) Bahrain, the General Partner and Manager of the US$1 billion Islamic Development Bank Infrastructure Fund, as Director of Investments for Southeast Asia. Since 2009, he is based in Kuala Lumpur where he consults on various investment initiatives.

Mr. Pantazaras does not hold any directorship in other public companies.

Mr. Pantazaras attended three (3) out of four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

Directors' Profile (Cont'd)

MR. CHOW SECK KAI
Independent Non-Executive Director

Mr. Chow Seck Kai, a Malaysian, aged 59, was appointed to the Board of the Company as an Independent Non-Executive Director on 17 March 2010. He was appointed as Chairman of Audit Committee and subsequent was redesignated as a member of the Audit Committee on 20 April 2015. He is also a member of the Remuneration Committee.

Mr. Chow is an Associate of The Institute of Chartered Secretaries and Administrators (UK). He is also a Fellow Member of the Institute of Public Accountants (IPA), Australia. Mr. Chow has more than 25 years of working experience in public practice in various fields relating to his profession as company secretary and corporate advisor to SME companies.

Mr. Chow does not hold any directorship in other public companies.

Mr. Chow attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2014.

MR. BOEY TAK KONG
Independent Non-Executive Director

Mr. Boey Tak Kong, a Malaysian aged 61, was appointed to the Board of the Company as an Independent Non-Executive Director on 28 November 2014. He was appointed as a member of Audit Committee on 28 November 2014 and subsequently appointed as Chairman of the Audit Committee on 20 April 2015.

Mr. Boey is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, Associate of the Institute of Chartered Secretaries and Administrators, United Kingdom, Chartered Accountant of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Management and Associate of the Institute of Marketing Malaysia.

Mr Boey's broad-based experience and professional expertise spans over 23 years in senior management positions involving financial management, internal audit, corporate affairs and overseas business development with 6 public listed groups with listings in Malaysia, Singapore, United Kingdom, New Zealand and Australia.

Presently, he is the Managing Director of Terus Mesra Sdn. Bhd., a governance and leadership development company.

His other directorships of public listed companies include Dutch Lady Milk Industries Berhad, Green Packet Berhad, Gadang Holdings Berhad and Censof Holdings Berhad.

Mr. Boey has not attended any of the Board Meetings of the Company held during the financial year ended 31 December 2014 as he was just appointed as Director of the Company on 28 November 2014.

Save as disclosed, none of the Directors have:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company; and
- any convictions for offences within the past 10 years other than traffic offences, if any.

Statement on Corporate Governance

The Board of Directors ("Board") of Ho Hup Construction Company Berhad ("the Company") is committed in applying the principles of corporate governance to ensure the highest standards of corporate governance processes and structures in the Company and the Group towards enhancing long-term shareholders value. The Board will continue to ensure that the highest standards of corporate governance are implemented and adhered throughout the Company and the Group as a fundamental culture in discharging their responsibilities.

The Board is pleased to share the manner in which the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") that have been adopted by the Company and in the Group for all its business dealings for the year ended 31 December 2014 and up to the date of this report, unless otherwise stated.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Roles and Responsibilities of the Board

The Board has formally adopted a Board Charter that clearly sets out the role, functions, composition, operation and processes of the Board.

The Board Charter is accessible to the public through the Company's website at www.hohupgroup.com.my.

The Board is responsible for the stewardship of the Company's business and affairs on behalf of the shareholders with a view to enhance long term shareholders value whilst taking into account the interest of other stakeholders and maintaining high standards of transparency and accountability.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group's business and affairs are consistent with best practices. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels, treasury policies, risk management policies, appointment of auditors and approval of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

The principal responsibilities of the Board include amongst others, the following:

a. Reviewing and adopting a strategic plan for the Group;
b. Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
c. Identifying principal risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;
d. Developing and implementing a shareholder communications policy for the Company;
e. Reviewing the adequacy and the integrity of the Group's s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
f. Approving the remuneration package of both Executive and Non-Executive Directors; and
g. Ensuring that the Group adheres to high standards of ethics and corporate behavior.

In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the operating plan and budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

The Board has adopted a set Discretionary Authority Limits ("DAL"), which clearly sets out relevant matters with applicable thresholds, including those reserved for the Board's approval and those which the Board may have delegated to the Chief Executive Officer ("CEO") and Management. The DAL is reviewed as and when required to ensure an optimum structure for efficient and effective decision making process within the Group.

The Board has also delegated certain responsibilities to several Board Committees such as the Audit Committee, Nomination Committee and Remuneration Committee which operate within clearly defined Terms of Reference ("TOR"). The details of the other Board Committees are set out on pages 13, 14 and 17 of this Annual Report.

Statement on Corporate Governance (Cont'd)

1.2 Formalised Ethical Standards through Code of Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Company is in the midst of revising its Code of Ethics and Whistle-blowing policy, which summarises what the Group must endeavor to do proactively in order to enhance corporate value in the Group's daily activities. The revised Code of Ethics will be uploaded in due course on the Company's website.

1.3 Strategies to Promote Sustainability

The Board is mindful of the importance of building a sustainable business and is committed to the promotion of industry best practices in order to stay relevant and remain competitive in the sectors that the Group operates. The Board recognises that enhancing sustainability is a long-term commitment and therefore takes into consideration its environmental, social and governance impact when developing its sustainability agenda and initiatives.

The Group is committed to provide a safe workplace for its employees and to strictly adhere to sound environmental standards to ensure pollution levels are kept to a minimum in respect of its construction works. The Group also aims to eliminate all occupational injuries, prevent pollution at its source and optimise the use of natural resources.

1.4 Access of Information and Advice

The Board has unrestricted and immediate access to Management and all information on the Group's affairs. In order to ensure timely information is supplied to the Board members and to allow ample time for them to consider the relevant information before the Board meetings, Board papers (together with a detailed agenda in the case of a meeting) are furnished to the Board members in advance of each Board meetings.

Additionally, Senior Management are invited to attend Board meetings as and when required to provide the Board with the necessary information and clarification on issues that are deliberated during the meetings. All deliberations, discussions and decisions of the Board meetings are minuted accordingly.

The Directors also have full and unrestricted access to the advice and services of the Head of Department and Company Secretaries in addition to other members of Management. Each of the individual Directors is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Members of the Board may collectively or individually consult Advisers and, where necessary, seek external and independent professional advice in furtherance of their duties at the expense of the Company.

1.5 Qualified and Competent Company Secretaries

All members of the Board have direct access to the advice and services of the Company Secretaries. The Board ensures that the Company Secretaries appointed have the relevant experiences and skills.

The Company Secretaries are responsible for ensuring the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries advise the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements.

The Company Secretaries attend and ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company. The Company Secretaries are also responsible for ensuring the Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

The Company Secretaries also constantly keep the Board updated on the regulatory changes and developments via email and Board paper.

2. STRENGHTEN COMPOSITION

2.1 Nomination Committee ("NC")

The NC comprises entirely of Non-Executive Directors ("NED"), the majority of whom are Independent Directors. Independent Director is appointed as Chairman of the NC. The NC shall meet at least once a year or as and when deemed fit and necessary.

During the financial year 2014, the NC had undertaken the following activities:-

- Reviewed the Performance Evaluation Forms for Director and Board Committees;
- Reviewed the effectiveness of the Board as a whole and of the Board Committees and the contribution and performance of each individual Director;
- Considered and recommended the Directors who are subject to retirement by rotation at the forthcoming Annual General Meeting ("AGM") and are eligible for re-election;
- Considered the appointment of new Directors and members of the Board Committee; and
- Annual assessment of the Independent Directors.

2.2 Appointment to the Board

The appointment of new Directors is through recommendation of NC after evaluation of the skills, experience, strength and independence of the new Director in similar industries and recommendation from other board members. New Director is expected to have the essential skill and expertise so as to make a positive contribution to the Board's performance.

An assessment of independence under the nomination and election process of Independent NED was conducted in line with Recommendation 3.1 of the MCCG 2012. A new Independent NED was appointed during the financial year 2014 whereby the NC had reviewed and was satisfied that the Director had satisfied the criteria for an independent director as prescribed in Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR").

2.3 Re-election of Directors

In accordance with the Company's Articles of Association ("AA"), at least one-third (1/3) of the Directors (including Managing Director) be subject to re-election by rotation at each AGM, provided always that all Directors shall retire from office at least once in every three years but shall be eligible for re-election. The Directors who retire in each year are the Directors who have been longest in office since their last election.

The AA of the Company also provides that any Director appointed during the year is required to retire and seek re-election by shareholders at the following AGM immediately after his appointment.

Mr. Boey Tak Kong, who was appointed as Director on 28 November 2014, shall hold office until the forthcoming AGM, and is eligible for re-election pursuant to Article 96 of the Company's AA, whilst Directors who are due for retirement by rotation and eligible for re-election pursuant to Article 90 of the Company's AA at the forthcoming AGM are Datin Chan Bee Leng, Mr. Low Kheng Lun and Mr. Chow Seck Kai.

2.4 Annual Assessment

The NC carries out the assessment on the Board's effectiveness and review performance of the Board Committees on an annual basis. The NC also assesses the performance of the individual Directors of the Company on an on-going basis.

The performance of the Board is assessed in terms of compliance, functioning of the Board, financial and operational reporting, risk assessment and independence of individual Director.

Statement on Corporate Governance (Cont'd)

2.5 Gender Diversity Policy

The Board has no immediate plans to implement a gender diversity policy. In its selection for Board appointment, the Board believes in and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

2.6 Remuneration Committee ("RC")

The RC comprises wholly or mainly of NED. The RC shall recommend to the Board on the remuneration and entitlements of all Directors (including the NED) and the Board will decide on the recommendations of the RC. The approval for Directors' remuneration rests with the Board as a whole with the Directors abstaining from voting and deliberating on decisions in respect of their own remuneration package.

Fees payable to NED are determined by way of information prepared by independent consultant and survey of data on remuneration practices based on other comparable industries. NED are paid meeting allowances based on attendance. In 2014, the Board has approved the revised fees for the Company's Directors for the financial year 2014, recommended by RC. The revised fees are subject to shareholders' approval at the forthcoming Forty-First AGM.

The CEO is not entitled to the above Directors' fee nor is he entitled to receive any meeting allowance for Board Meetings he attends. The CEO's remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind/emoluments. In 2014, an external consultant was engaged to review and propose remuneration package of CEO against the market and industry practice, and comparison with peer companies of similar size and complexity.

The details of the aggregate remuneration of the Directors of the Company for the financial year ended 31 December 2014 are as follows:

Directors' Remuneration	Executive Director RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	-	381	381
Meeting and Other Allowances	-	229	229
Salary and other emoluments	943	-	943
EPF	107	-	107
Benefit-in-kind	120	-	120
Total	**1,170**	**610**	**1,780**

The number of Directors of the Company whose total remuneration for the financial year ended 31 December 2014 that fall within the following band is as follows:

Range of Remuneration	Number of Directors (Executive)	Number of Directors (Non-Executive)
RM50,000 and below	-	4
RM50,001 to RM100,000	-	5
RM100,001 to RM150,000	-	2
RM1,150,001 to RM1,200,000	1	-

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board, through the NC, assesses the independence of the NED annually. This is in line with Recommendation 3.1 of the MCCG 2012, as one of the factors in determining the NED's eligibility to stand for re-election.

Based on the assessment on the independence of all independent Directors in 2014, the Board is satisfied with the level of independence demonstrated by all the Independent NED and their ability to act in the best interests of the Company, as well as ability to resolve problems based on clarity and understanding of all subject matters during deliberations at Board meetings.

Statement on Corporate Governance (Cont'd)

With regard to the two (2) Independent NED who are eligible to stand for re-election at the forthcoming Forty-First AGM, the NC is satisfied that they are independent of management and free from any business or other relationships which could interfere with the exercise of their independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommends and supports their proposed re-election in accordance with Articles 90 and 96 of the Company.

3.2 Tenure of Independent Director

One of the recommendations of the MCCG 2012 states that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years term, an Independent Director may continue to serve on the board subject to the said Director's re-designations as a Non-Independent Director.

In line with the recommendations of the MCCG 2012, the NC had performed an annual review on the independency of the Independent Directors and there are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company.

3.3 Separation of Positions of the Chairman and CEO

The Board recognises the importance of having a clearly accepted division of function and responsibilities as the head of the Company to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the CEO separate.

The Chairman of the Company is an Independent NED. The roles of the Chairman and the CEO are separately held by different individuals and the division of their responsibilities is clearly established, with each having distinct and clearly defined authority and responsibilities.

The Chairman carries out a leadership role to guide and mediate the Board to ensure that the highest standard of corporate governance is practiced in meeting the stakeholders' objective.

The position of the CEO in essence is to ensure the effective implementation of the Group's strategic plan and ensure policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation. The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Group's goals and objectives.

The CEO role is to ensure the execution of the organisations strategic plan, business plan and budget, performance benchmarks to achieve the business objective and maximize the return to stakeholders. He is to oversee the human resources of the organisation with respect to succession planning, discipline, occupational safety and health with the objective of providing a safe and healthy working environment for all employees.

The Independent NED as a group are a strong element on the Board. The role of the Independent NED is particularly important in ensuring that the long term interests of shareholders, employees, customers, suppliers and many communities in which the Group conducts business with are being looked after. With their extensive knowledge, experience and expertise, the Independent NED would be able to provide the necessary check and balance to the Board's decision-making process.

All shareholders are fairly represented on the Board. The investment of minority shareholders is fairly represented by the four (4) Independent NED who make up more than one-third (1/3) of the Board.

3.4 Board Composition

At the date of this report, the Board consists of nine (9) members of whom four (4) are Independent NED, four (4) are Non-Independent NED and one (1) is CEO. The present composition of the Board complies with Paragraph 15.02(1) of the MMLR of Bursa Securities whereby at least one-third (1/3) of the Board must be made up of Independent Directors.

A brief description of the background of each Director is presented on pages 6 to 10 of this Annual Report.

Statement on Corporate Governance (Cont'd)

4. FORSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board and Board Committee meetings for the financial year 2014, as set out in the table below.

a. Board Meetings

The Board meets at least four (4) times a year which is scheduled at quarterly intervals, with additional meetings convened when necessary.

Four (4) Board Meetings were held during the year ended 31 December 2014 to deliberate and resolve significant issues in relation to strategic, operational, financial, corporate and regulatory matters affecting the Group. Details of the attendance of the Directors are as follows:

No.	Directors	Directorship	Attendance
1	Y. Bhg. Tan Sri Dato' Kamaruzzaman Bin Shariff *(Retired on 18 June 2014)*	Chairman/Independent Non-Executive Director	2/2
2	Dato' Ramli Bin Yusuff *(Retired on 18 June 2014)*	Deputy Chairman/Non-Independent Non-Executive Director	2/2
3	Datuk Seri Panglima Sulong Matjeraie *(Redesignated as Chairman on 25 August 2014)*	Chairman/Independent Non-Executive Director	4/4
4	Dato' Mah Siew Kwok *(Redesignated as Deputy Chairman on 25 August 2014)*	Deputy Chairman/Non-Independent Non-Executive Director	4/4
5	Mr. Wong Kit-Leong	Chief Executive Officer/Executive Director	4/4
6	Mr. Chow Seck Kai	Independent Non-Executive Director	4/4
7	Mr. Dimitrios Pantazaras	Independent Non-Executive Director	3/4
8	Dato' Sri Thong Kok Khee	Non-Independent Non-Executive Director	3/4
9	Datin Chan Bee Leng	Non-Independent Non-Executive Director	3/4
10	Mr. Donatian Felix Dorairaj *(Retired on 18 June 2014)*	Non-Independent Non-Executive Director	2/2
11	Mr. Low Kheng Lun	Non-Independent Non-Executive Director	3/4
12	Mr. Boey Tak Kong *(Appointed on 28 November 2014)*	Independent Non-Executive Director	N/A

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the MMLR of Bursa Securities (minimum 50% attendance).

b. Audit Committee ("AC")

The composition of AC and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2014 are set out below:

Directors	Directorship	Attendance
Mr. Boey Tak Kong *(Appointed as member on 28 November 2014 and subsequently appointed as Chairman on 20 April 2015)*	Chairman/Independent Non-Executive Director	N/A
Mr. Chow Seck Kai *(Redesignated as member on 20 April 2015)*	Chairman/Independent Non-Executive Director	4/4
Mr. Dimitrios Pantazaras	Independent Non-Executive Director	3/4
Dato' Ramli Bin Yusuff *(Retired on 18 June 2014)*	Non-Independent Non-Executive Director	2/2

c. Nomination Committee

The composition of NC and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2014 are set out below:

Directors	Directorship	Attendance
Datuk Seri Panglima Sulong Matjeraie *(Appointed as member on 24 April 2014 and Chairman on 25 August 2014)*	Chairman/Independent Non-Executive Director	1/1
Dato' Mah Siew Kwok *(Appointed as member on 24 April 2014)*	Non-Independent Non-Executive Director	1/1
Mr. Dimitrios Pantazaras	Independent Non-Executive Director	1/2
YBhg. Tan Sri Dato' Kamaruzzaman Bin Shariff *(Retired on 18 June 2014)*	Chairman/Independent Non-Executive Director	1/1
Mr. Donatian Felix Dorairaj *(Retired on 18 June 2014)*	Non-Independent Non-Executive Director	1/1

d. Remuneration Committee

The composition of RC and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2014 are set out below:

Directors	Directorship	Attendance
Dato' Sri Thong Kok Khee *(Appointed as Chairman on 25 August 2014)*	Chairman/Non-Independent Non-Executive Director	1/1
Mr. Chow Seck Kai	Independent Non-Executive Director	1/1
Datuk Seri Panglima Sulong Matjeraie *(Appointed on 24 April 2014)*	Independent Non-Executive Director	1/1
Dato' Mah Siew Kwok *(Appointed on 24 April 2014)*	Non-Independent Non-Executive Director	1/1

4.2 Number of Directorship of Each Director

To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one criterion as agreed by the Board for determining candidates for the poll of potential Directors is that they must not hold directorship at more than five (5) PLCs (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities) and must be able to commit sufficient time to the Company's matters.

The Directors also observe the recommendation of the MCCG 2012 that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

Statement on Corporate Governance (Cont'd)

4.3 Directors' Training

The Board acknowledges that continuous education is vital in keeping them abreast with corporate developments. The Directors have constantly been updated with relevant reading materials and technical updates which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

The NC is tasked with recommending suitable professional educational and training programmes and will put in place training programmes for new Board members.

During the financial year ended 31 December 2014 and up to the date of this report, the Directors have attended the following courses:

Courses Attended	Date of Training	Attended By
The Board Chairman Series: The Role of the Board Chairman	12th November 2014	Datuk Seri Panglima Sulong Matjeraie
ASEAN Corporate Governance Scorecard	29th September 2014	Datuk Seri Panglima Sulong Matjeraie
Regulating the Capital Market: Changing Dynamics and Challenges	5th- 6th June 2014	Datuk Seri Panglima Sulong Matjeraie
National Seminar on Anti-Money Laundering and Anti-Terrorism Financing 2014	24th November 2014	Dato' Mah Siew Kwok
Executive Briefing on GST for Property and Construction	15th May 2014	Dato' Mah Siew Kwok
National GST Conference 2015	20th January 2015	Mr. Chow Seck Kai
GST for construction and property development (MAICSA)	12th August 2014	Mr. Chow Seck Kai
Royal Malaysian Customs Department – Special course on GST for Tax Agent	4th – 21st June 2014	Mr. Chow Seck Kai
Risk Management and Internal Control for Audit Committee Members	14th October 2014	Mr. Dimitrios Pantazaras
MSWG Appreciation and Application of Asean Corporate Governance Scorecard	29th September 2014	Mr. Dimitrios Pantazaras
Advocacy Session on Corporate Disclosure for Directors	6th May 2014	Mr. Dimitrios Pantazaras
2014 Global Conference – Towards Customer Satisfaction	16th-17th November 2014	Mr. Boey Tak Kong
Audit Committee Institute Breakfast Roundtable – The Impact of Cyber Security at Board Levels	12th November 2014	Mr. Boey Tak Kong
Forum On 2015 Economy and Investment Outlook	1st November 2014	Mr. Boey Tak Kong
2014 MASB Roundtable On Financial Reporting	21st October 2014	Mr. Boey Tak Kong
Great Companies Deserve Great Boards	10th October 2014	Mr. Boey Tak Kong
Nominating Committee Programme Part 2 – Effective Board Evaluation	9th October 2014	Mr. Boey Tak Kong
Forum and Launch of Guides for Malaysian Listed Companies - A Guide to Understanding Annual Reports and A Guide to Understanding Auditing and Assurance for Malaysian Listed Companies	30th September 2014	Mr. Boey Tak Kong
Appreciation & Application of ASEAN Corporate Governance Scorecard	29th September 2014	Mr. Boey Tak Kong
Impact of IFRS 15 on Different Business Sectors	26th September 2014	Mr. Boey Tak Kong
Enhancing Internal Audit Practice	13th August 2014	Mr. Boey Tak Kong
Advocacy Session On Corporate Disclosure For Directors	2nd July 2014	Mr. Boey Tak Kong

Courses Attended	Date of Training	Attended By
Directors' Continuing Education Programme • Economic Outlook • Consumer Trends and Market Insight • Goods and Services Tax • Social Media Crisis Management	27th June 2014	Mr. Boey Tak Kong
Board Chairman Series - The Role of the Chairman	24th June 2014	Mr. Boey Tak Kong
Risk Management and Internal Control; Workshops For Audit Committee	3rd June 2014	Mr. Boey Tak Kong
Corporate Governance Guide: Towards Boardroom Excellence – An Update	26th March 2014	Mr. Boey Tak Kong
Audit Committee Conference 2014 – Stepping Up For Better Governance	20th March 2014	Mr. Boey Tak Kong
CIDB Green Card Training	16th April 2015	Mr. Wong Kit-Leong
Malaysia 3rd Annual Property Conference 2014	22nd – 23rd January 2014	Mr. Wong Kit-Leong

In addition, during the financial year under review, all Directors were also advised of developments of changes to relevant law and regulatory requirements and suitable training and education programmes were identified for their participation.

The Directors will continue to undergo other relevant training programmes and seminars from time to time as they consider necessary to equip themselves with the relevant knowledge and ideas to discharge their duties effectively.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Directors are responsible for presenting a balanced, and easy to comprehend assessment of the Group's position and prospects to shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the AC and recommended to the Board for approval before releasing to the public, via the Bursa website. The AC also reviews the appropriateness of the Company's and Group's accounting policies and the changes to these policies as well as ensures the financial statements comply with accounting standards and other regulatory requirements. The Statement of Directors pursuant to Section 169 of the Act is set out on page 60 whereas the Statement of Responsibility by Directors pursuant to Paragraph 15.27(a) of the MMLR of Bursa Securities is on page 35 of this Annual Report.

The details of the financial statements of the Company are set out on pages 53 to 130 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The AC undertakes an annual assessment of the suitability and independence of the External Auditors. The AC meets with the External Auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. Being satisfied with Messrs. UHY's performance, the AC will recommend their re-appointment to the Board upon which the shareholders' approval will be sought at the AGM.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. The system, by its nature, can only provide reasonable but not absolute assurance against material misstatements, losses and fraud.

