HOHUP®

HO HUP Construction Company Berhad
197301000497 (14034-W)

ANNUAL REPORT 2022

Vision, Mission & Values

49th Annual General Meeting

Venue : Bukit Jalil Golf and Country Resort
1st Floor, Langkawi Room
Jalan Jalil Perkasa 3
Bukit Jalil, 57000 Kuala Lumpur

Date : 31st May 2023

Time : 3.00pm

Disclaimer : This annual report, prepared by Ho Hup Construction Company Berhad may contain certain forward-looking statements and is prepared based on the Manager's current view of future events that may involve certain assumptions, risks and uncertainties. Shareholders and investors are advised that past performance does not necessarily signify its future performance.

OUR VISION

To be a reputable property development & construction company delivering sustainable products and services that enrich and improve the living standards of our customers and the community.

OUR MISSION

- To employ cost effective methods without compromising on quality considerations.
- To provide a safe work environment and improve the livelihood of our employees.
- To enhance long term stakeholders' returns.

CORE VALUES

- Innovation
- Responsibility
- Customer Oriented
- Integrity
- People Development

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim
Chairman/Independent Non-Executive Director

Dato' Wong Kit-Leong
Executive Director

Dato' Wong Gian Kui
Executive Director

Dato' Sri Thong Kok Khee
Non-Independent Non-Executive Director

Datin Chan Bee Leng
Non-Independent Non-Executive Director

Mr. Low Kheng Lun
Non-Independent Non-Executive Director

Mr. Thevanaigam Rajan Chitty
Independent Non-Executive Director

Mr. Danny Hoe Kam Thong
Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Thevanaigam Rajan Chitty
Chairman

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim

Mr. Danny Hoe Kam Thong

NOMINATION COMMITTEE

Mr. Danny Hoe Kam Thong
Chairman

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim

Mr. Thevanaigam Rajan Chitty

REMUNERATION COMMITTEE

Dato' Sri Thong Kok Khee
Chairman

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim

Mr. Danny Hoe Kam Thong

EXECUTIVE COMMITTEE

Mr. Monteiro Gerard Clair
Chairman

Dato' Wong Kit-Leong

Dato' Wong Gian Kui

COMPANY SECRETARIES

Ms. Lim Shook Nyee
(MAICSA 7007640)
SSM Practicing Certificate
No. 201908003593

Ms. Victoria Loui Hoong Mei
(MICPA 4054)
SSM Practicing Certificate
No. 202208000276

REGISTERED OFFICE

Ho Hup Tower - Aurora Place
2-07-01-Level 7, Plaza Bukit Jalil
No. 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +(603) 9779 1700
Fax : +(603) 9779 1701/2

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel : 03 -6201 1120
Fax : 03 -6201 3121

PRINCIPAL BANKERS

Ambank (M) Berhad
Hong Leong Bank Berhad
Bank Pembangunan Malaysia Berhad
Sabah Development Bank Berhad

AUDITORS

UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +(603) 2279 3088
Fax : +(603) 2279 3099

SOLICITORS

James Monteiro
Shahrizat Rashid & Lee

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Code : 5169
Stock Name : Hohup

SECTOR

Construction

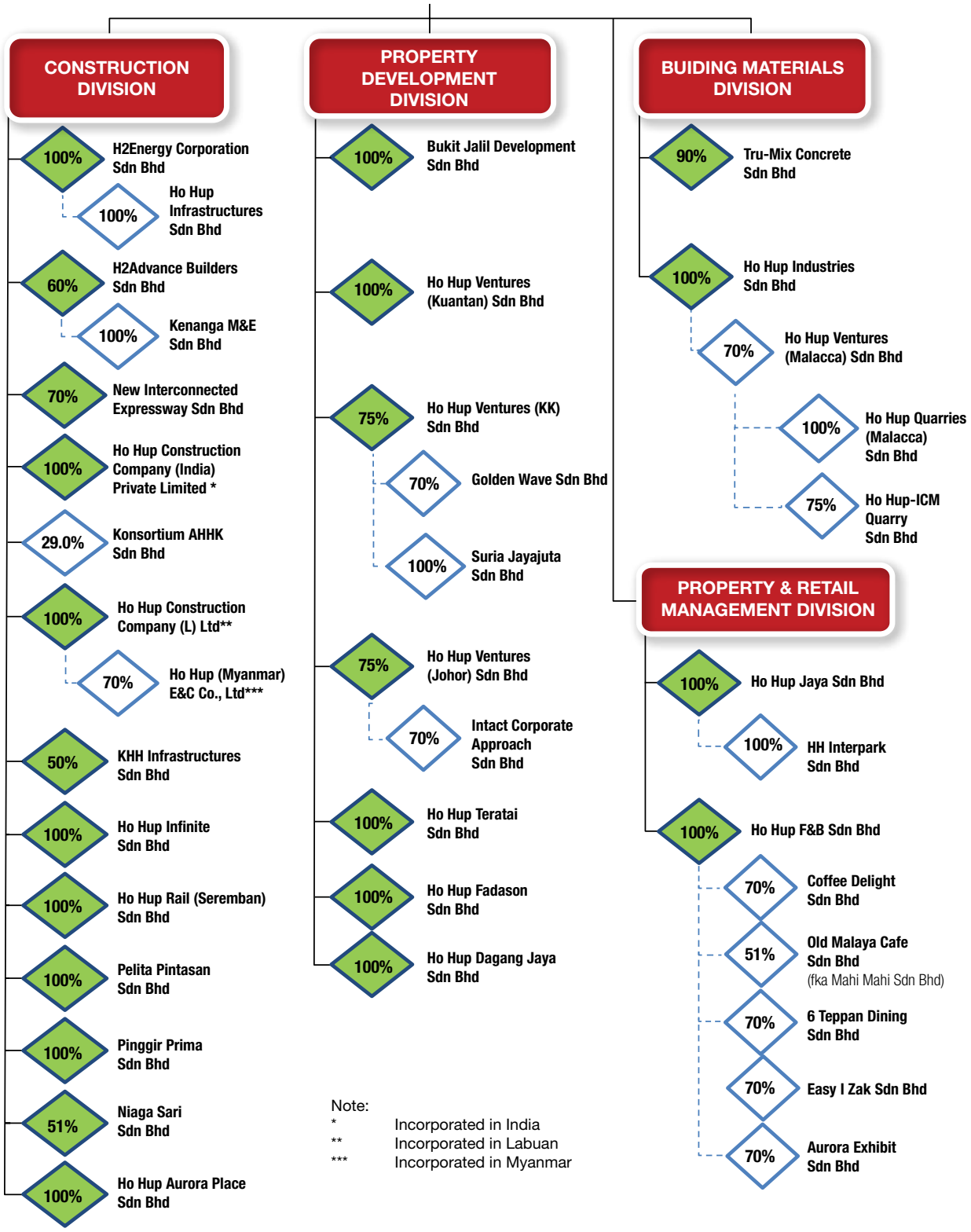
WEBSITE

www.hohupgroup.com.my

CORPORATE STRUCTURE

HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD



FINANCIAL CALENDAR

28TH APRIL 2023

NOTICE OF 49th ANNUAL GENERAL MEETING AND ISSUANCE OF ANNUAL REPORT 2022

31ST MAY 2023

49th ANNUAL GENERAL MEETING
VENUE :
BUKIT JALIL GOLF AND COUNTRY RESORT
1st floor, Langkawi Room
Jalan Jalil Perkasa 3, Bukit Jalil
57000 Kuala Lumpur

QUARTERLY RESULTS

31 MAY 2022
Unaudited consolidated results for 1st quarter ended 31st March 2022

29 AUGUST 2022
Unaudited consolidated results for 2nd quarter ended 30th June 2022

29 NOVEMBER 2022
Unaudited consolidated results for 3rd quarter ended 30th September 2022

28 FEBRUARY 2023
Unaudited consolidated results for 4th quarter ended 31st December 2022

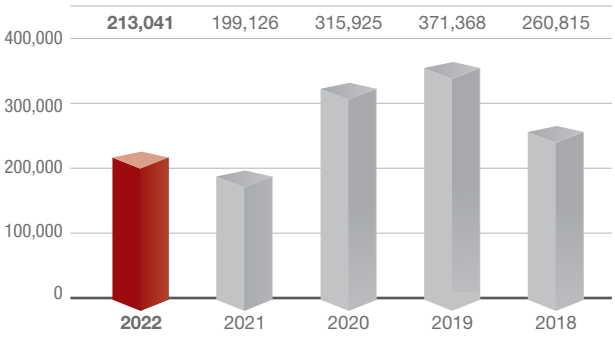
FIVE-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHT (RM'000)	Financial Year Ended				
	31 Dec 2022	31 Dec 2021 Restated	31 Dec 2020 Restated	31 Dec 2019	31 Dec 2018
Key Statement of Comprehensive Income					
Revenue	213,041	199,126	315,925	371,368	260,815
(Loss)/Profit Before Tax	(25,849)	(20,958)	102,286	35,631	39,315
(Loss)/Profit After Tax	(36,358)	(24,939)	71,686	16,015	28,263
(Loss)/Profit Attributable to Owners of the Parent	(32,129)	(18,082)	73,037	17,179	28,891
Key Statement of Financial Position					
Total Assets	1,523,642	1,547,308	1,338,388	1,269,929	1,087,972
Total Borrowings	650,701	645,774	529,424	372,356	382,055
Total Equity	419,702	456,346	436,595	410,634	377,257
Share Information					
Basic/(Loss) Earnings per Share Attributable to Owners of the Parent (sen)	(6.50)	(3.80)	17.71	4.58	7.71
Net Assets per Share Attributable to Owners of the Parent (sen)	84.81	92.22	105.87	108.20	100.63
Financial Indicators					
Net Return on Shareholders' Funds (%)	(7.66%)	(3.96%)	16.73%	4.18%	7.66%
Gearing Ratio (times)	1.57	1.41	1.12	0.74	1.01

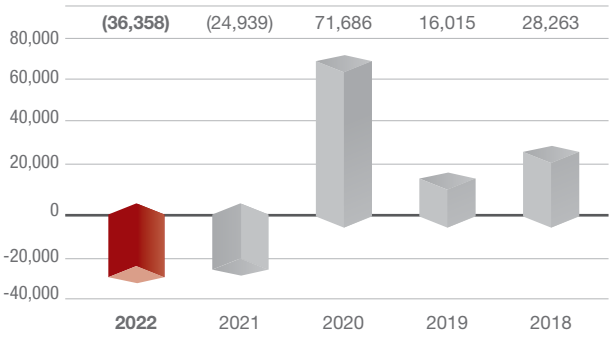
Note:

***Statement of financial position figures have been restated following the change in accounting policy.*

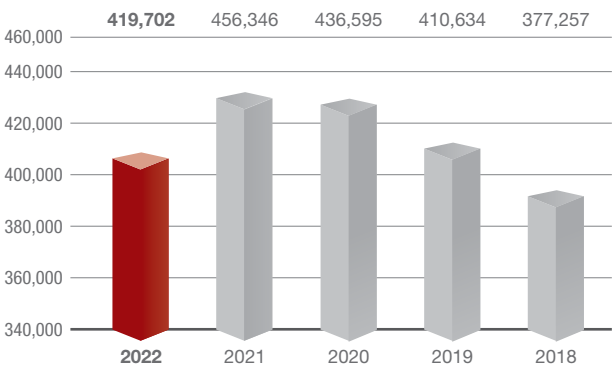
REVENUE (RM'000)



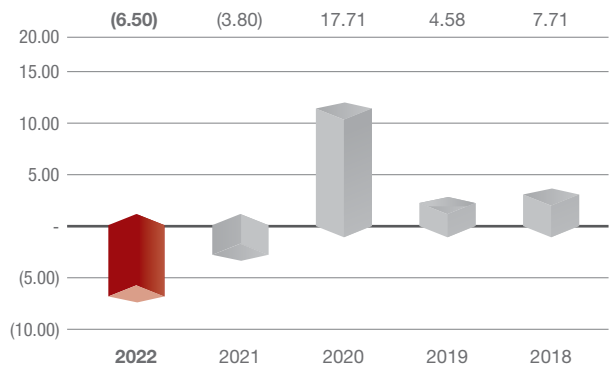
(LOSS)/PROFIT AFTER TAX (RM'000)



TOTAL EQUITY (RM'000)

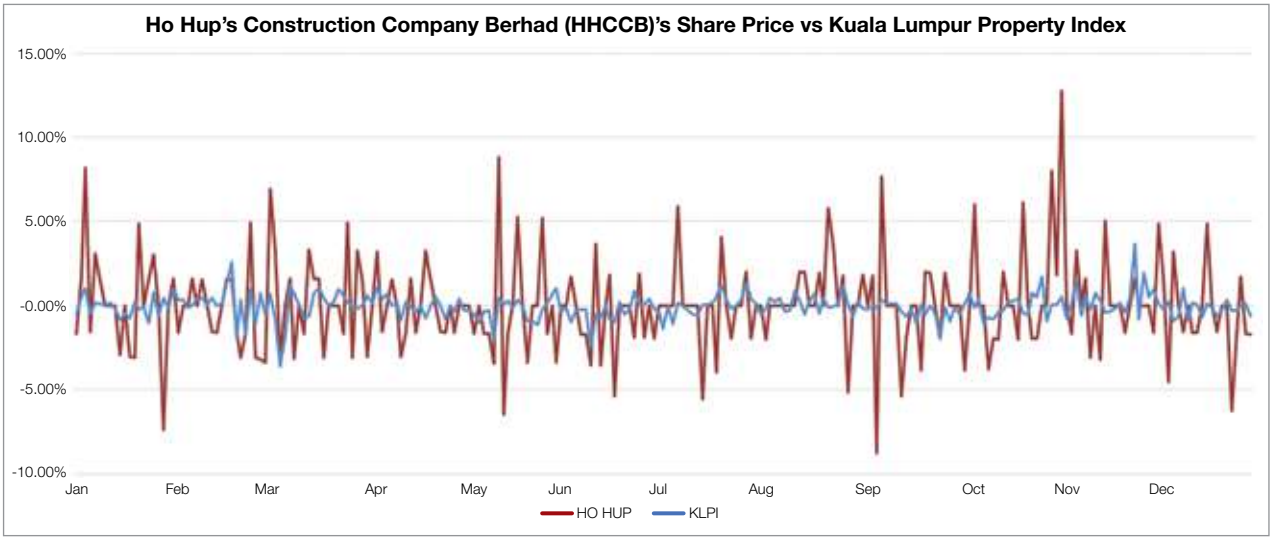


BASIC (LOSS)/ EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)



SHARE PERFORMANCE

STOCK EXCHANGE	TRADING NAME	STOCK CODE
Bursa Malaysia Securities Sdn Bhd	HO HUP	5169



Month	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sept 22	Oct 22	Nov 22	Dec 22
High (RM)	0.35	0.33	0.33	0.33	0.31	0.30	0.27	0.29	0.29	0.28	0.33	0.34
Low (RM)	0.30	0.00	0.29	0.31	0.28	0.26	0.24	0.25	0.25	0.25	0.27	0.29
Volume ('000)	1,415	2,051	5,575	2,089	3,233	1,262	480	1,044	875	1,587	2,581	1,272

MEDIA HIGHLIGHTS

Kelantan and Terengganu ECRL project hit by floods

'ASIR PUTEH: About 70% of the construction work at sections 1 and 2 of the East Coast Rail Line (ECRL), covering 82km from Tunjong here to Setiu in Terengganu was affected by the floods that occurred last week.

Malaysia Rail Link Sdn Bhd (MRL) construction manager (sections 1 and 2) Mohd Azemi Abdullah said the affected locations involved preliminary works such as forest clearing and were in low-lying areas.

"The earthworks are affected by rainwater (flooding) and we are unable to work," he told reporters after handing over donations to flood victims at the Bukit Abal Penggawa office yesterday.

However, Mohd Azemi said the floods did not cause delay in the construction work including the bridge construction.

"Only if it rains, we have to stop operations, except for work that is at a height of more than 2m from the ground level," he said.

It was reported that Kelantan had experienced intense rainfall last week, causing many areas in the state to be inundated.

The state Drainage and Irrigation Department recorded rainfall intensity of 627mm in Kampung Wakaf Raja, Bukit Yong near Pasir Puteh on Dec 18 – the highest since 1967.

A helping hand: ECRL deputy project manager (Section 1) Guo Yi Hang donating food essentials to 180 flood victims in Pasir Puteh. – Bernama

Projek ECRL terjejas

70 peratus kerja pembinaan terganggu akibat banjir minggu lalu

Bernama

Pasir Puteh

Hampir 70 peratus kerja pembinaan projek Laluan Rel Pantai Timur (ECRL) Sekyen 1 dan 2 meliputi jarak 82 kilometer bagi jajaran Tunjong, di sini ke Setiu, Terengganu terjejas akibat banjir minggu lalu.

Pengurus Pembinaan Sekyen 1 dan 2 Malaysia Rail Link Sdn Bhd (MRL), Mohd Azemi Abdullah berkata lokasi terkesan banjir itu membabitkan kerja awalan seperti membersihkan hutan selain kawasan jajaran yang berada paras rendah.

"Kerja tanah terjejas dengan air hujan (banjir), jadi dari segi keselamatan kita tidak dibenarkan buat kerja.

"Namun banjir bukan halangan 100 peratus dan kita tidak menganggap semua ini sebagai halangan, sebaliknya kita mahu menambah baik produktiviti untuk menggantikan semula apa yang hilang pada masa banjir ini," katanya.

Beliau berkata demikian kepada pemberita selepas Program Penyerahan Sumbangan Barangan Bantuan Mangsa Banjir kepada 180 penerima di Pejabat Penggawa Daerah Bukit Abal, di sini semalam.

Mohd Azemi berkata walaupun terkesan banjir, kerja-kerja pembinaan tidak tertanggung dan aktiviti pembinaan jambatan diteruskan.

"Cuma sekiranya berlaku hujan, mereka terpaksa menghentikan operasi kecuali kerja yang berada pada ketinggian melebihi dua meter dari paras tanah asal.

"Sebelum banjir, kita sudah tidak boleh masuk ke tempat rendah kerana digenangi air, oleh itu pada hari kejadian banjir ia dikira kemuncak sehingga kita tidak boleh langsung masuk ke sini," katanya.

PETUGAS ECRL menyerahkan sumbangan barangan bantuan kepada sebahagian 180 mangsa banjir di Pejabat Penggawa Daerah Bukit Abal.

低窪地段淹水
水災影響東鐵工程

（巴西富地27日訊）东海岸铁路工程第一及第二部分约70%建筑工程在上周登嘉楼水灾中深受影响，涉及涵盖82公里的敦索至士乃线。

大马铁路衔接公司（MRT）第1及第2部分建筑经理奥哈末阿兹米指出，受水灾影响地点除了处于低洼地段，还包括清理森林前期工作。

"土方工程受雨水影响，因此在工程方面，我们不准施工。不过，水灾不是100%障碍，我们不认为这一切是障碍，反之我们要改善生产力，以弥补水灾期间所损失的。"

他今日移交援助品予水灾灾民后，对记者发表谈话。

奥哈末阿兹米提到，虽然受水灾波及，但施工没有延误及建桥活动仍持续。不过，一旦下雨，他们被迫暂停作业。除非是距离原本地面高于逾2公尺的工程。

"在水灾前，我们已不能到低洼地段，因为被水淹了，因此在水灾当天则是高峰，使到我们完全不能到该地去。"

虽然受水灾波及，但东海岸铁路工程施工没有延误及建桥活动仍持续。（取自阳光日报网页）

DIRECTOR'S PROFILE

TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM

Chairman/Independent
Non-Executive Director

Age : 61

Gender : Male

Nationality : Malaysian

Date of Appointment :
29 August 2022

Length of Service :
7 months
(as at 31 March 2023)

Date of Last Re-election :
Not Applicable

Membership of Board Committees:

Nomination Committee

Remuneration Committee

Audit Committee

Academic/Professional Qualifications:

- Bachelor of Sains Ekonomi Sumber from Universiti Putra Malaysia
- Master of Science in Human Resources Development from Universiti Putra Malaysia
- Conferred Honorary Degree of Doctor of Strategic Management by Open University Malaysia

Working Experience:

Tan Sri Datuk Seri (Dr) Mazlan has held a long and distinguished career with Polis Di Raja Malaysia (PDRM - Royal Malaysian Police), rising through the ranks. Now retired from PDRM, he most recently served as the Deputy Inspector-General of Police of Malaysia ("Deputy IGP") from June to December 2021 under Inspector-General ("IGP") Acryl Sani Abdullah Sani.

He also held the position of Director of the Bukit Aman Logistics & Technology Department at PDRM and had stints as police chief for Kelantan and Kuala Lumpur.

Directorships of other Public Listed Companies

PRG Holdings Berhad

Computer Forms (Malaysia) Berhad

Microlink Solutions Berhad

He attended one (1) out of one (1) Board Meeting of the Company held during the financial year.

Director's Profile (cont'd)

DATO' WONG KIT-LEONG

Executive Director

Age : 51

Gender : Male

Nationality : Malaysian

Date of Appointment :
12 August 2010

Length of Service :
12 years and 7 months
(as at 31 March 2023)

Date of Last Re-election :
31 May 2022

Membership of Board Committees:
Executive Committee

Academic/Professional Qualifications:

- Bachelor of Commerce, University of British Columbia, Canada

Working Experience:
Dato' Wong Kit-Leong was appointed to the Board of the Company as an Executive Director on 12 August 2010, to manage the financial and corporate restructuring of the Group. He was re-designated as Executive Director/Chief Executive Officer (CEO) of the Company by the Board on 24 April 2014.
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.

Directorships of other Public Listed Companies
Nil

He attended all the five (5) Board Meetings of the Company held during the financial year.