The AC and Board review the adequacy and integrity of the Group's system of internal controls weaknesses. The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal controls within the Group, is set out on pages 28 to 30 of this Annual Report.

Statement on Corporate Governance (Cont'd)

6.2 Internal Audit Function

The AC has appointed an independent advisory firm to carry out internal audit activities for the Group. During the financial year under review, the internal auditors had conducted three (3) cycles of internal audit as stipulated in the approved internal audit strategy.

The internal audit was performed in accordance with accepted internal auditing practices which involves assessing adequacy and integrity of internal control systems that used to manage key risks associated with operating processes; discussions held with top management and key staff; as well as limited tests of transactions on a sample basis covering the various related records and documents supplemented with an observation of its current practices.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations.

The Company is committed to ensure that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Group's website, namely www.hohupgroup.com.my is updated regularly, for shareholders and the public to gain access to corporate information, news and events relating to the Group. Investors and members of the public who wish to contact the Group on any matters pertaining to their shareholdings, investments and/or the Group's business undertakings can channel their enquires through e-mail via the Group's website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The Board fully recognises the rights of shareholders and encourages them to exercise of their rights at the Company's AGM.

It has also been the Company's practice to send the Notice of the AGM and annual report to shareholders at least twenty-one (21) days before the meeting. The date, venue and time of the AGM is determined to provide the maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy.

8.2 Encourage Poll Voting

The Board noted the Recommendation 8.2 of the MCCG 2012 which states that the Board should encourage poll voting for substantive resolutions. During the last AGM held on 18 June 2014, the Chairman informed the shareholders of their right to demand for a poll at the commencement of the AGM. Nonetheless, no request for poll voting was received during the AGM. The Board considers electronic poll voting as a viable voting option for its shareholders to be implemented in the future provided that it is able to satisfy that the infrastructure is reliable and cost effective.

8.3 Communication with Shareholders and Investors

The Board is committed in maintaining effective communications with its shareholders, stakeholders and the public generally. A Shareholder Communications Policy has been developed to earn the trust and confidence of shareholders and investing public as a whole, assist in providing an understanding of the Company's business, management direction and the industry the Company is in and to be transparent for effective and informed investment decisions.

The various channels of communication with the shareholders are as follows:-

a. The Annual Report;
b. The AGM;
c. The various corporate disclosures and announcements made to Bursa Securities;
d. Newspaper articles and published interview with business journalists; and
e. The Company's website, namely www.hohupgroup.com.my

The AGM is an excellent forum for dialogue with all shareholders for which due notice is given. The AGM is also an opportunity for shareholders to direct questions to the Board in relation to the Group's financial performance and the Group's activities.

At the last AGM, the Chairman have encouraged the shareholders to participate in the Questions and Answers session on the resolutions being proposed and on the Group's operations in general. The Directors, CEO, Management and External Auditors were in attendance to respond to the shareholders' queries. The CEO also shared with the shareholders the Company's responses to questions received in advance from the Minority Shareholder Watchdog Group during the last AGM.

The Board believes that on-going communication with shareholders is vital for shareholders and investors to make informed investment decisions.

COMPLIANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with the MMLR of Bursa Securities.

This Statement was approved by the Board of Directors on 20 April 2015.

Corporate Responsibility

CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT

The Company is aware of its sustainability responsibility and the positive impact on the environment, community, customers, suppliers and its employees.

The Company continued to contribute to local charities, voluntary organisations and supports numerous charitable causes both in cash and in kind.

PEOPLE DEVELOPMENT

In recognition of employees being the most important asset to drive the organisation to great successes and acknowledges their invaluable contribution to the organisation's growth, the Group always endeavoured to safeguard the welfare, healthcare, training and career development for its employees. During the financial year, the Company organised a team building in Taman Negara and first aids training for the employees.

Workforce diversity is tabulated as follows:-

	Male	Female	Groupwide
Staff Grading			
Top Management	8	2	10
Senior Management & Middle Management	19	5	24
Other Levels	36	21	57
Total	**63**	**28**	**91**
Ethnicity			
Malay	33	14	47
Chinese	24	14	38
Indian	6	-	6
Total	**63**	**28**	**91**
Age Group			
Below 30	12	7	19
30 to 39	16	11	27
40 to 49	15	6	21
50 to 59	17	4	21
Above 60	3	-	3
Total	**63**	**28**	**91**

A great deal effort and resources are channeled into the Group's employee wellness to strive to ensure their welfare is well taken care of whilst in service to the Group.

Corporate Responsibility (Cont'd)

COMMUNITY RELATIONS

The Group focus on enriching lives of the community by the following initiatives:-

a. Bringing Hopes Building Dreams

On 21 June 2014, Ho Hup has participated a sponsorship programme which organised by Peoplegiving Association to help three (3) extremely poor orang asli families in re-building their homes at Jalan Bachang, Batu Caves.

The material cost to re-build each home is RM4,000.00. Three (3) companies sponsored the programme and Ho Hup is one of the sponsors.

Corporate Responsibility (Cont'd)

b. Visit Orang Asli Village at Taman Negara 16 Oct – 18 Oct 2014

During our team building at Taman Negara, Ho Hup has organised a visit to Orang Asli Village. There are about seven (7) families and population about 80 persons. Ho Hup prepared and served the Orang Asli with foods and drinks.

c. The Bursa Bull Charge 2014

Ho Hup participated the Malaysia's Capital Market runs for others on 21 October 2014. The inaugural Bull Charge bring together all of Malaysia's Capital Market players in a great collaboration for causes and for community.

The 5km run follow Kuala Lumpur's Capital Market Trail, a route through the Central Business District that passes the headquarters of many Capital Market players in our Community, a reminder of the sustainability of our marketplace.

Running alongside each other will be a physical demonstration of the inclusiveness that the Bull Charge wishes to represent.

ENVIRONMENT

The Group embrace green initiatives in relation to the responsible use of water resources and waste management best practices on its projects implementation.

SAFETY AND HEALTH

The Group strive to prevent and eliminate injures, health hazards and damage to property and to protect the environment against pollution.

Additional Compliance Information

1. Utilisation of Proceeds

i. Under the Regularisation Scheme, the Company had raised RM51.0 million gross proceeds from the Rights Issue of ICPS with Warrants based on an issue price of RM0.50 per ICPS. The proceeds raised had been fully utilised as at the date of this report as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000
To fund future projects	8,000	8,000
To repay term loan	40,000	40,000
Estimated expenses in relation to the Regularisation Scheme	3,000	3,000
Total Proceeds	**51,000**	**51,000**

ii. On 23 January 2015, Ho Hup had completed the private placement following the listing of and quotation for 31,125,000 new ordinary shares of RM0.50 each in Ho Hup ("Placement Shares"). The Company had raised gross proceeds of RM34.9 million based on the issue price of RM1.12 per placement share. The status of utilization of proceeds raised as at the date of this report are described as below:

	Proposed Utilisation		Actual Utilisation	Expected Timeframe for Utilisation
	Minimun RM'000	Maximun RM'000	As at 20 April 2015 RM'000	
Working capital	40,559	50,867	24,302	Within 6 months from the listing of the Placement Shares
To defray expenses relating to the private placement	1,000	1,200	759	Actual utilization within 1 month from the listing of the Placement Shares
Total	**41,559**	**52,067**	**25,061**	

2. Material Contracts

None of the Directors and/or major shareholders has any material contract with the Company and/or its subsidiaries save and except for the significant related party transactions as disclosed in Note 31 of the financial statements during the financial year ended 31 December 2014.

3. Non-audit Fees

During the financial year ended 31 December 2014, the total non-audit fees of RM37,500 was incurred for services rendered by a company affiliated to the external auditor, Messrs UHY in relation to their appointment as Scheme Administrator for the Scheme of Arrangement with creditors of the Company.

4. Revaluation Policy on Landed Properties

The Group has not adopted a regular revaluation policy on landed properties.

5. Share Buy-Back

The Group has not undertaken any share buy-back exercise for the financial year ended 31 December 2014.

Additional Compliance Information (Cont'd)

6. Options or Convertible Securities

On 23 December 2013, the Company issued the following securities pursuant to the Regularisation Scheme of the Company which were subsequently listed on the Main Market of Bursa Malaysia Securities Berhad on 31 December 2013:

i. 102,000,408 Irredeemable Convertible Preference Shares ("ICPS") of RM0.01 each pursuant to the Rights Issue of ICPS with Warrants;
ii. 51,000,204 Warrants ("Warrants 2013/2018") pursuant to the Rights Issue of ICPS with Warrants; and
iii. 133,560,930 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each pursuant to the Scheme of Arrangement with Creditors.

Conversions of the ICPS and RCPS and exercise of the Warrants during the financial year ended 31 December 2014 are as below:

Securities ('000 units)	Ordinary Shares	ICPS	RCPS	Warrants 2013/2018	Total
Number of Securities on 31 December 2013	**102,000**	**102,000**	**133,561**	**51,000**	**388,561**
Conversion of ICPS	92,339	(92,339)	-	-	-
Conversion of RCPS	111,411	-	(111,411)	-	-
Exercise of Warrants 2013/2018	5,508	-	-	(5,508)	-
Number of Securities on 31 December 2014	**311,258**	**9,661**	**22,150**	**45,492**	**388,561**

There was no issuance of any options or convertible securities during the financial year ended 31 December 2014.

7. Depository Receipt Programme ("DRP")

The Group did not sponsor any DRP during the financial year ended 31 December 2014.

8. Profit Estimation, forecast or projection

There was no profit estimate, forecast or projection issued by the Group and the Company during the financial year.

9. Variation in Results

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced by the Company for the quarter ended 31 December 2014.

10. Profit Guarantee

During the financial year ended 31 December 2014, there was no profit guarantee given by the Group and the Company.

11. Sanction and/or Penalties

For the financial year ended 31 December 2014, there were no sanctions nor any material penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies.

12. Recurrent Related Party Transactions of A Revenue Nature

The aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2014 is as disclosed in Note 31 of the financial statements.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements require directors of public listed companies to include a statement in their annual report on the state of their risk management and internal controls framework. The Bursa Securities' Statement on Risk Management and Internal control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. The Statement on Risk Management and Internal Control has been prepared in accordance with the Guidelines which outline the nature and scope of internal controls of the Group during the financial year ended 31 December 2014.

BOARD RESPONSIBILITY

The Board of Directors recognise the importance of a sound system of risk management and internal controls for good corporate governance. The Board acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, including to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an ongoing basis. The Board also acknowledges that a sound system of risk management and internal controls are designed to identify and manage rather than eliminate the risk of failure to achieve the Group's business objectives. A sound system of risk management and internal controls therefore provide reasonable, but not absolute assurance against any risk of material misstatement or financial losses.

THE GROUP'S RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the Group's business activities involve certain degree of risks and that an effective risk management practice is essential for the Group in pursuit of its corporate objectives and operating goals. Key management personnel and Heads of Departments are delegated with responsibilities to manage key risks associated with their respective operating units.

The Board maintains an on-going commitment to enhance the Group's control environment and processes. During Management meetings, the key risks relating to the Group's strategic operations and business plans are deliberated. Significant risks identified by the Management are also brought to the attention of the Board at their scheduled Board meetings.

The abovementioned practices/initiatives put in place by the Board serve as an on-going feedback process used to identify, evaluate and manage significant risks.

For the financial year under review, three (3) internal audit reviews over the main operating units were performed. The results of these reviews have been reported to the Audit Committee and the Board of Directors with discussion and deliberation of strategic and operational issues. Resolution and actions with set timelines were agreed upon to mitigate any risks identified.

1. Investment/ Project Risk

   Investment risk on any major investments is mitigated with feasibility studies and risk assessment done on the investment before venturing into it. Proposals are submitted by the Management and evaluation and deliberation will be done by the Board Tender Committee based on findings of the feasibility studies, Management recommendation and funding proposal. Risk evaluation is performed before deciding to proceed on the investment/project.

2. Non-Performing Sub-Contractors Risk

   In carrying out the Group's projects, the Group places emphasis on working with suitable and reliable sub-contractors. Selection and appointment of sub-contractors is by tender evaluation conducted by the Tender Committee based on the evaluation procedures in the International Standard Operation (ISO 9001: 2008).

3. Foreign Currency Risk

   Most on-going overseas projects are paid in US Dollars (USD) for progress claims for its services. Any repatriation back to Malaysia will be subjected to fluctuation in the currencies and the Group could be exposed to foreign currency gains or losses.

4. Country and Political Risk

   In respect of sovereign risks, the Group faces certain security risk. However, the Group's involvement in the water treatment project in Iraq is mainly to provide technical design and project management expertise with minimal investment in capital assets. All employees have been sufficiently insured with pre-arrangement to cover evacuation risks. In assessing overseas projects, the Board's emphasis is to avoid capital intensive projects and to minimize working capital requirements by marketing our project management expertise and technical services, like in India and Myanmar.

5. Joint Venture Partners

The performance of joint venture partners are to be monitored closely in line with the joint venture agreements as any delay in delivery by the joint venture partners may impact on the Group's performance.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

The salient features of the Group's system of internal control are as follows:

- Weekly Management meeting led by the CEO to review, monitor and follow up on operational, financial and project matters;
- Quarterly financial reports, measured against the forecast/budget, are provided to Directors and discussed at Audit Committee and Board meetings;
- Financial results are reviewed quarterly by the Audit Committee and approved by the Board;
- A structured Enterprise Risk Management Framework for the Group. This process involves the updating of the Group's key risk profile, prioritising of risks in terms of likelihood of their occurrence and the impact on the achievement of the Group's business objectives/operating goals;
- Internal audit function is outsourced to an independent advisory firm with its audit plan approved by the Audit Committee to assess the adequacy of internal controls, the extent of compliance with established procedures as well as advising management on areas for improvement;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities for key aspects of the businesses. This provides a sound framework of authority and accountability within the Group and facilitates proper corporate decision-making process at the appropriate level in the Group's hierarchy;
- The Audit Committee convenes meeting on quarterly basis to deliberate on the findings and recommendations for improvements by the Internal Auditors and External Auditors. The Audit Committee reviews the actions taken to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the Group's internal control systems;
- The Board receives timely information pertaining to the performance of the Group through quarterly Board documents as well as monthly progress reports on on-going project status and projects under tender consideration from Management. Regular independent internal audit visits examine the Group's compliance with policy and procedures. Internal audit findings are presented with Management's responses and proposed action plans to Audit Committee for review. Follow up visits to assess implementation of past audit findings are also carried out across the Group progressively;
- The Group has adopted a performance appraisal for the CEO. The Board has delegated the authority to the CEO to review and assess the Management performance. Senior management also conducts the performance appraisals for the staff on yearly basis;
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job task expectations;
- All significant contracts and legally enforceable agreements are vetted by the Group's legal department and/or appointed lawyers;
- In respect of joint ventures entered into by the Group, the Management of the joint ventures, which consist of representatives from the Group and the joint venture partner are responsible to oversee the administration, operation and performance of the joint venture project. Financial and operational reports of these joint ventures are provided regularly to the Management of the Company; and
- Meeting with analysts are conducted on regular basis to apprise the shareholders, stakeholders and general public of the Group's performance and progress whilst promoting transparency and open discussion.

Statement on Risk Management and Internal Control (Cont'd)

ASSURANCE MECHANISM

The Group's internal audit function is outsourced to an independent advisory firm. The outsourced internal auditors are engaged to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

The Internal Auditors table their findings of the business processes of different operating units to the Audit Committee at their scheduled meetings. In addition, the status of the implementation of corrective follow-up actions to address control weaknesses are monitored by the Internal Auditors to ensure that these actions have been satisfactorily implemented.

The Board will continuously review the adequacy and integrity of the Group's system of risk management and internal control. The Audit Committee, on behalf of the Board, will review the adequacy and the integrity of the system of risk management and internal control.

The Audit Committee Report set out on pages 31 to 34 contains further information on the Committee's activities as well as that of the outsourced Internal Auditors.

The Group's system of risk management and internal control mainly applies to its operating units and does not cover associated companies, dormant companies and overseas operations.

It is the intention of the Board to ensure that the guidance as outlined in Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers is observed.

BOARD'S COMMITMENT

The structure of controls and operations will be continuously and gradually improved to ensure they remain adequate and relevant to the Company's and Group's activities. The Board remains committed to maintain a sound system of risk management and internal control and will, when necessary, put in place actions to continuously improve and enhance the Group's system of risk management and internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA"). Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal controls system of the Group.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied that the risk management and internal control system was satisfactory and has not resulted in any material loss, contingency or uncertainty. The CEO and the Chief Financial Officer ("CFO") have provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, are operating adequately and effectively.

This statement is made in accordance with a resolution of the Board of Directors dated 20 April 2015.

Audit Committee Report

The Board is pleased to present the AC Report for the financial year ended 31 December 2014.

1. Composition

As at the date of this report, the AC comprises three (3) members of the Board, all of them are Independent Non-Executive Directors.

2. Members

Members of the Board who are currently serving on the AC as at the date of the Annual Report are as follows:

Chairman: Mr. Boey Tak Kong
Independent Non-Executive Director
(Appointed as member on 28 November 2014 and subsequently appointed as Chairman on 20 April 2015)

Member: Mr. Dimitrios Pantazaras
Independent Non-Executive Director

Mr. Chow Seck Kai
Independent Non-Executive Director
(Audit Committee Chairman redesignated as member on 20 April 2015)

Dato' Ramli Bin Yusuff
Non-Independent Non-Executive Director
(Retired on 18 June 2014)

3. Frequency of Meetings

The AC met four (4) times during the financial year under review and details of the attendance of each AC members are as follows:

No.	Name	No. of Meetings Attendance/Held
1.	Mr. Boey Tak Kong	N/A
2.	Mr. Chow Seck Kai	4/4
3.	Mr. Dimitrios Pantazaras	3/4
4.	Dato' Ramli Bin Yusuff	2/2

4. Terms of Reference (TOR)

4.1 Composition of the AC

The Board shall appoint the AC members from amongst themselves, comprising no fewer than three (3) Non-Executive Directors. The majority of the AC members shall be Independent Directors.

All members of the AC shall be financially literate and at least one (1) member of the AC must be:

a. a member of the Malaysian Institute of Accountants ("MIA"); or
b. if he is not a member of MIA, he must have at least three (3) years of working experience and:
   i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
   ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

Audit Committee Report (Cont'd)

Mr. Chow Seck Kai is a fellow member of the Institute of Public Accountants (IPA), Australia and Mr. Boey Tak Kong is member of the Malaysian Institute of Accountants.

No alternate Director of the Board shall be appointed as a member of the AC.

The term of office and performance of the AC and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such AC and members have carried out their duties in accordance with their TOR.

4.2 Retirement and Resignation

If a member of the AC resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

4.3 Chairman

The members of the AC shall elect a Chairman from amongst their number who shall be an Independent Director. In the absence of the Chairman of the AC, the other members of the AC shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.

4.4 Secretary of the AC

The Company Secretary shall be the Secretary of the AC and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

4.5 Meetings and Minutes

The AC shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

The Chairman of the AC shall engage on a continuous basis with Senior Management, such as the Chairman of the Board, the CEO, the CFO, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The CFO, a representative of the internal auditors and external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. The AC shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

The quorum for the AC meeting shall be the majority of members present whom must be Independent Directors.

Minutes of each meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board. The AC Chairman shall report on each meeting to the Board.

4.6 Circular Resolutions

A resolution in writing signed by all shall be as valid and effectual as if it had been passed at a Meeting of the AC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more AC members. Any such document, may be accepted as sufficiently signed by an AC member if transmitted to Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of an AC member.

4.7 Objectives

The principal objectives of the AC are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the holding company and each of its subsidiaries. In addition, the AC shall:

a. evaluate the quality of the audits performed by the internal and external auditors;
b. provide assurance that the financial information presented by management is relevant, reliable and timely;
c. oversee compliance with laws and regulations and observance of a proper code of conduct; and
d. determine the quality, adequacy and effectiveness of the Group's control environment.

4.8 Authority

The AC shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

a. have explicit authority to investigate any matter within its TOR, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the AC.
b. have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
c. obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
e. where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Audit Committee shall promptly report such matter to Bursa Securities.
f. convene meetings with the external auditors, without the presence of executive members of the AC and Management, whenever deemed necessary.

4.9 Duties and Responsibilities

The duties and responsibilities of the AC are as follows:

a. To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
b. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
c. To review with the external auditor his evaluation of the system of internal controls and his audit report;
d. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
    - any change in accounting policies and practices;
    - significant adjustments arising from the audit;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements.
e. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management, where necessary);
f. To review the external auditor's management letter and management's response;
g. To do the following, in relation to the internal audit function:
    - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
    - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
    - review any appraisal or assessment of the performance of members of the internal audit function;
    - approve any appointment or termination of senior staff members of the internal audit function; and
    - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Audit Committee Report (Cont'd)

h. To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
i. To report its findings on the financial and management performance, and other material matters to the Board;
j. To consider the major findings of internal investigations and management's response;
k. To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
l. To determine the remit of the internal audit function;
m. To consider other topics as defined by the Board;
n. To advise the Board of Directors and make recommendation in respect of risk management as to the following matters:

    - To monitor risk management processes are integrated into all core business processes and that the culture of the Group reflects the risk consciousness of the Board;
    - Review the Risk Register and ensure that all risks are well managed;
    - Review the enterprise risk scorecard and determine the risks to be escalated to the Board once a year; and
    - Provide a consolidated risk and assurance report to the Board to support the statement relating to internal control in the Company's annual report; and

o. To consider and examine such other matters as the AC considers appropriate.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2014, the AC had discharged its functions and carried out its duties as set out in the TOR.

A summary of the activities carried out by the AC during the financial year under review are as follows:

- reviewed and evaluated the scope of works and audit plans of the external auditors;
- reviewed and make recommendations to the Board on the re-appointment of external auditors and their remuneration;
- met with the external auditors during the year without the presence of any Executive Directors and Management;
- reviewed the Internal Audit Reports' prepared by the internal auditors and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported;
- reviewed and approved the Proposed Internal Audit Strategies Document for year 2014;
- reviewed the Audited Financial Statements of the Company and Group and recommended for Board's approval;
- reviewed the quarterly and year-to-date unaudited financial statements, prior to deliberation and approval by the Board; and
- reviewed the draft Circular to Shareholders in relation to Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Amendments to the Articles of Association of the Company and Statement on Risk Management and Internal Control for inclusion in the Annual Report, and recommended the same for Board's approval.

INTERNAL AUDIT FUNCTION

The Audit Committee has appointed an independent advisory firm to carry out internal audit activities for the Group.

During the financial year under review, the internal auditors had conducted three (3) cycles of internal audit as stipulated on the approved internal audit strategy.

The internal audit function was outsourced to Columbus Advisory Sdn. Bhd. The total costs (excluding service tax and disbursements) incurred for the internal audit function of the Group in year 2014 amounted to RM48,000.

Statement of Responsibility by Directors
in Respect of the Preparation of the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to ensure that the financial statements for each financial year give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing the financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Act in Malaysia.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 are presented on pages 53 to 130 of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 20 April 2015.

Chairman's Statement

DEAR SHAREHOLDERS,

Foremost, I would like to thank my predecessor YBhg. Tan Sri Dato' Kamaruzzaman Bin Shariff who skillfully guided the Company out of PN17 status. Upon the successful completion of the Group's restructuring exercise, the PN17 status was lifted on 5 May 2014, marked a very significant milestone for the financial year ended 31 December 2014 (FYE 2014). More importantly, it signifies a new era for the Group in reshaping its new business model implemented as part of the corporate restructuring and business turnaround exercise, towards a more sustainable performance.

As a consequence, the Group's earnings for FYE2014 continued to generate strong momentum, delivering a set of outstanding results.

On behalf of the Board of Directors, I am indeed very pleased to inform our shareholders that the profit for FYE 2014, is a record in the earnings history of Ho Hup Group.

FINANCIAL PERFORMANCE

Total revenue of the Group rose by RM191.6 million or 128.3% in FYE 2014 to RM341.0 million from RM149.4 million in the previous financial year. The significant revenue growth was mainly attributed by both the construction and property development divisions, which contributed 57.4% and 54.7% respectively to the Group's total revenue.

The Group achieved a profit after tax of RM67.2 million, the highest ever registered by Ho Hup since its listing in 1991. The record profit is 142.6% or RM39.5 million higher than the RM27.7 million recorded for FYE 2013. Basic earnings per share (EPS) improved from 22.06 sen to 25.11 sen in FYE 2014.

The Group's shareholders' equity increased to RM123.7 million in FYE 2014 from RM89.4 million in FYE 2013.

REVIEW OF BUSINESS PERFORMANCE

During the year, the construction division has been actively tendering for projects to build up its tender pipeline and order book. The construction division achieved a profit after tax of RM13.5 million compared to a profit after tax of RM6.1 million in the preceding year. The profit contribution came from ongoing existing projects mainly the Kem Askar in Johor, the Aurora Place in Bukit Jalil and the Al-Zohour, Karbala and Al-Kut projects in Iraq. The smooth implementation of all the existing projects reflects the technical capabilities and project management strengths of the construction team.

The property development division continues to be the major contributor to the Group's bottom line. In FYE 2014, the division achieved a profit after tax of RM58.1 million as compared to RM17.6 million in FYE2013. The Group's maiden flagship projects, the Aurora Shop Offices and Aurora SOVO were the main contributors as the units were fully sold. This division's profit was also enhanced by the strong response to the launch of shop offices in Phase 1 of the Bukit Jalil City development, our joint-venture (JV) project with Pioneer Haven Sdn Bhd (PHSB). During the year, Ho Hup's share of 18% of the gross development value (GDV) of the JV, amounted to some RM21.8 million.

As part of the Group's continuous efforts to improve efficiency, the ready-mix concrete division during the year implemented a major reinvestment exercise by procuring new batching plants and trucks. Old trucks were replaced with a fleet of 13 new trucks. However, the ready-mix concrete division reported a loss after tax of RM1.3 million in FYE2014 as compared to a loss after tax of RM212,000 in FYE 2013. The higher loss was mainly due to increased depreciation charges for the new trucks and one-off impairment costs arising from the upgrading works on the batching plants.

Chairman's Statement (Cont'd)

STRENGTHENING THE BALANCE SHEET

Of the RM51.0 million gross proceeds raised from the Rights Issue of Irredeemable Convertible Preference Shares (ICPS) completed in December 2013, RM40 million was used to repay a bank loan used to fund the purchase of the 30% equity interest in Bukit Jalil Development Sdn Bhd (BJD) and the remaining proceeds was mainly used for expenses in relation to the Regularisation Scheme and project development purposes.

In September 2014, the Group announced a proposed private placement of up to 38,856,195 new ordinary shares of RM0.50 each in Ho Hup. The placement was successfully completed in January 2015 raising RM34.9 million for working capital purposes and expenses in relation to the private placement.

FUTURE PROSPECTS

The Group's construction division has been actively bidding for contracts focusing on major infrastructure and construction projects in the country. The construction industry in Malaysia remains very active and robust and the division expects to benefit from major projects being rolled out under the Government's Economic Transformation Program (ETP).

The property development division is expected to continue to provide a steady and recurring stream of income for the Group, with contributions coming from the Aurora Place development and from the 18% entitlement for the Bukit Jalil City project. The Group is also actively scouting for opportunities to expand its land bank.

The ready-mix concrete division provides a strategic link and compliments the Group's construction and property development activities. This division will continue to invest selectively in new batching plants and equipment to improve its overall operational effectiveness.

During the year, the Company entered into a joint venture in Myanmar to develop 191 villas in Mingalardon Garden City, Yangon. Going forward, this project provides an opportunity for the Group to tap into a rising demand trend for quality residential properties in Myanmar as well as to establish a base to scout for construction projects in a rapidly emerging market.

A NOTE OF THANKS

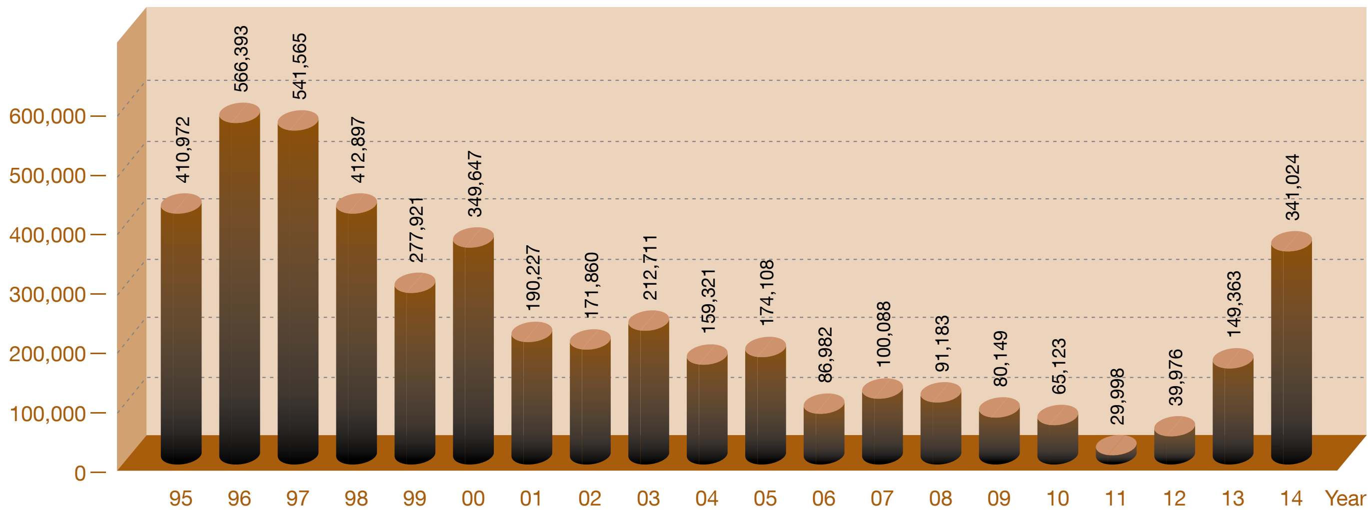
On behalf of the Board of Directors, I wish to express my sincere thanks and appreciation to our shareholders, business partners, associates and bankers for their support and confidence in the Group. Last but not least, I also wish to express my sincere thanks and gratitude to the management and staff of the Group for their outstanding commitment and encourage them to keep up the good work.

DATUK SERI PANGLIMA SULONG MATJERAIE
Chairman

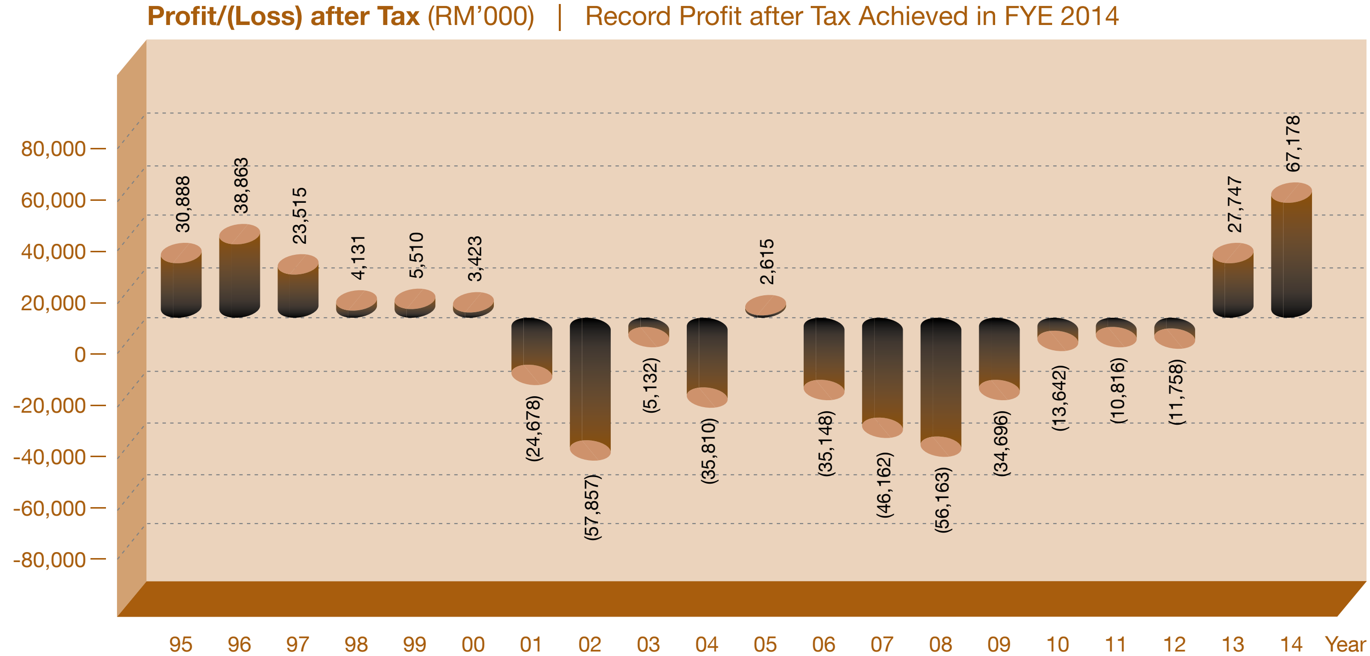
Chairman's Statement (Cont'd)

Financial Highlights From 1995 to 2014

Revenue (RM'000)



Profit/(Loss) after Tax (RM'000) | Record Profit after Tax Achieved in FYE 2014



AWARDS & ACCOLADES

On 30 March 2015, Ho Hup's integrated Smart Office Versatile Office ("Aurora SOVO") at Bukit Jalil has won the Best Hybrid Development Award by the publisher of Property Insight magazine.

Ho Hup has been selected as by RHB Investment Bank as one of the Top 5 Malaysia Small Cap Companies in 2015.

Management's Discussion & Analysis

for the Financial Year Ended 31 December 2014

Revenue and Profit/(Loss) After Tax By Division

Division	<---------------- Revenue ---------------->				Profit/(loss) After Tax	
	2014		2013		2014	2013
	RM'000	%	RM'000	%	RM'000	RM'000
Construction	195,849	57.4	92,649	62.0	13,464	6,138
Property Development	186,697	54.7	33,341	22.3	58,070	17,550
Ready-Mix Concrete	38,430	11.3	32,854	22.0	(1,272)	(212)
Others	2,360	0.7	604	0.4	474	17
Consolidation Eliminations	(82,312)	(24.1)	(10,085)	(6.7)	(3,558)	4,254
Total	**341,024**	**100.0**	**149,363**	**100.0**	**67,178**	**27,747**

Total revenue of the Group recorded an increase of RM191.6 million or 128.3% in the financial year ended 31 December 2014 ("FYE 2014") compared to the financial year ended 31 December 2013 ("FYE 2013"). All divisions contributed to the increase with the Construction and Property Development divisions contributing almost equally at 57.4% and 54.7%, respectively.

For the FYE 2014, the Group recorded a profit after tax of RM67.2 million compared to RM27.7 million in FYE 2013. The strong profit of the Group for FYE 2014 came mainly from the Property Development Division as explained below.

Construction Division

The Construction Division registered an increase in revenue of RM103.2 million or 111.4% and a profit after tax of RM13.5 million in FYE 2014 compared to a profit after tax of RM6.1 million in the preceding year.

Revenue and profit after tax in FYE 2014 were mainly derived from the progress of ongoing construction projects which include the followings:

i. Construction of Aurora Place in Bukit Jalil (first phase of our development project on the 10 acres land in Bukit Jalil owned by a wholly owned subsidiary company, Bukit Jalil Development Sdn Bhd ("BJD");

ii. Construction of an integrated army complex in Johor ("Kem Askar Project");

iii. design and execution of civil and electro-mechanical works, supply and installation of equipment and pipes, operating and maintenance works for a water treatment plant in Baghdad, Iraq ("Al-Zohour Project");

iv. preparing, developing and maintaining the Baghdad – Holy Karbala Road "Second Stage" (28km) ("Karbala Project"); and

v. construction and completion of infrastructure work which include sewerage, drainage, telecommunication and road work in Al Hawraa City, Al-Kut, Province of Wassit ("Al-Kut Project").

Property Development Division

The property development division registered an after tax profit of RM58.1 million on a revenue of RM186.7 million for FYE 2014, compared to an after tax profit of RM17.6 million on a revenue of RM33.3 million registered in the preceding year. The significant improvement achieved was mainly due to the on-going development of the Aurora Place's shop offices and SOVO with an estimated GDV of RM252.4 million and RM114.9 million respectively. Both projects received very good response. During FYE 2014, Aurora Place's development contributed revenues of RM163.1 million (2013: RM33.3 million) of revenue and gross profit of RM70.4 million (2013: RM16.4 million) to the property development division. The high gross profit margins are mainly due to low land cost which was valued at historical rate.

The Group has recognised its maiden revenue of RM21.8 million and gross profit of RM18.0 million contributed by BJD's entitlement under the joint development with Pioneer Haven Sdn Bhd ("PHSB", a wholly-owned subsidiary of Malton Berhad) on the 50 acres land, adjacent to our Aurora Place in Bukit Jalil during the FYE 2014. Phase 1 of PHSB's Bukit Jalil City was launched in second quarter 2014.

However in FYE 2014, higher operating and tax expenses were recorded due to the overall higher level of activities.

Ready-Mix Concrete Division

The ready-mix concrete division registered an after tax loss of RM1.3 million despite a higher revenue of RM38.4 million in FYE 2014, compared to an after tax loss of RM212,000 on a revenue of RM32.9 million in FYE 2013.

There are six (6) operating batching plants in 2014; two (2) at Putrajaya and one (1) each at Bukit Jalil, Subang, Cheras and Meru. The Bukit Jalil plant is sited in the Aurora Place development to cater for the Aurora Place and Bukit Jalil City projects. The Putrajaya plants cater for the construction of apartments and shopping complexes in Putrajaya area. Similarly the Subang, Cheras and Meru plants cater for projects in their respective localities. The plants have been relocated to strategic areas near the project site to maximize productivity. In 2014, a reinvestment programme was initiated to replace the older trucks with a fleet of new trucks. The higher loss in this division was mainly due to higher depreciation charges arising from the acquisition of new trucks and the one-off impairment costs arising from the upgrading works for the batching plants.

Aurora Place, Bukit Jalil

Aerial view of construction on the land in Bukit Jalil

Management's Discussion & Analysis (Cont'd)

for the Financial Year Ended 31 December 2014

Kem Askar Project

Al-Zohour Project

Al-Kut Project

Karbala Project

Ready-Mixed Concrete - Batching Plant

Analysis of Shareholdings

as at 20 April 2015

ORDINARY SHARES

Authorised Share Capital	:	RM495,000,000.00
Issued and Fully Paid-Up	:	RM172,123,975.50 comprising 344,247,951 Ordinary Shares of RM0.50 each
Class of Shares	:	Ordinary Share of RM0.50 each
No. of Shareholders	:	4,417
Voting Rights	:	One Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
1-99	127	2.87	2,638	~
100-1,000	435	9.85	270,999	0.08
1,001-10,000	2,607	59.02	13,327,995	3.87
10,001-100,000	1,022	23.14	34,506,111	10.02
100,001-17,212,398*	222	5.03	158,672,000	46.09
17,212,398 and above**	4	0.09	137,468,208	39.93
Total	**4,417**	**100.00**	**344,247,951**	**100.00**

Notes:
~ Negligible
* Less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Shareholdings	%	Indirect Shareholdings	%
Datuk Seri Panglima Sulong Matjeraie	-	-	-	-
Dato' Sri Thong Kok Khee	-	-	47,158,950(1)	13.70
Dato' Mah Siew Kwok	5,412,000	1.57	52,626,000(2)	15.29
Datin Chan Bee Leng	-	-	66,575,758(3)	19.34
Chow Seck Kai	60,000	0.02	-	-
Dimitrios Pantazaras	-	-	-	-
Wong Kit-Leong	-	-	51,426,000(4)	14.94
Low Kheng Lun	-	-	54,079,258(5)	15.71
Boey Tak Kong	750,000	0.22	-	-

Notes:
(1) Deemed interested by virtue of his substantial shareholdings in Insas Berhad pursuant to Section 6A of the Companies Act, 1965 ("the Act").
(2) Deemed interested by virtue of his substantial shareholdings in Omesti Berhad (f.k.a. Formis Resources Berhad) ("OB"), which is the holding company of Omesti Holdings Berhad (f.k.a. Formis Holdings Berhad) ("OHB") pursuant to Section 6A of the Act and his spouse's direct shareholdings in the Company.
(3) Deemed interested by virtue of her husband, Dato' Low Tuck Choy's substantial shareholdings in Low Chee Group Sdn. Bhd. ("LCG") and Estate of Low Chee pursuant to Section 6A of the Act and her husband's direct shareholdings in the Company.
(4) Deemed interested by virtue of his substantial shareholdings in Red Zone Development Sdn. Bhd., a substantial shareholder of OB, the holding company of OHB pursuant to Section 6A of the Act.
(5) Deemed interested by virtue of his substantial shareholdings in LCG pursuant to Section 6A of the Act.

Analysis of Shareholdings (Cont'd)

as at 20 April 2015

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Low Chee Group Sdn. Bhd.	54,079,258	15.71
2.	Insas Plaza Sdn. Bhd.	37,158,950	10.79
3.	M & A Nominee (Tempatan) Sdn Bhd Insas Credit & Leasing Sdn Bhd for Omesti Holdings Berhad	23,115,000	6.71
4.	M & A Nominee (Tempatan) Sdn Bhd Insas Credit & Leasing Sdn Bhd for Omesti Holdings Berhad (HH)	23,115,000	6.71
5.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	7,127,500	2.07
6.	Low Tuck Choy	6,817,500	1.98
7.	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kok Tiu Wan	6,800,000	1.98
8.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Tuck Choy	5,679,000	1.65
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	5,361,000	1.56
10.	M & A Nominee (Asing) Sdn. Bhd. Montego Assets Limited	5,000,000	1.45
11.	M & A Nominee (Asing) Sdn. Bhd. For Winfields Development Pte. Ltd.	5,000,000	1.45
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Mohamed Nizam Bin Abdul Razak (MY0888)	4,344,454	1.26
13.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. For Omesti Holdings Berhad	4,000,000	1.16
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Manulife Investment CM Shariah Flexi FD (270785)	3,968,800	1.15
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	3,559,800	1.03
16.	Kumpulan Wang Simpanan Guru-Guru	3,300,000	0.96
17.	Citigroup Nominees (Asing) Sdn. Bhd. CILTD for PHEIM SICAV-SIF	3,086,000	0.90
18.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Siew Booy (MY0267)	2,804,900	0.81
19.	Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	2,740,000	0.80
20.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Mah Siew Kwok (Margin)	2,412,000	0.70
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (CIMB PRNCP ILSM)	2,249,700	0.65
22.	Kumpulan Wang Simpanan Guru-Guru	2,085,700	0.61
23.	Tan Siew Booy	2,020,000	0.59
24.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Chai Beng (CEB)	2,000,000	0.58
25.	M & A Nominee (Tempatan) Sdn. Bhd. Insas Credit & Leasing Sdn Bhd for Mah Siew Kwok	2,000,000	0.58

Analysis of Shareholdings (Cont'd)

as at 20 April 2015

	Name	No. of Shares	%
26.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB-Principal Asset Management Bhd for Manulife Insurance (M) Bhd – (Equity Fund)	1,907,300	0.55
27.	Cartaban Nominees (Tempatan) Sdn. Bhd. SSBT AIS Fund SAEU for Ammetlife Ins Bhd AC 1 Par	1,561,600	0.45
28.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Michael Lau Kwong San @ Low Kwong San	1,475,000	0.43
29.	Low Boon Wah @ Lawrence Low	1,455,000	0.42
30.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Hong Cheat	1,330,000	0.39

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name	No. of Shares held	%	No. of Shares held	%
Omesti Holdings Berhad (f.k.a. Formis Holdings Berhad)	51,426,000	14.94	-	-
Low Chee Group Sdn. Bhd.	54,079,258	15.71	-	-
Insas Plaza Sdn. Bhd.	37,158,950	10.79	-	-
Dato' Mah Siew Kwok	5,412,000	1.57	52,626,000[(1)]	15.29
Dato' Low Tuck Choy	6,817,500	1.98	59,758,258[(2)]	17.36
Low Teik Kien	790,000	0.23	60,808,258[(3)]	17.66
Low Lai Yoong	482,500	0.14	54,079,258[(4)]	15.71
Omesti Berhad (f.k.a. Formis Resources Berhad)	-	-	51,426,000[(5)]	14.94
Red Zone Development Sdn. Bhd.	-	-	51,426,000[(6)]	14.94
Monteiro Gerard Clair	-	-	51,426,000[(7)]	14.94
Wong Kit-Leong	-	-	51,426,000[(7)]	14.94
Raymond Tan	199,000	0.06	51,426,000[(7)]	14.94
Insas Berhad	-	-	47,158,950[(8)]	13.70
Dato' Sri Thong Kok Khee	-	-	47,158,950[(9)]	13.70
Datin Chan Bee Leng	-	-	66,575,758[(10)]	19.34
Low Kheng Lun	-	-	54,079,258[(4)]	15.71

Notes:

(1) Deemed interested by virtue of his substantial shareholdings in Omesti Berhad (f.k.a. Formis Resources Berhad) ("OB"), which is the holding company of Omesti Holdings Berhad (f.k.a. Formis Holdings Berhad) ("OHB") pursuant to Section 6A of the Act and his spouse's direct shareholdings in the Company.

(2) Deemed interested by virtue of his substantial shareholdings in Low Chee Group Sdn. Bhd. ("LCG") and Estate of Low Chee pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of his substantial shareholdings in LCG, Estate of Low Chee and Tara Technic Sdn. Bhd. pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of his/her substantial shareholdings in LCG pursuant to Section 6A of the Act.