DATO' WONG GIAN KUI

Executive Director

Age : 63

Gender : Male

Nationality : Malaysian

Date of Appointment :
21 August 2017

Length of Service :
5 years and 7 months
(as at 31 March 2023)

Date of Last Re-election :
28 May 2021

Membership of Board Committees:
Executive Committee

Academic/Professional Qualifications:

- Member of Malaysian Institute of Certified Public Accountants (MICPA)
- Member of Malaysian Institute of Accountants (MIA)

Working Experience:
An accountant by profession, Dato' Wong Gian Kui worked for Harun, Oh and Wong, Chartered Accountants and the Malaysian member firm of Horwath International from 1981 to 1990, and Stoy Hayward London, Chartered Accountants, the UK member firm of Horwath International from 1990 to 1991. He qualified as a Certified Public Accountant (CPA) in 1984 and has been a member of MICPA since 1985 and a member of MIA since 1988.

He is currently the Executive Director / Chief Executive Officer of Insas Berhad, Executive Director of Inari Amertron Berhad and DIVFex Berhad (Formerly known as Diversified Gateway Solutions Berhad), and a Non-Independent Non-Executive Director of SYF Resources Berhad.

Directorships of other Public Listed Companies
Insas Berhad
Inari Amertron Berhad
SYF Resources Berhad
DIVFex Berhad (Formerly known as Diversified Gateway Solutions Berhad)

He attended four (4) out of five (5) Board Meetings of the Company held during the financial year.

Director's Profile (cont'd)

DATO' SRI THONG KOK KHEE

Non-Independent Non-Executive Director

Age : 68

Gender : Male

Nationality : Malaysian

Date of Appointment :
6 October 2011

Length of Service :
11 years and 5 months
(as at 31 March 2023)

Date of Last Re-election :
31 May 2022

Membership of Board Committees:
Remuneration Committee (Chairman)

Academic/Professional Qualifications:

- London School of Economics, UK

Working Experience:
Dato' Sri Thong worked in the financial services industry from 1979 to 1988. During this period, he worked for Standard Chartered Merchant Bank Asia Limited in Singapore from October 1982 to June 1988 and his last held position was the Director of Corporate Finance Division.

Dato' Sri Thong is a deemed major shareholder of the Company.

Directorships of other Public Listed Companies
Inari Amertron Berhad
Omesti Berhad

He attended all five (5) Board Meetings of the Company held during the financial year.

DATIN CHAN BEE LENG

Non-Independent Non-Executive Director

Age : 61

Gender : Female

Nationality : Malaysian

Date of Appointment :
31 October 2011

Length of Service :
11 years and 5 months
(as at 31 March 2023)

Date of Last Re-election :
28 May 2021

Membership of Board Committees:
Nil

Academic/Professional Qualifications:

- Bachelor of Science (Hons) Management Science (Majoring in Finance & Marketing), University of Warwick (UK)
- GSCE 'A' Levels, Weston-Super-Mare Technical College (UK)
- Business Education Council Diploma (BEC)

Working Experience:
Datin Chan Bee Leng was a Finance Manager in Brisdale Sdn Bhd (a subsidiary of developer Perwira Indra Sakti Sdn Bhd) from 1990 to 1996 and 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.

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

Directorships of other Public Listed Companies
Nil

She attended all the five (5) Board Meetings of the Company held during the financial year.

Director's Profile (cont'd)

MR. LOW KHENG LUN

Non-Independent Non-Executive Director

Age : 36

Gender : Male

Nationality : Malaysian

Date of Appointment :
31 October 2011

Length of Service :
11 years and 5 months
(as at 31 March 2023)

Date of Last Re-election :
28 May 2021

Membership of Board Committees:

Nil

Academic/Professional Qualifications:

- MA (Hons) Entrepreneurial Management, European Business School, London, (UK)
- BEng (Hons) Civil Engineering, University College London, (UK)

Working Experience:
Mr. Low Kheng Lun worked as a Graduate Engineer in Buildings and Infrastructure Department in Scott Wilson PLC, London, UK from 2008 to 2009 and was an IT Advisory Associate in KPMG. He is currently a Director of Low Chee Group Sdn Bhd.

He 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.

Directorships of other Public Listed Companies

Nil

He attended all five (5) Board Meetings of the Company held during the financial year.

MR. THEVANAIGAM RAJAN CHITTY

Independent Non-Executive Director

Age : 66

Gender : Male

Nationality : Malaysian

Date of Appointment :
23 March 2022

Length of Service :
1 year
(as at 31 March 2023)

Date of Last Re-election :
31 May 2022

Membership of Board Committees:

Audit Committee (Chairman)
Nomination Committee

Academic/Professional Qualifications:

- Associate Member for CIMA (UK)
- Member of Malaysian Institute of Accountants (MIA)

Working Experience:
A Member of Malaysian Institute of Accountants (MIA) and Associate Member of the Chartered Institute of Management Accountants (CIMA) UK, Mr. Rajan Chitty is a finance and corporate strategy professional with extensive experience in all aspects of corporate finance at senior level across various industry sectors, particularly plantations and automotive.

His career began in 1980 with Golden Hope Plantations Berhad (formerly Harrisons & Crosfield) where he progressed to become Group Financial Accountant. In 1992, he joined G Team Consultants Sdn Bhd as Manager, Corporate Affairs, and was involved in a reverse takeover exercise.

In 1994, he joined Perusahaan Otomobil Kedua Sdn Bhd – Perodua – initially as General Manager, Corporate Planning & Finance, handling the responsibilities of Group CFO. He was closely involved in the restructure of Perodua with the Japanese partners gaining 51% equity and control in Perodua's manufacturing arm. On completion of the exercise in December 2001, he was appointed to the Board of the newly established JV companies and designated as Executive Director.

In 2008, he joined Johnson Controls Automotive Holdings / Adient Malaysia as General Manager / Managing Director, working to revive the company's performance and achieving a return to profitability through operational improvements and efficiencies. Between 2012 and 2021, he took on several roles in the India Southeast Asia and Asia Pacific regions, focusing on the commercial and strategic planning aspects of the business to expand and strengthen the footprint of the organisation.

Directorships of other Public Listed Companies

Nil

He attended four (4) out of four (4) Board Meetings of the Company held during the financial year.

Director's Profile (cont'd)

MR. DANNY HOE KAM THONG

Independent Non-Executive Director

Age : 55

Gender : Male

Nationality : Malaysian

Date of Appointment :
29 August 2022

Length of Service :
7 months
as at 31 March 2023)

Date of Last Re-election :
Not Applicable

Membership of Board Committees:

Audit Committee

Nomination Committee (Chairman)

Remuneration Committee

Academic/Professional Qualifications:

- Member of Malaysian Institute of Certified Public Accountants (MICPA)
- Member of Malaysian Institute of Accountants (MIA)
- Member of Information Systems Audit and Control Association (ISACA)
- Advanced Management Program at INSEAD, France

Working Experience:

Mr. Danny Hoe Kam Thong began his career with Ernst & Young, where he worked for a period of 14 years in a number of positions, including a secondment to the firm's New York office, as well as rising to Principal for Audit & Advisory Services.

In 2001, he joined Kellogg Asia Sdn Bhd as Financial & Reporting Manager, and was closely involved in the merger of Kellogg South East Asia and its Greater China business. A year later, he began a long association with the Interflour Group, one of the largest flour milling conglomerates in the Asia Pacific region. As Group Chief Financial Officer, he contributed to the turnaround of the business which saw substantial growth in volume and market share.

In August 2011, he relocated to Vietnam as Chief Executive Officer & Country Head of Interflour Vietnam Ltd, taking the flour business to record performance in 2013 and 2014. From 2015 to 2018, still based in Vietnam, he was appointed as Executive Director - Asean at Pilmico Foods Corporation, Philippines, with the remit to transform the traditional family business into a regional organisation.

After a short stint back in Malaysia with Tradewinds Plantations Berhad as senior consultant on a national grain purchasing, storage and management project for the Government of Malaysia, he rejoined the Interflour Group, this time as Chief Executive Officer & Country Head of its Turkey operations.

Directorships of other Public Listed Companies

Kumpulan Fima Berhad

Omesti Berhad

He attended one (1) out of one (1) Board Meeting of the Company held during the financial year.

Notes:-

Family Relationship with Director and/or Major Shareholder

Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company, except for Datin Chan Bee Leng who is the mother of Mr. Low Kheng Lun, the Non-Independent Non-Executive Director and spouse of Dato' Low Tuck Choy, a major shareholder of the Company.

Conflict of Interest

None of the Directors has any conflicts of interest with the Company.

Conviction of Offence

None of the Directors has been convicted of any offence within the past five (5) years other than possible traffic offences, if any.

Public Sanction or Penalty Imposed

None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 31 December 2022 ("FYE 2022").

The COVID-19 pandemic which severely disrupted most economic activities in 2021 showed signs of abatement in 2022, following the success of the Government's vaccine roll out program and the introduction of the National Recovery Plan in staggered phases which eventually saw restrictions being progressively lifted from the tail end of 2021. Additionally, Governmental policies were introduced, including the Home Ownership Campaign ("HOC"), stamp duty and Real Property Gain Tax exemptions, which further helped stimulate the property sector.

Against this backdrop the general economic situation however remains very challenging, given the global geopolitical and social headwinds which inter alia include the prolonged Russia-Ukraine war, the lockdowns in China (until only recently) – which both not only caused supply-chain disruptions but also contributed to escalating inflationary pressures resulting in overall increased cost of construction materials and commodity prices.

Given this scenario, the property market performance can at best be described as subdued when compared against pre-pandemic levels as there is still an abundance of unsold units, and coupled with inflationary pressures, consumers in general have put their purchase plans on hold.

These challenges have resulted in the Group realising a slight increase in revenue of approximately 7.0% to RM213.0 million as compared with FYE 2021's RM199.1 million; and a higher Group loss after tax of RM36.4 million versus FYE 2021's loss after tax of RM24.9 million.

OPERATING ENVIRONMENT

The Group continued to benefit from the positive initiatives by the Government as outlined above, and this is reflected in our various projects as briefly described below:

The Crown, Kota Kinabalu project registered significantly higher growth in 2022 as compared to 2021 due to the reopening of borders.

Laman Iskandaria, Kulai project has progressed as planned with delivery of Phase 1 expected by the end of FYE2023.

However, the launch of Flex @ Bukit Jalil that was scheduled in the second quarter of 2022 was postponed due to poor consumer sentiment. This project has now been officially launched as sentiment has shown a positive trend in recent months.

Given the overall economic conditions, we are now progressing with all our development projects and expect to see a more successful 2023 for the Company.

Chairman statement (cont'd)

PERFORMANCE OVERVIEW

The Group's revenue for FYE 2022 was RM213.0 million, approximately RM13.9 million or 7.0% higher than the Group's revenue in FYE 2021. The Group also reported a loss before tax of RM25.8 million as compared to a loss before tax of RM21.0 million in FYE 2021. The Group's net loss for the financial year was RM36.4 million as compared to net loss of RM24.9 million in FYE 2021.

The higher Group revenue was mainly contributed by the property development division, resulting from the increase in sales from Laman Iskandaria, Kulai project and strong take-up of The Crown, Kota Kinabalu project. The construction division is the second main contributor of revenue reported for the year due to an acceleration of our ECRL project, following the easing of COVID-19 restrictions.

An in-depth review of the financial performance is presented under the Management Discussion and Analysis ("MD&A") section on pages 17 to 21.

CORPORATE GOVERNANCE

The Board continues to be firmly committed to implementing strong standards of corporate governance, compliance, and risk management practices. During the year under review, all Directors were duly briefed and updated on developments and changes related to relevant laws and regulatory requirements.

The Group has further enhanced our Whistle-Blowing Policy and reporting framework to report any irregularities or non-compliance. Staff training on Anti-Bribery and Anti-Corruption Policy to address the requirement of MACC Section 17A provision were carried out progressively throughout the Group.

SUSTAINABILITY

At Ho Hup Group, we continue to recognise the importance of conducting our business in a sustainable and responsible manner focusing on sustainability values based on Economic, Environment and Social framework. An update on our approach towards sustainability is included in our Sustainability Report section on pages 22 to 37.

OUTLOOK AND PROSPECTS

It has now been three years since the Covid-19 pandemic hit the world in 2020. Although the pandemic itself has since much abated, the impact of economic difficulties it generated is still being felt throughout the business world. In the local property sector, rising costs and inflationary pressures continue to be its biggest challenge.

Notwithstanding this, at Ho Hup, we have recently seen some very positive developments in our sales uptake. For example, with the easing of travel restrictions, our Crown Project in Kota Kinabalu has seen an upsurge in recent months. Similarly, we have registered more sales in our Laman Iskandaria, Kulai project and similarly the same positive response is expected with the launch Flex @ Bukit Jalil in Bukit Jalil - a project with an estimated Gross Development Value ("GDV") of RM860 million.

Recognising the challenges ahead, the Group has similarly implemented cost cutting activities, ensuring that we are able to maintain our margins as we embark on our various projects. Similarly, we are constantly focusing our internal efficiencies to enhance our operations. We are therefore confident that with the improving economic conditions prevailing, and barring unforeseen circumstances, 2023 will be a successful year for the Company.

APPRECIATION

I would like to record my utmost gratitude to our shareholders for their continued trust and support, as well as to our business partners, associates and bankers for their unwavering support and confidence in the Group throughout this challenging period.

My sincere thanks to the Senior Management and Staff for their strong commitment, hard work, and dedication to sustain our business operations and agenda. And equally, to my fellow Board members for their valuable guidance and contributions to the Group.

I would like to express our deepest appreciation to Tan Sri Datuk Seri Panglima Sulong Matjeraie, who retired on 31 May 2022, for his invaluable services and contribution to the Group as the Chairman of both the Board and Nomination Committee.

Similarly, I would like to record our sincere thanks to Mr Chow Seck Kai, who retired on 31 May 2022, for his services to the Group as a member of the Audit Committee, Nomination Committee, and Remuneration Committee.

Meanwhile, it is my pleasure to be appointed as the Chairman for the Group, member of the Nomination Committee, Audit Committee, and Remuneration Committee, effective 29 August 2022 by taking up the role of Independent Non-Executive Director.

The Board is pleased to welcome Mr Danny Hoe Kam Thong who has taken on the role of Independent Non-Executive Director / Nomination Committee Chairman, with effect from 29 August 2022.

We will continue to work hard to create greater value for our stakeholders and we look forward to your continuing support and cooperation in the years ahead.

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim
Chairman

KEY SENIOR MANAGEMENT PROFILE

MS. YEE LAI KUAN

General Manager – Human Resource and Administration

Malaysian I Aged 66 I Female

She graduated with a Masters in International Business Management from the University of East London and holds a Diploma in Industrial Relations. She worked with several food and beverage establishments in New Zealand and Malaysia in various positions between 1977 and 1988.

She joined the Company in December 1999 as Human Resource Manager, was promoted to Senior Manager in July 2003 and subsequently to General Manager in November 2006, a position she holds till today. She has over 33 years' experience in Human Resource and Administration Management.

MS. VICTORIA LOUI HOONG MEI

General Manager – Assets & Property Management

Malaysian I Aged 53 I Female

She is a Chartered Accountant of the Malaysian Institute of Accountants and a member of The Malaysian Institute of Certified Public Accountants.

She has extensive working experience across a wide range of industries, from auditing, construction, property development, financial services, and education. She started her career with Ernst and Young in 1991 as an Auditor until 1997, following which she joined Asia Pacific Land Berhad and Nam Fatt Corporation Berhad. In May 2003, she joined Segi Educational Group International (SEGI), a regional higher education provider as its Senior Finance Manager. In 2006, she served at the International Commercial Bank Financial Group Holdings AG (ICB), an international financial services provider based in Switzerland with subsidiaries in Eastern Europe, Africa, and Asia as its Chief Financial Officer.

MR. YAP YOON LEAN

General Manager - Quarry Operations (Building Materials Division)

Malaysian I Aged 63 I Male

He holds a Diploma in Commerce in Cost & Management Accounting from Tunku Abdul Rahman College. He started his career with Genting Berhad as an Audit Assistant prior to joining Singapore-listed Jurong Engineering Ltd as a Finance Officer.

In 1990, he moved back to Malaysia working as an Accountant and Operations Director in the hotel management and manufacturing industries. He was the Project Director of Kiara ANR Sdn Bhd, a company involved in tin exploration in Perak from March 2013 to July 2015 before joining the Company in August 2015.

He has more than 28 years of experience in accounting, finance, and operations in several industries from hotel management, construction, engineering, manufacturing, and trading.

Key Senior Management Profile (cont'd)

MR. FOO TZEH YUAN

General Manager – Ready Mixed Operations (Building Materials Division)

Malaysian I Aged 65 I Male

He holds a Postgraduate Diploma in Business Administration from University of Leicester, United Kingdom.

He began his career as an Ornamental Horticultural Specialist and received his Diploma from the Botanic Gardens in Singapore in 1987.

Subsequently, he moved into the manufacturing sector, serving in management positions, overseeing operations and manufacturing in facilities in ASEAN, China, and Russia. He joined the Company in 2014 and was assigned to oversee the Company's project in Myanmar.

With more than 36 years of working experience at various management levels, he was appointed as General Manager for Ready Mixed Operations in January, 2019.

MS LILIAN CHAN LEE LING

General Manager – Marketing & Sales and Sales Administration

Malaysian I Aged 53 I Female

She graduated from the University of Strathclyde, Scotland with BA in Marketing.

In May 2022, she joined the Company as Assistant General Manager for Marketing & Sales Department, subsequently promoted to General Manager in November 2022 heading Marketing & Sales Department and Sales Administration Department.

Prior to joining the Company, she was with Gamuda Land for 20 years in different management positions. During her tenure she was heading the Marketing & Sales Division for integrated township developments ranging from 300 to 1,500 acres in size. She has over 25 years working experience in property development industry.

Notes:

Save as disclosed above, none of the Key Senior Management has: -

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION & ANALYSIS

MARKET OVERVIEW

In FYE 2022, given the Government's efforts to revitalise the country's economy in general, and specific favourable schemes towards the construction and/or property industry initiated in particular, the Group managed to register a slight increase in revenue from RM199.1 million in FYE 2021 to RM213.0 million. However, headwinds in terms of cost and inflationary pressures resulted in a slightly higher loss after tax of RM36.4 million versus FYE 2021's loss after tax of RM24.9 million.

In Malaysia's revised Budget 2023 announced by the Prime Minister, Datuk Seri Anwar Ibrahim, the Government, recognising the challenges faced by the property sector, had made provisions and incentives to mitigate the challenges faced and provide necessary positive impetus. These measures include:

1. Stamp duty exemption for first-time homebuyers

- ✓ full exemption of stamp duty for those who are buying a home worth RM500,000 and below until 2025.
- ✓ The stamp duty exemption rate will be increased from 50% to 75% for houses valued from RM500,001 to RM1,000,000 until 31st December 2023.

2. Housing Credit Guarantee Scheme will be ready to guarantee home financing up to RM5 billion.

Based on the trend from the second half of FYE 2022, market conditions appear to be more positive with signs of new buying interest in our projects. With the Covid-19 impact and severity subsiding now, and with global economies and markets opening up, we are fairly confident that our projects will continue to register the necessary sales for the Group to return to profitability.

Notwithstanding this, we will need to manage our cost and efficiencies as inflationary pressures persist (headline inflation remains at a high rate of 3.70% as in February 2023) – thereby putting pressure on the general price level and building materials translating to higher construction costs. At the macro-level, Bank Negara Malaysia has increased the Overnight Policy Rate (OPR) four times in 2022, from 2.00% to 2.75% and it has been maintained at 2.75% since November 2022 – hence impacting both potential buyers and borrowing costs.

Given both the opportunities and threats prevailing, the Group will continue to focus on its strategic objectives to ensure the sustainability and growth of our core businesses revolving around our development projects which are both strategically located and built with attractive and functional designs in the years ahead.

Management Discussion & Analysis (Cont'd)

GROUP BUSINESS ACTIVITIES

The Group's commitment to our shareholders in FYE 2022 was to continue to improve performance, enhance the sustainability of our business and stay profitable. We were guided by the following strategies:

CORE BUSINESS DIVISION	BUSINESS STRATEGIES
Construction	Focus on selective Government infrastructure projects that provide reasonable profit margins.
Property Development	Fast track property development of projects located in the Klang Valley, to launch Flex @ Bukit Jalil, speed up the development of the hotel and service apartments in Kota Kinabalu and integrated township project in Kulai.
Building Material	To scale up trading opportunities for the ready-mix business from on-going infrastructure and property development; and to operate the quarry business in a sustainable manner to break-even.
Property Management and Retail	Grow occupancy rate and to improve rental collections to strengthen overall cash management and profitability.

SHARE PRICE PERFORMANCE

	Financial Year 2022	Financial Year 2021	Financial Year 2020
Year High (sen)	0.35	0.50	RM0.64
Year Low (sen)	0.24	0.29	RM0.24
Year Close (sen)	0.29	0.30	RM0.26
Trading Volume (no.)	127.2 million	191.4 million	378.4 million
Market Capitalisation (as at the financial year end)	RM126.2 million	RM150.9 million	RM196.2 million

FINANCIAL REVIEW

Revenue

Group revenue totalled RM213.0 million in FYE 2022 which was RM13.9 million or 7.0% higher than that achieved in the previous year. This was due to increase in sales from our Property Development Division and Construction Division offset by reduce revenue from Building Material Division.

The Property Development Division recorded a revenue RM147.5 million mainly due to high take up rate of the Laman Iskandaria Phase 1A & 1B project in Kulai and The Crown Suites project in Kota Kinabalu which registered significantly higher growth in recent months ie RM43.6 million (8 months' sales from July 2022 to 10th March 2023) compared to RM60 million registered in the previous 30 months from January 2020 to June 2022.

The Construction Division revenue increased by RM37.7 million from previous financial year due mainly from the revenue recognition of the ECRL project. This is due to higher work done to catch up with the previous delay in the project.

Revenue contribution from the Building Materials Division reduced to RM14.1 million from RM21.6 million in FYE 2021 contributed by the soft market conditions prevailing. The Division continued with efforts to manage cost of operations by working closely with the Construction and Property Development Divisions, while actively sourcing for new projects.