(5) Deemed interested by virtue of its shareholdings in its wholly-owned subsidiary, OHB pursuant to Section 6A of the Act.

(6) Deemed interested by virtue of its substantial shareholdings in OB, the holding company of OHB pursuant to Section 6A of the Act.

(7) Deemed interested by virtue of his substantial shareholdings in Red Zone Development Sdn. Bhd., a substantial shareholder of OB, the holding company of OHB pursuant to Section 6A of the Act.

(8) Deemed interested by virtue of its shareholdings in its wholly-owned subsidiaries, Insas Plaza Sdn. Bhd. and Montego Assets Limited and substantial shareholdings in its associate company, Winfields Development Sdn. Bhd.

(9) Deemed interested by virtue of his substantial shareholdings in Insas Berhad pursuant to Section 6A of the Act.

(10) Deemed interested by virtue of her husband, Dato' Low Tuck Choy's substantial shareholdings in LCG and Estate of Low Chee pursuant to Section 6A of the Act and her husband's direct shareholdings in the Company.

Analysis of ICPS Holders

as at 20 April 2015

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Authorised Share Capital	:	RM2,000,000.00
Issued and Fully Paid-Up	:	RM87,987.79 comprising of 8,798,779 ICPS of RM0.01 each
Class of Shares	:	ICPS of RM0.01 each
No. of ICPS Holders	:	478

DISTRIBUTION OF ICPS HOLDINGS

Size of Holdings	No. of ICPS Holders	%	No of ICPS Held	%
1-99	2	0.42	76	~
100-1,000	57	11.92	27,903	0.32
1,001-10,000	316	66.11	1,238,100	14.07
10,001-100,000	88	18.41	2,748,900	31.24
100,001-439,939*	12	2.51	2,292,000	26.05
439,939 and above**	3	0.63	2,491,800	28.32
Total	**478**	**100.00**	**8,798,779**	**100.00**

Notes:
~ Negligible
* Less than 5% of issued ICPS
** 5% and above of issued ICPS

DIRECTORS' ICPS HOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Holdings	%	Indirect Holdings	%
Datuk Seri Panglima Sulong Matjeraie	-	-	-	-
Dato' Sri Thong Kok Khee	-	-	-	-
Dato' Mah Siew Kwok	157,700	1.79	-	-
Datin Chan Bee Leng	-	-	-	-
Chow Seck Kai	5,000	0.06	-	-
Dimitrios Pantazaras	-	-	-	-
Wong Kit-Leong	-	-	-	-
Low Kheng Lun	-	-	-	-
Boey Tak Kong	-	-	-	-

Analysis of ICPS Holders (Cont'd)

as at 20 April 2015

LIST OF THIRTY ICPS HOLDERS

	Name	No. of ICPS	%
1.	Low Lai Yoong	880,000	10.00
2.	HSBC Nominees (Tempatan) Sdn. Bhd. Exempt AN for Credit Suisse AG (SG-CLT-T-OS PR)	862,300	9.80
3.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teoh Ewe Jin (MY0829)	749,500	8.52
4.	Wong Ley Bing	360,000	4.09
5.	Khoo Siang Hsi @ Khoo Chen Nan	295,700	3.36
6.	Kew Hoi Lam @ Hew Hoi Lam	246,000	2.80
7.	Tan Sok Ing	239,000	2.72
8.	Chung May Ching	185,000	2.10
9.	Lai Kam Keong	178,500	2.03
10.	Ng Khea Chuan	165,000	1.88
11.	JF Apex Nominees (Tempatan) Sdn. Bhd Pledged Securities A/C for Mah Siew Kwok (Margin)	157,700	1.79
12.	Ng Sing Lay	130,000	1.48
13.	Lim Aik Hoe	115,000	1.31
14.	Yap Eng Huai	110,100	1.25
15.	Yong Voon Choon	110,000	1.25
16.	Mah Yin Fong	100,000	1.14
17.	Loh Fatt Chong	100,000	1.14
18.	Abdul Malek Sabki Bin Ahmad Sabki	100,000	1.14
19.	Tan Chee Seng	85,000	0.97
20.	Chong Kheng Boon	80,000	0.91
21.	Xu Huan	76,000	0.86
22.	Lim Hwi Pheng	75,000	0.85
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Poh Hwa	72,000	0.82
24.	Yee Mee Fah	69,600	0.79
25.	Ng Hee Lan	60,000	0.68
26.	Lim Geok Eng Mary	57,300	0.65
27.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Soo Pin @ Lim Ah Lek	55,100	0.63
28.	Liew Hon Leong	55,000	0.63
29.	Lim Kew @ Lim Kon Foong	50,000	0.57
30.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Lee Oh Tow @ Lee Eng (REM 178-Margin)	50,000	0.57

Analysis of RCPS Holders

as at 20 April 2015

REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

Authorised Share Capital	:	RM3,000,000.00
Issued and Fully Paid-Up	:	RM212,096.16 comprising 21,209,616 RCPS of RM0.01 each
Class of Shares	:	RCPS of RM0.01 each
No. of RCPS Holders	:	78

DISTRIBUTION OF RCPS HOLDINGS

Size of Holdings	No. of RCPS Holders	%	No of RCPS Held	%
1-99	8	10.26	332	~
100-1,000	6	7.69	4,550	0.02
1,001-10,000	7	8.97	41,290	0.20
10,001-100,000	32	41.03	1,945,540	9.17
100,001-1,060,481*	22	28.21	5,816,330	27.42
1,060,481 and above**	3	3.84	13,401,574	63.19
Total	**78**	**100.00**	**21,209,616**	**100.00**

Notes:
~ Negligible
* Less than 5% of issued RCPS
** 5% and above of issued RCPS

DIRECTORS' RCPS HOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Holdings	%	Indirect Holdings	%
Datuk Seri Panglima Sulong Matjeraie	-	-	-	-
Dato' Sri Thong Kok Khee	-	-	-	-
Dato' Mah Siew Kwok	1,267,800	5.98	110,000(1)	0.52
Datin Chan Bee Leng	-	-	11,382,964(2)	53.67
Chow Seck Kai	-	-	-	-
Dimitrios Pantazaras	-	-	-	-
Wong Kit-Leong	-	-	-	-
Low Kheng Lun	-	-	11,033,774(3)	52.02
Boey Tak Kong	-	-	-	-

Notes:
(1) Disclosure made pursuant to Section 134(12)(c) of the Act by virtue of his daughter's shareholding in the Company.
(2) Disclosure made pursuant to Section 134(12)(c) of the Act by virtue of her spouse's deemed interest in LCG and Concrete Pavers Industries Sdn. Bhd. pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of his substantial shareholdings in LCG pursuant to Section 6A of the Act.

Analysis of RCPS Holders (Cont'd)

as at 20 April 2015

LIST OF THIRTY RCPS HOLDERS

	Name	No. of RCPS	%
1.	Low Chee Group Sdn. Bhd.	11,033,774	52.02
2.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Mah Siew Kwok (Margin)	1,267,800	5.98
3.	Walicon Sdn. Bhd.	1,100,000	5.19
4.	Laurent Victor Jean-Marie D'Herve	954,198	4.50
5.	Wong Kian Kheong	546,452	2.58
6.	Leaw Seng Aik	507,030	2.39
7.	Tan Chong Siew	500,000	2.36
8.	Jasbeer Singh A/L Banta Singh	391,058	1.84
9.	Boon & Cheah Steel Pipes Sdn. Berhad	388,440	1.83
10.	Concrete Paver Industries Sdn. Bhd.	349,190	1.65
11.	Low Kim Leng	214,950	1.01
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teoh Ewe Jin (MY0829)	200,000	0.94
13.	Chia Sik Cheong	184,966	0.87
14.	Hong Giap Sendirian Berhad	175,072	0.83
15.	Lee Nan San	168,408	0.79
16.	Syarikat South Auto (K.L.) Sdn. Bhd.	147,086	0.69
17.	Lee Yan Chau	141,662	0.67
18.	Boey Chung Shing	139,880	0.66
19.	Ansah Sdn. Bhd.	126,778	0.60
20.	Chan Weng Sing	122,600	0.58
21.	Tee Choon Heng	122,470	0.58
22.	Loke Kam Mooi	120,000	0.57
23.	Mah Xian-Zhen	110,000	0.52
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Lim Kon Kwan (8119594)	106,000	0.50
25.	Geodata Engineering Sdn. Bhd.	100,090	0.47
26.	Voon Siew Moon	100,000	0.47
27.	Lim Shook Nyee	100,000	0.47
28.	Yap Chee Khoon	100,000	0.47
29.	Tok Kai Ling	96,980	0.46
30.	Chung Cheng Yeat	91,522	0.43

Analysis of Warrant Holders for Warrants 2013/2018

as at 20 April 2015

WARRANTS 2013/2018 ("WARRANTS")

Number of Outstanding Warrants Issued : 45,430,604
No. of Warrant Holders : 1,090

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	%	No of Warrant Held	%
1-99	28	2.57	1,289	0.01
100-1,000	177	16.24	132,850	0.29
1,001-10,000	504	46.24	2,872,500	6.32
10,001-100,000	320	29.36	11,066,750	24.36
100,001-2,271,530*	59	5.41	13,293,050	29.26
2,271,530 and above**	2	0.18	18,064,165	39.76
Total	**1,090**	**100.00**	**45,430,604**	**100.00**

Notes:
* Less than 5% of issued Warrants
** 5% and above of issued Warrants

DIRECTORS' WARRANT HOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Holdings	%	Indirect Holdings	%
Datuk Seri Panglima Sulong Matjeraie	-	-	-	-
Dato' Sri Thong Kok Khee	-	-	-	-
Dato' Mah Siew Kwok	1,325,000	2.92	11,707,500(1)	25.77
Datin Chan Bee Leng	-	-	6,256,665(2)	13.77
Chow Seck Kai	2,500	0.01	-	-
Dimitrios Pantazaras	-	-	-	-
Wong Kit-Leong	-	-	11,557,500(3)	25.44
Low Kheng Lun	-	-	6,256,665(4)	13.77
Boey Tak Kong	-	-	-	-

Notes:
(1) Deemed interested by virtue of his substantial shareholdings in OB, which is the holding company of OHB pursuant to Section 6A of the Act and disclosure made on his spouse's and daughter's direct interests in the Company pursuant to Section 134(12)(c) of the Act.
(2) Disclosure made pursuant to Section 134(12)(c) of the Act by virtue of her spouse's interest in LCG.
(3) Deemed interested by virtue of his substantial shareholdings in Red Zone Development Sdn. Bhd., a substantial shareholder of OB, the holding company of OHB pursuant to Section 6A of the Act.
(4) Deemed interested by virtue of his substantial shareholdings in LCG pursuant to Section 6A of the Act.

LIST OF THIRTY WARRANT HOLDERS

	Name	No. of Warrants	%
1.	M & A Nominee (Tempatan) Sdn. Bhd. Insas Credit & Leasing Sdn. Bhd. for Omesti Holdings Berhad (HH)	11,557,500	25.44
2.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Low Chee Group Sdn. Bhd.	6,506,665	14.32
3.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Mah Siew Kwok (Margin)	1,325,000	2.92

Analysis of Warrant Holders for Warrants 2013/2018 (Cont'd)

as at 20 April 2015

	Name	No. of Warrants	%
4.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Tiong Sheng	600,300	1.32
5.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teoh Ewe Jin (MY0829)	479,750	1.06
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Ho Meow Shen (MY1620)	460,000	1.01
7.	Low Lai Yoong	440,000	0.97
8.	HSBC Nominees (Tempatan) Sdn. Bhd. Exempt AN for Credit Suisse AG (SG-CLT-T-OS PR)	431,150	0.95
9.	U Yong Doong @ U Sung Kwi	400,650	0.88
10.	Chan Mun Ying	400,000	0.88
11.	Foo Jin Ping	375,000	0.83
12.	Chin Nyook Fong	330,000	0.73
13.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiu Woong Choong	300,000	0.66
14.	RHB Capital Nominees (Asing) Sdn. Bhd. Pledged Securities A/C for Wong Vincent Siu Chun	276,000	0.61
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Teng Tong Siew	235,000	0.52
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Teoh Hoay Ming	228,800	0.50
17.	Noorulintan Binti Mohamed Ridzuwan	225,000	0.50
18.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mok E. King	223,600	0.49
19.	Seow Kah Heng	223,000	0.49
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kim Mei	217,000	0.48
21.	Chia Wan Chin	210,000	0.46
22.	Ngooi Chiu Ing	200,000	0.44
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Kee Ju-Hun (MY0315)	200,000	0.44
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Michael Lau Kwong San @ Low Kwong San	200,000	0.44
25.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Choon Chong	200,000	0.44
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Seng Fatt	200,000	0.44
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C for Edmund Low Chun Hoong	200,000	0.44
28.	Yeo Jon Tian @ Eeyo Jon Thiam	195,000	0.43
29.	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kok Tiu Wan	184,500	0.41
30.	Teoh Hoay Ming	183,700	0.40

List of Properties

as at 31 December 2014

Address/Location	Age of Building	Date of Acquisition	Tenure	Size/Area	Existing Use	Description	Net Book Value RM ‘000
2B 1st Floor Medan Imbi Kuala Lumpur	29 years	01/07/1986	Freehold	900 sq.ft.	Rented	Shophouse	50
Lot A4-01, 4th Floor, Kuala Lumpur Industrial Park 8KM Jalan Klang Lama Kuala Lumpur	30 years	02/12/1985	Leasehold expires in year 2063	2,412 sq.ft.	Office Store	Flatted Factory	184
Geran 78077 Lot No. 101461 Bandar Bukit Jalil Mukim Petaling	-	12/09/1995	Freehold	215,900 sq.ft.	Property Development	Development Land	124,887
Geran 78076 Lot No. 101462 Bandar Bukit Jalil Mukim Petaling	-	12/09/1995	Freehold	24,330 sq.ft.	Property Development	Development Land	37,726
No. 18, Jalan 17/155C Bandar Bukit Jalil Kuala Lumpur	5 years	31/12/2009*	Freehold	1,800 sq.ft.	Office Premise	Shophouse	577
J-3A, Block J 3-storey shop office Bandar Bukit Jalil Kuala Lumpur	5 years	16/06/2014	Freehold	4,575 sq.ft.	Under Construction	Shop office	628

* Date the property was transferred from inventory to fixed asset.

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal Activities

The principal activities of the Company are those of foundation engineering, civil engineering, building contracting works and hire of plant and machinery.

The principal activities of the subsidiary companies, associates and joint ventures are disclosed in Notes 6, 7 and 8 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year.

The Company on 31 July 2008 announced that it is deemed an affected listed issuer pursuant to the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in relation to Practice Note No. 17/2005 as the auditors have expressed a disclaimer opinion in the Company's audited financial statements for the financial year ended 31 December 2007. On 31 December 2013, the regularisation plan of the Company was completed with the listing of the Irredeemable Convertible Preference Shares ("ICPS"), Redeemable Convertible Preference Shares ("RCPS") and Warrants.

On 2 May 2014, Bursa Malaysia Securities Berhad approved the Company's application for an early upliftment from being classified as a PN 17 company and the Company was officially uplifted from PN 17 status with effect from 5 May 2014.

Financial Results

	Group RM'000	Company RM'000
Profit before taxation	80,083	13,465
Taxation	(12,905)	-
Profit for the financial year	67,178	13,465
Attributable to:		
Owners of the parent	65,750	
Non-controlling interests	1,428	
	67,178	

Dividend

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are as disclosed in Notes 17 and 20 to the financial statements.

Directors' Report (Cont'd)

Issue of Shares and Debentures

During the current financial year, the Company increased its issued and paid-up share capital from 102,000,408 to 311,258,161 through the issuance of 209,257,753 ordinary shares of RM0.50 each as follows:

(a) 92,338,929 new ordinary shares of RM0.50 each arising from conversion of ICPS;
(b) 111,410,974 new ordinary shares of RM0.50 each arising from conversion of RCPS; and
(c) 5,507,850 new ordinary shares of RM0.50 each for cash arising from exercise of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Irredeemable Convertible Preference Shares ("ICPS")

The terms of the conversion of the ICPS are disclosed in Note 16 to the financial statements.

As at 31 December 2014, the number of ICPS in issue is 9,661,479 shares.

Redeemable Convertible Preference Shares ("RCPS")

The terms of the conversion of the RCPS are disclosed in Note 16 to the financial statements.

As at 31 December 2014, the number of RCPS in issue is 22,149,956 shares.

Warrants Reserves

The warrants 2013/2018 were constituted under the Deed Poll dated 14 November 2013 as disclosed in Note 17 to the financial statements.

As at 31 December 2014, the number of warrants that remain unexercised were 45,492,354.

Directors

The Directors in office since the date of the last report are as follows:

Datuk Seri Panglima Sulong Matjeraie	
Dato' Sri Thong Kok Khee	
Dato' Mah Siew Kwok	
Datin Chan Bee Leng	
Chow Seck Kai	
Dimitrios Pantazaras	
Wong Kit-Leong	
Low Kheng Lun	
Boey Tak Kong	(Appointed on 28.11.2014)
Tan Sri Dato' Kamaruzzaman bin Shariff	(Retired on 18.06.2014)
Dato' Ramli bin Yusuff	(Retired on 18.06.2014)
Donatian Felix Dorairaj	(Retired on 18.06.2014)

Directors' Report (Cont'd)

Directors' Interests

The interests and deemed interests in the shares and warrants of the Company or its related corporations by the Directors in office at the end of the financial year (including their spouse or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each				
	At 01.01.2014/ ^ At date of appointment	**Acquired**	**Conversion**	**Disposed**	**At 31.12.2014/ * At date of retirement**
Ho Hup Construction Company Berhad					
Direct interest					
Chow Seck Kai	1,284,600	-	-	(1,224,600)	60,000
Dato' Mah Siew Kwok	4,650,000	-	2,650,000	(1,888,000)	5,412,000
Boey Tak Kong	^ 750,000	-	-	-	750,000
Tan Sri Dato' Kamaruzzaman bin Shariff	1,000	-	-	-	* 1,000
Dato' Ramli bin Yusuff	-	100,000	-	-	* 100,000
Indirect interest					
Dato' Sri Thong Kok Khee (1)	11,010,700	3,594,700	22,159,050	-	36,764,450
Wong Kit-Leong (2)	23,115,000	950,000	27,361,000	-	51,426,000
Datin Chan Bee Leng (3)	28,103,729	2,229,300	36,042,729	-	66,375,758
Low Kheng Lun (4)	23,446,229	2,229,300	28,403,729	-	54,079,258
Dato' Mah Siew Kwok (5)	23,415,000	950,000	28,661,000	(300,000)	52,726,000
Donatian Felix Dorairaj (6)	-	-	3,000,000	(1,545,000)	* 1,455,000

	Number of ICPS of RM0.01 each				
	At 01.01.2014	**Acquired**	**Conversion**	**Disposed**	**At 31.12.2014**
Ho Hup Construction Company Berhad					
Direct interest					
Chow Seck Kai	5,000	-	-	-	5,000
Dato' Mah Siew Kwok	2,650,000	157,700	(2,650,000)	-	157,700
Indirect interest					
Dato' Sri Thong Kok Khee (1)	11,010,700	-	(11,010,700)	-	-
Wong Kit-Leong (2)	23,115,000	-	(23,115,000)	-	-
Datin Chan Bee Leng (3)	34,403,729	-	(34,353,729)	(50,000)	-
Low Kheng Lun (4)	28,403,729	-	(28,403,729)	-	-
Dato' Mah Siew Kwok (5)	23,415,000	-	(23,415,000)	-	-

Directors' Report (Cont'd)

	At 01.01.2014	Acquired	Conversion	Disposed	At 31.12.2014 * At date of retirement
	Number of RCPS of RM0.01 each				
Ho Hup Construction Company Berhad					
Direct interest					
Dato' Mah Siew Kwok	-	1,267,800	-	-	1,267,800
Indirect interest					
Dato' Sri Thong Kok Khee [(1)]	514,800	5,128,200	(5,643,000)	-	-
Wong Kit-Leong [(2)]	-	4,246,000	(4,246,000)	-	-
Datin Chan Bee Leng [(3)]	13,071,964	-	(1,689,000)	-	11,382,964
Low Kheng Lun [(4)]	11,033,774	-	-	-	11,033,774
Dato' Mah Siew Kwok [(5)]	-	5,356,000	(5,246,000)	-	110,000
Donatian Felix Dorairaj [(6)]	4,300,000	-	(3,000,000)	(1,300,000)	* -

	At 01.01.2014	Acquired	Exercised	Disposed	At 31.12.2014
	Number of Warrants 2013/2018				
Ho Hup Construction Company Berhad					
Direct interest					
Chow Seck Kai	2,500	-	-	-	2,500
Dato' Mah Siew Kwok	1,325,000	-	-	-	1,325,000
Indirect interest					
Dato' Sri Thong Kok Khee [(1)]	5,505,350	-	(5,505,350)	-	-
Wong Kit-Leong [(2)]	11,557,500	-	-	-	11,557,500
Datin Chan Bee Leng [(3)]	16,801,865	-	-	(7,980,200)	8,821,665
Low Kheng Lun [(4)]	14,001,865	-	-	(5,180,200)	8,821,665
Dato' Mah Siew Kwok [(5)]	11,707,500	-	-	-	11,707,500

Notes:

[1] *Deemed interested pursuant to Section 6A of the Companies Act, 1965 ("the Act") by virtue of his substantial shareholdings in Insas Berhad.*

[2] *Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in Red Zone Development Sdn. Bhd., a substantial shareholder of Omesti Berhad (formerly known as Formis Resources Berhad) which is the holding company of Omesti Holdings Berhad (formerly known as Formis Holdings Berhad).*

[3] *Deemed interested pursuant to Section 134(12)(c) of the Act by virtue of her spouse's shareholdings in the Company and her spouse's interest in Low Chee Group Sdn. Bhd., Estate of Low Chee and Concrete Pavers Industries Sdn. Bhd..*

[4] *Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in Low Chee Group Sdn. Bhd..*

[5] *Deemed interested pursuant to Section 6A of the Act by virtue of his substantial shareholdings in Omesti Berhad (formerly known as Formis Resources Berhad), the holding company of Omesti Holdings Berhad (formerly known as Formis Holdings Berhad) and disclosure made pursuant to Section 134(12)(c) of the Act by virtue of his spouse and daughter's shareholdings in the Company.*

[6] *Deemed interested pursuant to Section 6A of the Act for being a partner of Messrs. Dorairaj, Low & Teh.*

By virtue of their interest in the shares of the Company, Dato Sri Thong Kok Khee, Wong Kit-Leong, Datin Chan Bee Leng, Low Kheng Lun and Dato' Mah Siew Kwok are deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares, ICPS, RCPS and Warrants of the Company or its related corporations during the financial year.

Directors' Report (Cont'd)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 31(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other Statutory Information

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company.

(d) In the opinion of the Directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

   (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

   (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant and Subsequent Events

The significant and subsequent events are disclosed in Note 33 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2015.

CHOW SECK KAI

WONG KIT-LEONG

KUALA LUMPUR

Statement by Directors

Pursant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 63 to 129 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 130 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2015.

CHOW SECK KAI

WONG KIT-LEONG

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, WONG KIT-LEONG, being the Director primarily responsible for the financial management of HO HUP CONSTRUCTION COMPANY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 130 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at KUALA LUMPUR in the)
Federal Territory on 20 April 2015)

WONG KIT-LEONG

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

to the Members of Ho Hup Construction Company Berhad (Company No.: 14034-W)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ho Hup Construction Company Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 63 to 129.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report (Cont'd)

to the Members of Ho Hup Construction Company Berhad (Company No.: 14034-W)

(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 130 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/16 (J)
Chartered Accountant

KUALA LUMPUR
20 April 2015

Statements of Financial Position

as at 31 December 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**11,708**	5,968	**698**	884
Land and property development costs	5	**9,753**	111,068	**-**	-
Investment in subsidiary companies	6	**-**	-	**52,182**	15,635
Investments in associates	7	**-**	-	**-**	-
Investments in joint ventures	8	**-**	-	**-**	-
Other receivables	9	**-**	500	**-**	500
Deferred tax assets	10	**-**	7,500	**-**	-
		21,461	125,036	**52,880**	17,019
Current Assets					
Land and property development costs	5	**116,117**	12,166	**-**	-
Accrued billing in respect of property development costs		**95,464**	-	**-**	-
Amount owing by customers on contracts	11	**6,032**	11,193	**5,796**	3,134
Inventories	12	**600**	620	**-**	-
Trade receivables	13	**80,050**	45,708	**46,132**	12,650
Other receivables	9	**33,344**	49,080	**27,225**	29,845
Amount owing by subsidiary companies	14	**-**	-	**160,998**	78,004
Fixed deposits with licensed banks	15	**951**	38,494	**10**	37,593
Cash and bank balances	15	**9,278**	68,964	**5,943**	61,821
		341,836	226,225	**246,104**	223,047
Total Assets		**363,297**	351,261	**298,984**	240,066

Statements of Financial Position (Cont'd)
as at 31 December 2014

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
EQUITY					
Share capital	16	**155,948**	53,356	**155,948**	53,356
Reserves	17	**(6,142)**	123,739	**23,872**	124,095
Accumulated losses		**(27,197)**	(93,883)	**(22,085)**	(36,486)
Equity attributable to owners of the parent		**122,609**	83,212	**157,735**	140,965
Non-controlling interests		**1,098**	6,236	**-**	-
Total Equity		**123,707**	89,448	**157,735**	140,965
LIABILITIES					
Non-Current Liabilities					
Finance lease liabilities	18	**2,672**	-	**-**	-
Bank borrowings	19	**18,247**	-	**-**	-
		20,919	-	**-**	-
Current Liabilities					
Amount owing to customers on contracts	11	**9,663**	-	**25,401**	-
Provision for liquidated ascertained damages	20	**1,770**	21,956	**-**	-
Progress billing in respect of property development costs		**-**	30,229	**-**	-
Trade payables	21	**90,464**	30,843	**81,980**	18,933
Other payables	22	**92,314**	138,381	**28,944**	40,168
Finance lease liabilities	18	**993**	-	**-**	-
Bank borrowings	19	**17,676**	40,000	**-**	40,000
Amount owing to subsidiary companies	14	**-**	-	**4,924**	-
Tax payable		**5,791**	404	**-**	-
		218,671	261,813	**141,249**	99,101
Total Liabilities		**239,590**	261,813	**141,249**	99,101
Total Equity and Liabilities		**363,297**	351,261	**298,984**	240,066

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the Financial Year ended 31 December 2014

		GROUP		COMPANY	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	23	**341,024**	149,363	**195,849**	92,649
Cost of sales	24	**(241,150)**	(129,481)	**(183,525)**	(88,364)
Gross profit		**99,874**	19,882	**12,324**	4,285
Other income		**3,015**	15,422	**14,831**	9,815
Administration expenses		**(7,789)**	(4,251)	**(4,806)**	(1,857)
Other operating expenses		**(14,447)**	(9,716)	**(8,526)**	(5,206)
Finance costs	25	**(570)**	(1,077)	**(358)**	(899)
Profit before taxation	26	**80,083**	20,260	**13,465**	6,138
Taxation	27	**(12,905)**	7,487	**-**	-
Profit for the financial year		**67,178**	27,747	**13,465**	6,138
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		**29**	(22)	**-**	-
Reclassification adjustment					
- Exchange translation reserve		**-**	(5,241)	**-**	-
Other comprehensive income for the financial year		**29**	(5,263)	**-**	-
Total comprehensive income for the financial year		**67,207**	22,484	**13,465**	6,138
Profit for the financial year attributable to:					
Owners of the parent		**65,750**	22,503		
Non-controlling interests		**1,428**	5,244		
		67,178	27,747		
Total comprehensive income attributable to:					
Owners of the parent		**65,779**	17,240		
Non-controlling interests		**1,428**	5,244		
		67,207	22,484		
Earnings per share					
Basic earnings per share (sen)	28 (i)	**25.1**	22.1		
Diluted earnings per share (sen)	28 (ii)	**17.9**	6.2		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the Financial Year Ended 31 December 2014

		<--- Attributable to Owners of the Parent --->									
		<--- Non-Distributable --->									
Group	**Note**	**Share Capital RM'000**	**ICPS RM'000**	**RCPS RM'000**	**Share Premium RM'000**	**Foreign Currency Translation Reserve RM'000**	**Warrant Reserve RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
At 1 January 2013		102,000	-	-	-	4,907	-	(158,716)	(51,809)	992	(50,817)
Profit for the financial year		-	-	-	-	-	-	22,503	22,503	5,244	27,747
Other comprehensive income for the financial year		-	-	-	-	(5,263)	-	-	(5,263)	-	(5,263)
Total comprehensive income for the financial year		-	-	-	-	(5,263)	-	22,503	17,240	5,244	22,484
Transactions with owners:											
Capital reduction	16	(51,000)	-	-	-	-	-	51,000	-	-	-
Issue of ICPS	16	-	1,020	-	49,980	-	-	-	51,000	-	51,000
Issue of RCPS	16	-	-	1,336	65,445	-	-	-	66,781	-	66,781
Issue of warrants	17	-	-	-	-	-	8,670	(8,670)	-	-	-
Total transactions with owners		(51,000)	1,020	1,336	115,425	-	8,670	42,330	117,781	-	117,781
At 31 December 2013		51,000	1,020	1,336	115,425	(356)	8,670	(93,883)	83,212	6,236	89,448

Statements of Changes in Equity (Cont'd)

for the Financial Year Ended 31 December 2014

		<---------- Attributable to Owners of the Parent ---------->										
		<---------- Non-Distributable ---------->										
Group	**Note**	**Share Capital RM'000**	**ICPS RM'000**	**RCPS RM'000**	**Share Premium RM'000**	**Foreign Currency Translation Reserve RM'000**	**Warrant Reserve RM'000**	**Other Reserve RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
At 1 January 2014		**51,000**	**1,020**	**1,336**	**115,425**	**(356)**	**8,670**	**-**	**(93,883)**	**83,212**	**6,236**	**89,448**
Profit for the financial year		-	-	-	-	-	-	-	**65,750**	**65,750**	**1,428**	**67,178**
Other comprehensive income for the financial year		-	-	-	-	**29**	-	-	-	**29**	-	**29**
Total comprehensive income for the financial year		-	-	-	-	**29**	-	-	**65,750**	**65,779**	**1,428**	**67,207**
Transactions with owners:												
Conversion of ICPS	16	**46,169**	**(923)**	-	**(45,246)**	-	-	-	-	-	-	-
Conversion of RCPS	16	**55,706**	-	**(1,114)**	**(54,592)**	-	-	-	-	-	-	-
Exercise of warrants	16, 17	**2,754**	-	-	**551**	-	**(936)**	-	**936**	**3,305**	-	**3,305**
Acquisition of additional interest from non-controlling interest		-	-	-	-	-	-	**(29,687)**	-	**(29,687)**	**(6,860)**	**(36,547)**
Incorporation of a subsidiary company		-	-	-	-	-	-	-	-	-	**294**	**294**
Total transactions with owners		**104,629**	**(923)**	**(1,114)**	**(99,287)**	**-**	**(936)**	**(29,687)**	**936**	**(26,382)**	**(6,566)**	**(32,948)**
At 31 December 2014		**155,629**	**97**	**222**	**16,138**	**(327)**	**7,734**	**(29,687)**	**(27,197)**	**122,609**	**1,098**	**123,707**

Statements of Changes in Equity (Cont'd)

for the Financial Year Ended 31 December 2014

		<------ Attributable to Owners of the Parent ------>						
		<------ Non-distributable ------>						
Company	Note	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2013		102,000	-	-	-	-	(84,954)	17,046
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	6,138	6,138
Transactions with owners:								
Capital reduction	16	(51,000)	-	-	-	-	51,000	-
Issue of ICPS	16	-	1,020	-	49,980	-	-	51,000
Issue of RCPS	16	-	-	1,336	65,445	-	-	66,781
Issue of warrants	17	-	-	-	-	8,670	(8,670)	-
Total transactions with owners		(51,000)	1,020	1,336	115,425	8,670	42,330	117,781
At 31 December 2013		51,000	1,020	1,336	115,425	8,670	(36,486)	140,965
At 1 January 2014		**51,000**	**1,020**	**1,336**	**115,425**	**8,670**	**(36,486)**	**140,965**
Profit for the financial year, representing total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**13,465**	**13,465**
Transactions with owners:								
Conversion of ICPS	16	**46,169**	**(923)**	**-**	**(45,246)**	**-**	**-**	**-**
Conversion of RCPS	16	**55,706**	**-**	**(1,114)**	**(54,592)**	**-**	**-**	**-**
Exercised of warrants	16, 17	**2,754**	**-**	**-**	**551**	**(936)**	**936**	**3,305**
Total transactions with owners		**104,629**	**(923)**	**(1,114)**	**(99,287)**	**(936)**	**936**	**3,305**
At 31 December 2014		**155,629**	**97**	**222**	**16,138**	**7,734**	**(22,085)**	**157,735**

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the Financial Year ended 31 December 2014

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit before taxation	**80,083**	20,260	**13,465**	6,138
Adjustments for:				
Depreciation of property, plant and equipment	**1,194**	576	**241**	220
Impairment on trade receivables	**235**	73	**-**	29
Impairment on amount owing by a subsidiary company	**-**	-	**14**	-
Gain on disposal of investment in an associate company	**-**	(14,142)	**-**	(8,901)
Gain on disposal of property, plant and equipment	**-**	(15)	**-**	(1)
(Reversal)/Provision for liquidated ascertained damages (Net)	**(417)**	2,517	**-**	-
Reversal of impairment on trade receivables	**(338)**	(79)	**(322)**	-
Reversal of impairment on amount owing by a subsidiary company	**-**	-	**(1,461)**	-
Finance income on other receivables	**-**	(659)	**-**	(659)
Writeback of provision for value added tax	**-**	(3)	**-**	(3)
Interest income	**(398)**	(182)	**(281)**	(130)
Interest expenses	**570**	1,077	**358**	899
Operating profit/(loss) before working capital changes	**80,929**	9,423	**12,014**	(2,408)
Changes in working capital				
Land and property development costs	**(2,498)**	3,600	**-**	-
Accrued billing/Progress billing in respect of property development costs	**(125,693)**	17,530	**-**	-
Amount owing by customers on contracts	**14,824**	(10,094)	**22,739**	(2,035)
Inventories	**20**	(301)	**-**	-
Receivables	**(17,060)**	(47,526)	**(111,587)**	(12,782)
Payables	**13,553**	41,840	**56,747**	19,907
	(116,854)	5,049	**(32,101)**	5,090
Cash (used in)/generated from operations	**(35,925)**	14,472	**(20,087)**	2,682
Interest paid	**(708)**	(1,077)	**(358)**	(899)
Tax paid	**(18)**	(13)	**-**	-
Tax refund	**-**	18	**-**	-
Payment for liquidated ascertained damages	**(19,769)**	-	**-**	-
	(20,495)	(1,072)	**(358)**	(899)
Net cash (used in)/from operating activities	**(56,420)**	13,400	**(20,445)**	1,783

Statements of Cash Flows (Cont'd)

for the Financial Year ended 31 December 2014

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Investing Activities				
Purchase of property, plant and equipment [Note 4(a)]	**(3,994)**	(4,966)	**(55)**	(215)
Proceeds from disposal of property, plant and equipment	**-**	41	**-**	1
Asquisition of a subsidiary company	**-**	-	*****	-
Additional investment in a subsidiary company [Note 6(c)]	**(36,547)**	-	**(36,547)**	-
Proceeds from disposal of investment in an associated company (net of transaction costs)	**-**	8,901	**-**	8,901
Capital contribution by non-controlling interest	**294**	-	**-**	-
Interest received	**398**	182	**281**	130
Net cash (used in)/from investing activities	**(39,849)**	4,158	**(36,321)**	8,817
Cash Flows From Financing Activities				
Proceeds from issuance of ICPS	**-**	51,000	**-**	51,000
Exercised on warrants	**3,305**	-	**3,305**	-
Drawdown of bridging loan/term loan	**18,247**	40,000	**-**	40,000
Repayment of hire purchase liabilities	**(217)**	-	**-**	-
Repayment of term loan	**(40,000)**	-	**(40,000)**	-
Net cash (used in)/from financing activities	**(18,665)**	91,000	**(36,695)**	91,000
Net (decrease)/increase in cash and cash equivalents	**(114,934)**	108,558	**(93,461)**	101,600
Effect of changes in foreign exchange rate	**29**	(18)	**-**	-
Cash and cash equivalents at beginning of the financial year	**107,458**	(1,082)	**99,414**	(2,186)
	(7,447)	107,458	**5,953**	99,414
Less: Cash and cash equivalents restricted from use [Note 15]	**(980)**	(2,298)	**-**	(1,623)
Cash and cash equivalents at end of the financial year [Note 15]	**(8,427)**	105,160	**5,953**	97,791

* denote RM2

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at No.18, Jalan 17/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Company are those of foundation engineering, civil engineering, building contracting works and hire of plant and machinery. The principal activities of the subsidiary companies, associates and joint ventures are disclosed in Notes 6, 7 and 8 respectively. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

a. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards and IC Interpretation

During the financial year, the Group and the Company have adopted the following applicable amendments to FRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of above amendments to FRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle		1 July 2014
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

Notes to the Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

a. Statement of compliance (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement.*

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

2. Basis of Preparation (Cont'd)

a. Statement of compliance (Cont'd)

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2017. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2014 could be different if prepared under the MFRS Framework.

b. Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and Company's functional currency and all values are rounded to the nearest thousand except when otherwise stated.

c. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

<u>Useful lives of property, plant and equipment (Note 4)</u>

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

<u>Impairment of investment in subsidiary companies</u>

The Company has recognised impairment loss in respect of its investments in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investments in subsidiary companies belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the end of reporting period for investments in subsidiary companies is disclosed in Note 6.

<u>Deferred tax assets</u>

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 10.

Notes to the Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

c. Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Property development costs

The Group recognises property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. Details of property development costs are disclosed in Note 5.

Construction contracts

The Group recognises construction contracts revenue and expenses in statements of comprehensive income based on stage of completion method. Revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group assesses the profitability of on-going construction contracts and the order backlog at least monthly, using project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. Details of construction contracts costs are disclosed in Note 11.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the end of the reporting period for loans and receivables are disclosed in Notes 9, 13 and 14 respectively.

Provision for liquidated ascertained damages

Provision for liquidated ascertained damages is recognised for expected liquidated ascertained damages claims based on the terms of the applicable sale and purchase agreements and is provided up to the actual or estimated completion date of development projects. The carrying amounts at the end of the reporting period for provision for liquidated ascertained damages are disclosed in Notes 20.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 27.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group, for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 34.

2. **Basis of Preparation (Cont'd)**

c. Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 36(d) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

a. Basis of consolidation

i. Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 Financial Instruments: Recognition and Measurement either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

a. Basis of consolidation (Cont'd)

ii. Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

iv. Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

b. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. Significant Accounting Policies (Cont'd)

b. Investments in associates and joint ventures (Cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

c. Foreign currency translation

i. Recognition and measurement

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

c. Foreign currency translation (Cont'd)

ii. Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to FRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

d. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

i. Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

d. Property, plant and equipment (Cont'd)

iii. Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leasehold land is depreciated over the remaining lease period of 49 years. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	50 years
Furniture, fittings and office equipment	5 - 10 years
Motor vehicles	5 years
Plant and machinery	3 - 20 years
Renovations	10 years
Tools and technical equipment	5 - 10 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

e. Land held for property development and property development costs

i. Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

ii. Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project including costs to be incurred over the defects liability period shall be recognised as an expense immediately.

3. Significant Accounting Policies (Cont'd)

e. Land held for property development and property development costs (Cont'd)

ii. Property development costs (Cont'd)

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statements of comprehensive income is classified as progress billings within trade payables.

f. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

i. Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

ii. Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

g. Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

g. Financial assets (Cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

h. Inventories

Inventories which represent construction materials and unsold property are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

i. Construction contracts

Construction contracts are contracts specifically negotiated for the construction of an asset or combination of assets that are closely interrelated or interdependent in terms of their design, technology and function of their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised over the period of the contracts as revenue and expenses respectively by reference to the stage of completion of the contract activities at the end of the reporting period. The stage of completion is determined by the surveys of work performed and completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts owing by contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts owing to contract customers.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

j. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

k. Impairment of assets

i. Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

ii. Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

3. Significant Accounting Policies (Cont'd)

k. Impairment of assets (Cont'd)

ii. Financial assets (Cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

l. Share capital

i. Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instrument. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

ii. Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

m. Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

m. Financial liabilities (Cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

i. Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

ii. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

n. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

o. Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

o. Provisions (Cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

p. Revenue

i. Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as disclosed in Note 3(i).

ii. Joint development income

Revenue from joint development income is accounted in accordance to the accounting policies as disclosed in Note 3(e)(ii).

iii. Sale of development properties

Revenue from sale of development properties is accounted in accordance to the accounting policies as disclosed in Note 3(e)(ii).

iv. Commission

Commission is recognised when the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

v. Sale of goods

Revenue is recognised at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

vi. Interest income

Interest income is recognised on accruals basis using the effective interest method.

vii. Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Notes to the Financial Statements (Cont'd)

3. Significant Accounting Policies (Cont'd)

q. Borrowing costs (Cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

r. Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

s. Employee benefits

i. Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

ii. Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. Significant Accounting Policies (Cont'd)

t. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

u. Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and warrants.

4. Property, Plant and Equipment

Group	Freehold buildings RM'000	Leasehold land and building RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovations RM'000	Tools and technical equipment RM'000	Building under construction RM'000	Total RM'000
2014									
Cost									
At 1 January 2014	741	354	5,427	10,174	63,018	765	3,249	-	83,728
Additions	-	-	242	4,509	1,250	252	53	628	6,934
At 31 December 2014	741	354	5,669	14,683	64,268	1,017	3,302	628	90,662
Accumulated depreciation									
At 1 January 2014	99	162	5,021	8,446	43,537	549	3,093	-	60,907
Charge for the financial year	13	7	121	394	470	62	127	-	1,194
At 31 December 2014	112	169	5,142	8,840	44,007	611	3,220	-	62,101
Accumulated impairment losses									
At 1 January 2014/ 31 December 2014	-	-	-	-	16,808	-	45	-	16,853
Carrying amount									
At 31 December 2014	629	185	527	5,843	3,453	406	37	628	11,708

Notes to the Financial Statements (Cont'd)

4. Property, Plant and Equipment (Cont'd)

Group	Freehold buildings RM'000	Leasehold land and building RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovations RM'000	Tools and technical equipment RM'000	Total RM'000
2013								
Cost								
At 1 January 2013	741	354	5,325	8,407	60,395	751	3,207	79,180
Additions	-	-	224	1,778	2,906	14	44	4,966
Disposals	-	-	(11)	(11)	(283)	-	(2)	(307)
Written off	-	-	(111)	-	-	-	-	(111)
At 31 December 2013	741	354	5,427	10,174	63,018	765	3,249	83,728
Accumulated depreciation								
At 1 January 2013	86	155	5,046	8,380	43,587	495	2,970	60,719
Charge for the financial year	13	7	93	77	209	54	123	576
Disposals	-	-	(11)	(11)	(259)	-	-	(281)
Written off	-	-	(111)	-	-	-	-	(111)
Exchange difference	-	-	4	-	-	-	-	4
At 31 December 2013	99	162	5,021	8,446	43,537	549	3,093	60,907
Accumulated impairment								
At 1 January 2013/ 31 December 2013	-	-	-	-	16,808	-	45	16,853
Carrying amount								
At 31 December 2013	642	192	406	1,728	2,673	216	111	5,968

4. Property, Plant and Equipment (Cont'd)

Company	Freehold buildings RM'000	Leasehold land and building RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovations RM'000	Tools and technical equipment RM'000	Total RM'000
2014								
Cost								
At 1 January 2014	**100**	**354**	**3,939**	**3,071**	**57,108**	**455**	**3,004**	**68,031**
Additions	**-**	**-**	**55**	**-**	**-**	**-**	**-**	**55**
At 31 December 2014	**100**	**354**	**3,994**	**3,071**	**57,108**	**455**	**3,004**	**68,086**
Accumulated depreciation								
At 1 January 2014	**48**	**162**	**3,603**	**3,031**	**40,300**	**291**	**2,859**	**50,294**
Charge for the financial year	**2**	**7**	**100**	**3**	**-**	**33**	**96**	**241**
At 31 December 2014	**50**	**169**	**3,703**	**3,034**	**40,300**	**324**	**2,955**	**50,535**
Accumulated impairment								
At 1 January 2014/ At 31 December 2014	**-**	**-**	**-**	**-**	**16,808**	**-**	**45**	**16,853**
Carrying amount								
At 31 December 2014	**50**	**185**	**291**	**37**	**-**	**131**	**4**	**698**
2013								
Cost								
At 1 January 2013	100	354	3,740	3,069	57,108	455	3,004	67,830
Additions	-	-	202	13	-	-	-	215
Disposals	-	-	-	(11)	-	-	-	(11)
Exchange difference	-	-	(3)	-	-	-	-	(3)
At 31 December 2013	100	354	3,939	3,071	57,108	455	3,004	68,031
Accumulated depreciation								
At 1 January 2013	46	155	3,527	3,041	40,300	259	2,757	50,085
Charge for the financial year	2	7	76	1	-	32	102	220
Disposals	-	-	-	(11)	-	-	-	(11)
At 31 December 2013	48	162	3,603	3,031	40,300	291	2,859	50,294
Accumulated impairment								
At 1 January 2013/ At 31 December 2013	-	-	-	-	16,808	-	45	16,853
Carrying amount								
At 31 December 2013	52	192	336	40	-	164	100	884

Notes to the Financial Statements (Cont'd)

4. Property, Plant and Equipment (Cont'd)

a. The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Aggregate costs	**6,934**	4,966	**55**	215
Less: Finance lease financing	**(2,940)**	-	**-**	-
Cash payments	**3,994**	4,966	**55**	215

b. Assets held under finance leases

At 31 December 2014, the net carrying amount of leased plant and machinery and motor vehicles of the Group was RM3,855,000 (2013: RMNil).

c. The remaining lease term of leasehold land is 49 (2013: 50) years.