Management Discussion & Analysis (Cont'd)

	YEAR ENDED		
	31-Dec-22 RM'000	31-Dec-21 RM'000 (Restated)	31-Dec-20 RM'000 (Restated)
Revenue	213,041	199,126	315,925
Cost of Sales	(162,857)	(119,188)	(135,912)
Gross Profit	50,184	79,938	180,013
Other Income	25,720	5,619	13,237
Administrative expenses	(20,681)	(18,469)	(14,906)
Other expenses	(38,492)	(45,670)	(47,214)
Result from operating activities	16,731	21,418	131,130
Net loss / (Gain) on impairment on financial instruments	(1,286)	(3,599)	(2,005)
Finance costs	(41,276)	(38,758)	(26,826)
Share of results of associates and joint ventures	(18)	(19)	(13)
(Loss) / profit before tax	(25,849)	(20,958)	102,286
Taxation	(10,509)	(3,981)	(30,600)
(Loss) / profit for the financial year	(36,358)	(24,939)	71,686

Cost and expenses

a) The cost of sales ("COS") for the Group for FYE 2022 was RM162.9 million compared to RM119.2 million in FYE 2021. The increase is in line with the increase in revenue.

b) Overheads and operating cost for the Group was RM59.2 million compared to RM64.1 million in FYE 2021. The decrease of RM4.9 million was in line with cost cutting measures in respect of advertisement expenses, bank guarantee charges, consultancy fees, and reduction in hotel mock up expenses.

Other Income

Other income of the Group increased from RM5.6 million to RM25.7 million mainly due to gain from fair value of investment properties due to change in accounting policy from Cost Method to Fair Value Method and gain on disposal of properties.

Results From Operating Activities Before Tax

Group results from operating activities before tax was RM16.7 million compared to previous year's RM21.4 million due to the decrease in gross profit.

Finance Costs

Group finance cost of RM41.3 million increased by RM2.5 million as compared to previous year. The increase in finance cost was primarily due to the higher interest rate prevaling in FYE 2022.

Taxation

The tax expense of the Group increased from RM4.0 million in FYE 2021 to RM10.5 million due to under-provision in the previous financial year, and also additional tax expenses from tax audit for revenue/income omitted in prior years.

Liquidity and Capital Resources

The Group's capital expenditure and working capital requirements were financed by cash generated from operations and short-term and long-term debt provided by financial institutions.

Cash and cash equivalents (fixed deposits and cash and bank balances) at end December 2022 reported negative cash flow of RM6.4 million as compared to positive cash flow of RM17.8 million at end December 2021.

Total borrowings of the Group increased by RM4.9 million to RM650.7 million, from RM645.8 million as at 31 December 2021. The increase was mainly for project financing.

Gearing

The gearing ratio of the Group as at 31 December 2022 increased to 1.57, from 1.41 as at 31 December 2021 mainly due to project financing. This ratio is calculated as total net debt divided by total shareholders' funds. Total net debt which is calculated as total borrowings amounted to RM646.5 million as at 31 December 2022. Total shareholders' funds were calculated as the sum of total shareholders' equity, which amounted to RM410.7 million in 2022 (2021: RM445.9 million).

OPERATIONAL REVIEW

Construction Division

The Construction Division's revenue for FYE2022 was RM196.4 million (FYE 2021: RM 172.0 million) and loss before tax of RM32.8 million before adjustment and elimination (loss before tax FYE 2021: RM11.0 million). The increase in revenue was mainly due to higher revenue from ECRL project in FYE2022.

With most construction projects undertaken for the past 2-3 year coming to an end, the Construction Division continues to work on securing contracts to replenish the Group's order book.

Property Development Division

The division recorded an increase of RM40.1 million or 37.3% from RM107.4 million in the FYE2021 to RM147.5 million in FYE 2022, mainly on account of higher sale from both the Laman Iskandaria, Kulai and The Crown, Kota Kinabalu projects.

The loss before tax in FYE2022 was RM16.6 million (FYE2021: profit before tax RM2.3 million).

Building Materials Division

The Division's contribution to Group Revenue was lower at RM14.1 million (FYE 2021: RM21.7 million) and loss before tax stood at RM9.0 million, compared to RM6.6 million the previous financial year.

The weak performance and the lower revenue, with a drop almost 35% or RM7.6 million was due to the soft market conditions prevailing.

With these challenges, the Group focused on steps to mitigate rising costs and improving operational efficiency to ensure that the business remains sustainable. Moving forward, the division will be setting up two additional ready-mix plants to enhance our operation.

Property And Retail Division

Property and Retail Division's revenue in 2022 grew to RM8.2 million compared to the previous year's RM6.9 million, an indication of its growth potential as a sustainable recurring income division for the Group. This division owns assets including the office tower, lower ground retail, a lifestyle centre, food and beverage businesses and the car park at Aurora Place. We anticipate that once Aurora Place is fully tenanted, the division will generate a stable recurring cash flow for the Group.

In this connection, the Division's team continues to work diligently to secure higher tenancy in order to build a sustainable base of recurring income and cash flow for the Group.

Management Discussion & Analysis
(Cont'd)

PLANNING AHEAD

With COVID-19 approaching its endemic phase, Malaysia recorded an exceptional GDP growth of 8.7% in 2022. In 2023, it is anticipated that GDP will range between 4% - 5% and we, at Ho Hup, will continue to focus our efforts towards achieving a turnaround to satisfactory results for all stakeholders.

The Group's results in the second half of 2022, in spite of the challenges prevailing, was considerably better than the first half, on account of improved economic environment. We are confident that this trend will continue in 2023 and coupled with the launch of Flex @ Bukit Jalil, our financial performance will improve.

The following are some of the key projects which we will focus on in 2023

Flex @ Bukit Jalil, Kuala Lumpur

Our latest mixed development project, Flex @ Bukit Jalil which was launched in Q1 2023 has an estimated GDV RM860 million. This project is next to the Pavilion Bukit Jalil Mall and is expected to contribute positively to the Group's earnings in the next few years.

The Crown, Kota Kinabalu, Sabah

The Crown, Kota Kinabalu achieved encouraging sales, particularly towards the end of FYE 2022 and in the 1st quarter 2023. We are optimistic that with the reopening of the borders, this project will see higher sales, contributing to a major part of the Group's revenue in 2023.

Laman Iskandaria, Kulai, Johor

The 1st phase - 1A & 1B has started in early 2021 and has achieved overall sale of 98% units to date. The Group is targeting a 100% sale in 2023 and to also commence launch of the other phases accordingly.

The on-going development projects will be the core of our business in the next 3-5 years providing us with the necessary momentum as we continue to seek new opportunities. In addition, we are confident that the remaining assets at Aurora Place will also represent an added opportunity with increased tenancy generating cashflow for the Group.

In terms of potential new opportunities, we have identified several strategically located mixed development projects with an estimated potential gross development value of more than RM3.4 billion which will help to replenish our landbank, project pipeline and order book.

For our construction business, we are optimistic that the Government would provide the necessary impetus by commencing with new infrastructure projects and/or reviving deferred mega projects already in the pipeline. We are confident that we are well positioned to benefit when these projects come on stream.

The growth of our quarry operations will similarly be linked to the demand flowing from the Government and private sectors initiatives in the property and infrastructure sector, especially in the state of Malacca, where our quarry is located. The ready-mix operations will continue to support the internal projects of the Group. In addition, we have also registered growth in attaining external clients for this business.

The Group has had two consecutive difficult years. However, given improving business sentiment, positive governmental policies in place and improved sales in our ongoing projects, we will be well-positioned to overcome the many challenges and achieve a financially successful 2023.

Thank you.

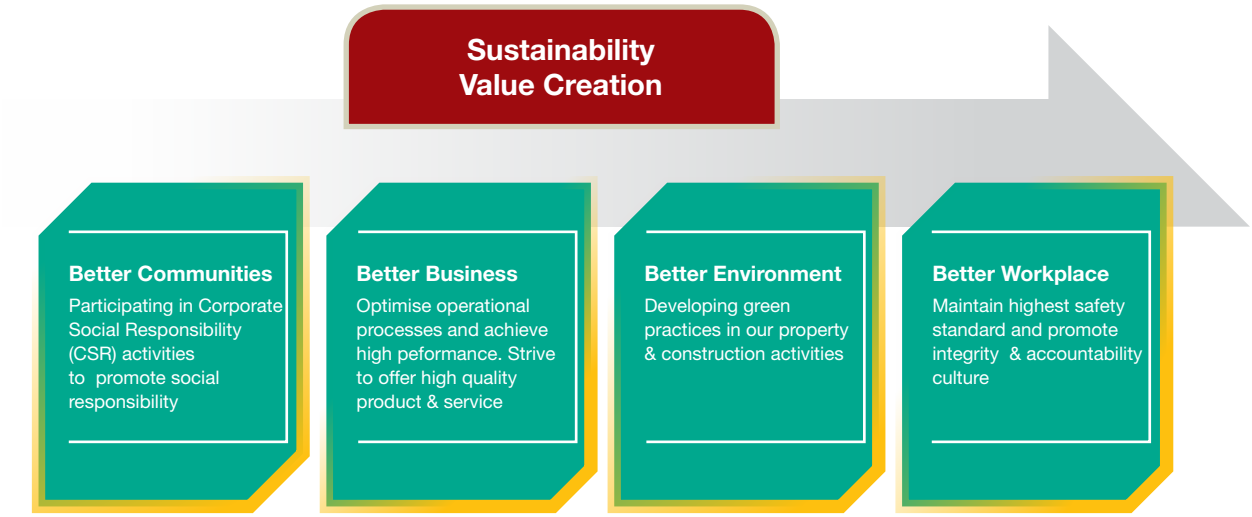
DATO' WONG KIT-LEONG

Executive Director

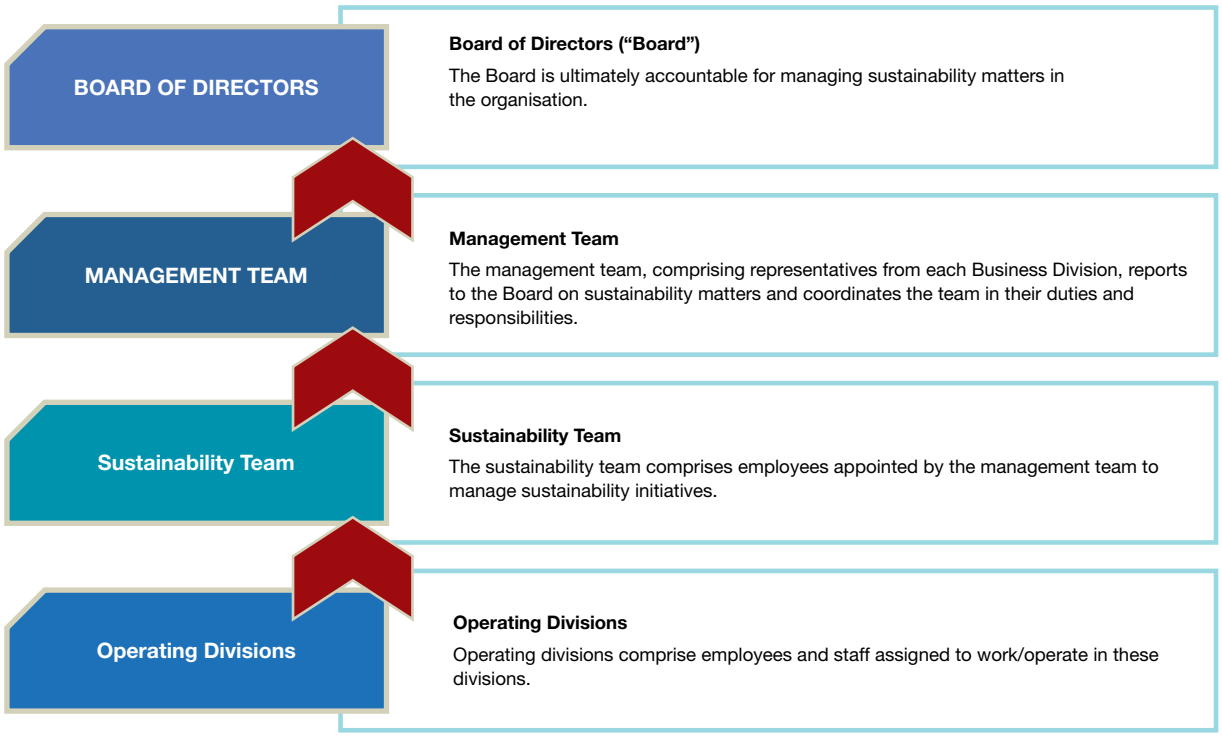
SUSTAINABILITY REPORT

Our 2022 Sustainability Report provides updates on initiatives and activities undertaken by the Group during the year to enhance our Environmental, Social and Governance ("ESG") performance with the objective of improving the long-term sustainability of the Group's businesses. Throughout 2022, we track our ESG performance and measure the progress achieved towards our sustainable development goals; as well as providing an insight into our ESG outcomes. This report is guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guidelines.
The Group's ESG performance is illustrated in the Sustainability Highlights on page 27.

Goals



Governance Structure

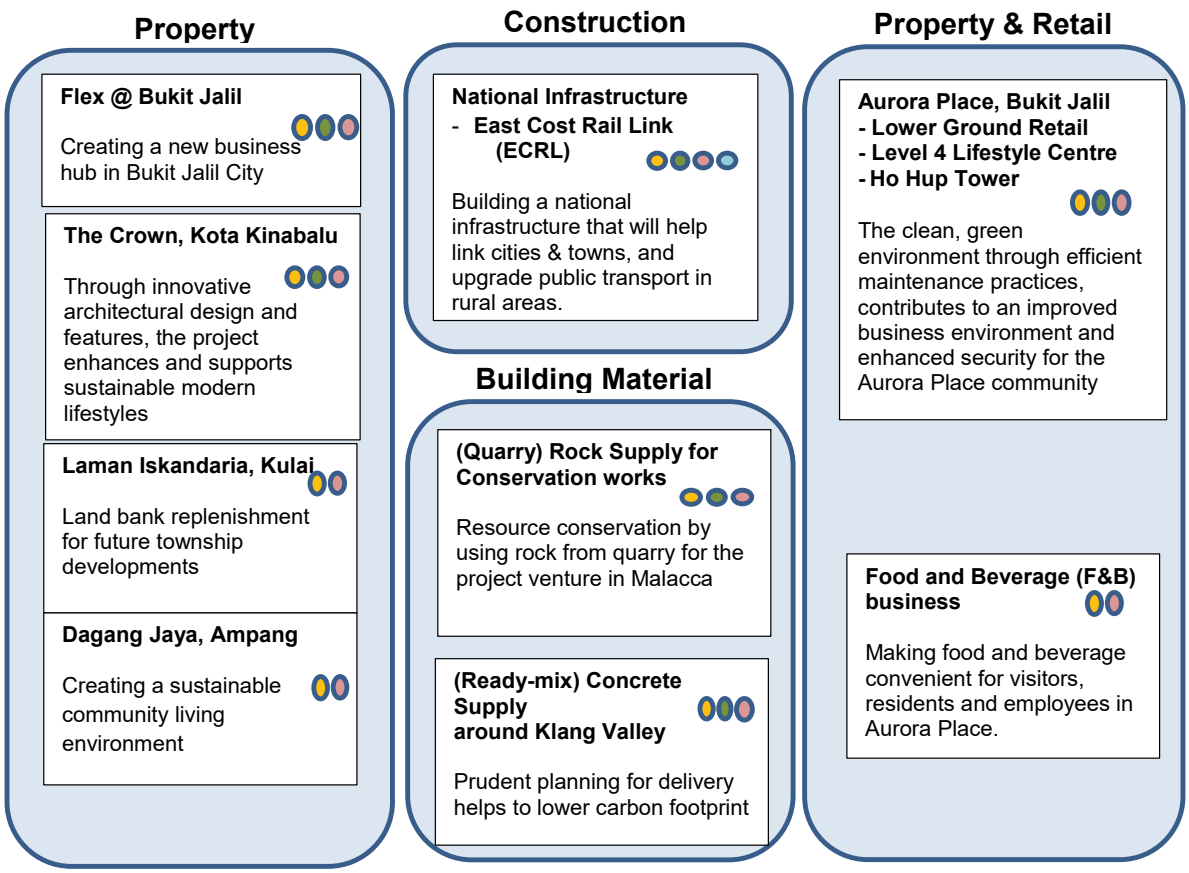


Sustainability Report (Cont'd)

Scope of Report

This report covers the Group's core business activities in construction, property development, building materials and property and retail management for the period from January 2022 to April 2023. The group approach to sustainability is aligned with the global national sustainable development goals.

Sustainability measures undertaken by the Group and its sustainability impact shown below:



Notes:
Sustainability EESG Category

- Economic
- Environmental
- Social
- Governance

Sustainability Report (Cont'd)

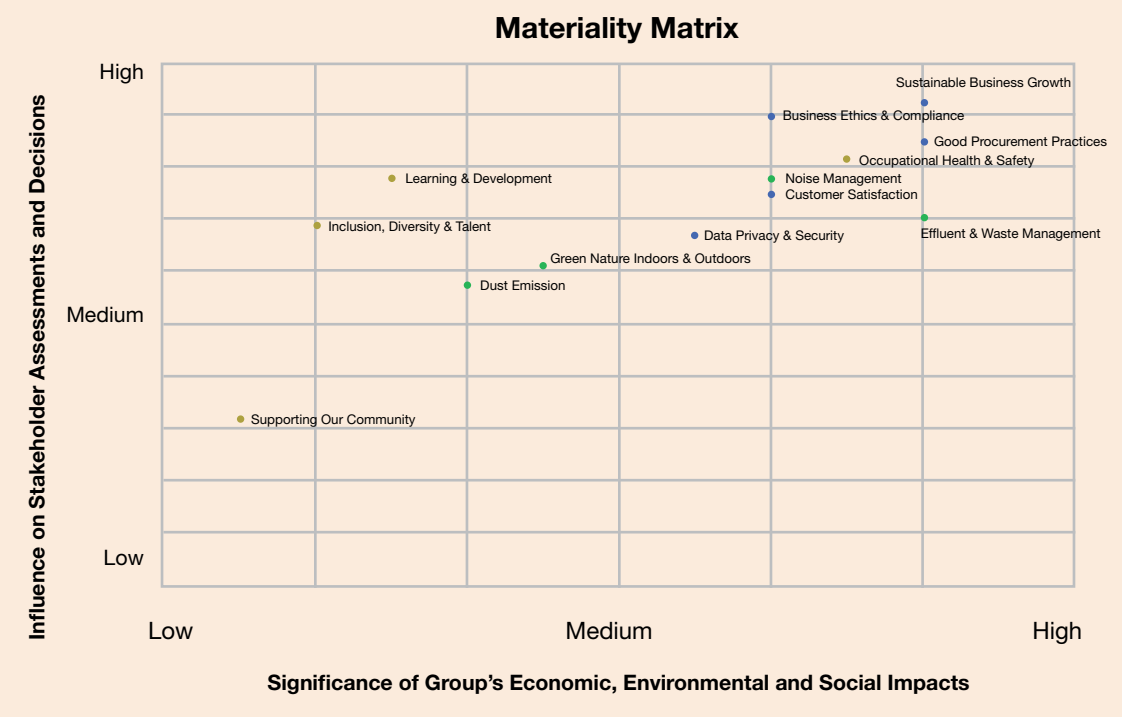
STAKEHOLDER ENGAGEMENT

In line with Sustainable Development Goal ("SDG") 17, we engage with our stakeholders through various channels to better understand their needs and concerns. Our stakeholders' engagement channels, frequency and the material issues identified are summarised below.

Stakeholders	Employees	Shareholders/ Investors	Customers	Board of Directors	Business Partners	Suppliers and Subcontractors	Regulators	Local Communities
Area of Interest	• Company direction and performance • Career development and training opportunities • Workplace safety and health • Well-being of employees	• Operational and financial performance • Shareholder EPS returns • Sustainability performance	• Product quality • Product/ services	• Discussion of key decision matters • Deliberation of financial review	• Negotiation of contract terms	• Transparency in procurement process • Streamline procurement process	• Regulatory compliance & obtaining licenses • Improving construction sector productivity	• Communication on our development plans and projects • Community development and support
Engagement Channel	• Management Meetings • Company Annual Staff luncheon	• AGM/EGM • Corporate website • Investor relations • Public announcement	• Sales engagement • Client survey	• Board meetings	• Business meetings • Business ventures	• Suppliers evaluation • Email	• Regulatory meeting	• Community programmes • Community engagement
Frequency	• Monthly Management Meetings • Once / twice a year staff luncheon	• As needed	• As needed	• At least 4 times a year	• Frequent	• Once / twice a year	• Ad-hoc • When required	• Few times a year (during event)
Material Issues	• Economic Performance • Employee Management • Learning & Development	• Economic Performance • Sustainable Business Growth • Business Ethics & Compliance • Good Procurement Practices	• Client Satisfaction • Data Privacy & Security • Green Nature Indoors & Outdoors	• Sustainable Business Growth • Business Ethics & Compliance • Inclusion, Diversity & Talent	• Sustainable Business Growth • Good Procurement Practices • Business Ethics & Compliance	• Good Procurement Practices • Supply Chain Management • Data Privacy & Security	• Regulatory & Compliance • Effluent & Waste Management • Occupational Health & Safety	• Noise Management • Dust Emission • Corporate & Social Awareness

Sustainability Report (Cont'd)

Material Sustainability Issues



Our Commitment

On September 2015, all 192-member countries of the United Nations unanimously adopted the 2030 Agenda for Sustainable Development and its implementation framework, the Sustainable Development Goals (SDGs) that charts in detail a way forward to ensure a future that is sustainable for people, planet, peace and prosperity. The 2030 Agenda lists 17 SDG goals to address a range of social and economic development issues such as poverty, health, education, climate change, water, energy, environment and social justice to create a world that is comprehensively sustainable. Ho Hup is committed to being part of the global initiative and has embedded the following SDGs in our EESG efforts.

Important and Material Economic, Environment & Social Matters			
No.	Economic	SDG Goals	Economic Impact
1	Sustainable Business Growth	8,9,11,17	refers to the impact of the Company's business operations on economic perspective of its stakeholders from a sustainability point of view.
2	Good Procurement Practices	8,11,12,17	
3	Customer Satisfaction	9,11,15	
4	Business Ethics & Compliance	8,12,16	
5	Data Privacy & Security	9,16	
	Environment	SDG Goals	Environment Impact
6	Noise Management	8,11,12,16	refers to the impact of the Company's business operations on the ecosystem, habitat and the planet.
7	Effluent & Waste Management	6,8,11,12,14,16	
8	Green Nature Indoors & Outdoors	8,11,12,13,15,16	
9	Dust Emission	8,9,11,12,16	
	Social	SDG Goals	Social Impact
10	Occupational Health & Safety	3,8,11,12,16	refers to the impact of the Company's business operations on the social environment and its local communities.
11	Learning & Development	4,8	
12	Inclusion, Diversity & Talent	5,8,10	
13	Supporting Our Community	3,4,11,17	

Sustainability Report (Cont'd)

Our Initiatives

Ho Hup's initiatives in the material EES matters are presented as below: -

Economic	Initiatives addressing sustainability	Outcome	Status
Sustainable Business Growth	Collaborating with strategic partners to ensure sustainable growth in our business divisions	Creating strategic business ventures with our business partners	On-going
Good Procurement Practice	Regular performance evaluation on suppliers and subcontractor's performance	Services and materials are sourced & delivered trustworthily	On-going
Customer Satisfaction	Conduct client's satisfaction feedbacks & surveys	Gaining market reputation as a high quality & responsible developer/ contractor	On-going
Business Ethics & Compliance	Establishing a code of conduct for all directors & employees against bribery & corruption practice	No material incident reported	On-going
Data Privacy & Security	Managing ICT, Data Security & Disaster Recovery plan	No IT security breach incident reported	On-going

Environment	Initiatives addressing sustainability	Outcome	Status
Noise Management	Regulate noise levels to be within allowable threshold	All noise levels are within allowable threshold	On-going
Effluent & Waste Management	Proper scheduled waste management	Reduced pollution incident reported	On-going
Green Nature Indoors & Outdoors	Incorporating green policy as part of our development	Green spaces create an atmosphere closer to nature	On-going
Dust Emission	Watering the project pathways to reduce dust in the air	Dust levels are within allowable threshold	On-going

Social	Initiatives addressing sustainability	Outcome	Status
Occupational Health & Safety	Conduct proper HSE trainings, supervision & compliance	Practice higher safety standards	On-going
Learning & Development	Invest in training for upskilling employees to industry practices	Build a competitive and skillful workforce	On-going
Inclusion, Diversity & Talent	Investing in talent from different working experience	A workforce with diverse experience	On-going
Supporting Our Community	Joint event held by them such as Charity Fun 3 Adventure Hunt and Charity Gala Dinner.	Supporting NGO's activities	Completed

Sustainability Report (Cont'd)

Sustainability Highlights 2022

"To Create and Enhance our Shareholders' Value"

Economic – Better Business

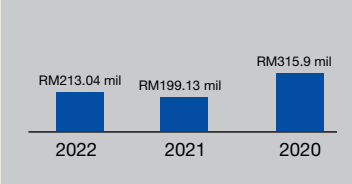
Sustainable Business Growth

Sales Performance of Our Core Business Activities

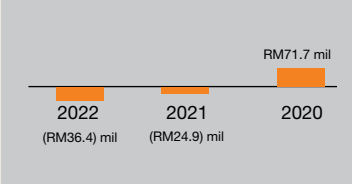
Flex @ Bukit Jalil was launched in Q1 2023.

Business Performance

Revenue



LAT / PAT



Shareholder's Value

(Loss) / Earning per Share ("EPS")

2022	2021	2020
(6.50) sen	**(3.80) sen**	**17.71 sen**

Net Asset Value per Share ("NAV")

2022	2021	2020
RM0.85	**RM0.92**	**RM1.12**

Social – Better Workplace and Better Communities

Noise Management

Construction site operates from 8am to 5pm daily. No incident of noise emission after operating hours reported. Noise pollutions are under control.

☑ 2021 ☑ 2022

Dust Emission

Roads are wet and cleaned every day to keep dust low. All vehicles that leave the site are rinsed before leaving to avoid carrying dirt to the public roads. Dust pollutions are under control.

☑ 2021 ☑ 2022

Effluent and Waste Management

☑ 2021 ☑ 2022

All identified water steams are tested at site and no pollutions were detected. The total suspended solid and turbidity of the water are within DOE Limit with readings below 50mg/L and below than 250 NTU respectively.

The amount of mineral and iron deposit found in the water are similar to the baseline records before operations started.

Zero (0) impact to nature.

Green Nature Indoors and Outdoors

The combined green landscape occupies 29,117.5 sq ft indoors and outdoors to promote greenery for an urban development at Aurora Place, Bukit Jalil.

The planted trees act as a natural shade indoors which result in a lower temperature indoors with the unique water fountain in the middle of the garden.

Environment – Better Planet

Occupational Safety and Health ("OSH")

☑ 2021 ☑ 2022

All contractors and staff are briefed on safety practices at the project sites.

Safety officers observing high standards of safety practices for all project implementation.

Inclusion, Diversity and Talent

	2022	2021
Total no of employees	211	237
Gender diversity - Female - Male	 26.54% 73.46%	 21.95% 78.05%

2022 Talent pool

61 new staff hired

72 persons left the organization

Indicators

Employee retention rate: 65.8%

Employees turnover rate: 32.1%

Supporting Our Community

Support NGO's activities by joint event held by them such as Charity Fun 3 Adventure Hunt and Charity Gala Dinner.

Sustainability Report (Cont'd)

ECONOMIC

Sustainable Business Growth

We serve the nation by building major infrastructure projects that contribute to nation-building. These include bridges and highways that improve connectivity; development of commercial real estate properties such as hotels and retail outlets to meet the needs of local tourism and ultimately contributing to the building of communities and townships. We are fully committed to carry out business in a sustainable manner to deliver our strategic and operational objectives in accordance with our business philosophy and core values.

Construction Division

Our Construction Division continues to leverage on the technical expertise and established track record of the Group in order to build a sustainable growth momentum for the Group's business. The ongoing projects are:

1. Flex @ Bukit Jalil, Kuala Lumpur;
2. East Coast Rail Link (ECRL) projects in Pahang;
3. Laman Iskandaria Development in Kulai, Johor; and
4. The Crown Project in Kota Kinabalu, comprising service suites, a five-star hotel and niche retail lots.

Our completed project for the FYE 2022 are:
1. Teluk Intan Bridge and Road works in Perak

The Group owns a plot of freehold land which is located next to Aurora Place at Bukit Jalil. We plan to develop a mixed development project with an estimated GDV of RM860 million, named Flex @ Bukit Jalil on the site. This development will be a fully integrated project located in Bukit Jalil City in the vicinity of Pavilion Bukit Jalil with features of a good mix of residential and commercial development consisting of SOVO, Hotel, Service Apartment and retails lots. Development order was approved and was launched in Q1 2023, and this project is expected to contribute positively Group's revenue.

Sustainability Report (Cont'd)

Property and Retail Management Division

Ho Hup's Property and Retail Management Division manages our retail and commercial assets at Aurora Place, including the office tower, lower ground retail space totalling 207,087 square feet containing a lifestyle centre, food and beverage outlets and five levels of carpark.

Property Development Division

In East Malaysia, Ho Hup launched a mixed development, The Crown, in Kota Kinabalu, Sabah with an estimated GDV of RM900 million. This development has a beautiful façade facing the South China Sea. Strategically located in an area popular with tourists, the mixed development includes a hotel, service suited and a retail by the waterfront.

Sustainability Report (Cont'd)

On land bank acquisition, Ho Hup successfully replenished its land bank by securing 429 acres of land situated in Kulai, Johor to be developed into an integrated township known as Laman Iskandaria, a mixed residential and commercial township, spanning the next 5 to 10 years.

First phase of township development in Kulai started in 2021 with the residential phase 1A – 1B in Laman Iskandaria known as the Nadira Residensi. First phase of the township development comprised 457 units linked houses with an estimated GDV of RM168 million.

As part of our continuous efforts to seek good sustainable projects, Ho Hup entered into a joint venture agreement with Low Chee Group Sdn Bhd (as landowner) to develop 11.8 acres of land in Taman Dagang Jaya, Ampang into a proposed residential project in the area. This project will feature prominently in 2022.

Throughout our business and joint venture endeavours since 2015, Ho Hup had successfully replenished 443 acres of land bank for future development and joint venture projects

Ongoing/Potential Project	Location	Land size	Status
Flex @ Bukit Jalil	Bukit Jalil, Kuala Lumpur	3 acres	Development Order Approved, launched in Q1 2023
Laman Iskandaria	Kulai, Johor	429 acres	98% units sold for Phase 1A – 1B
Dagang Jaya	Ampang, Selangor	11 acres	Development planning finalized and pending submission to DBKL
	Total land bank	443 acres	

Good Procurement Practices

Enhanced Supplier Selection for a Sustainable Procurement Practice.

The Procurement Department enhances its standard operating procedures ("SOP") by continuously revamping suppliers' selection procedures and updating its approved supplier list. Ho Hup's Procurement Department continuously looks into better vendor evaluation methods to select and approve suppliers based on selection criteria, which include:

- Supply Quality
- Reputation and Delivery Track Record; and
- Price

Sustainability Report (Cont'd)

Enhanced Subcontractor Selection for Long-Term Sustainable Performance.

Ho Hup's Project Department has been continuously enhancing its evaluation methods for its sub- contractors' selection process. Sub-contractor performance is vital for every project's successful implementation. The risk involved in an under-performing sub-contractor could lead to Liquidated Ascertained Damages ("LAD") which will eventually impact the visibility and profitability of the project as well as the reputation of the Project Owners. Ho Hup has established stringent criteria in selecting its sub-contractors as part of its risk mitigation programme in all current and upcoming projects

The criterias include:

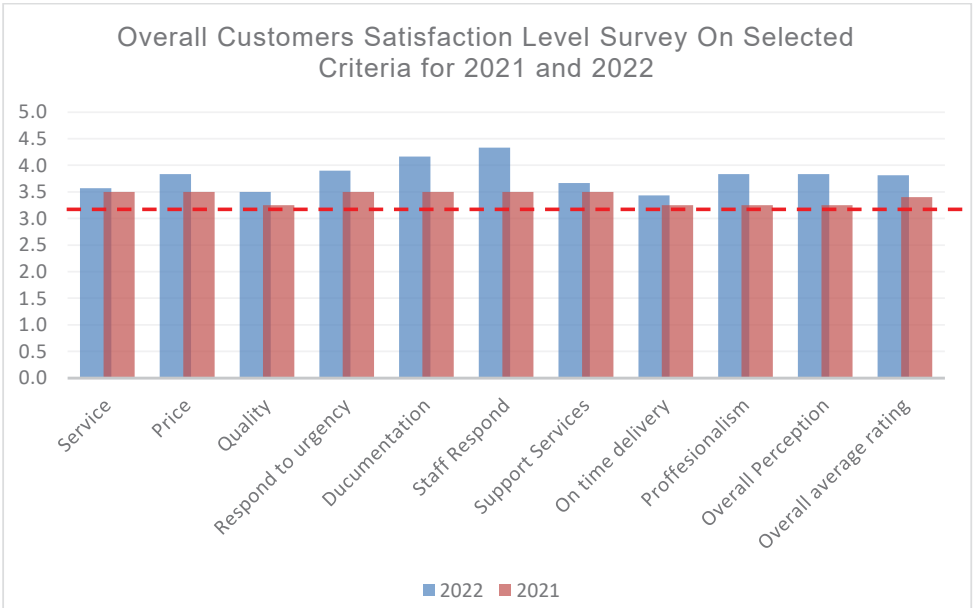
- Evaluation of financial and cash position;
- Technical and operational team experience;
- Track record of successful projects implementation; and
- Technology and equipment utilisation suitable for the project to be undertaken.

Customer Satisfaction

Ho Hup is committed to deliver quality services with a corporate policy that emphasises total commitment to quality. In enhancing quality control, Ho Hup has adopted the ISO 9001:2015 Quality Management System ("QMS") to ensure our construction operations are delivering the best quality to our customers.

As part of the QMS, surveys are conducted among clients as part of quality monitoring for project delivery. To further improve our delivery and service quality better, Ho Hup implemented post-mortem studies on completed stages of the projects.

Our 2022 customer service level survey was conducted with the ratings as illustrated below:



Target >3.2

The survey above covers eight essential criteria to form an overall rating. The targeted score set by Ho Hup is more than 3.2 for the combined aspects of the score card. The overall score for 2021 and 2022 are 3.40 and 3.81 respectively which represented a satisfactory scoring above our target of 3.2.

Sustainability Report
(Cont'd)

Business Ethics and Compliance

We are committed to deliver our strategic and operational objectives in accordance with the applicable laws and principles of good governance as well as maintaining high standards of integrity. These include implementing and adopting the following commitment and policies: -

- Code of conduct;
- Anti-bribery and anti-corruption policy; and
- Whistle-blowing policy.

We are committed to comply with the principles of the Malaysian Code of Corporate Governance 2017 with the assurance that the Group practices sound and highly transparent management in the best interests of the Group and all its stakeholders. Details of the Corporate Governance practices are set out in the Corporate Governance Overview Statement in our Annual Report.

The Group's Anti-bribery and Anti-corruption policy and procedures is available on our website www.hohupgroup.com.my. The Anti-Bribery and Anti-Corruption Manual had been developed, with an updated Code of Ethics and Conduct and enhanced with emphasis on Section 17A of the Malaysia Anti-Corruption Act. Additionally, the whistle-blowing policy has been enhanced accordingly.

The enhancements took into consideration the five (5) guiding principles of T.R.U.S.T.

T.R.U.S.T Guiding Principles	Actions taken
Top Level Commitment.	Top Level Management is primarily responsible to ensure that the commercial organisation essentially practices the highest level of integrity and ethics.
Risk Assessment.	A periodic assessment has been carried out to assess risk of corruption in the Group.
Undertake Control Measures.	Upon risk assessment, policies and procedures identified were updated to enforce control measures
Systematic Review, Monitoring and Enforcement.	The policies and procedures will be reviewed periodically and updated when required.
Training and Communication.	Training awareness and update briefings were conducted in phases throughout all operations on a Group-wide basis

Data Privacy and Security

Ho Hup recognises that good Information and Communication Technology ("ICT") and data security management are essential in the digital economy. The current operations of Ho Hup are however, not fully dependent on ICT infrastructures and have low risk when it comes to information technology and data security risk exposure. With that, the management takes a prudent view in ensuring a reasonable degree of protection is in place to safeguard against any cyber security risk by investing in a firewall systems protection.

Aside from the digital security measures, Ho Hup has installed Closed-circuit Television ("CCTV") the office premises and Aurora Place to safeguard against any other forms of cyber risk.

On data privacy, Personal Data and Protection Act ("PDPA") compliance is important to safeguard confidential details of our clients and business partners. Ho Hup has established and enforced a Group-wide personal data and protection policy to safeguard against any personal data leakages.

As part of the control environment process, the management ensures that a Disaster Recovery Plan ("DRP") is in place. Our ICT department will ensure that all data and information stored are backed up on a timely basis and well secured. Besides these, server maintenance is done periodically which includes servicing and monitoring to mitigate downtime risk.

Sustainability Report
(Cont'd)

Looking Forward

We strive to enhance our shareholders' value with the above initiatives and grow our business by securing ventures with strategic partners and adopting the above good business ethics and compliance.

ENVIRONMENT

We recognise the impact that environment has to our business and are committed to operating in a manner that respects the environment and optimises scarce resources.

We seek continuous improvements in our operations to minimise negative impact to the environment especially on climate changes. Our project implementation is conducted in compliance with the applicable environmental rules and regulations. Our project sites have good housekeeping track record and maintenance systems in place to ensure a safe and clean operating environment. The sites are in compliance with all legal and regulatory requirements of the Department of Environment ("DOE") as well as other authorities.

Noise Management

Noise level reduction and management are monitored by our site environment officers at all of our project sites respectively. Our project operating hours adhere to the allowable high noise hours by the relevant authorities. Ho Hup ensures that our operations will not be a hindrance to our neighbours during hours after 6pm or other timings as directed by the Local Authorities.

Air Quality Monitoring

Ambient and air monitoring checks are carried out around the project sites quarterly. The Site Environment Officer is responsible to monitor the air quality at the sites to ensure it is within the tolerable threshold. If air levels are not within approved levels, operations at site will be suspended until air quality conditions are safe to operate in. No significant harmful air qualities were reported in 2022.

Year	Noise	Air Quality	Outcome Result
2022	√ within approved level	√ within approval level	No non-conformance reported

Ho Hup maintains a dirt and mud management policy at all our operation sites. Vehicles moving in and out of construction sites are washed before being allowed onto public roads. Besides that, the roadways are washed and watered daily to remove the dust being released to the air when vehicles crossed the paths. There are also sediment ponds around the project sites used in cleaning the vehicles and act as well as a drainage system from the project sites before releasing to the public drains. The particles in the water will sediment into the pond before released into the main drainage system which mitigates risk of drainage blockages in public drains. Some of our sites have rain harvesting tanks where the rain water collection is totally utilised for washing and cleaning. We engage contractors to repair any damaged roads within the operation sites to maintain and ensure the drains are cleaned always to prevent flooding.

Our Building Materials Division, have a well-planned system for smooth delivery of its products to ensure minimal impact to the environment. Prudent planning in charting our delivery helps to lower our carbon footprint. This responsible planning creates confidence in our customers with positive feedbacks on our overall delivery timing and quality.

Year	Combined sales of ready mix	Diesel consumption	Estimated carbon dioxide (CO^2) emission based on diesel consumption
2022	69,520 m^3	139,685.80 Litres	371,564 Kg

Sustainability Report (Cont'd)

During the year 2022, an estimated combined sale of 69,520 m3 of ready mix and a total of 139,685.80 litres of diesel were consumed. Based on the total consumption of diesel an estimated of 371,564 kg of carbon dioxide was emitted during transportation of our ready-mix products. The estimation is based on the calculation method using the industry benchmark where 2.66Kg of CO_2 is emitted per litre of diesel consumed. Aside from transporting sales of our ready-mix products, we also provide truck rental services and outsourced transportation services to other ready-mix producers.

Effluent and Waste Management

We implement measures to protect and prevent environmental pollution through continuous awareness in training, monitoring and auditing initiatives. The operation sites practice responsible planning in waste management procedures with a system that provides a holding area and a bund to withhold spillages. Our skid tanks have proper bunds to contain any spillages. The streams around project sites are monitored regularly by the site environment officer to ensure no pollution originates from our operations. In 2022, no hazardous chemical waste contamination or pollution from our operations were reported.

Year	No hazardous waste pollution detected	Proper and timely schedule waste management	Fire hazard compliance	Outcome Result
2022	√ No pollutions detected	√ Complied	√ Complied	No non-conformance reported

Site Environment Officers at our project sites conduct routine checks on the levels of contamination at sites. The Officers collect water samples from streams passing through the project sites and analyse them for contamination.

Green Nature Indoors and Outdoors (Urban Garden)

The Aurora Place has become a serene indoor garden with beautiful greenery since it opened its doors to the public in 2020. Situated at the podium of its newly completed development, the Aurora Place, Bukit Jalil, the garden was created with the objective of promoting greenery in urban development. The combined indoors and outdoors green landscape spreads over 29,118 square feet. The layout of the garden is unique with a water fountain in the middle of the garden and a glass rooftop mimicking a greenhouse ecosystem. There is also a beautiful light display in the garden which is named after the earth's polar lights, Aurora. In the outdoor section, greens are planted around the pathways creating a serene natural atmosphere for the community in Bukit Jalil.

Looking Forward

We strive to be responsible in our development planning by ensuring green practices are embedded in all our projects. The efforts must commensurate with compliance to related environmental standards and requirements.

Sustainability Report
(Cont'd)

SOCIAL

We aim to a create a stronger impact on our working environment and our communities through meaningful corporate social responsibilities ("CSR") programmes.

Occupational Safety and Health

The safety and health of our workforce remain among our top priority. In 2022, we continued with various measures that have been implemented to keep our workforce safe. In the current Covid-19 pandemic, minimizing the spread of the virus at our workplace became an over-riding priority. We practiced and adhered to the strict SOP's to enable all our employees and contract workers to remain safe. These measures include vaccination, keeping the sites disinfected, clean, safe and monitored periodically to check the level of cleanliness, health and safety throughout 2021-2022. Qualified Safety Officers visit our sites regularly to monitor workers to ensure they are equipped with proper personal protective equipment (PPE). Several initiatives to promote safety include:

a) Safety assembly and fire drill exercises

Regular safety assembly and fire drill exercises were conducted in collaboration with Jabatan Bomba dan Penyelamat involving the knowledge on firefighting, proper usage of equipment in the workplace and first aid training.

b) Warning sign boards and fences at sites

Danger Zones at construction sites are placed with bright coloured sign boards and fenced up to ensure public safety and protection against trespassing. Temporary signboards and caution tapes are placed around temporary working zones along the road to alert vehicles to slow down when passing through construction sites.

c) Safety working at heights

Safety Officers are responsible for ensuring guarding fences are installed along the walking paths, to make working at heights safe for both our workers and the public. They also ensure our workers are prevented from falling off platforms when working at those heights. When necessary workers are equipped with harness to ensure their overall safety under these situations.

Learning and Development

To support our continuous business growth, employees' competencies are constantly monitored and strengthened through adequate training and development.

Professional training is organised and conducted by external specialists to equip employees with the know-how specific to the Group's business, including proper communication, presentation, finance, management and leadership skills. The training conducted throughout 2022 were: -

Month	TITLE OF THE COURSE
January	Year End Seminar - Times Pay System
March	MQA Short Firer Course
June	Isu-Isu Perubahan Kerja Dan Tuntutan Kontrak (Webinar)
July	1. IR 4.0 Steel And Based Construction Cloud For Construction Industry 2. Kursus Certified Professional Environmental Officer In EIA Dev
August	Seminar Hak Pekerja Dan Tanggungjawab Majikan Di Bawah Undang-Undang Perburuhan Di Malaysia
September	Corporate Integrity And Environment Impacts
October	Kuala Lumpur In-House Community Congress 2022
November	Common Construction Contract Issue Discussed
December	1. My-CISEC Training & Certification Examination 2. Year End Seminar - Times Pay System

Sustainability Report
(Cont'd)

The summary of the Group training hours for 2022 were as follows: -

Year	Total training courses	Attended by	Total Group training hours
2022	11 courses	16 persons	167 hours

Inclusion, Diversity and Talent

The Group recognises that our employees are the key drivers in maintaining the Group's growth on a sustainable trajectory. It is their passion, professionalism, talent and commitment that will provide the Group with effective project implementation and delivery. The Group strives to establish conducive working conditions for our employees. At the same time, a variety of events are carried out annually as appreciation towards our employees and to promote staff development both personally and professionally.