5. Land and Property Development Costs

	Group	
	2014	**2013**
	RM'000	**RM'000**
Non-Current Asset		
Land held for property development		
Freehold land, at cost		
At 1 January	**111,068**	111,307
Additions/(Reversal)	**13**	(239)
Transferred to current property development costs	**(101,328)**	-
At 31 December	**9,753**	111,068
Current Asset		
Freehold land, at cost		
At 1 January	**7,998**	6,823
Additions	**181**	1,175
Transferred from non-current property development costs	**60,960**	-
Less: Completed project	**(3,070)**	-
At 31 December	**66,069**	7,998
Property development costs		
At 1 January	**34,905**	22,743
Addition during the financial year	**94,984**	12,162
Transferred from non-current property development costs	**40,368**	-
Less: Completed project	**(12,434)**	-
At 31 December	**157,823**	34,905

5. Land and Property Development Costs (Cont'd)

	Group 2014 RM'000	Group 2013 RM'000
Cost recognised in the statements of comprehensive income		
At 1 January	**30,737**	14,039
Recognised during the financial year	**92,542**	16,698
Less: Completed project	**(15,504)**	-
At 31 December	**107,775**	30,737
Total land and property development costs	**116,117**	12,166

a. As further explained in Note 33(ii)(b), the freehold land held by the a subsidiary company, Bukit Jalil Development Sdn. Bhd. ("BJD") under individual title Geran 42277, Lot No 36101, Mukim of Petaling Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring land area of approximately 60 acres (243,000 square metres) has been subdivided into 2 individual titles. In accordance with the terms of the Joint Development Agreement between BJD and Pioneer Haven Sdn. Bhd. ("PHSB", a subsidiary company of Malton Berhad), land held under Geran 78077, Lot No. 101461 with land area of 215,900 square metres was charged to a bank for a syndicated term loan and bridging loan facility for PHSB.

The other land under title Geran 78076, Lot No. 101462 with a land area of 24,330 square metres was charged to a licensed bank for banking facilities as disclosed in Note 19.

b. Included in the property development costs incurred during the financial year are the following:

	Note	Group 2014 RM'000	Group 2013 RM'000
Bridging loan interest	25	**138**	-
Directors' remuneration	26(b)	**-**	360
Employee benefits expenses	29	**505**	561

6. Investment in Subsidiary Companies

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost		
In Malaysia	**77,134**	40,590
Outside Malaysia	**11**	8
	77,145	40,598
Less: Accumulated impairment		
In Malaysia	**24,955**	24,955
Outside Malaysia	**8**	8
	24,963	24,963
	52,182	15,635

The subsidiary companies and shareholdings therein are as follows:

Name of Company	Country of incorporation	Equity interest 2014 %	Equity interest 2013 %	Principal activities
Direct holding:				
H2Energy Corporation Sdn. Bhd.	Malaysia	**100**	100	Engineering, procurement, construction and commissioning of pipeline system
Tru-Mix Concrete Sdn. Bhd.	Malaysia	**90**	90	Manufacturing and distribution of ready-mix concrete
Bukit Jalil Development Sdn. Bhd.	Malaysia	**100**	70	Property development
Ho Hup Jaya Sdn. Bhd.	Malaysia	**100**	100	Trading services
Ho Hup Equipment Rental Sdn. Bhd.	Malaysia	**100**	100	Rental of equipment
Ho Hup Construction Company (L) Ltd.	Labuan, Malaysia	**100**	100	Investment holding
* Ho Hup Construction Company (India) Pte. Ltd.	India	**100**	100	Construction
H2Advance Builders Sdn. Bhd. (formerly known as Nippon Awanatech Sdn. Bhd.)	Malaysia	**100**	-	Dormant

Notes to the Financial Statements (Cont'd)

6. Investment in Subsidiary Companies (Cont'd)

The subsidiary companies and shareholdings therein are as follows: (Cont'd)

Name of Company	Country of incorporation	Equity interest 2014 %	Equity interest 2013 %	Principal activities
Indirect holding:				
Subsidiary company of Bukit Jalil Development Sdn. Bhd.				
Suria Jayajuta Sdn. Bhd.	Malaysia	**100**	100	Dormant
Subsidiary company of Ho Hup Construction Company (L) Ltd.				
* Ho Hup (Myanmar) E&C Co., Ltd.	Myanmar	**70**	-	Property development and construction

* Subsidiary company not audited by UHY

a. Material partly-owned subsidiary companies

The Group's subsidiary companies that have material non-controlling interests are as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests 2014 %	2013 %	Profit/(Loss) allocated to non-controlling interests 2014 RM'000	2013 RM'000	Accumulated non-controlling interests 2014 RM'000	2013 RM'000
Tru-Mix Concrete Sdn. Bhd.	**10**	10	**(127)**	(21)	**947**	1,074
Bukit Jalil Development Sdn. Bhd.	**-**	30	**1,698**	5,265	**-**	5,162
Individually immaterial subsidiary companies with non-controlling interests					**151**	-
Total non-controlling interests					**1,098**	6,236

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is disclosed below. The summarised financial information below represents amounts before inter-company eliminations.

Notes to the Financial Statements (Cont'd)

6. Investment in Subsidiary Companies (Cont'd)

a. Material partly-owned subsidiary companies (Cont'd)

i. Summarised statements of financial position

	Tru-Mix Concrete Sdn. Bhd.		Bukit Jalil Development Sdn. Bhd.	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total assets	**22,188**	26,517	-	190,996
Total liabilities	**12,739**	15,796	-	225,732
Net assets/(liabilities)	**9,449**	10,721	-	(34,736)

ii. Summarised statements of comprehensive income

	Tru-Mix Concrete Sdn. Bhd.		Bukit Jalil Development Sdn. Bhd.	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	**38,429**	32,854	-	33,341
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year	**(1,271)**	(212)	-	17,549

iii. Summarised statements of cash flows

	Tru-Mix Concrete Sdn. Bhd.		Bukit Jalil Development Sdn. Bhd.	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	**2,918**	6,802	-	4,849
Net cash used in investing activities	**(2,760)**	(4,695)	-	(15)
Net cash used in financing activities	**(205)**	-	-	-
Net (decrease)/increase in cash and cash equivalents	**(47)**	2,107	-	4,834

b. Acquisition of subsidiary companies

i. On 26 August 2014, the Company's wholly owned subsidiary, Ho Hup Construction Company (L) Ltd. had incorporated a company in Myanmar, namely Ho Hup (Myanmar) E&C Co., Ltd. ("Ho Hup Myanmar") with the equity interest of 70% in the issued and paid-up capital of the ordinary shares of Ho Hup Myanmar, at a total consideration of USD210,000 (approximately RM686,000). The authorised and issued and paid-up share capital of Ho Hup Myanmar is USD300,000 comprising 300,000 ordinary shares of USD1.00 each.

ii. On 14 October 2014, the Company had acquired two (2) ordinary shares of RM1.00 each in H2Advance Builders Sdn. Bhd. (formerly known as Nippon Awanatech Sdn. Bhd.)("H2AB"), representing 100% of the total issued and paid-up share capital of H2AB, at a total consideration of RM2. Consequently, H2AB became a wholly-owned subsidiary company of the Company. The authorised and issued and paid-up share capital of H2AB is RM400,000 comprising 400,000 ordinary shares of RM1.00 each of which two (2) ordinary shares have been issued and fully paid-up.

6. Investment in Subsidiary Companies (Cont'd)

b. Acquisition of subsidiary companies (Cont'd)

The summary of effects of the acquisition on the financial position of the Group is as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Cash and bank balances	*	3
Amount owing to holding company	*	(3)
	*	-

* Denote RM2

c. Acquisition of non-controlling interests

As disclosed in Note 35(iv), on 7 March 2014, the acquisition of remaining 30% share capital in Bukit Jalil Development Sdn. Bhd. ("BJD") was completed upon the execution of Form 32A by the Deputy Register of the High Court. Accordingly, the Company's shareholding in BJD has increased from 70% to 100%.

The carrying amount of BJD's net assets in the Group's financial statements on the date of acquisition was RM29.08 million. The Group recognised a decreasing in non-controlling interests of RM6.86 million and other reserve of RM29.68 million.

The effect of changes in the equity interests in BJD that is attributable to owners of the Company was as follows:

	2014
	RM'000
Carrying amount of non-controlling interests acquired	**6,860**
Consideration paid to non-controlling interests	**36,547**
Decrease in parent's equity	**29,687**

There was no acquisition in the previous financial year.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

7. Investments in Associates

	Group/Company	
	2014	**2013**
	RM'000	**RM'000**
Unquoted shares, at cost	**18**	**18**
Less: Accumulated impairment	**(18)**	**(18)**
	-	**-**

In previous financial year, the Group and the Company have disposed the entire shareholding in Shanghai San Ho Hup Pile Co. Ltd.

Notes to the Financial Statements (Cont'd)

7. Investments in Associates (Cont'd)

The associates and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Direct holding:				
* Madagascar Malaysia Equipment Rental	Madagascar	**49.8**	49.8	Dormant

*   Associate not audited by UHY

The audited financial statements of Madagascar Malaysia Equipment Rental are not available as at the date of these financial statements.

8. Investments in Joint Venture

	Group/Company 2014 RM'000	Group/Company 2013 RM'000
Unquoted shares, at cost	**250**	250
Share of post-acquisition reserves	**-**	-
	250	250
Less: Accumulated impairment	**(250)**	(250)
	-	-

The joint venture and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
* Ho Hup-Simplex Joint Venture	India	**50**	50	Inactive

*   Jointly controlled equity not audited by UHY

Notes to the Financial Statements (Cont'd)

9. Other Receivables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables	-	500	-	500
Current				
Other receivables	**33,220**	48,768	**29,376**	29,797
Deposits	**5,199**	4,755	**4,488**	4,074
Prepayments	**2,248**	2,880	**1**	2,614
	40,667	56,403	**33,865**	36,485
Less: Accumulated impairment				
- Other receivables	**(5,471)**	(5,471)	**(5,049)**	(5,049)
- Deposits	**(1,852)**	(1,852)	**(1,591)**	(1,591)
	(7,323)	(7,323)	**(6,640)**	(6,640)
	33,344	49,080	**27,225**	29,845

Included in the other receivables of the Group and of the Company is an amount of RM22.51 million and RM22.51 million (2013: RM21.32 million and RM21.32 million) respectively, representing project advances to a sub-contractor for a construction contract undertaken by the Company.

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

10. Deferred Tax Assets/(Liabilities)

a. Deferred tax assets

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	**7,500**	-
Recognised in profit or loss (Note 27)	**(7,500)**	7,500
At 31 December	-	7,500

The net deferred tax liability and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Deferred tax liability	-	(2,027)
Deferred tax assets	-	9,527
	-	7,500

Notes to the Financial Statements (Cont'd)

10. Deferred Tax Assets/(Liabilities) (Cont'd)

a. Deferred tax assets (Cont'd)

The components and movements of the deferred tax liability and assets prior to offsetting are as follows:

Group
Deferred tax liability

	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2014	**2,027**	**2,027**
Recognised in profit or loss	**(2,027)**	**(2,027)**
At 31 December 2014	**-**	**-**
At 1 January 2013	2,061	2,061
Recognised in profit or loss	(34)	(34)
At 31 December 2013	2,027	2,027

Deferred tax assets

	Unutilised capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2014	**1,929**	**7,598**	**9,527**
Recognised in profit or loss	**(1,929)**	**(7,598)**	**(9,527)**
At 31 December 2014	**-**	**-**	**-**
At 1 January 2013	1,907	154	2,061
Recognised in profit or loss	22	7,444	7,466
At 31 December 2013	1,929	7,598	9,527

b. Deferred tax liabilities

The net deferred tax liability and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liability	**2,883**	2,681	**2,062**	2,055
Deferred tax assets	**(2,883)**	(2,681)	**(2,062)**	(2,055)
	-	-	**-**	-

Notes to the Financial Statements (Cont'd)

10. Deferred Tax Assets/(Liabilities) (Cont'd)

b. Deferred tax liabilities (Cont'd)

The components of the deferred tax liability and assets prior to offsetting are as follows:

Deferred tax liability

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	**2,883**	2,681	**2,062**	2,055
Deferred tax assets				
Unutilised capital allowances	**726**	2,300	**-**	1,962
Unutilised tax losses	**2,157**	381	**2,062**	93
	2,883	2,681	**2,062**	2,055

The deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other timing differences	**235**	-	**-**	-
Unutilised capital allowances	**-**	20	**-**	-
Unutilised tax losses	**152,038**	174,226	**99,346**	118,210
	152,273	174,246	**99,346**	118,210

11. Amount Owing by/(to) Customers on Contracts

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Construction costs incurred todate	**193,152**	91,356	**271,276**	91,356
Add: Attributable profits	**6,979**	4,112	**14,394**	4,112
	200,131	95,468	**285,670**	95,468
Less: Progress billings	**(203,762)**	(84,275)	**(305,275)**	(92,334)
	(3,631)	11,193	**(19,605)**	3,134
Presented as:				
Amount owing by customers on contract	**6,032**	11,193	**5,796**	3,134
Amount owing to customers on contract	**(9,663)**	-	**(25,401)**	-
	(3,631)	11,193	**(19,605)**	3,134
Retention sum included in trade receivables	**14,691**	7,322	**14,691**	7,322

Notes to the Financial Statements (Cont'd)

11. Amount Owing by/(to) Customers on Contracts (Cont'd)

Included in the construction cost incurred during the financial year are the following:

	Group/Company	
	2014	**2013**
	RM'000	**RM'000**
Employee benefits expenses (Note 29)		
- Salaries and wages	**826**	382
- EPF	**96**	40
- SOCSO	**4**	2
	926	424

12. Inventories

	Group	
	2014	**2013**
	RM'000	**RM'000**
At cost:		
Construction materials	**600**	620

13. Trade Receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**130,152**	95,913	**95,690**	62,530
Less: Accumulated impairment losses	**(50,102)**	(50,205)	**(49,558)**	(49,880)
	80,050	45,708	**46,132**	12,650

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2013: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in allowance for impairment losses (individually impaired) of trade receivables are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**50,205**	50,211	**49,880**	49,851
Impairment made (Note 26)	**235**	73	**-**	29
Reversal of impairment (Note 26)	**(338)**	(79)	**(322)**	-
At 31 December	**50,102**	50,205	**49,558**	49,880

Notes to the Financial Statements (Cont'd)

13. Trade Receivables (Cont'd)

a. The Group's and the Company's credit exposures are concentrated mainly on 3 (2013: 4) and 2 (2013: 3) debtors respectively, which accounted for 58% (2013: 35%) and 96% (2013: 98%) respectively of the total trade receivables as at 31 December 2014.

b. Included in the trade receivables of the Group and of the Company as at 31 December 2013 are the following amounts owing from a customer for contracts under dispute, which was fully settled during the current financial year. The Company has entered into a settlement with the debtor over the dispute amount. Details of this debt are as follows:

	Group/Company	
	2014	**2013**
	RM'000	**RM'000**
Gross amount receivable	-	8,395
Less: Accumulated impairment losses	-	(8,117)
Net amount receivable	-	278

Analysis of the trade receivables ageing as at the end of the reporting period is as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Neither past due nor impaired	**56,939**	22,790	**46,132**	10,186
Past due not impaired:				
Less than 30 days	**1,387**	3,818	-	1,140
More than 30 days	**21,724**	19,100	-	1,324
	23,111	22,918	-	2,464
	80,050	45,708	**46,132**	12,650
Impaired	**50,102**	50,205	**49,558**	49,880
	130,152	95,913	**95,690**	62,530

<u>Trade receivables that are neither past due nor impaired</u>

Trade receivables that neither past due nor impaired are debtors with good payment records with the Group and the Company.

<u>Trade receivables that are past due but not impaired</u>

Trade receivables that are past due but not impaired are unsecured in nature. These relate to a number of independent customers from whom there is no recent history of default.

<u>Trade receivables that are impaired</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements (Cont'd)

14. Amount Owing by/(to) Subsidiary Companies

a. Amount owing by subsidiary companies

	Company	
	2014	2013
	RM'000	RM'000
Amount owing by subsidiary companies	**197,353**	115,806
Less: Accumulated impairment losses	**(36,355)**	(37,802)
	160,998	78,004

These represent trade and non-trade balances which are unsecured, interest free and repayable on demand.

Movements in impairment on amount owing by subsidiary companies during the financial year are as follows:

	Company	
	2014	2013
	RM'000	RM'000
At 1 January	**37,802**	37,802
Impairment made (Note 26)	**14**	-
Reversal of impairment (Note 26)	**(1,461)**	-
At 31 December	**36,355**	37,802

b. Amount owing to subsidiary companies

These represent trade and non-trade balances which are unsecured, interest free and repayable on demand.

15. Cash and Cash Equivalents

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks		**951**	38,494	**10**	37,593
Cash and bank balances		**9,278**	68,964	**5,943**	61,821
		10,229	107,458	**5,953**	99,414
Less: Bank overdraft	19	**(17,676)**	-	**-**	-
		(7,447)	107,458	**5,953**	99,414
Less: Cash and cash equivalents restricted from use					
Cash held under Housing Development Account	(a)	**287**	281	**-**	-
Sinking fund accounts restricted from use	(b)	**412**	121	**-**	-
Fixed deposits with a licensed bank	(c)	**-**	1,623	**-**	1,623
Fixed deposits pledged for bank guarantee		**281**	273	**-**	-
		980	2,298	**-**	1,623
Cash and cash equivalents		**(8,427)**	105,160	**5,953**	97,791

Notes to the Financial Statements (Cont'd)

15. Cash and Cash Equivalents (Cont'd)

a. Cash held under Housing Development Account of the Group are held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and are therefore restricted from use in other operations.

b. This represents cash at banks of the Group placed in sinking funds for the purpose of expenditure incurred in repairs and maintenance of certain properties, as required by the Building and Common Property (Maintenance and Management) Act, 2007.

c. Fixed deposits with licensed banks of the Group and of the Company are pledged to a licensed bank as security for credit facilities granted to the Group and to the Company as disclosed in Note 19 and hence, are not available for general use.

The weighted average interest rates of deposits of the Group and of the Company at the end of the reporting period are 3.10% and 3.10% (2013: 2.56% and 2.55%) per annum respectively.

The average maturities of deposits of the Group and of the Company are 30 days and 30 days (2013: 30 days and 30 days) respectively.

16. Share Capital

	Group/Company			
	Number of shares		Amount	
	2014	2013	2014	2013
	Unit'000	Unit'000	RM'000	RM'000
Authorised				
Ordinary shares				
At 1 January, shares of RM1.00 each	-	200,000	-	200,000
At 1 January, shares of RM0.50 each	**990,000**	-	**495,000**	-
At 1 January, shares of RM0.50 each	**990,000**	200,000	**495,000**	200,000
Capital reduction of RM0.50 per share	-	-	-	(100,000)
Created during the financial year	-	790,000	-	395,000
At 31 December, shares of RM0.50 each	**990,000**	990,000	**495,000**	495,000
Irredeemable Convertible Preference Shares of RM0.01 each ("ICPS")				
At 1 January	**200,000**	-	**2,000**	-
Created during the financial year	-	200,000	-	2,000
At 31 December	**200,000**	200,000	**2,000**	2,000
Redeemable Convertible Preference Shares of RM0.01 each ("RCPS")				
At 1 January	**300,000**	-	**3,000**	-
Created during the financial year	-	300,000	-	3,000
At 31 December	**300,000**	300,000	**3,000**	3,000
Total	**1,490,000**	1,490,000	**500,000**	500,000

Notes to the Financial Statements (Cont'd)

16. Share Capital (Cont'd)

	Group/Company			
	Number of shares		Amount	
	2014	2013	2014	2013
	Unit'000	Unit'000	RM'000	RM'000
Issued and fully paid				
Ordinary shares				
At 1 January, shares of RM1.00 each	**-**	102,000	**-**	102,000
At 1 January, shares of RM0.50 each	**102,000**	-	**51,000**	-
At 1 January, shares of RM0.50 each	**102,000**	102,000	**51,000**	102,000
Capital reduction of RM0.50 per share	**-**	-	**-**	(51,000)
Conversion of ICPS	**92,339**	-	**46,169**	-
Conversion of RCPS	**111,411**	-	**55,706**	-
Exercise of warrants	**5,508**	-	**2,754**	-
At 31 December, shares of RM0.50 each	**311,258**	102,000	**155,629**	51,000
Irredeemable Convertible Preference Shares of RM0.01 each ("ICPS")				
At 1 January	**102,000**	-	**1,020**	-
Issued during the financial year	**-**	102,000	**-**	1,020
Conversion of ICPS	**(92,339)**	-	**(923)**	-
At 31 December	**9,661**	102,000	**97**	1,020
Redeemable Convertible Preference Shares of RM0.01 each ("RCPS")				
At 1 January	**133,561**	-	**1,336**	-
Issued during the financial year	**-**	133,561	**-**	1,336
Conversion of RCPS	**(111,411)**	-	**(1,114)**	-
At 31 December	**22,150**	133,561	**222**	1,336
Total	**343,069**	337,561	**155,948**	53,356

During the current financial year, the Company increased its issued and paid-up share capital from 102,000,408 to 311,258,161 through the issuance of 209,257,753 ordinary shares of RM0.50 each as follows:

a. 92,338,929 new ordinary shares of RM0.50 each arising from conversion of ICPS;
b. 111,410,974 new ordinary shares of RM0.50 each arising from conversion of RCPS; and
c. 5,507,850 new ordinary shares of RM0.50 each for cash arising from exercise of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

<u>**Ordinary shares**</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Notes to the Financial Statements (Cont'd)

16. Share Capital (Cont'd)

ICPS

The salient features of the ICPS are as follows:

i. The ICPS were issued at RM0.50 each (par value of RM0.01) and the maturity date of ICPS is the day immediately preceding the third anniversary from the date of issue of the ICPS unless the tenure of the ICPS, if permitted by law, is extended by the Company and the ICPS holders.

ii. The ICPS are convertible at any time from the date of issue of the ICPS up to the maturity date at the option of the ICPS holder into ordinary share of the Company on the basis of one ordinary share for every ICPS held without the payment of additional consideration by the ICPS holder thereof.

iii. The ICPS are not redeemable.

iv. Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new ordinary shares of the Company.

v. Each ICPS carry a dividend of 2.5 sen per annum, payable semi-annually. The dividend rights are cumulative.

vi. The ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distributions in the Company except on resolutions which varies or is deemed to vary the rights and privileges attaching to the ICPS, for the winding up of the Company; and other circumstances as may be provided under the law and applicable to ICPS and/or ICPS holders from time to time or until holders converts his ICPS into new ordinary shares.

vii. The ICPS shall rank after the holders of the RCPS but in priority to any other class of shares in the capital of the Company.