The Group has adopted a policy on equal opportunities and fair employment practices. All job applicants are treated fairly regardless of ethnicity, gender and age. The Group belief that efforts to unlock employee's full potential will help them stay loyal, feel valued and proudly contribute towards the Group's overall performance. The table below outlines the level of diversity in the Group's workforce.

Total Employees in Ho Hup 2022	Top Management Group-wide	Senior Management & Middle Management	Other Levels - Executive and non-executive
211 persons	13 persons	37 persons	161 persons

Sustainability Report
(Cont'd)

Employee Engagement Activities

The Group organised events throughout 2022 ranging from social gatherings, annual staff luncheon, and festive celebrations to foster togetherness, build team spirit to motivate and bring employees closer together as a working team.

The general welfare of the employees was also given emphasis, with coverage under the Personal Accident Insurance scheme and eligible employees are provided with coverage under the Hospital and Surgical Insurance Plan.

Corporate Social Responsibilities ("CSR")

Support NGO's activities by joint events held by them such as Charity Fun 3 Adventure Hunt and Charity Gala Dinner.

Looking Forward

We aim to continue to create meaningful impact on our communities through meaningful CSR that will contribute positively to the society, the economy and the environment. For our workforce, we aim to continually achieve zero accidents at our workplace through better training, co-operation and teamwork and to provide sufficient amenities at work sites to ensure consistent results in our goals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Ho Hup Construction Company Berhad ("Ho Hup" or "the Company") would like to take this opportunity to present this Statement to provide stakeholders and investors with an overview of the Corporate Governance ("CG") practices of the Company during the financial year ended 31 December 2022 ("FYE2022"). This overview take guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG").

This statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), pursuant to Paragraph 15.25(1) and to be read together with the Corporate Governance Report ("CG Report") of the Company which is accessible on the Company's website at www.hohupgroup.com.my and via announcement on Bursa Securities' website.

This Statement is to provide shareholders and other stakeholders with an overview of the Group's application of the following three (3) Principles set out in the MCCG published in April 2021.

(a) Principle A : Board Leadership and Effectiveness;

(b) Principle B : Effective Audit and Risk Management; and

(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

As at FYE2022, the Company's market capitalisation is valued at RM126.2m, which is below the threshold status of the Large Company. However, the Company wishes to adopt Step-up Practice 9.4 to strengthen its control environment processes, whereby the Audit Committee comprises wholly of Independent Non-Executive Directors.

In FYE2022, the Board considers that the Company and its subsidiaries have adequately complied with the provisions and recommendations of the MCCG for the entire duration of FYE2022, except for the recommended practices below: -

a) At least half of the Board comprises Independent Directors. For Large Companies, the Board comprises majority Independent Directors;

b) Discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000;

c) Establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies;

d) The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee; and

e) The board comprises at least 30% women directors.

During the year, the Board considers that the Company has complied with the provisions and applied the main principles of the MCCG, for the whole FYE2022 except for some of the recommended Practices. In the CG Report, the explanations for departures of the following MCCG Practices were clearly elaborated with some alternative approach applied and adopted. Besides, the Board also indicates the related measures that the Company has taken or intend to take to adopt the recommended practices.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Charter and Board Committees

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long-term objectives, setting corporate strategies for growth and providing advice and direction to the Management to enable the Group to attain its long-term goals and objectives.

Accordingly, the Board is mindful of the importance of clear roles and responsibilities in discharging its fiduciary and leadership functions with care and diligence. The Board has approved and updated the Board Charter and Schedule of Matters reserved for the Board's approval to reinforce the governance framework. The Board Charter and Schedule of Matters were reviewed and published in the Company's website at www.hohupgroup.com.my

The Board continues to adopt and undertake projects that are only aligned with the risk management framework and monitoring the financial and non-financial risks. The Board has established four (4) Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Executive Committee that are delegated with specific responsibilities as defined under their respective Terms of Reference to assist the Board in carrying out its duties. These Board Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

Board Composition

The Board comprises members who have vast experience in the construction and property development industry as well as professionals in the legal, finance and consulting sectors. A brief profile of each Director is presented on pages 8 and 12 of this Annual Report.

The roles of the Chairman, Executive Director ("ED") remain separate and distinct roles. The Chairman of the Board is an Independent Non-Executive Director and who ensures smooth functioning of the Board to effectively meet the goals and objectives of the Group and the Company.

The Board delegates the authority and responsibility of managing the day-to-day affairs of the Group to the ED, and through him and subject to his oversight, to other Senior Management. The Board monitors the performance of the ED on behalf of the shareholders.

The Board currently has eight (8) members comprising three (3) Independent Non-Executive Directors and five (5) Non-Independent Directors, of which two (2) are Executive Directors. The Independent Non-Executive Directors provide the necessary checks and balances on the decision-making process of the Board. Their role is to challenge the management and the Board in an effective and constructive manner and provide justified and sound opinions to the Board of Directors.

All the Directors have given their undertaking to comply with the MMLR and the Independent Directors have confirmed their independence in writing.

Company Secretaries

The Board is supported by qualified and competent Company Secretaries who advise the Board particularly with regard to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.

The Board ensures that each Director is provided with timely notices and Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed including and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Company Secretaries (Cont'd)

The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and to ensure that accurate and proper records of the proceedings and resolutions passed are recorded and minutes are circulated to the Board members as soon as possible before the next meetings.

The Company Secretaries also serve closed-period notices to Directors and Senior Management for trading in the Company's shares and briefs the Board on the content and timing or material announcements to Bursa Securities.

The Company Secretaries also facilitate communication of key decisions and policies between the Board, Board Committees and Senior Management.

Board Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. The Board recognises the need to enhance boardroom diversity which is not only about diversification in terms of gender, but in terms of age, ethnicity and social backgrounds. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board will strive to encourage a dynamic and diverse composition of the Board by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. Currently, only one (1) female director is serving the Board. The Board, through the NC, will be scouting for additional female directors as a step to meet the target of at least 30% women directors.

The diversity of the Board as at 31 December 2022 is as follows:

	Male	Female
Age Group		
31-40	1	–
41-50	–	–
51-60	2	–
61-70	4	1

Ethnicity		
Malay	1	–
Chinese	5	1
Indian	1	–

Nationality		
Malaysian	7	1
Foreigner	–	–

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Information and Support for Directors

The Board meets at least once every quarter and additional meeting are convened as and when necessary. During the FYE2022, five (5) Board meetings were held. The record of attendance of the Board and Board Committees are as follows: -

	Board	Audit	Remuneration	Nomination
Number of meetings held in the year	5	4	1	2
Executive Directors				
Dato' Wong Kit-Leong	5/5	–	–	–
Dato' Wong Gian Kui	4/5	–	–	–
Non-Executive Directors				
Dato' Sri Thong Kok Khee	5/5	–	1/1	–
Datin Chan Bee Leng	5/5	–	–	–
Mr. Low Kheng Lun	5/5	–	–	–
Mr. Thevanaigam Rajan Chitty *(appointed on 23 March 2022)*	4/4	3/3	–	1/1
Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim *(appointed on 29 August 2022)*	1/1	1/1	–	–
Mr. Danny Hoe Kam Thong *(appointed on 29 August 2022)*	1/1	1/1	–	–
Tan Sri Datuk Seri Panglima Sulong Matjeraie *(retired on 31 May 2022)*	2/2	3/3	1/1	2/2
Mr. Chow Seck Kai *(retired on 31 May 2022)*	2/2	3/3	1/1	2/2

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

Nomination Committee ("NC")

The NC comprises entirely of INEDs. The NC shall meet at least once a year or as and when deemed fit and necessary. The summary of the NC activities for the year is found on page 46.

An INED was appointed as the Chairman of the NC. The Chairman of NC is to lead the succession planning and appointment of Board members, including the future Chairman and ED; and conducts the annual review of Board effectiveness assessment and to ensure each individual Director is independently assessed.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee ("NC") (Cont'd)

The NC annually performs Board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' Performance Evaluation which covered matters relevant to the Board's performance, among other things, contribution to Board deliberations, quality of inputs, understanding of the role and personal development. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby the results of the assessments were compiled, documented and reported to the Board accordingly.

Based on the assessment carried out during the financial year, the NC concluded the following:

a) The Board was found to be competent and had a dynamic and balanced mix of skills with the necessary experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
c) The Directors discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
d) The Board Chairman provided leadership and guidance to the Board.
e) The performance of the Board Committees was found to be effective.

In accordance with the Company's Constitution, one third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election at each Annual General Meeting ("AGM"). This is provided always that all Directors shall retire from office once every three (3) years but shall be eligible for re-election. The Directors to retire every year shall be those who have been longest in office since their last election. Directors who are appointed by the Board during the financial year shall hold office until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The number of Directorships held by the Directors is stated in the Profile of Directors in the Annual Report.

Remuneration Committee ("RC")

The RC comprises wholly of NEDs. The RC shall recommend to the Board on the remuneration and entitlements of all Directors (including NED) and Senior Management. The Board will decide on the suitability of the remunerations based 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.

The RC's primary roles and responsibilities are clearly defined and include the following: -

a) To recommend to the Board a framework for remuneration for the Board and each Executive Director, which includes but is not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
b) To establish objectives performance criteria measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee ("RC") (Cont'd)

The details of the aggregate remuneration (including benefits-in-kind) of the Directors of the Company for the FYE2022 are as follows:

		Group		Company	
		FYE 2022 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
(i)	**Executive Directors' Remuneration**				
	Directors of Company				
	Salaries and Other Emoluments	839	806	839	806
	Defined Contribution Plan	115	111	115	111
	Benefits-in-kind	38	49	38	49
	Total	992	966	992	966
	Directors of Subsidiaries				
	Salaries and Other Emoluments	1,098	804	–	–
	Defined Contribution Plan	134	93	–	–
	Benefits-in-kind	74	21	–	–
	Total	1,306	918	–	–
	Total Executive Directors' Remuneration	2,298	1,884	992	966
(ii)	**Non-Executive Directors' Remuneration**				
	Directors of Company				
	Fees	243	330	243	330
	Meeting and Other Allowances	26	32	26	32
	Benefits-in-kind		–		–
	Total	269	362	269	362
	Directors of Subsidiaries				
	Other Allowances	48	58	–	–
	Total	48	58	–	–
	Total Non-Executive Directors' Remuneration	317	420	269	362
	Total Executive and Non-Executive Directors' Remuneration (i & ii)	2,615	2,304	1,261	1,328

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee ("RC") (Cont'd)

The details of the aggregate remuneration (including benefits-in-kind) of the Directors of the Company for the FYE2022 are as follows:

Name	Directors' Fees (RM'000)	Meeting and Other Allowances (RM'000)	Salaries and Other Emoluments (RM'000)	Defined Contribution Plan (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Dato' Sri Thong Kok Khee	48.0	3.5	–	–	–	**51.5**
Datin Chan Bee Leng	40.0	2.5	–	–	–	**42.5**
Mr. Low Kheng Lun	40.0	2.5	–	–	–	**42.5**
Dato' Wong Kit-Leong	–	–	737.7	107.0	–	**844.7**
Dato' Wong Gian Kui	–	–	100.8	8.0	–	**108.8**
Mr. Thevanaigam Rajan Chitty *(appointed on 23 March 2022)*	40.0	5.0	–	–	–	**45.0**
Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim *(appointed on 29 August 2022)*	20.0	1.0	–	–	–	**21.0**
Mr. Danny Hoe Kam Thong *(appointed on 29 August 2022)*	13.3	1.0	–	–	–	**14.3**
Tan Sri Datuk Seri Panglima Sulong Matjeraie *(retired on 31 May 2022)*	25.0	6.0	–	–	–	**31.0**
Mr. Chow Seck Kai *(retired on 31 May 2022)*	16.7	4.0	–	–	–	**20.7**

The proposed fees and remuneration for the Directors of the Board and Board Committees for the financial year 2023 are as follows:

	Fees (Per Annum) (RM)	Meeting Allowance (Per Meeting) (RM)	Travelling Allowance (Per Annum) (RM)
Chairman:			
Board	100,000	1,000	–
Audit Committee	10,000	1,000	–
Nomination Committee	–	1,000	–
Remuneration Committee	10,000	1,000	–
Member:			
Board	50,000	500	–
Audit Committee	–	500	–
Nomination Committee	–	500	–
Remuneration Committee	–	500	–

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee ("RC") (Cont'd)

NEDs are paid meeting allowances based on attendance. In 2022, the Board had recommended the fees for the Company's Directors for the FYE2023, as recommended by RC.

The Executive Directors are not entitled to the above Directors' fee nor receive any meeting allowance for Board Meetings they attend. The Executive Directors' remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind/emoluments and has been benchmarked against the market and industry practice, and compared with peer companies of similar size and complexity.

The top 5 key senior management remuneration in band of RM50,000 are as follows:

Range of Remuneration (in band of RM 50,000)	Number of Key Senior Management
RM 650,001 to RM 700,000	–
RM 600,001 to RM 650,000	–
RM 550,001 to RM 600,000	1
RM 500,001 to RM 550,000	2
RM 450,001 to RM 500,000	–
RM 400,001 to RM 450,000	2

The summary of the RC activities for year is found in page 46.

Board Effectiveness

The Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and corporate governance items are discussed at the appropriate time at Board meetings. The Board agenda has strong links to the strategic objectives for the business. Key highlights of the Board's 2022 activities and priorities are set out below:

Board Activities & Focus in 2022		
Strategy – Sustainability	**Governance & Reporting**	**Financial, Risk & Management Performance**
Sustainability Implementation Plan	Reviewed annual report, quarterly results & financial statements	Capital Expenditure (CAPEX) approvals & performance review of historical CAPEX
Improving Sustainability Reporting and data collection	Board evaluation & effectiveness assessment	The Group's budget, forecasts & key performance targets & indicators
Enhancing staff training and development activities	Composition of Board & Board Diversity	Risk management & internal control with focus on projects basis
		Group's operational cost management

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Effectiveness (Cont'd)

Board Committee Activities & Focus in 2022	
RC	**NC**
Assisted the Board in developing and administrating a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management.	Reviewed the Terms of Reference and performance of the Audit Committee and each of its members.
Reviewed the level and compensation of remuneration of Directors and Senior Management, taking into account to attract and retain the right talent on the Board and Senior Management to drive the company's long-term objectives.	Determined the independence of the Independent Non-Executive Directors.
Recommended the remuneration of Directors and Senior Management to commensurate with the merit, qualification and competence, having regard to the respective operating division's results, individual performance and comparable market statistics.	Recommended the re-election of Directors retiring by rotation pursuant to the Company's Constitution at the 49th AGM of the Company.
Assessed the Directors' fees and related benefits payable.	Recommended the re-election of Director retiring pursuant to Clause 93 of the Company's Constitution at the 48th AGM of the Company.
	Reviewed the Board and Senior Management diversity, and to review their performance and effectiveness in achieving the Company's key strategies.

Code of Ethics and Conduct of Directors

The Board has formalised a Code of Ethics and Conduct for the Directors, as well as promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility in our behavior and business dealings.

The Code of Ethics and Conduct of Directors is available at the Company's website at www.hohupgroup.com.my.

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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Training (Cont'd)

During FYE2022 the Directors have attended the following courses:

Courses Attended	Date of Training	Attended By
Guide to Related Party Transaction	11.02.2022	Mr. Chow Seck Kai
Risk Management	15.02.2022	Mr. Chow Seck Kai
MIA Webinar Series: Key Compliance Issues on Annual Returns, Accounts, Audit and AGM	18.05.2022	Mr. Thevanaigam Rajan Chitty
The 2H2022 Outlook and Beyond: in the eyes of the storm organised by MIRA	17.06.2022	Mr. Danny Hoe Kam Thong
Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	09.08.2022	Dato' Wong Gian Kui
What Should Investor Relations Know About Section 17A – MACC ACT 2009 organised by MIRA	17.08.2022	Mr. Danny Hoe Kam Thong
Coalition for Business Integrity	03.09.2022	Dato' Wong Kit-Leong
BFF 2022 – Scaling up Innovation Towards Future Sustainable Business Now (Live Streaming) Securities Industry Development Corporation	19.10.2022	Mr. Danny Hoe Kam Thong
Cyber Security Awareness Training 2022	13.12.2022	Dato' Wong Gian Kui
Training on Trends on ESG Reporting	21.12.2022	Tan Sri Datuk Seri (Dr) Mazlan bin Lazim
AMLA Segmented e-training 2022 (Director)	30.12.2022	Dato' Wong Gian Kui

In addition, during the financial year under review, all Directors were also advised of developments and 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 seminars, conferences and training programmes from time to time as they consider relevant and aid them with the relevant knowledge and ideas to discharge their duties effectively.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The AC comprises entirely of INEDs. The Chairman of the AC is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and complies with Paragraph 15.09 (1)(c)(i) of the MMLR of Bursa Securities. The AC has responsibility for oversight of financial statements reporting, risk management, internal control system, related party transactions financial assistance support, the internal audit function and the Company's relationship with Internal Auditors as well as External Auditors, in relation to their scope of work and audit performance.

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced assessment of the Group's financial position and prospects to ensure that the financial results are released to Bursa Securities within the stipulated time frame and that the financial statements comply with the regulatory reporting requirements. In this regard, the Board is assisted by the AC in overseeing and governing the Group's financial reporting processes and the quality of its financial reporting.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit Committee ("AC") (Cont'd)

The financial statements are prepared on a going concern basis and give a true and fair view of the financial position of the Group as at 31 December 2022.

In addition to the Chairman's Statement, the Annual Report of the Company contains the following additional information to enhance shareholder's understanding of the business operations of the Group:

- Management's Discussion & Analysis;
- Financial highlights and key performance indicators; and
- Sustainability Report.

The membership of the AC, its responsibilities and work done in 2022 are set out in the Audit Committee Report in this Annual Report.

External Auditors

The AC maintains a transparent and professional relationship with the Group's External Auditors, UHY. During the year, the AC considered the independence and objectivity of UHY based on the criteria of quality of services, sufficiency of resources, audit planning and communication and interaction. In determining the independence of UHY, the AC reviewed all aspects of their relationships, including processes, policies and safeguards adopted by the Group and UHY relating to audit independence, and agreed to the audit strategy and the audit fee.

The AC meets periodically to carry out its functions and duties pursuant to its Terms of Reference. Other Board members and Key Senior Management also attend meetings upon invitation of the AC. During FY2022, two (2) private meeting sessions were held between the External Auditors and the AC.

The AC was also satisfied in its review that the provision of the non-audit service by UHY to the Company for FYE2022 did not in any way impair their objectivity and independence as External Auditors of the Company.

The AC undertakes an annual assessment of the suitability and independence of the External Auditors. Having satisfied itself with their performance and fulfilment of criteria as set out in the policy, the AC will recommend their re-appointment to the Board, after which the shareholders' approval will be sought at the subsequent AGM.

Additional disclosures on non-statutory audit fees and the detailed work carried out by the AC for the financial year under review are set out separately in the Audit Committee Report of this Annual Report.

Risk Management and Internal Audit

The AC acknowledges its 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 the business and key management of each business, including the AC, and is formulated 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 reviews the adequacy and integrity of the Group's system of internal controls weaknesses and Risk Management Reports are tabled to the Board. The reports identified material business risks in the Group's critical business operations, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

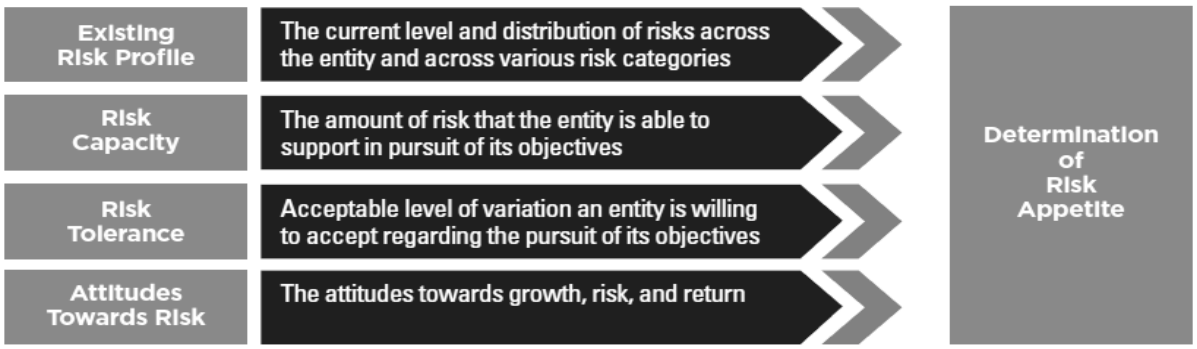
Risk Management and Internal Audit (Cont'd)

There are clear procedures and defined authorities for the following:

- Financial reporting, with clear procedures governing the reporting process and preparation of the financial statements.
- Capital investment with detailed appraisal, risk analysis and authorisation.

A summary of the material risks that could affect the Group (including any material exposure to economic, environmental and financial risks, including Covid-19 pandemic) are monitored for changes in their exposure and are reported to the AC and the Board during the course of the year, along with their related controls and action plans.

Risk Reporting Structure



The Group's Internal Audit function is outsourced to an independent professional firm to assist the AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

Scheduled Internal Audit reviews were carried out by the Internal Auditors based on the audit plans presented and approved by the AC. During the financial year under review, the Internal Auditors in teams of three (3) had conducted four (4) cycles of Internal Audit as stipulated in the approved Internal Audit Plan.

The Internal Audit was performed in accordance with accepted Internal Auditing practices which involves assessing adequacy and integrity of our internal controls that were used to manage key risks associated with operating processes; discussions held with Senior Management and key staff; as well as limited tests of transactions based on sample selected covering the various related records and documents are supplemented with an observation of its current practices adopted.

An overview of the state of risk management and internal controls within the Group is set out in the Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Group recognises the importance of communication with its stakeholders and utilises many channels to disseminate information and to interact with them. The Company's website can be accessed for up-to-date information about the Group's leadership and business structure. The Board believes that on-going communication with shareholders is vital for shareholders and investors to make informed investment decisions and is committed in maintaining effective communications with its shareholders, stakeholders and the public generally. A Shareholder Communications Policy ("Policy") has been developed to earn the trust and confidence of shareholders and public investors as a whole, and to provide an understanding of the Company's business, management direction and the industry. This Policy creates clearer communication for well-informed investment decisions.

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

a) The Annual Report;
b) The AGM;
c) The quarterly announcements on financial results to Bursa Securities;
d) The various corporate disclosures, circulars and announcements made to Bursa Securities;
e) Press releases and published interviews with business journals; and
f) The Company's website at www.hohupgroup.com.my from which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company.

Investor Relations Activities

Investor relations activities such as meeting with fund managers and analysts; and interviews by the media are attended by designated Senior Management to explain the Group's strategy, performance and major developments.

Conduct of General Meetings

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.

To ensure the effective participation of and engagement with shareholders at the last AGM held on 31 May 2022, the Chairman 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 Chairman of the Board and Board Committees Chairs, ED, Management and External Auditors were in attendance to respond to the shareholders' queries. The ED also shared with the shareholders the Company's responses to questions received during the last AGM.

The voting at the last AGM was conducted through electronic voting system to facilitate greater shareholders' participation, as well as to expedite verification and counting of votes.

This Corporate Governance Overview Statement was approved by the Board on 26 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of the Company ("Board") is committed towards sustaining a comprehensive system of risk management and internal control and is pleased to provide this Statement on Risk Management and Internal Control ("Statement") which outlines the structure and nature of risk management and internal control of the Group and its subsidiaries ("Group") for the financial year ended 31 December 2022. This Statement is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"") and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board upholds its overall responsibility for sustaining a comprehensive risk management and internal control system to safeguard the interests of shareholders, customers, employees and the Group's assets. The Board recognises that such systems are designed to manage the Group's risks within a tolerable level towards achieving the Group's policies, goals and objectives. It can therefore, provide reasonable assurance of effectiveness against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations. In designing the system of risk management and internal control based on the on-going process of identifying and prioritising risk, evaluating the likelihood of those risks being raised and the impact should they be realised, and then, managing them effectively, efficiently and economically.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for implementing the control systems and processes to identify, evaluate, monitor and report on risks arising from the pursuit of the Group's business objectives and action taken to minimise the risks.

RISK MANAGEMENT FRAMEWORK

The Board recognizes that the Group's business activities involve certain degrees of risks and that an effective risk management framework is essential in the pursuit of the Group's corporate objectives and operating goals. Key management personnel and Heads of Departments are given responsibilities to manage key risks in their respective operating units and to report monthly on its progress status.

The key risks relating to the Group's strategic operations and business plans are deliberated at management meetings against a risk management framework that has been approved by the Board. Significant risks identified by the Management are then brought to the attention of the Board at scheduled Board meetings.

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

In the financial year under review, four (4) Internal Audit cycles were performed. The Internal Audit findings of the risk review have been reported to the Audit Committee and subsequently presented to the Board of Directors for discussion and deliberation. Resolution plans and corrective actions with set timelines were agreed upon to mitigate the risks identified.

1. Investment/Project Risk

Investment risk on major investments is being mitigated with legal and financial due diligence, feasibility studies and risk assessment before the implementation of the projects and investments. Proposals submitted by the Management are evaluated by an Executive Committee made up of Executive Directors, the Head of Finance with invitation to members of the Audit Committee for the Board assurance discussion and subsequent adoption.

Proposals accepted by the Executive Committee will be subsequently deliberated at Board meetings. All investment/projects are assessed for risks before a decision is made. The Audit Committee reviews the Management's risk management report on a quarterly basis.

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

2. Funding Risk

With the continuous expansion of business activities by the Group, the demands for financing to fund these activities and new projects have increased. To mitigate the funding risk for these activities, the Company explored funding options with various banks and secured several financing facilities, including contract financing, equity loan for equity investments and acquisitions of companies and term-loans for the Group's ongoing projects and for general working capital.

3. Project Completion Risk and Non-Performing Sub-Contractors' Risk

In carrying out the Group's projects, the Group focuses on conducting a comprehensive sub-contractors' assessment and market reputation verification. Selection and appointment of sub-contractors is by tender evaluation conducted by the Tender Committee based on the evaluation procedures as in compliance with the International Standard Operation (ISO 9001: 2015).

This risk is further mitigated through management meetings to ensure that work progresses as scheduled, as well as close monitoring of the sub-contractors' performance that have been appointed for the Group's projects by our Project Managers.

4. Foreign Currency Risk

Most on-going overseas projects are paid in United States Dollar ("USD") of 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.

5. Country and Political Risk

In assessing overseas projects, the Board's priority is to avoid high risk projects and to minimise working capital requirements by marketing our project management expertise and technical consultancy services, as was the case in India and Myanmar.

6. Joint-Venture Partners' Performance Risk

The performance of joint-ventures was monitored closely against the joint venture agreements and through monthly status reports to avoid delays impacting the Group's performance.

Close monitoring of the partner's performance through regular meetings and dialogues keep management abreast on latest developments in the Group's joint-ventures.

7. Bribery and Corruption Risk

As part of the Group's commitment against bribery and corruption practices, the Group has established a transparent Anti-Bribery and Anti-Corruption Manual, which is applied to all business dealings with commercial/ private sectors and public sectors entity.

In order to ensure all parties, adhere to the Group's commitment towards anti-bribery and anti-corruption, awareness trainings are provided regularly with appropriate guidance given to all employees, directors, suppliers, vendors, consultants, agents, joint-venture partners and other stakeholders associated with the Group.

The Code of Ethics and Conduct of Directors and Employees are updates with emphasis to Section 17A of the MACC Act addressing corporate liability for corruption where Directors and Senior Management will be held personally liable for acts of corruption committed by the organisation, either by personnel or parties acting on behalf of the Group.

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

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:-

- **Control Environment**

  The importance and awareness of a proper control environment is communicated throughout the Group. Focus is directed towards the quality commitment and technical abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Such training includes internal briefings and external seminars for selected employees relating to areas of risk management, leadership, selling & marketing skills and employee management.

- **Control Structure**

  The Board and Management have established an organisational structure with defined lines of accountability and delegated authority. This includes well-defined responsibilities of Board Committees and the various management levels, including authorisation levels for all aspects of the business.

  The Group's control structure is as follows:

  i. Management

  - A well-established Standard Operating Procedure ("SOP") covers all key aspects of the Group's various business processes. These procedures deal with, amongst others, control issues for financial accounting and reporting, cash management, asset security, information technology, health and safety. The procedures are subject to regular reviews to cater for process changes, changing regulatory risks and process improvements.
  - Aside from the SOP, changes in internal control procedures, if any, are communicated via circulars and internal memos. Such circulars and memos are properly authorised by the Executive Committee.
  - Fortnightly meetings chaired by the Chief Executive Officer with the Senior Management and Heads of Sections allow the members to communicate and provide feedback in respect of compliance and monitoring of sales performance, project development status, cost and capital expenditure and other key business matters.
  - All significant contracts and legally enforceable agreements are vetted by the Group's legal department and/or appointed legal firms;
  - Training and development programmes are identified and scheduled for employees to acquire the necessary business knowledge and technical competency to meet job task performance expectations.

  ii. Internal Audit Function

  The Group engaged an independent professional team for Internal Audit services which carries out its review functions and provides the Audit Committee and the Board with the assurance on the adequacy and integrity of the system of internal controls. The Internal Audit is solely responsible for planning, implementing and reporting the audits for the Group. For this purpose, each year, the Internal Auditors:

  - Prepare a detailed Annual Audit Plan for submission to the Audit Committee for approval;
  - Carry out all activities to conduct the audits in accordance with the Audit Plan;
  - Share its audit finding with the auditee upon completion of each audit assignment; and
  - Submit reports on internal audit findings to the Audit Committee.

  iii. Audit Committee

  The Audit Committee, on behalf of the Board, reviews on a quarterly basis, the Group's financial performance and the measures undertaken on internal control issues identified by the Internal Auditor, External Auditors and Management.

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

INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of the Group's internal control system are described below:- (Cont'd)

- **Control Structure (Cont'd)**

  iv. Executive Committee

  The Executive Committee, on behalf of the Board, timely oversees the overall investment risk, project performance and recommends for approvals on decisions required by Management in accordance with good corporate governance practices at all times.

  v. Board

  The Board receives updates from the Audit Committee and Management and considers their reports relating to internal controls and deliberates on their recommendations for implementation.

  - Reporting and Information

    The Board meets quarterly and has a formal agenda on matters for discussion. The Executive Director ("ED") leads the presentation of board papers and provides explanations on pertinent issues. The quarterly financial results tabled at Board Meetings are approved by the Board upon recommendation of the Audit Committee and after due deliberations at the Board meetings.

    Strategic plans are prepared by Management and subsequently approved by the Board to form the basis for detailed annual budgets. The detailed budgets are prepared by business operating units by the Management and reviewed by the Executive Committee. The monitoring of results against budget is conducted every month, with major variances followed up and management action taken, where necessary. The budget is reviewed every quarter, and where necessary, adjusted for changes in the business, financial and operating environment.

    The ED chairs fortnightly meetings with senior management to discuss the business, financial and operational performance of the Group. Key matters affecting the Group are brought to the attention of the Audit Committee by the ED, Head of Sections or Internal Auditor and are reported to the Board on a regular basis.

  - Monitoring and Review

    There are established processes for monitoring the system of internal controls. Significant weaknesses, where detected, would be reported together with details of corrective action. The system is reviewed on an ongoing basis by the Board through the Audit Committee, Management, Finance and the Internal Auditors. Responsibility for monitoring compliance with policies, procedures and guidelines rests principally with the Operations. Heads of Departments are actively involved in maintaining and continually improving the control processes within their respective departments.

  - Whistle-blower Policy

    The Whistle-blower Policy provides a platform and acts as a mechanism for parties to channel their complaints or provide information on fraud, bribery, corruption, wrongdoings or non-compliance to any rules or procedures by an employee or the management of the Group. The policy outlines when, how and to who a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection accorded to the whistle-blower against any form of reprisal or retribution. Any concerns raised will be investigated and reported to the Board.

    The whistle-blower policy is available from the Company's website at www.hohupgroup.com.my.

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

ASSURANCE MECHANISM

The Group's Internal Audit function is outsourced to Quadrant Biz Solutions Sdn Bhd. The outsourced internal auditors are engaged primarily 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 the 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 and reported by the Internal Auditors to ensure that these actions have been satisfactorily implemented.

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

The Audit Committee Report in this Annual Report contains further information on the Committee's activities as well as that of the outsourced Internal Auditors.

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 and Group activities. The Board remains committed to sustain a sound system of risk management and internal control and will, when necessary, recommend actions to further improve and enhance them.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement, as required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities and against the scope set out in the Audit and Assurance Practice Guide (AAPG) 3, issued by the Malaysian Institute of Accountants. The External Auditors, following their review, have reported to the Board that nothing has come to their attention that cause 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 the risk management and internal controls of the Group.

AAPG 3 does not require the External Auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard the interest of shareholders. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The Board has also received reasonable assurance from the ED and the Head of Finance, who are primarily responsible for the financial management, that the Group's risk management process and internal control systems are operating adequately and effectively in all material aspects, based on the risk management process and internal controls systems of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 April 2023.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Ho Hup Construction Company Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

1. Composition of the AC

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

Chairman : Mr. Thevanaigam Rajan Chitty,
Independent Non-Executive Director ("INED")

Members : (i) Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim, INED
(ii) Mr. Danny Hoe Kam Thong, INED

The AC Chairman, Mr. Thevanaigam Rajan Chitty is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and complies with Paragraph 15.09 (1) (c) (i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

2. Attendance of Meetings

The AC met four (4) times during the financial year ended ("FYE") 31 December 2022 and the attendance of the AC members is as follows:-

Name of AC Members	Attendance at AC Meetings
Mr Thevanaigam Rajan Chitty *(Appointed on 23 March 2022)*	3/3
Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim *(Appointed on 29 August 2022)*	1/1
Mr. Danny Hoe Kam Thong *(Appointed on 29 August 2022)*	1/1
Tan Sri Datuk Seri Panglima Sulong Matjeraie *(Retired on 31 May 2022)*	3/3
Mr. Chow Seck Kai *(Retired on 31 May 2022)*	3/3

The Head of Sections and members of the Senior Management attend the AC meeting by invitation, to explain and provide the AC with clarification on relevant matters, when required. The role of the AC is to ensure that the recommendations made by both Internal and External Auditors, as well as Regulators, are addressed and dealt with in a timely manner.

In performing its private meeting functions, the AC had met the External Auditors without the presence of any executive member of the Board, Management and staff on 24 February 2022 and 24 November 2022.

3. Terms of Reference ("TOR")

The written TOR of the AC is available on the Company's website at www.hohupgroup.com.my which is accessible to the public for reference and is consistent with the requirements of the MMLR and Malaysian Code on Corporate Governance ("MCCG") 2021.

Audit Committee Report (Cont'd)

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

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

1. Financial Reporting

Reviewed and briefed the Board on the quarterly unaudited financial statements and Annual Audited Financial Statements of the Company and Group and thereafter, submitted to the Board for their consideration and approval.

The dates on which the meetings of the AC were convened during the financial year to deliberate on financial reporting matters are detailed below:

Date of Meetings	Activities
24 February 2022	• Unaudited quarterly report on consolidated results of the Group for the Fourth quarter ended 31 December 2021
20 April 2022	• Audited Financial Statements of the Group for the financial year ended 31 December 2021
24 May 2022	• Unaudited quarterly report on consolidated results of the Group for the First quarter ended 31 March 2022
23 August 2022	• Unaudited quarterly report on consolidated results of the Group for the Second quarter ended 30 June 2022*
24 November 2022	• Unaudited quarterly report on consolidated results of the Group for the Third quarter ended 30 September 2022

** no AC Meeting held due to no quorum*

In reviewing the annual audited financial statements, the AC discussed with the Management and the External Auditors on the accounting principles and standards that were applied and their opinion on the items that may affect the financial statements.

2. Internal Audit

Its primary role is to assess the adequacy and effectiveness of the risk, internal control and governance framework for the Group. The Internal Auditors report directly to the AC and its role is to independently review the internal control system established by the Management, its adequacy and effectiveness vis-à-vis the objectives set and to make appropriate recommendations for further improvement. The Internal Auditors adopt a risk-based Internal Audit methodology, which is guided by the International Professional Practices Framework issued by The Institute of Internal Auditors.

The engagement team from Quadrant Biz Solutions Sdn Bhd is headed by Ms. Chew Bee Suan.

Audit Committee Report (Cont'd)

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES (CONT'D)

A summary of the activities carried out by the AC during the financial year under review is as follows: - (Cont'd)

2. Internal Audit (Cont'd)

The Internal Auditors assisted the AC in discharging their duties and responsibilities by executing independent reviews, objective assurance and consulting activities within the Group's operations through audits of the Group's key operations and also to ensure consistency in the control environment and compliance with established policies and procedures, rules, regulations, guidelines, directives and relevant laws. The activities performed by the Internal Audit function include:

i. Performed reviews of the key processes to examine and evaluate the adequacy and efficiency of the operations' internal controls, and highlighted any significant risks and non-compliance matters that have impact to the Group;

ii. Four (4) cycles of Internal Audit were carried out throughout FYE 2022, the Internal Audit outlines the findings and observations and provides recommendations to strengthen and improve controls of the Group. The internal audit work scope for FYE 2022 are:

FYE	Cycle	Scope
2022	1	Project Management Review - Property Development
	2	Follow-Up Cycle
	3	Revenue and Payment Cycle - Property and Retail Management
	4	Revenue and Payment Cycle – Building Materials

iii. During each cycle, follow-ups were conducted on the status of Management's implementation based on the Internal Audit recommendations which were previously reported in the preceding cycles of Internal Audit.

During the FYE 2022, internal audit activities were carried out in accordance with the two-year pre-approved Internal Audit Plan ("IA Plan"). Representatives from the outsourced Internal Audit team conducted Internal Audit visits based on the approved IA Plan which are consistent with the Group's goals. Any significant changes to the IA Plan were communicated to the AC for approval prior to the commencement of the internal audit assignment.

The Internal Audit Reports prepared by the Internal Auditors arising from the audits were deliberated by the AC and recommendations were duly acted upon by the Management. Follow-up reviews were conducted by Internal Auditors to ensure that all matters arising from each audit were adequately and promptly addressed by the auditee or Management.

During the year (FYE 2022) the AC:

i. Reviewed the Internal Audit Reports prepared by the outsourced Internal Auditors and appraised the adequacy of the audit work scope, functions, competency and resources of the Internal Auditors to ensure that it has the necessary authority to carry out their responsibilities; and

ii. Reviewed and approved the IA Plan and a review of the processes including the findings and results of the audit as well as investigations undertaken to ensure that, where appropriate, action had been taken on the recommendations of the Internal Audit by the Management to ensure that all internal control lapses have been duly addressed; and

iii. Noted the audit findings for corrective actions.

Audit Committee Report (Cont'd)

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES (CONT'D)

A summary of the activities carried out by the AC during the financial year under review is as follows: - (Cont'd)

2. Internal Audit (Cont'd)

The AC acknowledges that the internal control of the Group and the Company, which was enforced and implemented throughout the financial year up to the date of this report, provided reasonable although not absolute assurance against material financial misstatements or loss. Accordingly, any audit findings that highlights weaknesses shall be appropriately corrected and rectified to prevent future irregularities. The internal controls were deemed sufficient in safeguarding assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and regulation best practices.

The Internal Audit function is guided by the International Professional Practice Framework ("IPPF") and Internal Audit Charter as approved by the Audit Committee.

The total cost incurred in discharging its functions and responsibilities in FYE 2022 amounted to RM84,800 as compared to RM106,000 in FYE 2021.

3. External Audit

i. Discussed the Letter of Engagement, suitability, objectivity and independence of the External Auditors and recommended to the Board the re-appointment of the External Auditors, and on their audit fees thereof and also approved the provision of non-audit services by the External Auditors;

ii. Reviewed the Annual Audit Planning Memorandum, audit strategy, the nature and work scope of the audit, prior to the commencement of audit;

iii. Reviewed with the External Auditors on the following areas and reported the same to the Board:

a. Audit report, including the key audit matters which arose during the course of the audit and those issues that have been subsequently resolved and those that remain unresolved:

The AC had on 26 April 2022, reviewed and deliberated the following key audit matters for the audited financial statements for FYE 2022 and agreed with the Management, the treatment and control procedures implemented to provide the necessary safeguard for financial reporting integrity.

Audit Committee Report (Cont'd)

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES (CONT'D)

A summary of the activities carried out by the AC during the financial year under review is as follows: - (Cont'd)

3. External Audit (Cont'd)

iii. Reviewed with the External Auditors on the following areas and reported the same to the Board: (Cont'd)

a. Audit report, including the key audit matters which arose during the course of the audit and those issues that have been subsequently resolved and those that remain unresolved: (Cont'd)

No	Key Audit Matters	Control Procedures
1	Impairment assessment of goodwill and land rights	Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data; Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment; and Assessed the adequacy and reasonableness of the disclosures in the financial statements.
2	Revenue and cost recognition on construction contracts and property development activities	Tested the Group's and the Company's controls by checking for evidence of reviews and approvals over construction contract and property development cost, setting budgets and authorising and recording of actual costs incurred; Challenged the assumptions in deriving at the estimates of construction contract and property development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors; Agreed a sample of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers; Reviewed management's workings on the computation of percentage-of-completion; and Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Audit Committee Report (Cont'd)

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES (CONT'D)

A summary of the activities carried out by the AC during the financial year under review is as follows: - (Cont'd)

3. External Audit (Cont'd)

iii. Reviewed with the External Auditors on the following areas and reported the same to the Board: (Cont'd)

b. External Auditor's Management Letter and Management's responses to the findings of the External Auditors and also the Auditor's report to shareholders;

c. Audit approach including coordination of audit efforts with Internal Auditors and assistance given by the employees to the External Auditors; and

d. Key significant audit findings reported by the External Auditors.

iv. Conducted two (2) private meetings with the External Auditors, without the presence of Executive Board members, Management and Staffs to discuss their observations and areas for improvements.

4. Review of the Audit Committee

The AC is satisfied that matters reported by it to the Board have been satisfactorily resolved and did not see any matter in breach of the MMLR that warrants reporting to Bursa Malaysia Securities Berhad.

5. Related Party Transactions

Reviewed the quarterly report pursuant to related party transactions entered into by the Company and the Group, including review and monitoring of recurrent related party transactions for which shareholders' mandate have been granted to ensure that:

i. Transactions were carried out on normal commercial terms and were not prejudicial to the interest of the Company or its minority shareholders;
ii. adequate oversight over internal control procedures with regard to such transactions; and
iii. compliance with key issues pertaining to the related party transactions disclosure pursuant to Chapter 10 of the MMLR, Malaysian Financial Reporting Standard 124 and the Companies Act 2016.

Upon review, the AC concurred with the Management's recommendation that the related party transactions were carried out on normal commercial terms and not prejudicial to the interests of the Group or its minority shareholders.

6. Risk Management

i. Reviewed the updates on the quarterly report on risk management and financial assistance status presented by the Management, using the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") risk management framework; and

ii. Reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of MMLR and thereafter, submitted to the Board for their considerations and approval and inclusion in the Annual Report of the Company.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 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.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the Malaysian Financial Reporting Standards, International Financial Reporting Standard, the requirements of the Companies Act 2016 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have ensured that:-

- appropriate accounting policies and practices have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- going concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for taking the necessary steps that are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

This statement is made in accordance with a resolution of the Board of Directors dated 27 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. Audit and Non-audit Fees

The amount of non-audit fees incurred and payable to the external auditors and its affiliates by the Group for the financial year ended 31 December 2022 ("FYE 2022") are as follows:

		Group (RM)	Company (RM)
Audit services rendered			
(1)	Current year provision	283,000	96,000
(2)	Under provision in prior year	6,000	
Non-audit services rendered			
(1)	Review of the Statement of Risk Management and Internal Control		5,000
(2)	Limited Review of Consolidated Financial Statement	5,000	

2. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the Directors' and major shareholders' interests either still subsisting at the end of the FYE 2022.