As at 31 December 2014, the total numbers of ICPS in issue were 9,661,479 (2013: 102,000,408) shares.

RCPS

The salient features of the RCPS are as follows:

i. The RCPS were issued at RM0.50 each (par value of RM0.01) and the maturity date of RCPS is the day immediately preceding the third anniversary from the date of issue of the RCPS unless the tenure of the RCPS, if permitted by law, is extended by the Company and the RCPS holders.

ii. The RCPS are convertible at any time from the date of issue of the RCPS up to the maturity date at the option of the RCPS holder into ordinary share of the Company on the basis of one ordinary share for every RCPS held without the payment of additional consideration by the RCPS holder thereof.

iii. The RCPS are redeemable at the option of the Company at the issue price of RM0.50 at any time during the tenure of the RCPS of three years but excluding the maturity date by giving not less than 30 days' notice to the RCPS holders.

iv. Any remaining RCPS that are not converted or redeemed by the maturity date shall be automatically converted into new ordinary shares of the Company.

v. Each RCPS carry a dividend of 1.5 sen per annum, payable semi-annually. The dividend rights are cumulative.

vi. The RCPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distributions in the Company except on resolutions which varies or is deemed to vary the rights and privileges attaching to the RCPS, for the winding up of the Company; and other circumstances as may be provided under the law and applicable to RCPS and/or RCPS holders from time to time or until holders converts his RCPS into new ordinary shares.

vii. The RCPS shall rank in priority to the holders of ICPS and any other class of shares in the capital of the Company.

As at 31 December 2014, the total numbers of RCPS in issue were 22,149,956 (2013: 133,560,930) shares.

17. Reserves

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-distributable					
Share premium	(a)	**16,138**	115,425	**16,138**	115,425
Foreign currency translation reserve	(b)	**(327)**	(356)	**-**	-
Warrant reserve	(c)	**7,734**	8,670	**7,734**	8,670
Other reserve	(d)	**(29,687)**	-	**-**	-
		(6,142)	123,739	**23,872**	124,095

a. Share premium

Share premium arose from issue of ICPS of RM0.01 each, RCPS of RM0.01 each at premium of RM0.49 per share and exercise of warrants of RM0.50 each at premium of RM0.10 per share.

b. Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

c. Warrant reserve

	Group/Company 2014 RM'000	Group/Company 2013 RM'000
At 1 January	**8,670**	-
Issue of warrants	**-**	8,670
Realisation of warrant reserve	**(936)**	-
At 31 December	**7,734**	8,670

Warrant reserve represents reserve allocated to free detachable warrants issued with right issue.

In previous financial year, the Company executed a Deed Poll constituting the Warrants on the basis of one (1) warrant for every two (2) ICPS of RM0.50 each issued on 23 December 2013. The issue price and exercise price of the Warrants have been fixed at RM0.50 and RM0.60 each respectively.

The Warrants may be exercised at any time during the tenure of five (5) years including and commencing from the issue date of Warrants. The rights attached to the Warrants which are not exercised during the exercise period will thereafter lapse.

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, except that such new shares shall not be entitled to any dividends, rights, allotments, and/or other distributions on or prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at 31 December 2014, the total numbers of Warrants that remain unexercised were 45,492,354 (2013: 51,000,204).

d. Other reserve

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.

Notes to the Financial Statements (Cont'd)

18. Finance Lease Liabilities

	Group	
	2014	2013
	RM'000	RM'000
Minimum lease payments		
Within one year	**1,229**	-
Later than one year and not later than two years	**1,229**	-
Later than two years and not later than five years	**1,710**	-
	4,168	-
Less: Future finance charges	**(503)**	-
Present value of minimum lease payments	**3,665**	-
Present value of minimum lease payments		
Within one year	**993**	-
Later than one year and not later than two years	**1,074**	-
Later than two years and not later than five years	**1,598**	-
	3,665	-
Analysed as:		
Repayable within twelve months	**993**	-
Repayable after twelve months	**2,672**	-
	3,665	-

The finance lease liability interest is charged at rate ranging from 3.15% to 4.00% (2013: Nil).

19. Bank Borrowings

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Secured					
Floating rate					
Bank overdraft	(a)	**17,676**	-	**-**	-
Bridging loan	(a)	**18,247**	-	**-**	-
Term loan	(b)	**-**	40,000	**-**	40,000
		35,923	40,000	**-**	40,000
Current					
Bank overdraft		**17,676**	-	**-**	-
Term loan		**-**	40,000	**-**	40,000
		17,676	40,000	**-**	40,000
Non-current					
Bridging loan		**18,247**	-	**-**	-
		35,923	40,000	**-**	40,000

19. Bank Borrowings (Cont'd)

The bank overdraft, bridging loan and term loan obtained from licensed banks are secured by the following:

a. Bank overdraft and bridging loan

i. A first party all monies first legal charge is to be created over the following properties of a subsidiary company, BJD:
   1. Approximately 6.01 acres of freehold commercial land held under Geran 78076, Lot No. 101462, Mukim Petaling, Daerah Kuala Lumpur;
   2. Approximately 2.8 acres of freehold commercial land held under Master Geran 78077, Lot No. 101461, Mukim Petaling, Daerah Kuala Lumpur. An agreement to charge this property is to be executed pending sub-division of title.

ii. An all monies debenture and power of attorney are to be created over all present and future assets and properties of BJD with exception of the following:
   1. Existing encumbrances over the 50 acres land held under Geran 78077, Lot No. 101461, Mukim Petaling, Daerah Kuala Lumpur;
   2. the 18% of the gross development value entitlement from the Joint Development Agreement between the Company and Pioneer Haven Sdn. Bhd. dated 16 March 2010.

iii. A charge of sinking fund account to be opened with the bank by BJD;

iv. An assignment by BJD on all present and future advances by/to the Company;

v. Corporate guarantee executed by the Company; and

vi. Third party charge on 100% ordinary shares of BJD.

b. Term loan

In previous financial year, the term loan of the Group and of the Company (which was fully repaid by the Company on 8 January 2014) was secured by the followings:

i. A first fixed charge over the existing 70% shares of BJD held by the Company and/or such other shares listed on Bursa Malaysia Securities Berhad acceptable to the Bank;

ii. A first fixed charge over the 30% shares of BJD to be acquired by the Company;

iii. A charge of fixed deposit of not less than RM4,030,000 for which all accrued interest shall be added onto the principal sum upon maturity as disclosed in Note 15; and

iv. An assignment of the ICPS proceeds raise from the Company's Proposed Rights Issue of ICPS with warrants, the Bank shall be authorised and have the rights to utilise a sum of up to RM40,000,000 out of the ICPS proceeds for the repayment of the indebtedness.

The weighted average interest rates per annum are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	%	%	%	%
Bank overdraft	**8.85**	-	**-**	-
Bridging loan	**8.85**	-	**-**	-
Term loan	**-**	5.25	**-**	5.25

Notes to the Financial Statements (Cont'd)

20. Provision for Liquidated Ascertained Damages

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	**21,956**	19,439
Current year provision (Note 26)	**1,503**	2,517
Over provision in prior years (Note 26)	**(1,920)**	-
Payment made	**(19,769)**	-
At 31 December	**1,770**	21,956

Provision for liquidated ascertained damages is in respect of property development projects undertaken by the Company. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements.

21. Trade Payables

The normal trade credit terms granted to the Group and to the Company range from 30 to 120 days (2013: 30 to 120 days).

22. Other Payables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other payables	**82,680**	110,290	**27,260**	29,002
Accruals	**9,168**	17,584	**1,633**	11,115
Deposits received	**466**	9,825	**51**	51
Prepayment of progress billing from purchasers	**-**	682	**-**	-
	92,314	138,381	**28,944**	40,168

a. Included in other payables of the Group and of the Company is an amount of RM58.26 million and RM3.11 million (2013: RM80.02 million and RM3.11 million) respectively owing to Pioneer Haven Sdn. Bhd. ("PHSB") being advance entitlement pursuant to the Supplemental Agreement entered between the Company, BJD and PHSB.

b. Included in the other payables is an amount of RM24.00 million (2013: RM21.84 million), representing prepayment of progress billing from a customer for a construction contract undertaken by the Company.

c. Included in the deposit received by the Group are booking fees/deposits of approximately RMNil (2013: RM9.21 million) which was previously collected by a subsidiary company. These purchasers have submitted their Proof of Debts and are part of the Section 176 Scheme Creditor. Refer to Note 33(ii)(a) for Scheme of Arrangement with the subsidiary company, BJD's creditors.

Notes to the Financial Statements (Cont'd)

23. Revenue

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Construction contracts	**113,942**	83,168	**193,895**	92,649
Joint development income	**24,687**	-	**1,954**	-
Sale of development properties	**163,965**	33,341	**-**	-
Sale of goods	**38,430**	32,854	**-**	-
	341,024	149,363	**195,849**	92,649

Included in joint development income of the Group is an amount of RM21.76 million (2013: RMNil), represents 18% of the sale of development properties in accordance with supplemental agreement dated 3 July 2012 between BJD and PHSB.

24. Cost of Sales

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Construction contract costs	**109,565**	80,629	**183,525**	88,364
Joint development costs	**3,789**	-	**-**	-
Property development costs	**88,753**	16,698	**-**	-
Cost of goods sold	**38,390**	32,138	**-**	-
Others	**653**	16	**-**	-
	241,150	129,481	**183,525**	88,364

25. Finance Costs

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bank overdrafts	**145**	418	**-**	240
Bridging loan	**138**	-	**-**	-
Finance lease	**67**	-	**-**	-
5% ICPS	**140**	-	**140**	-
3% RCPS	**199**	-	**199**	-
Revolving credits	**-**	220	**-**	220
Term loans	**294**	439	**294**	439
Over provision in prior years	**(275)**	-	**(275)**	-
	708	1,077	**358**	899
Less: Interest expense capitalised in property development costs (Note 5)	**(138)**	-	**-**	-
	570	1,077	**358**	899

26. Profit before Taxation

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration (Note a)	**207**	271	**133**	216
Impairment on:				
- Trade receivables (Note 13)	**235**	73	**-**	29
- Amount owing by a subsidiary company [Note 14(a)]	**-**	-	**14**	-
Depreciation of property, plant and equipment	**1,194**	576	**241**	220
Directors' remuneration (Note b)	**1,804**	706	**1,780**	706
Employee benefits expenses (Note 29)	**5,245**	3,933	**2,663**	1,049
Incorporation expenses	**-**	11	**-**	-
Loss on foreign exchange				
- realised	**132**	-	**132**	-
Provision for liquidated ascertained damages (Note 20)				
- current year	**1,503**	2,517	**-**	-
- over provision in prior years	**(1,920)**	-	**-**	-
Rental of office and store	**416**	289	**107**	92
Interest income				
- deposits with licensed banks	**(398)**	(182)	**(281)**	(130)
Gain on disposal of investment in an associate company	**-**	(14,142)	**-**	(8,901)
Gain on disposal of property, plant and equipment	**-**	(15)	**-**	(1)
Rental income	**(138)**	(138)	**-**	-
Finance income on other receivables	**-**	(659)	**-**	(659)
Reversal of impairment on trade receivables (Note 13)	**(338)**	(79)	**(322)**	-
Reversal of impairment on amount owing by a subsidiary company [Note 14(a)]	**-**	-	**(1,461)**	-
Writeback of provision for value added tax	**-**	(3)	**-**	(3)

a. Auditors' remuneration

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors of the Company				
- Statutory audit				
- Current year	**135**	121	**78**	78
- Over provision in prior years	**-**	(4)	**-**	-
- Non-statutory audit				
- Current year	**45**	116	**45**	116
	180	233	**123**	194
Other auditors				
- Statutory audit				
- Current year	**27**	38	**10**	22
	207	271	**133**	216

Notes to the Financial Statements (Cont'd)

26. Profit before Taxation (Cont'd)

b. Directors' remuneration

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Director				
- Salaries and other emoluments	**943**	644	**943**	322
- EPF	**107**	76	**107**	38
- Benefit-in-kind	**120**	70	**120**	70
	1,170	790	**1,170**	430
Less: Director's remuneration capitalised in property development costs [Note 5(b)]	**-**	(360)	**-**	-
	1,170	430	**1,170**	430
Non-executive Directors				
Company				
- Fees	**381**	-	**381**	-
- Meeting and other allowances	**229**	276	**229**	276
	610	276	**610**	276
Subsidiary company				
- Allowance	**24**	-	**-**	-
	634	276	**610**	276
	1,804	706	**1,780**	706

27. Taxation

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision				
- in Malaysia	**5,700**	13	**-**	-
Over provision in prior years	**(295)**	-	**-**	-
	5,405	13	**-**	-
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	**7,500**	(7,500)	**-**	-
	12,905	(7,487)	**-**	-

27. Taxation (Cont'd)

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	**80,083**	20,260	**13,465**	6,138
At Malaysian statutory rate of 25% (2013: 25%)	**20,021**	5,065	**3,366**	1,535
Income not subject to tax	**(436)**	(2,259)	**(432)**	(2,260)
Expenses not deductible for tax purposes	**4,051**	814	**1,782**	305
Deferred tax assets not recognised	**251**	420	**-**	420
Payment of liquidated ascertained damages	**(4,942)**	-	**-**	-
Reversal of deferred tax assets previously recognised	**7,500**	-	**-**	-
Utilisation of previously unrecognised capital allowances and tax losses	**(13,245)**	(11,527)	**(4,716)**	-
Over provision of taxation in prior years	**(295)**	-	**-**	-
Tax expense for the financial year	**12,905**	(7,487)	**-**	-

Income tax savings arising from tax losses:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax savings arising from utilisation of prior year losses previously not recognised	**11,271**	3,488	**2,747**	-

The Group and the Company have the following estimated unutilised capital allowances and unutilised tax losses available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unutilised capital allowances	**2,904**	9,200	**-**	7,848
Unutilised tax losses	**160,666**	190,710	**107,594**	118,582
	163,570	199,910	**107,594**	126,430

Notes to the Financial Statements (Cont'd)

28. Earnings Per Share

i. Basic earnings per share

The basic earnings per share has been calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Net profit for the financial year, attributable to owners of the parent	**65,750**	22,503
Weighted average number of ordinary shares in issue (in thousand of shares)	**261,818**	102,000
Basic earnings per share (in sen)	**25.1**	22.1

ii. Diluted earnings per share

The diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Net profit for the financial year, attributable to owners of the parent	**65,750**	22,503
Less: Interest expense on 5% ICPS and 3% RCPS (net of tax)	**340**	-
Net profit attributable to owners of the parent of the Company	**66,090**	22,503
Weighted average number of ordinary shares used in the calculation of basic earnings per share (in thousand of shares)	**261,818**	102,000
Adjustment for incremental shares from assumed conversions		
- ICPS (in thousand of shares)	**39,483**	102,000
- RCPS (in thousand of shares)	**39,476**	133,561
- Warrants (in thousand of shares)	**27,874**	25,711
Weighted average number of ordinary shares at 31 December (diluted) (in thousand of shares)	**368,651**	363,272
Diluted earnings per share (in sen)	**17.9**	6.2

Notes to the Financial Statements (Cont'd)

29. Employee Benefits Expenses

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total employee benefits expenses for the financial year (excluding Directors)	**6,676**	4,918	**3,589**	1,473
Less: Employee benefits expenses capitalised				
- property development costs (Note 5)	**(505)**	(561)	**-**	-
- construction contracts costs (Note 11)	**(926)**	(424)	**(926)**	(424)
	5,245	3,933	**2,663**	1,049

Included in the total employee benefits expenses above are contributions made to the Employees Provident Fund under a defined contribution plan of the Group and of the Company amounting to RM0.56 million and RM0.28 million (2013: RM0.39 million and RM0.11 million) respectively.

30. Capital Commitment

	Group	
	2014	**2013**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
- Purchase of property, plant and equipment	**3,348**	-

31. Related Party Disclosures

a. Identifying of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiary companies, associates, joint ventures and key management personnel.

Notes to the Financial Statements (Cont'd)

31. Related Party Disclosures (Cont'd)

b. In addition to related party balances disclosed in Note 14, the significant related party transaction of the Group and of the Company are as follows:

	2014 RM'000	2013 RM'000
Group		
Transaction with Directors of the Company		
Progress billing received/receivable	**2,725**	2,073
Transaction with company in which a Director of the Company has interest		
Progress billing received/receivable	**3,892**	2,886
Transaction with companies in which a substantial shareholder has interest		
Progress billing received/receivable	**928**	2,043
Transaction with a major shareholder		
Progress billing received/receivable	**1,275**	850
Company		
Transaction with subsidiary companies		
Management fee income received/receivable	**7,800**	-
Progress billings for construction work		
- BJD	**152,006**	9,481

c. Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	**3,871**	3,028	**3,245**	1,417
Benefit-in-kind	**156**	107	**151**	97
	4,027	3,135	**3,396**	1,514

Notes to the Financial Statements (Cont'd)

32. Segmental Information

The main business segments of the Group comprise the following:

Construction	Foundation and civil engineering, building contracting works and engineering, procurement, construction and commissioning of pipeline system
Property development	Development of residential and commercial properties
Manufacturing	Manufacturing and distribution of ready-mixed concrete
Others	Trading services

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

	Construction RM'000	Property development RM'000	Manufacturing RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2014						
Revenue						
External customers	115,897	186,697	38,430	-	-	341,024
Inter-segment	79,952	-	-	2,360	(82,312) (a)	-
Total revenue	195,849	186,697	38,430	2,360	(82,312)	341,024
Results						
Interest income	281	79	38	-	-	398
Finance costs	(358)	(149)	(63)	-	-	(570)
Depreciation of property, plant and equipment	(241)	(42)	(900)	(11)	-	(1,194)
Other non cash income/ (expenses)	322	417	(219)	-	-	520 (b)
Segment profit before taxation	6,024	74,942	(1,357)	474	-	80,083
Assets						
Additions to property, plant and equipment	55	831	5,556	492	-	6,934

32. Segmental Information (Cont'd)

	Construction RM'000	Property development RM'000	Manufacturing RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2013						
Revenue						
External customers	83,168	33,341	32,854	-	-	149,363
Inter-segment	9,481	-	-	604	(10,085) (a)	-
Total revenue	92,649	33,341	32,854	604	(10,085)	149,363
Results						
Interest income	130	52	-	-	-	182
Finance costs	(899)	-	(178)	-	-	(1,077)
Depreciation of property, plant and equipment	220	24	332	-	-	576
Other non cash income/ (expenses)	14,776	(2,468)	-	-	-	12,308 (b)
Segment profit before taxation	19,438	814	(8)	16	-	20,260
Assets						
Additions to property, plant and equipment	215	15	4,736	-	-	4,966

a. Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

b. Other non-cash income/(expense) consist of the following items as presented in the respective notes to financial statements:

	2014 RM'000	2013 RM'000
Impairment on trade receivables	**(235)**	(73)
Gain on disposal of investment in an associate company	**-**	14,142
Gain on disposal of property, plant and equipment	**-**	15
Finance income on other receivables	**-**	659
Reversal/(Provision) for liquidated ascertained damages (net)	**417**	(2,517)
Reversal of impairment on trade receivables	**338**	79
Writeback of provision for value added tax	**-**	3
	520	12,308

Notes to the Financial Statements (Cont'd)

32. Segmental Information (Cont'd)

c. Geographical information

Revenue information based on the geographical location of customers is as follows:

	2014 RM'000	2013 RM'000
Malaysia	**268,094**	94,395
Iraq	**72,930**	54,968
	341,024	149,363

33. Significant and Subsequent Events

i. Ho Hup Construction Company Berhad ("Ho Hup" or "the Company")

a. Upliftment of PN17 Status

On 2 May 2014, Bursa Malaysia Securities Berhad ("Bursa Securities") approved the Company's application for an early upliftment from being classified as a PN17 company and Ho Hup was officially lifted from PN17 status with effect from 5 May 2014.

b. Private placement

On 5 September 2014, Ho Hup announced that the Company proposed to implement a private placement of up to 38,856,195 new ordinary shares of RM0.50 each in Ho Hup ("Placement Shares") to independent third party investors.

On 10 September 2014, Ho Hup had submitted the listing application in relation to the Proposed Private Placement to Bursa Securities. On 10 November 2014, Bursa Securities had approved the listing and quotation for up to 38,856,195 new ordinary shares of RM0.50 each in Ho Hup to be issued pursuant to the Proposed Private Placement, on the Main Market of Bursa Securities.

On 23 January 2015, Ho Hup had completed the Private Placement following the listing of and quotation for 31,125,000 Placement Shares on the Main Market of Bursa Securities. The Placement Shares were issued at RM1.12 per share.

ii. Bukit Jalil Development Sdn. Bhd. ("BJD")

a. On 10 October 2013, the Proposed Scheme of Arrangement with the BJD's Creditors was approved by the Creditors in the Court Convened Meetings and approved by the holding company's shareholders in the Extraordinary General Meeting.

On 22 October 2013, the High Court of Malaya at Kuala Lumpur granted inter-alia the following under Sections 176 and 176(4) of the Companies Act, 1965 that:

i. the Court approved and sanctioned BJD's Proposed Scheme of Arrangement with its creditors effect of which will bind its Scheme Creditors; and

ii. BJD be at liberty to apply for additional and/or consequential orders.

Under the scheme of arrangement, BJD's creditors will be repaid in full in four (4) quarterly instalments. BJD has repaid all quarterly instalments during the financial year.

Notes to the Financial Statements (Cont'd)

33. Significant and Subsequent Events (Cont'd)

ii. Bukit Jalil Development Sdn. Bhd. ("BJD") (Cont'd)

b. In accordance with the Supplemental Agreement ("SA") to the Joint Development Agreement ("JDA") entered between Pioneer Haven Sdn. Bhd. ("PHSB") and BJD on 3 July 2012, BJD shall be entitled to 18% of the Gross Development Value ("GDV") from development of BJD's Land via the JDA. Further in accordance with the SA, PHSB had advanced BJD RM80 million to settle BJD's indebtedness as at 31 December 2012. This advance shall be treated as an advance of part of BJD's entitlement and all payments so made by PHSB shall be deducted accordingly to the provision of the 18% entitlement. Simultaneously, with the settlement of such indebtedness, BJD shall deliver to PHSB's financier's solicitors the original issue of title to the Land, executed,valid and registrable charge for the title.

Pursuant to the SA, PHSB has secured a syndicated term loan and bridging loan facility of RM180 million via charge on the freehold land held by BJD under individual title Geran 78077, Lot No 101461, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring land area of approximately 50 acres (215,900 square metres).

c. During the financial year, BJD entered into a sale and purchase agreement for the purchase of one unit of a 3-storey signature shop offices for total consideration of RM4,185,000.