Additional Compliance Information
(Cont'd)

3. Recurrent Related Party Transactions of A Revenue Nature

(a) Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT")

The breakdown of the aggregate value of transactions of a revenue and trading nature conducted during the FYE 2022, pursuant to the shareholders' mandate obtained at the 48th Annual General Meeting ("AGM") of the Company held on 31 May 2022, is set out below:-

No	Ho Hup and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of transactions from 1 January 2022 to 31 December 2022 (RM'000)
1.	Golden Wave Sdn Bhd ("GWSB)	Tribeca Real Estate Asset Management Sdn Bhd ("TREAM")	For the provision of development and project management services.	148
2.	Intact Corporate Approach Sdn Bhd ("ICA")	TREAM	For the provision of development and project management services.	6
3.	Ho Hup Jaya Sdn Bhd ("HHJ")	Omesti Berhad	Rental of office premises	1,550
4.	Ho Hup Jaya Sdn Bhd	Microlink Solutions Berhad	Rental of office premises	632
5.	Ho Hup Jaya Sdn Bhd	Symphony Interactive Sdn Bhd * Name of Interested Person/ Director a. Dato' Sri Thong Kok Khee # b. Dato' Wong Kit-Leong @ c. Dato' Wong Gian Kui *	Renting of retail spaces	1,980

* *Dato' Wong Gian Kui is a Director of Niaga Sari Sdn Bhd ("NSSB") and a shareholder, having 10% direct interest in NSSB. He is also an Executive Director of Ho Hup.*

\# *Dato' Sri Thong Kok Khee is a common Director of Symphony Interactive Sdn Bhd ("SISB"), and Ho Hup, the holding company of HHJ. He is also a substantial shareholder of Ho Hup and SISB. He owns SISB through Filmont Holdings Sdn Bhd, a wholly-owned subsidiary of Insas Berhad.*

@ *Dato' Wong Kit-Leong is a common Director of SISB and Ho Hup, the holding company of HHJ. He also holds an indirect shareholding in SISB through H20 Holdings Sdn Bhd.*

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 2022.

Principal Activities

The principal activities of the Company are those of investment holding, foundation engineering, civil engineering, building contracting works and the provision of management services for subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 10.

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year	36,358	36,200
Attributable to:		
Owners of the parent	32,129	36,200
Non-controlling interests	4,229	-
	36,358	36,200

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

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

Directors' Report
(Cont'd)

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Directors of the Company

Directors who served since the beginning of the financial year until the date of this report are:

Dato' Sri Thong Kok Khee*	
Datin Chan Bee Leng	
Dato' Wong Kit-Leong*	
Low Kheng Lun*	
Dato' Wong Gian Kui	
Thevanaigam Rajan Chitty	(appointed on 23 March 2022)
Danny Hoe Kam Thong	(appointed on 29 August 2022)
Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim	(appointed on 29 August 2022)
Chow Seck Kai*	(retired on 31 May 2022)
Tan Sri Datuk Seri Panglima Sulong Matjeraie	(retired on 31 May 2022)

** Director of the Company and of its subsidiary companies*

The names of the Directors of the subsidiary companies of the Company during the financial year until the date of this report are disclosed in Note 10.

Directors' Interests in Shares

The interests and deemed interests in the shares and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary company) 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			
	At 1.1.2022	**Acquired**	**Disposed**	**At 31.12.2022**
Ho Hup Construction Company Berhad				
Direct interest				
Datin Chan Bee Leng	47,700	-	-	47,700
Dato' Wong Kit-Leong	287,000	-	-	287,000

Directors' Report
(Cont'd)

Directors' Interests in Shares (Cont'd)

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Indirect interest				
Dato' Sri Thong Kok Khee [1]	72,757,750	-	-	72,757,750
Datin Chan Bee Leng [2]	77,958,722	-	-	77,958,722
Low Kheng Lun [3]	65,113,032	-	-	65,113,032

1. *Deemed interested pursuant to Section 8(4) of the Companies Act 2016 ("Act") by virtue of his substantial shareholdings in Insas Berhad and pursuant to Section 59(11)(c) of the Act by virtue of his children's direct shareholdings in the Company.*
2. *Deemed interested pursuant to Section 59(11)(c) of the Act by virtue of her spouse's direct shareholdings in the Company and pursuant to Section 8(4) of the Act by virtue of her spouse's substantial shareholdings in Low Chee Group Sdn. Bhd., Estate of Low Chee and Concrete Pavers Industries Sdn. Bhd..*
3. *Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholdings in Low Chee Group Sdn. Bhd.*

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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 remuneration received or due and receivable by Directors as shown below) 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 35(b).

The details of the directors' remuneration for the financial year ended 31 December 2022 are set out below:

	Group RM'000	Company RM'000
Salary and other emoluments	1,926	817
Fees	291	291
Defined contributions plan	206	115
Benefit in kind	22	22
Meeting and other allowances	26	26
	2,471	1,271

Directors' Benefits (Cont'd)

Neither during nor at the end of the financial year, was the Group or 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 than those arising from share options granted under Employees Share Option Scheme.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM18,000 respectively. No indemnity given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets 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.

Other Statutory Information (Cont'd)

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities 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 as disclosed in the financial statements.

(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 when they fall due, other than as disclosed in the financial statements;

(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.

Subsidiary Companies

The details of the subsidiaries are disclosed in Note 10 to the financial statements.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration:		
UHY		
- Statutory audit	283	96
- Non-statutory audit	5	5
	288	101

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 27 April 2023.

TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM	DATO' WONG KIT-LEONG

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

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 83 to 242 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 April 2023.

TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM	DATO' WONG KIT-LEONG

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Tan Guan Ling (MIA Membership No. 31484), the officer 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 83 to 242 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 27 April 2023)

TAN GUAN LING

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HO HUP CONSTRUCTION COMPANY BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ho Hup Construction Company Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 242.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws') and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
Impairment assessment of goodwill and land rights Refer to Note 3(o) (Significant Accounting Policies), Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions) and Note 6 (Intangible Assets). The carrying values of goodwill and land rights of the Group as at 31 December 2022 are RM11.38 million and RM78.25 million respectively. Goodwill is subject to annual impairment testing and land rights are tested for impairment when there is indication of impairment. We focused on these areas as the determination of recoverable amounts of cash-generating-unit based on value-in-use calculations by management involved a significant degree of judgement and assumptions.	Our audit procedures performed in relation to management's impairment assessment included the following: • Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; • Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data; • Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. • Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Revenue and cost recognition on construction contracts and property development activities Refer to Note 3(g)&(t) (Significant Accounting Policies), Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions), Note 7 (Inventories and Other Contract Costs), Note 14 (Contract Assets/Liabilities) and Note 28 (Revenue). A significant proportion of the Group's and of the Company's revenues and profits are derived from construction contracts and property development projects which span more than one accounting period. The Group and the Company use percentage-of-completion method in accounting for construction contracts and property development activities. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project. We focused on this area because management applies significant judgement in determining the stage of completion, extent of costs incurred and estimated total costs, as well as appropriateness of provision for liquidated ascertained damages.	Our audit procedures performed in this area included, among others: • Tested the Group's and the Company's controls by checking for evidence of reviews and approvals over construction contract and property development costs, setting budgets and authorising and recording of actual costs incurred; • Challenged the assumptions in deriving at the estimates of construction contract and property development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors; • Agreed a sample of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers;

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Revenue and cost recognition on construction contracts and property development activities (Cont'd)	Our audit procedures performed in this area included, among others: (Cont'd) • In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as signed sale and purchase agreements with unit buyers, correspondences with unit buyers or sub-contractors and extension of time approvals; • Reviewed management's workings on the computation of percentage-of-completion; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Fair value of investment properties The Group changed its accounting policy on the measurement of the Group's investment properties from the cost model to the fair value model. The change in accounting policy has been applied retrospectively with the restatement of the opening retained profit for the earliest period presented and the other comparative amounts disclosed for each period presented as if the new accounting policy had always been applied. The impact to the retained profits as at 1 January 2021 and 31 December 2021 are RM7.8 million and RM10.4 million respectively.	Our audit procedures performed in this area included, among others: (Cont'd) • Discussed with management and the valuers and from our review of the valuation reports, that we noted the valuers have considered factors related to each property's individual characteristics and its overall quality, geographical location and desirability as a whole in arriving to fair value; • Assessed the competence, capability and objectivity of the independent valuers, and verified their professional qualifications; • Discussed the scope of their work with management to determine that there were no matters that would have affected their independence and objectivity, or imposed scope limitations upon them; • Considered other engagements which might exist between the Group and the valuers;

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Fair value of investment properties (Cont'd) As at 31 December 2022, the Group's investment properties, which are carried at fair value, amounted to RM138.8 million. The valuation of the Group's investment properties were performed by independent external valuers. The valuers have considered factors related to the properties' overall condition and demand as a whole in arriving at the fair values. We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied, include amongst others, estimated rental revenues, yield rates, reversion rates and void rates which are based on current and future market or economic conditions.	Our audit procedures performed in this area included, among others: (Cont'd) • Valuation of properties using the comparison approach was made by reference to similar transactions with adjustments made for relevant differences in order to arrive at a common basis for comparison. We compared the fair values of a few samples of the properties with the average values of several similar properties in and around the area; • For valuation of certain properties using the investment method, we tested a selection of data inputs underpinning the investment property valuation including rental income, tenancy schedules and estimated expenses, against appropriate supporting documentation; and • Assessed the adequacy of the disclosure and sensitivity analysis prepared by management on the key parameters underpinning the valuation, where applicable.

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 10 to the financial statements.

Independent Auditors' Report
To the Members of Ho Hup Construction Company Berhad
(Cont'd)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

HAR HOU WEI
Approved Number: 03665/05/2024 J
Chartered Accountant

KUALA LUMPUR

27 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 31.12.2022 RM'000	31.12.2021 RM'000 (Restated)	1.1.2021 RM'000 (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	203,647	211,167	216,450
Investment properties	5	138,837	128,293	129,840
Intangible assets	6	90,279	97,796	99,163
Inventories and other contract costs	7	83,260	83,260	83,260
Quarry development cost	8	4,346	5,246	6,146
Right-of-use assets	9	25,842	34,544	26,083
Investments in associates	11	-	-	-
Investments in joint ventures	12	367	385	404
Other investment	13	2,063	5,633	2,659
Trade receivables	15	5,785	4,853	4,425
Deferred tax assets	24	684	1,480	2,447
		555,110	572,657	570,877
Current Assets				
Inventories and other contract costs	7	460,511	366,533	301,045
Contract assets	14	141,607	95,331	48,881
Trade receivables	15	196,634	334,616	275,997
Other receivables	16	138,786	129,929	100,065
Amount due from a joint venture	18	99	99	99
Tax recoverable		162	158	52
Fixed deposits with licensed banks	19	11,602	14,520	7,588
Cash and bank balances	19	19,131	33,465	41,601
		968,532	974,651	775,328
Total Assets		1,523,642	1,547,308	1,346,205

Statements of Financial Position
As at 31 December 2022
(Cont'd)

	Note	Group 31.12.2022 RM'000	31.12.2021 RM'000 (Restated)	1.1.2021 RM'000 (Restated)
EQUITY				
Share capital	20	256,870	256,870	225,007
Reserves	21	155,248	187,575	208,272
Equity attributable to owners of the parent		412,118	444,445	433,279
Non-controlling interests		7,584	11,901	11,133
Total Equity		419,702	456,346	444,412
LIABILITIES				
Non-Current Liabilities				
Lease liabilities	22	5,389	11,966	11,521
Bank borrowings	23	388,805	399,383	321,846
Trade payables	26	5,833	3,587	20,350
Deferred tax liabilities	24	19,166	21,264	22,124
		419,193	436,200	375,841
Current Liabilities				
Contract liabilities	14	20,456	24,556	29,446
Provision for liquidated ascertained damages	25	1	956	1,001
Trade payables	26	133,552	134,355	91,758
Other payables	27	192,565	177,069	143,610
Lease liabilities	22	9,945	11,023	7,971
Bank borrowings	23	261,896	246,391	188,086
Provision for taxation		66,332	60,412	64,080
		684,747	654,762	525,952
Total Liabilities		1,103,940	1,090,962	901,793
Total Equity and Liabilities		1,523,642	1,547,308	1,346,205

Statements of Financial Position
As at 31 December 2022
(Cont'd)

	Note	Company 31.12.2022 RM'000	Company 31.12.2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	2,690	3,178
Right-of-use asset	9	19,493	21,213
Investment in subsidiary companies	10	147,355	147,355
Investments in associates	11	-	-
Investments in joint ventures	12	375	375
Trade receivables	15	5,785	3,910
		175,698	176,031
Current Assets			
Contract assets	14	16,616	22,260
Trade receivables	15	32,653	45,823
Other receivables	16	90,312	94,719
Amount due from subsidiary companies	17	630,909	617,448
Amount due from a joint venture	18	99	99
Tax recoverable		2	2
Fixed deposits with licensed banks	19	5,087	6,789
Cash and bank balances	19	10,216	16,948
		785,894	804,088
Total Assets		961,592	980,119

Statements of Financial Position
As at 31 December 2022
(Cont'd)

	Note	Company 31.12.2022 RM'000	Company 31.12.2021 RM'000
EQUITY			
Share capital	20	256,870	256,870
Reserves	21	50,997	87,197
Total Equity		307,867	344,067
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	22	3,498	8,184
Bank borrowings	23	7,143	8,891
Trade payables	26	1,832	1,832
Deferred tax liabilities	24	531	688
		13,004	19,595
Current Liabilities			
Provision for liquidated ascertained damages	25	15,958	15,958
Trade payables	26	37,934	35,119
Other payables	27	30,088	113,395
Contract liabilities	14	13,135	6,235
Lease liabilities	22	7,849	7,091
Bank borrowings	23	80,790	87,822
Amount due to subsidiary companies	17	449,690	348,735
Provision for taxation		5,277	2,102
		640,721	616,457
Total Liabilities		653,725	636,052
Total Equity and Liabilities		961,592	980,119

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000 (Restated)	RM'000	RM'000
Revenue	28	213,041	199,126	76,682	80,172
Cost of sales		(162,857)	(119,188)	(74,418)	(74,936)
Gross profit		50,184	79,938	2,264	5,236
Other income		25,720	5,619	34,847	22,819
Administrative expenses		(20,681)	(18,469)	(7,451)	(7,863)
Other expenses		(38,492)	(45,670)	(5,712)	(9,171)
Net loss on impairment on financial instruments		(1,286)	(3,599)	(30,565)	(3,365)
Finance costs	29	(41,276)	(38,758)	(24,913)	(6,389)
Share of results of associates and joint ventures		(18)	(19)	-	-
(Loss)/Profit before tax	30	(25,849)	(20,958)	(31,530)	1,267
Taxation	31	(10,509)	(3,981)	(4,670)	(539)
(Loss)/Profit for the financial year		(36,358)	(24,939)	(36,200)	728

Statements of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2022
(Cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other comprehensive loss:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(286)	(948)	-	-
Other comprehensive loss for the financial year		(286)	(948)	-	-
Total comprehensive (loss)/income for the financial year		(36,644)	(25,887)	(36,200)	728
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(32,129)	(18,082)	(36,200)	728
Non-controlling interests		(4,229)	(6,857)	-	-
		(36,358)	(24,939)	(36,200)	728
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(32,327)	(18,735)	(36,200)	728
Non-controlling interests		(4,317)	(7,152)	-	-
		(36,644)	(25,887)	(36,200)	728
Loss per share					
Basic loss per share (sen)	32(i)	(6.5)	(3.8)		
Diluted loss per share (sen)	32(ii)	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to Owners of the Parent						
		Non-Distributable						
		Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group								
At 1 January 2022		256,870	(1,893)	(77,104)	256,171	434,044	11,901	445,945
Effect of change in accounting policy and prior year adjustment		-	-	-	10,401	10,401	-	10,401
At 1 January 2022, as restated		256,870	(1,893)	(77,104)	266,572	444,445	11,901	456,346
Loss for the financial year		-	-	-	(32,129)	(32,129)	(4,229)	(36,358)
Other comprehensive loss for the financial year		-	(198)	-	-	(198)	(88)	(286)
Total comprehensive loss for the financial year		-	(198)	-	(32,129)	(32,327)	(4,317)	(36,644)
Transactions with owners:								
Acquisition of subsidiary company		-	-	-	-	-	-	-
Acquisition of additional interest from non-controlling interest		-	-	-	-	-	-	-
Total transaction with owners		-	-	-	-	-	-	-
At 31 December 2022		256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702

Statements of Changes in Equity
For the financial year ended 31 December 2022
(Cont'd)

		Attributable to Owners of the Parent						
		Non-Distributable			Distributable			
	Note	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group								
At 1 January 2021		225,007	(1,240)	(75,751)	277,446	425,462	11,133	436,595
Effect of change in accounting policy and prior year adjustment	2(a)	-	-	-	7,817	7,817	-	7,817
At 1 January 2021, as restated		225,007	(1,240)	(75,751)	285,263	433,279	11,133	444,412
Loss for the financial year		-	-	-	(18,082)	(18,082)	(6,857)	(24,939)
Other comprehensive loss for the financial year		-	(653)	-	-	(653)	(295)	(948)
Total comprehensive loss for the financial year		-	(653)	-	(18,082)	(18,735)	(7,152)	(25,887)
Transactions with owners:								
Issue of ordinary shares - private placement		31,863	-	-	-	31,863	-	31,863
Acquisition of subsidiary company							7,311	7,311
Acquisition of additional interest from non-controlling interest		-	-	(1,353)	(609)	(1,962)	609	(1,353)
Total transaction with owners	20	31,863	-	(1,353)	(609)	29,901	7,920	37,821
At 31 December 2021		256,870	(1,893)	(77,104)	266,572	444,445	11,901	456,346

Statements of Changes in Equity
For the financial year ended 31 December 2022
(Cont'd)

	Note	Attributable to Owners of the Parent		
		Non-distributable	Distributable	
		Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Company				
At 1 January 2022		256,870	87,197	344,067
Loss for the financial year, representing total comprehensive loss for the financial year		-	(36,200)	(36,200)
At 31 December 2022		256,870	50,997	307,867
At 1 January 2021		225,007	86,469	311,476
Profit for the financial year, representing total comprehensive income for the financial year		-	728	728
Transaction with owners:				
Issue of ordinary shares - private placement	20	31,863	-	31,863
At 31 December 2021		256,870	87,197	344,067

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000 (Restated)	RM'000	RM'000
Cash Flows from Operating Activities				
(Loss)/Profit before taxation	(25,849)	(20,958)	(31,530)	1,267
Adjustments for:				
Depreciation of :				
- property, plant and equipment	9,168	7,201	521	515
- right-of-use assets	7,127	7,077	2,800	2,379
Amortisation of :				
- intangible assets	7	7	-	-
- land rights	5,117	3,901	-	-
- quarrying rights	113	113	-	-
- quarry development cost	900	900	-	-
Impairment loss:				
- trade receivables	2,379	4,041	-	3,189
- other receivables	12	287	-	176
- amount due from subsidiaries	-	-	31,182	-
- property, plant and equipment	92	-	-	-
- goodwill	2,949	1,718		
Reversal on impairment loss on trade receivables	(1,105)	(729)	(441)	-
Contract asset written off	100	-	-	-
Inventory written off	20	-	-	-
Share of results of joint ventures	18	19	-	-
(Loss)/Gain on disposal of :				
- property, plant and equipment	(114)	(2)	-	-
- right-of-use assets	(18)	-	-	-
- investment properties	-	(374)	-	-
- other investments	252	(115)	-	-
- termination of lease term	(11)	-	-	-

Statements of Cash Flows
For the financial year ended 31 December 2022
(Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000 (Restated)	RM'000	RM'000
Cash Flows from Operating Activities (Cont'd)				
Adjustments for: (Cont'd)				
Fair value loss/(gain) on other investments				
- other investments	104	223	-	-
- investment properties	(10,544)	-	-	-
Loss on lease modification	-	37	-	-
Interest income	(96)	(392)	(14,130)	(253)
Finance costs	41,276	38,758	24,913	6,389
Operating profit before working capital changes	31,897	41,712	13,315	13,662
Changes in working capital :				
Change in contract assets	(46,376)	(41,297)	5,644	989
Change in contract liabilities	(4,100)	(12,122)	6,900	6,235
Change in inventories and other contract costs	(94,277)	(59,671)	-	-
Change in provision	(955)	(45)	-	-
Changes in receivables	124,428	(62,279)	(28,500)	(31,611)
Changes in payables	19,143	50,741	20,464	(307)
	(2,137)	(124,673)	4,508	(24,694)
Cash generated/(used in) from operations	29,760	(82,961)	17,823	(11,032)
Interest paid	(41,276)	(44,575)	(23,251)	(6,389)
Interest received	96	392	14,130	253
Tax paid	(6,316)	(7,711)	(1,652)	(3,258)
	(47,496)	(51,894)	(10,773)	(9,394)
Net cash (used in)/from operating activities	(17,736)	(134,855)	7,050	(20,426)

Statements of Cash Flows
For the financial year ended 31 December 2022
(Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000 (Restated)	RM'000	RM'000
Cash Flows from Investing Activities				
Purchase of :				
- property, plant and equipment (Note 4(a))	(2,679)	(1,757)	(32)	(89)
- right of use assets (Note 9)	(108)	-	(108)	-
- investment properties (Note 5)	-	(1,702)	-	-
- other investment	-	(3,082)	-	-
Proceeds from disposal of :				
- property, plant and equipment	8,115	7	-	-
- right-of-use assets	760	-	-	-
- investment properties (Note 5)	-	3,600	-	-
- other investment	3,214	-	-	-
Net repayment (advances to)/from subisdiary companies	-	-	-	10,505
Acquisition of additional interest from non-controlling interests	-	(1,353)	-	-
Investment in subsidiary companies	-	-	-	(13,352)
Acquisition of subsidiary company, net of cash	(1,900)	(8,107)	-	-
Change in pledged deposits	(3,327)	(780)	3,175	(885)
Net cash (used in)/from investing activities	4,075	(13,174)	3,035	(3,821)

Statements of Cash Flows
For the financial year ended 31 December 2022
(Cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Cash Flows from Financing Activities				
Proceeds from private placement	-	31,863	-	31,863
Drawdown of borrowings		136,164	-	2,774
Repayment of lease liabilities	(8,434)	(12,080)	(4,901)	(6,758)
Repayment of borrowings	(3,409)	(16,862)	(9,825)	(4,961)
Net cash (used in)/from financing activities	(11,843)	139,085	(14,726)	22,918
Net decrease in cash and cash equivalents	(25,504)	(8,944)	(4,641)	(1,329)
Exchange translation differences on cash and cash equivalents	1,296	(921)	-	-
Cash and cash equivalents at the beginning of the financial year	17,831	27,696	7,766	9,095
Cash and cash equivalents at the end of the financial year (Note 19)	(6,377)	17,831	3,125	7,766

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 Level 18, Ho Hup Tower, No. 1, Jalan Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The registered office of the Company is located at Ho Hup Tower - Aurora Place, 2-07-01 - Level 7, Plaza Bukit Jalil, No. 1, Jalan Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The principal activities of the Company are those of investment holding, foundation engineering, civil engineering, building contracting works and the provision of management services for subsidiary companies. The principal activities of the subsidiary companies are disclosed in Note 10.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

Notes to the Financial Statements
31 December 2022
(Cont'd)

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

(a) Statement of compliance

Adoption of amended standards

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

Amendments to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Company.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023

Notes to the Financial Statements
31 December 2022
(Cont'd)

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

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Company has not applied the following new MFRSs and amendments to MFRSs that have been issued by MASB but are not yet effective for the Company (Cont'd):

		Effective dates for financial periods beginning on or after
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Company intends to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Company.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, unless otherwise indicated in the significant accounting policies in Note 3.