The above acquisition was completed at the end of the reporting period.

iii. Ho Hup (Myanmar) E&C Co., Ltd. ("Ho Hup Myanmar")

Ho Hup Myanmar had on 8 September 2014 entered into a Joint Venture Agreement ("JVA") with Zaykabar Co., Ltd. ("Zaykabar") who is the registered holder and beneficial owner of all that piece of grant hold land in Mingalardon Garden City (hereinafter referred to as "Z Villas 191 Units Land") of which Zaykabar had agreed to grant the rights to develop the Z Villas 191 Units Land to Ho Hup Myanmar subject to the terms and conditions as stipulated in the JVA.

34. Contingent Liabilities

	Group		**Company**	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Corporate guarantees given to a supplier of goods to a subsidiary company - unsecured				
- Limit of guarantee	**-**	-	**21,533**	12,000
- Amount utilised	**-**	-	**9,406**	6,735
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects:				
- Secured	**200**	-	**-**	-
- Unsecured	**-**	7,416	**-**	7,416

Notes to the Financial Statements (Cont'd)

35. Material Litigation

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. Arbitration between Ho Hup Construction Company (India) Pte Ltd and Andhra Pradesh Housing Board

On 9 March 2005, a subsidiary of the Company, Ho Hup Construction Company (India) Pte Ltd ("Ho Hup India") entered into a Joint Development Agreement with the Andhra Pradesh Housing Board ("APHB") to develop a piece of land situated at Kancha Imarat, Maheshwaran Mandal, Ranga Reddy District, Andhra Pradesh, India. Ho Hup India has been selected to implement the development of the said land into an intergrated township with an approximate development value of India Rupee ("Rs") 3.6 billion at Shamshabad near Hyderabad. Ho Hup India shall pay APHB development fees of Rs101,175,000 over a period of 5 years.

This Joint Development Agreement was subsequently terminated by APHB. The Company has disputed the termination on the ground that APHB had yet to comply with its obligations in respect of the conditions precedent under the agreement.

On 2 May 2005, Ho Hup India commenced an arbitration claim for damages amounting to Rs.2,544,512,230 being the unlawful termination of the abovementioned contract. The award in Ho Hup India's favour was published in May 2008.

The Company has since appointed an Advocate to represent Ho Hup India in respect of execution of the said award as well as the appeal lodged by APHB against same. Ho Hup India filed its Counter on the 18 November 2013. The hearing for this case has been postponed to a date to be fixed by the Court.

ii. Dato' Low Tuck Choy ("DLTC") vs Ho Hup and nine (9) others
Kuala Lumpur High Court Civil Suit No. S-22-525-2010

On 31 July 2009, the Company was served by DLTC ("Plaintiff") with a Writ of Summons KL High Court Civil Suit S-22-525-2009 dated 24th July 2009, seeking damages and, an injunction that the Defendants and or his agents to injunct an arbitral tribunal from handing down its award. On 27 March 2015 the High Court has dismissed the Plaintiff's claim with cost in the sum of RM40,000.00 to be paid by the Plaintiff to the 1st, 2nd and 9th Defendants.

iii. Ho Hup Construction Company Bhd vs Woo Thin Choy
Kuala Lumpur High Court Suit Suit No. 22NCVC-873-09/2011

On 9 September 2011, the Company brought an action against Woo Thin Choy, the Company's former Project Director. The Company claimed that the Defendant caused the Company to suffer loss and damages of USD 2.5 million and further alleged that the Defendant breached his fiduciary, contractual and/or common law duties owed to the Company.

The Company sought relief from Court for, inter alia an order for payment of the sum of USD2.5 million by the Defendant. The Company also sought relief for an account of all sums received by the Defendant and all such assets or any part thereof as well as general damages arising from the Defendant's breach of duty owed to the Company.

On 16 January 2014, the High Court decided that the Company has not proven its claim and dismissed the same with costs of RM40,000.00. The Company appealed to the Court of Appeal against the said decision ("Appeal") and on 20 August 2014 the Court of Appeal has allowed the Appeal, reversed the High Court Judge's decision and granted judgment against the Defendant as follows:-

1. a declaration that the Defendant is liable to account to the Company for the sums of USD2.5 million;
2. an Order for payment of the sum of USD1.5 million by the Defendant to the Company;
3. an Order for payment of the sum of USD1.0 million by the Defendant to the Company; and
4. costs of RM50,000.00 for the proceedings in the Court of Appeal and High Court to be paid by the Defendant to the Company.

The Defendant, being dissatisfied with the judgment granted by the Court of Appeal, has subsequently filed an application for leave to appeal to the Federal Court ("Leave Application"). The Federal Court has fixed a Case Management for the Leave Application on 22 April 2015.

iv. Zen Court Sdn. Bhd. vs Bukit Jalil Development Sdn. Bhd. & 2 others & 10 others
Kuala Lumpur Sessions Court Summons No.: 52-9694-2011

Pursuant to an Agreement dated 12 September 1995 ("the 1995 JVA"), Ho Hup Construction Company Berhad ("Ho Hup") and United Engineers (Malaysia) Berhad ("UEM") entered into a joint venture whereby parties agreed to subscribe for shares in Bukit Jalil Development Sdn Bhd ("BJD") in a 70%-30% ratio respectively. Subsequently, on 28 September 2009, Zen Courts Sdn Bhd ("Zen Courts") entered into a Sale and Purchase Agreement to buy shares held by UEM in BJD.

35. Material Litigation (Cont'd)

iv. Zen Court Sdn. Bhd. vs Bukit Jalil Development Sdn. Bhd. & 2 others & 10 others Kuala Lumpur Sessions Court Summons No.: 52-9694-2011 (Cont'd)

On 9 June 2011, Zen Courts served a sealed copy of the Petition pursuant to Section 181 of the Companies Act, 1965 on BJD, Ho Hup and Ho Hup Equipment Rental Sdn Bhd ("HHER") ("the Companies") claiming, inter alia, that BJD and Ho Hup have allegedly oppressed Zen Courts and would not recognise their rights under the 1995 JVA.

On 27 March 2012, the Court, after hearing the Petition, ordered Ho Hup to buy-out of Zen Court's stake in BJD ("Buy-Out Order"). The Court further ordered that a valuation be made on a net tangible assets basis as at the date of the Judgment to be valued by an Independent Valuer, of which Ferrier Hodgson Monteiro Heng Sdn. Bhd. ("FHMH") was appointed as the Independent Valuer on 19 June 2012 and the valuation report was issued by FHMH on 31 December 2012 ("Valuation Report").

Zen Courts subsequently filed applications to review the valuation and for an interim payment of the amount so valued viz. RM35,970,000. The Company further filed an application to confirm the valuation pursuant to the Buy-Out Order. On 18 July 2013, the High Court has dismissed applications filed by Zen Courts and further ordered, inter alia, that Ho Hup shall purchase the 4,500,000 shares ("Shares") in BJD held by Zen Courts at the price of RM7.99 per share and the aggregate purchase price for the same shall be fixed at RM 35,970,000 (the "Purchase Price").

On 14 August 2013, Zen Courts filed two (2) Notices of Appeal ("Appeals") in respect of Orders made on 18 July 2013 by the High Court, inter-alia, dismissing Zen Courts' application to make further representations on the Valuation Report and fixing the Purchase Price of the Shares at RM35,970,000.00 and related orders. The said Appeals have since been dismissed by the Court of Appeal on 19 February 2014. Zen Courts filed an application for leave to the Federal Court to appeal against the dismissal of its Appeals ("Leave Application"). The Federal Court which has fixed Hearing of the Leave Application for 19 March 2015 has adjourned the same to 5 May 2015.

In respect of the Notice of Appeal filed by Zen Courts against the decision of the Court on 15 October 2014 affirming the decision of the Deputy Registrar to rectify the Order of the High Court dated 18 July 2013 to correct the clerical error which omitted the words "By Consent" as to the payment of interest by Ho Hup at 5% per annum from the date of such Order, the same has been dismissed by the Court of Appeal on 12 March 2015.

On 25 February 2014, Ho Hup's application for the Consequential Orders was been allowed by the High Court. Pursuant to the Consequential Orders, the transfer of the Shares to Ho Hup as ordered was completed on 7 March 2014.

36. Financial Instruments

a. Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	Other financial liabilities at amortised cost	Total carrying amount
	RM'000	RM'000	RM'000
Group			
2014			
Financial Assets			
Trade receivables	**80,050**	-	**80,050**
Other receivables	**31,096**	-	**31,096**
Fixed deposits with licensed banks	**951**	-	**951**
Cash and bank balances	**9,278**	-	**9,278**
	121,375	-	**121,375**

36. Financial Instruments (Cont'd)

a. Classification of financial instruments (Cont'd)

Group	Loans and receivables RM'000	Other financial liabilities at amortised cost RM'000	Total carrying amount RM'000
2014			
Financial Liabilities			
Provision for liquidated ascertained damages	**-**	**1,770**	**1,770**
Trade payables	**-**	**90,464**	**90,464**
Other payables	**-**	**92,314**	**92,314**
Finance lease liabilities	**-**	**3,665**	**3,665**
Bank borrowings	**-**	**35,923**	**35,923**
	-	**224,136**	**224,136**
2013			
Financial Assets			
Trade receivables	45,708	-	45,708
Other receivables	46,700	-	46,700
Fixed deposits with licensed banks	38,494	-	38,494
Cash and bank balances	68,964	-	68,964
	199,866	-	199,866
Financial Liabilities			
Provision for liquidated ascertained damages	-	21,956	21,956
Trade payables	-	30,843	30,843
Other payables	-	138,381	138,381
Bank borrowings	-	40,000	40,000
	-	231,180	231,180
Company			
2014			
Financial Assets			
Trade receivables	**46,132**	**-**	**46,132**
Other receivables	**27,224**	**-**	**27,224**
Amount owing by subsidiary companies	**160,998**	**-**	**160,998**
Fixed deposits with licensed banks	**10**	**-**	**10**
Cash and bank balances	**5,943**	**-**	**5,943**
	240,307	**-**	**240,307**
Financial Liabilities			
Trade payables	**-**	**81,980**	**81,980**
Other payables	**-**	**28,944**	**28,944**
Amount owing to subsidiary companies	**-**	**4,924**	**4,924**
	-	**115,848**	**115,848**

36. Financial Instruments (Cont'd)

a. Classification of financial instruments (Cont'd)

	Loans and receivables RM'000	Other financial liabilities at amortised cost RM'000	Total carrying amount RM'000
Company			
2013			
Financial Assets			
Trade receivables	12,650	-	12,650
Other receivables	27,731	-	27,731
Amount owing by subsidiary companies	78,004	-	78,004
Fixed deposits with licensed banks	37,593	-	37,593
Cash and bank balances	61,821	-	61,821
	217,799	-	217,799
Financial Liabilities			
Trade payables	-	18,933	18,933
Other payables	-	40,168	40,168
Bank borrowings	-	40,000	40,000
	-	99,101	99,101

b. Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

i. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

Notes to the Financial Statements (Cont'd)

36. Financial Instruments (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

i. Credit risk (cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to a subsidiary company. The Company's maximum exposure in this respect is RM35.93 million (2013: RMNil), representing the outstanding banking facilities of the subsidiary company as at the end of the reporting period. There was no indication that the subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Note 13(a). The Company has no significant concentration of credits risks except as disclosed in Note 13(a) and advances to its subsidiary companies where risks of default have been assessed to below.

ii. Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
2014					
Non-derivative financial liabilities					
Provision for liquidated ascertained damages	**1,770**	**-**	**-**	**1,770**	**1,770**
Trade payables	**90,464**	**-**	**-**	**90,464**	**90,464**
Other payables	**92,314**	**-**	**-**	**92,314**	**92,314**
Finance lease liabilities	**1,229**	**1,229**	**1,710**	**4,168**	**3,665**
Bank borrowings	**19,291**	**1,615**	**18,960**	**39,866**	**35,923**
	205,068	**2,844**	**20,670**	**228,582**	**224,136**
2013					
Non-derivative financial liabilities					
Provision for liquidated ascertained damages	21,956	-	-	21,956	21,956
Trade payables	30,843	-	-	30,843	30,843
Other payables	138,381	-	-	138,381	138,381
Bank borrowings	40,000	-	-	40,000	40,000
	231,180	-	-	231,180	231,180

Notes to the Financial Statements (Cont'd)

36. Financial Instruments (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

ii. Liquidity risk (Cont'd)

Company	On demand or within 1 year RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
2014			
Non-derivative financial liabilities			
Trade payables	**81,980**	**81,980**	**81,980**
Other payables	**28,944**	**28,944**	**28,944**
Amount owing by subsidiary companies	**4,924**	**4,924**	**4,924**
Total financial liabilities	**115,848**	**115,848**	**115,848**
2013			
Non-derivative financial liabilities			
Trade payables	18,933	18,933	18,933
Other payables	40,168	40,168	40,168
Bank borrowings	40,000	40,000	40,000
Total financial liabilities	99,101	99,101	99,101

c. Market risks

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's and the Company's exposure to foreign currency exchange risk is minimal.

ii. Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Notes to the Financial Statements (Cont'd)

36. Financial Instruments (Cont'd)

c. Market risks (Cont'd)

ii. Interest rate risk (Cont'd)

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**951**	38,494	**10**	37,593
Financial liabilities	**(3,665)**	-	**-**	-
	(2,714)	38,494	**10**	37,593
Floating rate instruments				
Financial liabilities	**(35,923)**	(40,000)	**-**	(40,000)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group and the Company's profit before taxation by RM0.36 million and RMNil (2013: RM0.40 million and RM0.40 million) respectively, arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d. Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			
	Level 1	**Level 2**	**Level 3**	**Carrying amount**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2014				
Financial liabilities (Non-current)				
Finance lease liabilities	-	**2,631**	-	**2,672**
Bank borrowings	-	**14,148**	-	**18,247**
	-	**16,779**	-	**20,919**

Notes to the Financial Statements (Cont'd)

36. Financial Instruments (Cont'd)

d. Fair values of financial instruments (Cont'd)

i. Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

ii. Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

iii. Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

iv. Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

37. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at the end of the reporting period are as follows:

The gearing ratios are as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total loans and borrowings	**39,588**	40,000	**-**	40,000
Less: Fixed deposits, bank and cash balances (Note 15) ^	**(9,249)**	(105,160)	**(5,953)**	(97,791)
Net debt	**30,339**	(65,160)	**(5,953)**	(57,791)
Shareholders' equity	**123,707**	89,448	**157,735**	140,965
Debt-to-equity ratio	**0.25**	*	**#**	*

Notes to the Financial Statements (Cont'd)

37. Capital Management (Cont'd)

^ Fixed deposits, bank and cash balances excluded cash and cash equivalents restricted from use.

* Gearing ratio not applicable to the Group and to the Company as the cash and cash equivalents as at 31 December 2013 is sufficient to cover the entire borrowing obligation.

Gearing ratio not applicable as the Company has no borrowings as at 31 December 2014.

There were no changes in the Group's approach to capital management during the financial year.

38. Comparative Figures

Certain comparative figures have been reclassified where necessary to conform with the current period presentation.

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Group			
Statements of financial position			
Current liabilities			
Progress billing in respect of property development costs	-	30,229	30,229
Trade payables	61,072	(30,229)	30,843
Statements of comprehensive income			
Cost of sales	129,674	(193)	129,481
Administration expenses	4,232	19	4,251
Other operating expenses	9,542	174	9,716
Statements of cash flows			
Change in working capital			
Accrued billing/progress billing in respect of property development costs	-	17,530	17,530
Payables	59,370	(17,530)	41,840
Company			
Statements of comprehensive income			
Administration expenses	1,658	199	1,857
Other operating expenses	5,405	(199)	5,206

39. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 20 April 2015.

Notes to the Financial Statements (Cont'd)

40. Supplementary Information on the Disclosure of Realised and Unrealised Profit or Losses

The following analysis of realised and unrealised retained earnings / (accumulated losses) of the Group and of the Company at the end of the reporting period is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Accumulated losses				
- Realised	**(60,786)**	(140,945)	**(22,085)**	(36,486)
- Unrealised	**-**	7,500	**-**	-
	(60,786)	(133,445)	**(22,085)**	(36,486)
Less: Consolidation adjustments	**33,589**	39,562	**-**	-
	(27,197)	(93,883)	**(22,085)**	(36,486)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting ("AGM") of the Company will be held at Ballroom 1, LG Floor, Eastin Hotel Petaling Jaya, 13 Jalan 16/11, Pusat Dagangan Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 June 2015 at 10:30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note 7 (a)]**

2. To approve the payment of Directors' fees of RM381,000 for the financial year ended 31 December 2014. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM480,000 for the financial year ending 31 December 2015, to be payable on a quarterly basis in arrears. **(Resolution 2)**

4. To re-elect the following Directors who retire by rotation in accordance with Article 90 of the Company's Articles of Association, and being eligible, have offered themselves for re-election: -

    i. Datin Chan Bee Leng **(Resolution 3)**
    ii. Mr. Low Kheng Lun **(Resolution 4)**
    iii. Mr. Chow Seck Kai **(Resolution 5)**

5. To re-elect Mr. Boey Tak Kong, the Director who retires in accordance with Article 96 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 6)**

6. To re-appoint Messrs. UHY as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS:

To consider and, if thought fit, with or without any modifications, to pass the following ordinary resolutions:-

7. **ORDINARY RESOLUTION 1** **(Resolution 8)**
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (Cont'd)

8. **ORDINARY RESOLUTION 2** **(Resolution 9)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

"**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 19 May 2015, provided that such transactions are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until :-

i. the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

ii. the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii. it is revoked or varied by resolution passed by shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

9. **ORDINARY RESOLUTION 3** **(Resolution 10)**
APPROVAL FOR GRATUITY PAYMENT TO TAN SRI DATO' KAMARUZZAMAN BIN SHARIFF

"**THAT** approval be and is hereby given to the Company to grant a gratuity payment of RM800,000/- to Tan Sri Dato' Kamaruzzaman Bin Shariff, the former Non-Executive Chairman, Chairman of the Nomination Committee and Chairman of the Remuneration Committee of the Company in recognition and appreciation of his long service and contribution to the Company **AND THAT** authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary and/or desirable to give full effect to this resolution."

10. **ORDINARY RESOLUTION 4** **(Resolution 11)**
APPROVAL FOR GRATUITY PAYMENT TO DATO' RAMLI BIN YUSUFF

"**THAT** approval be and is hereby given to the Company to grant a gratuity payment of RM500,000/- to Dato' Ramli Bin Yusuff, the former Non-Executive Deputy Chairman and a member of the Audit Committee of the Company in recognition and appreciation of his long service and contribution to the Company **AND THAT** authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary and/or desirable to give full effect to this resolution."

11. To transact any other ordinary business for which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Chin Mun Yee (MAICSA 7019243)
Company Secretaries

Kuala Lumpur
19 May 2015

Notice of Annual General Meeting (Cont'd)

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 June 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint proxy/ proxies to attend and vote in his stead. A proxy need not be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, ShareWorks Sdn. Bhd., 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

7. Explanatory Notes on Special Business:-

   a. <u>Item 1 of the Agenda</u>

      This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

   b. <u>Ordinary Resolution 1 – Authority to Issue Shares</u>

      This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the Previous Mandate"). As at the date of this notice, 31,125,000 new ordinary shares in the Company were issued pursuant to the Previous Mandate.

      The proposed resolution, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

   c. <u>Ordinary Resolution 2 - Proposed Renewal of Shareholders' Mandate</u>

      The proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature pursuant to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

      Please refer to the Circular to Shareholders dated 19 May 2015 for further information.

   d. <u>Ordinary Resolution 3 - Approval for Gratuity Payment to Tan Sri Dato' Kamaruzzaman Bin Shariff</u>

      The approval of payment of gratuity is a token appreciation to Tan Sri Dato' Kamaruzzaman Bin Shariff, the former Non-Executive Chairman, Chairman of the Nomination Committee and Chairman of the Remuneration Committee of the Company respectively.

      The approval of payment of gratuity is tabled for shareholders to comply with Sections 137(1) and 137(5) of the Companies Act, 1965, which requires that any bona fide payment by way of pension or lump sum payment in respect of past services, including any superannuation or retiring allowance, superannuation, gratuity or similar payment, where the value or amount of the pension or payment exceeds the total emoluments of the director in the three (3) years immediately preceding his retirement or death, be disclosed to the members of the company and approved in a general meeting.

   e. <u>Ordinary Resolution 4 - Approval for Gratuity Payment to Dato' Ramli Bin Yusuff</u>

      The approval of payment of gratuity is a token appreciation to Dato' Ramli Bin Yusuff, the former Non-Executive Deputy Chairman and a member of Audit Committee of the Company.

      The approval of payment of gratuity is tabled for shareholders to comply with Sections 137(1) and 137(5) of the Companies Act, 1965, which requires that any bona fide payment by way of pension or lump sum payment in respect of past services, including any superannuation or retiring allowance, superannuation, gratuity or similar payment, where the value or amount of the pension or payment exceeds the total emoluments of the director in the three (3) years immediately preceding his retirement or death, be disclosed to the members of the Company and approved in a general meeting.


HO HUP TOWER

HOHUP

Ho Hup Construction Company Berhad (14034-W)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	CDS Account No.

*I/We, *(full name in capital letters)* ____________________
of *(full address)* ____________________ being a
*member/members of HO HUP CONSTRUCTION COMPANY BERHAD ("the Company"), hereby appoint *(full name in capital letters)*
____
of *(full address)* ____________________
or *failing him/her, *(full name in capital letters)* ____________________
of *(full address)* ____________________
or *failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty-First Annual General Meeting of the Company to be held at Ballroom 1, LG Floor, Eastin Hotel Petaling Jaya, 13 Jalan 16/11, Pusat Dagangan Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 June 2015 at 10:30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Resolutions	Agenda	For	Against
1.	To approve the payment of Directors' fees of RM381,000 for the financial year ended 31 December 2014.		
2.	To approve the payment of Directors' fees of RM480,000 for the financial year ending 31 December 2015, to be payable on quarterly basis in arrears.		
3.	To re-elect Datin Chan Bee Leng who retires by rotation in accordance with Article 90 of the Company's Articles of Association, and being eligible, has offered herself for re-election.		
4.	To re-elect Mr. Low Kheng Lun who retires by rotation in accordance with Article 90 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5.	To re-elect Mr. Chow Seck Kai who retires by rotation in accordance with Article 90 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
6.	To re-elect Mr. Boey Tak Kong the Director who retires in accordance with Article 96 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
7.	To re-appoint Messrs. UHY as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
	As Special Business :		
8.	- Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.		
9.	- Proposed Renewal of Shareholders' Mandate		
10.	- Approval for gratuity payment to Tan Sri Dato' Kamaruzzaman Bin Shariff		
11.	- Approval for gratuity payment to Dato' Ramli Bin Yusuff		

* strike out whichever not applicable

Signed this ______ day of ______________ , 2015

____
Signature of Member/Common Seal

Notes:
1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 June 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
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4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR

SHAREWORKS SDN. BHD.
2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan

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HOHUP

HO HUP CONSTRUCTION COMPANY BERHAD
(14034-W)

No. 18, Jalan 17/155C, Bandar Bukit Jalil
57000 Kuala Lumpur, Wilayah Persekutuan

Tel : 03-8993 9168
Fax : 03-8993 9268

www.hohupgroup.com.my