(c) Functional and Presentation Currencies

These financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

Notes to the Financial Statements
31 December 2022
(Cont'd)

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

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Revenue and cost recognition on construction contracts and property development activities

The Group and the Company recognise revenue and cost from construction contract and property development activities in the profit or loss by using input method by reference to the stage of completion method. The stage of completion is determined by the proportion that contract cost or property development costs incurred for work performed to date bear to the estimated total contract or property development costs.

Significant judgement is involved in determining the stage of completion, extent of costs incurred and estimated total costs, as well as appropriateness of provision for liquidated ascertained damages.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to Liquidated Ascertained Damage ("LAD") based on the facts and circumstances of the relevant construction or development projects being delayed. In making these judgements, the Group and the Company evaluate based on experience and by relying on the work of specialists.

The carrying amount of property development costs and contract assets/liabilities arising from performance under construction contracts at the reporting date are disclosed in Notes 7(i) and 14 respectively.

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

Fair value of investment properties

The Group engaged an independent valuation specialist to assess fair value of investment properties as at 31 December 2022. Investment properties are carried at fair value, with changes in fair value being recognised in profit or loss. The fair values of the investment properties have been derived using the sales comparison and investment approach, adjusted for differences in key attributes such as property size, time, age, tenure, level, surrounding, accessibility, visibility, orientation, facing and position of the units.

The key assumptions used to determine the fair value of the investment properties is disclosed in Note 5 to the financial statements.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets 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 and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount of the plant and equipment and ROU assets are disclosed in Notes 4 and 9.

Notes to the Financial Statements
31 December 2022
(Cont'd)

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

Impairment of goodwill, quarrying right and land rights

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy in Note 3(o)(ii) on impairment of non-financial assets. The Group also assesses impairment of land rights whenever events or changes in circumstances indicate the carrying amount may not be recoverable (i.e. carrying amount is more than the recoverable amount).

When value-in-use calculations are undertaken, management estimates the expected future cash flows from the cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses.

Their carrying amounts as at end of the reporting period and key assumptions applied in the impairment assessment of goodwill are given in Note 6.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. 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 reporting date for investments in subsidiary companies is disclosed in Note 10.

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

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

Provision for ECLs of trade and other receivables and contract assets

The Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments in calculating ECLs for trade and other receivables and contract assets. The amount and timing of future cash flows are then estimated based on historical credit loss experience for assets with similar credit risk characteristics and adjusted with forward-looking information such as forecast economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and on the Company's contract assets and trade and other receivables is disclosed in Notes 14, 15 and 16 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Notes to the Financial Statements
31 December 2022
(Cont'd)

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

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

Income taxes

Judgement 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 and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group has tax recoverable and tax payable of RM162,300 (2021: RM158,000) and RM66,332,000 (RM60,412,000).

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.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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 company 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, the acquirer's 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.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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. See accounting policy Note 3(o)(ii) on impairment of non-financial assets.

(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.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(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. See accounting policy Note 3(o)(ii) on impairment of non-financial assets.

(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.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

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

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.

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.

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 differences between net disposal proceeds and their carrying amounts are recognised in profit or loss. When an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(ii) to the financial statements on impairment of non-financial assets.

(c) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

3. **Significant Accounting Policies (Cont'd)**

(c) Interests in joint operations (Cont'd)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(d) Foreign currency (Cont'd)

(ii) Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. 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 FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to 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 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.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

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

(i) Recognition and measurement (Cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is de recognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

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

(iii) Depreciation (Cont'd)

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

Buildings	50 years
Signboard	5 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

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. **Significant Accounting Policies (Cont'd)**

(f) Intangible assets (Cont'd)

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(o)(ii) on impairment of non-financial assets for intangible assets.

(g) Inventories and other contract costs

Inventories and other contract costs are stated at the lower of cost and net realisable value.

(i) Land held for property development

The cost of land held for property development is stated at the lower of cost and net realisable value. The cost of land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

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

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(g) Inventories and other contract costs (Cont'd)

(i) Land held for property development (Cont'd)

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's and the Company's normal operating cycle.

(ii) Property development costs

Cost is determined based on a specific identification basis. Cost is determined based on a specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to sub-contractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The property development costs is subsequently recognised as an expense in income statements when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's and the Company's normal operating cycle, is classified as current asset.

(iii) Completed properties held for sale

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(iv) Construction materials

The cost of construction materials is stated at the lower of historical cost and net realisable value.

3. **Significant Accounting Policies (Cont'd)**

(g) Inventories and other contract costs (Cont'd)

(iv) Construction materials (Cont'd)

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overhead based on normal operating capacity.

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

(v) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 3(g)(i)-(iv)), property, plant and equipment (see Note 3(e)) or intangible assets (see Note 3(f)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(g) Inventories and other contract costs (Cont'd)

(v) Other contract costs (Cont'd)

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 3(t).

(h) Contract assets/Contract liabilities

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 *Financial Instruments* (see Note 3(o)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Quarry development expenditure

Quarry development expenditure comprises direct cost of development, cost of site infrastructure and other related expenses. Quarry development expenditure is amortised upon commencement of commercial rock extraction activities. Quarry development expenditure is amortised over the remaining lease term of 7 (2021: 8) years, expiring on 25 March 2028. The quarry development expenditure is written off immediately to profit or loss to the extent that the unamortised balance is no longer probable of being recovered.

3. **Significant Accounting Policies (Cont'd)**

(j) Leases

As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for ant lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less ant lease incentives received.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(ii) to the financial statements.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and buildings	2 %, or over the lease term, if shorter
Plant and machinery	10 years
Motor vehicles	5 years
Tools and technical equipment	10 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(j) Leases (Cont'd)

As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group or Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group and the Company do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. **Significant Accounting Policies (Cont'd)**

(k) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

Investment property is measured initially at its cost, including transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The Group accounts for the land and building as a single unit of account for investment properties. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(k) Investment properties (Cont'd)

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable MFRS. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily converted to known amount of cash and which are subject to 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.

3. **Significant Accounting Policies (Cont'd)**

(m) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price. An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(m) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(a) Amortised cost (Cont'd)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(o)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(o)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(m) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 3(o)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(m) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(a) Fair value through profit or loss (Cont'd)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(m) Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies trade date accounting unless otherwise stated for the specific class of asset.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(m) Financial instruments (Cont'd)

(iv) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. **Significant Accounting Policies (Cont'd)**

(n) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(o) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, when there is evidence that there is a significant increase in credit risk from the debtors due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations or the asset is credit impaired. The Group and the Company measure a receivables with low risk of default and a strong capacity to meet contractual cash flows and no significant increase in the credit risk since initial recognition, debt securities that are determined to have low credit risk at the reporting date and cash and bank balance at 12-month expected credit loss.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(o) Impairment (Cont'd)

(i) Financial assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

3. **Significant Accounting Policies (Cont'd)**

(o) Impairment (Cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then 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 an 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 its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. 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 (groups of cash-generating units) on a *pro rata* basis.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(o) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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 if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(p) Equity instrument

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

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 distributions 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.

3. **Significant Accounting Policies (Cont'd)**

(p) Equity instrument (Cont'd)

(iv) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(v) Distributions of assets to owners of the Company

The Group and the Company measure a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(q) 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.

Any reimbursement that the Group and the Company 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 expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. **Significant Accounting Policies (Cont'd)**

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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 contribute 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 have no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

3. **Significant Accounting Policies (Cont'd)**

(r) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction (Cont'd)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(s) 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.

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.

(t) Revenue and other income

Income is classified by the Group and by the Company as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's and of the Company's assets under leases in the ordinary course of the Group's and of the Company's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group and the Company are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue is after deduction of any trade discounts.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(t) Revenue and other income (Cont'd)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group and to the Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group and the Company take advantage of the practical expedient in paragraph 63 of MFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's and of the Company's revenue and other income recognition policies are as follows:

(a) Construction contracts

A contract with a customer is classified by the Group and by the Company as a construction contract when the contract relates to work on assets under the control of the customer and therefore the Group's and the Company's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group and of the Company suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 3(q).

3. **Significant Accounting Policies (Cont'd)**

(t) Revenue and other income (Cont'd)

(b) Revenue from property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance does not create an asset with an alternative use to the Group and to the Company and the Group and the Company have an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(c) Sale of goods

Revenue from sale of goods and services is recognised at a point in time when control of the assets is transferred to the customer, generally on the delivery of the goods.

(d) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

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(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(t) Revenue and other income (Cont'd)

(e) Rental income from operating lease

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(f) Management fee

Management fee is recognised when services are rendered.

(u) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or 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 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 financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. 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.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

3. **Significant Accounting Policies (Cont'd)**

(u) Income tax (Cont'd)

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 assets and liabilities 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 and investment tax allowance, being tax incentives 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 which the unutilised tax incentive can be utilised.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements
31 December 2022
(Cont'd)

3. **Significant Accounting Policies (Cont'd)**

(w) Contingencies (Cont'd)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(x) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. **Property, Plant and Equipment**

	Freehold buildings RM'000	Signboard 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
Group									
31.12.2022									
Cost									
At 1 January 2022	203,151	-	9,516	8,380	74,752	12,506	3,331	898	312,534
Additions	-	27	18	50	2,284	221	79	-	2,679
Disposals	(9,000)	-	(16)	-	(50)	(14)	-	(898)	(9,978)
Acquisition through business combinations	6,330	-	-	-	-	-	-	-	6,330
Transfer from right-of-use assets	-	-	-	6,938	-	-	-	-	6,938
Exchange difference	(3)	-	(14)	-	-	-	-	-	(17)
At 31 December 2022	200,478	27	9,504	15,368	76,986	12,713	3,410	-	318,486
Accumulated depreciation									
At 1 January 2022	9,017	-	7,432	7,325	53,545	3,864	3,331	-	84,514
Charge for the financial year	3,943	5	410	335	3,330	1,089	56	-	9,168
Disposals	(959)	-	(16)	-	(2)	(3)	-	-	(980)
Transfer from right-of-use assets	-	-	-	5,206	-	-	-	-	5,206
Exchange difference	(3)	-	(11)	-	-	-	-	-	(14)
At 31 December 2022	11,998	5	7,815	12,866	56,873	4,950	3,387	-	97,894

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

	Freehold buildings RM'000	Signboard 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
Group									
31.12.2022									
Accumulated impairment losses									
At 1 January 2022	-	-	18	27	16,808	-	-	-	16,853
Recognised during the financial year	-	-	80	-	-	-	12	-	92
At 31 December 2022	-	-	98	27	16,808	-	12	-	16,945
Carrying amount									
At 31 December 2022	188,480	22	1,591	2,475	3,305	7,763	11	-	203,647

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

	Freehold buildings RM'000	Signboard 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
Group									
31.12.2021									
Cost									
At 1 January 2021	203,159	-	8,724	6,976	70,921	11,728	3,331	517	305,356
Additions	-	-	369	174	629	204	-	381	1,757
Disposals	-	-	(17)	-	-	-	-	-	(17)
Acquisition through business combinations	-	-	474	1,230	3,202	574	-	-	5,480
Exchange difference	(8)	-	(34)	-	-	-	-	-	(42)
At 31 December 2021	203,151	-	9,516	8,380	74,752	12,506	3,331	898	312,534
Accumulated depreciation									
At 1 January 2021	4,970	-	6,554	5,678	49,344	2,176	3,331	-	72,053
Charge for the financial year	4,055	-	487	458	1,043	1,158	-	-	7,201
Disposals	-	-	(12)	-	-	-	-	-	(12)
Acquisition through business combinations	-	-	427	1,189	3,158	530	-	-	5,304
Exchange difference	(8)	-	(24)	-	-	-	-	-	(32)
Reclassification									
At 31 December 2021	9,017	-	7,432	7,325	53,545	3,864	3,331	-	84,514

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

	Freehold buildings RM'000	Signboard 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
Group									
31.12.2021									
Accumulated impairment losses									
At 1 January 2021/ 31 December 2021	-	-	18	27	16,808	-	-	-	16,853
Carrying amount									
At 31 December 2021	194,134	-	2,066	1,028	4,399	8,642	-	898	211,167
At 1 January 2021	198,189	-	2,152	1,271	4,769	9,552	-	517	216,450

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

	Freehold buildings 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
Company							
31.12.2022							
Cost							
At 1 January 2022	100	5,410	2,954	57,108	3,414	3,004	71,990
Additions	-	26	-	-	7	-	33
At 31 December 2022	100	5,436	2,954	57,108	3,421	3,004	72,023
Accumulated depreciation							
At 1 January 2022	64	4,563	2,927	40,300	1,102	3,003	51,959
Charge for the financial year	2	223	-	-	296	-	521
At 31 December 2022	66	4,786	2,927	40,300	1,398	3,003	52,480
Accumulated impairment losses							
At 1 January 2022/31 December 2022	-	18	27	16,808	-	-	16,853
Carrying amount							
At 31 December 2022	34	632	-	-	2,023	1	2,690

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

	Freehold buildings 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
Company							
31.12.2021							
Cost							
At 1 January 2021	100	5,340	2,954	57,108	3,396	3,004	71,902
Additions	-	71	-	-	18	-	89
Disposals	-	(1)	-	-	-	-	(1)
At 31 December 2021	100	5,410	2,954	57,108	3,414	3,004	71,990
Accumulated depreciation							
At 1 January 2021	62	4,348	2,927	40,300	805	3,003	51,445
Charge for the financial year	2	216	-	-	297	-	515
Disposals	-	(1)	-	-	-	-	(1)
At 31 December 2021	64	4,563	2,927	40,300	1,102	3,003	51,959
Accumulated impairment losses							
At 1 January 2021/31 December 2021	-	18	27	16,808	-	-	16,853
Carrying amount							
At 31 December 2021	36	829	-	-	2,312	1	3,178

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 were acquired by way of cash.

(b) Assets pledged as securities to licensed banks

Freehold buildings with carrying amount of RM2,289,245 (2021: RM10,464,245) are pledged as securities for bank borrowings as disclosed in Note 23.

5. **Investment Properties**

	Group	
	2022 RM'000	**2021 RM'000 (Restated)**
Cost		
At 1 January	125,015	126,812
Effect of change in accounting policy	3,278	3,028
	128,293	129,840
Addition	-	1,702
Disposal	(2,456)	(3,249)
Change in fair value recognised in profit or loss	13,000	-
At 31 December	138,837	128,293

The fair value of the Group's investment properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

Properties valued using the investment method are based on the rental expected to be achieved, location, size and condition of the properties, taking into consideration outgoings such as quit rent and assessment, utilities and other general expenses. Key inputs consist of term yield, reversion yield and rental per square foot. Properties valued using the comparable method are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

Investment properties under construction are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

Notes to the Financial Statements
31 December 2022
(Cont'd)

5. **Investment Properties (Cont'd)**

The Level 3 inputs or unobservable inputs include:

Term yield	Based on current contractual rentals and actual net lettable occupied, including revision upon renewal of tenancies during the financial year.
Reversion yield	Reversion yield Current market rates with reference to the latest renewals concluded, asking rentals and also the term rentals passing.
Price per square food (psf)	Price per square foot (psf) Estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller.

The following table provides the fair value of the Group's investment properties measured at Level 3:

	Group		
	31.12.2022 RM'000	**31.12.2021 RM'000 (Restated)**	**01.01.2021 RM'000 (Restated)**
Investment properties			
- Commercial buildings	138,837	128,293	129,840

Significant unobservable inputs	**Inter-relationship between significant Unobservable inputs and fair value measurement**
Term and reversion yield	Higher yield, lower fair value
Price per square foot	Higher price, higher fair value

Impact of a reasonably possible change in key inputs for investment properties with significant changes in fair value during the year is illustrated below:

Investment properties	**Valuation techniques**	**Significant unobservable input**	**Impact of changes in price per square foot by 10%**		
			31.12.2022	**31.12.2021**	**01.01.2021**
Retail	Comparison and Investment	Price per square foot	N/A	N/A	N/A

There are no significant changes in fair value for commercial buildings and others, and as such, the impact of changes in key inputs are not illustrated.

5. **Investment Properties (Cont'd)**

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as follows:

		Significant unobservable inputs		
	Valuation techniques	**Term yield %**	**Reversion yield %**	**Price psf RM**
31.12.2022				
Commercial buildings	Investment method	5.50	5.75	-
	Comparison method	-	-	749 - 875
31.12.2021				
Commercial buildings	Comparison method	-	-	749
01.01.2021				
Commercial buildings	Comparison method	-	-	749

(a) Income and expenses recognised in profit or loss

	Group	
	31.12.2022 RM'000	**31.12.2021 RM'000**
Rental income	6,304	2,548
Direct operating expenses:		
- Income generating investment properties	1,349	1,200

(b) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to approximately RM126 million (2021: RM113 million) have been pledged to secure banking facilities granted to the Group as disclosed in Note 23.

Notes to the Financial Statements
31 December 2022
(Cont'd)

6. Intangible Assets

	Software (Note a) RM'000	Goodwill on Consolidation (Note b) RM'000	Land Rights (Note c) RM'000	Quarrying Right (Note d) RM'000	Total RM'000
Group					
Cost					
At 1 January 2022	134	15,368	93,550	2,500	111,552
Addition through separately acquired	-	677	-	-	677
Exchange differences	(15)	-	-	-	(15)
At 31 December 2022	119	16,045	93,550	2,500	112,214
Accumulated amortisation					
At 1 January 2022	80	-	10,187	1,771	12,038
Amortisation for the financial year	7	-	5,117	113	5,237
Exchange differences	(7)	-	-	-	(7)
At 31 December 2022	80	-	15,304	1,884	17,268
Accumulated impairment					
At 1 January 2022	-	1,718	-	-	1,718
Impairment for the financial year	-	2,949	-	-	2,949
At 31 December 2022	-	4,667	-	-	4,667
Carrying amount					
At 31 December 2022	39	11,378	78,246	616	90,279

Notes to the Financial Statements
31 December 2022
(Cont'd)

6. **Intangible Assets (Cont'd)**

	Software (Note a) RM'000	Goodwill on Consolidation (Note b) RM'000	Land Rights (Note c) RM'000	Quarrying Right (Note d) RM'000	Total RM'000
Group					
Cost					
At 1 January 2021	172	10,978	93,550	2,500	107,200
Addition through business combinations	-	4,390	-	-	4,390
Exchange differences	(38)	-	-	-	(38)
At 31 December 2021	134	15,368	93,550	2,500	111,552
Amortisation					
At 1 January 2021	93	-	6,286	1,658	8,037
Amortisation for the financial year	7	-	3,901	113	4,021
Acquisition of subsidiary companies					-
Exchange differences	(20)	-	-	-	(20)
At 31 December 2021	80	-	10,187	1,771	12,038
Accumulated impairment					
At 1 January 2021	-	-	-	-	-
Impairment for the financial year	-	1,718	-	-	1,718
At 31 December 2021	-	1,718	-	-	1,718
Carrying amount					
At 31 December 2021	54	13,650	83,363	729	97,796
At 1 January 2021	79	10,978	87,264	842	99,163

(a) Software

This represents accounting software which has estimated useful lives of 5 years. The amortisation period is reviewed at least annually for appropriateness.

Notes to the Financial Statements
31 December 2022
(Cont'd)

6. **Intangible Assets (Cont'd)**

(b) Goodwill on consolidation

During the financial year goodwill amounting to RM677,000 (2021: RM2,672,000) arose from the acquisition of a subsidiary company.

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Golden Wave Sdn. Bhd.	187	187	187
Intact Corporate Approach Sdn. Bhd.	7,842	7,842	7,842
Ho Hup Quarries (Malacca) Sdn. Bhd.	-	2,949	2,949
Niaga Sari Sdn. Bhd.	2,672	2,672	-
Kenanga M&E Sdn. Bhd.	677	-	-
	11,378	13,650	10,978

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three to five-year period.

Key assumptions used in the VIU calculations for the goodwill impairment assessment are selling price per square foot, average room rate, occupancy rate, operating costs and margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

A pre-tax discount rates range from 10% to 13% (2021: 5% to 10%) per annum were applied in determining the recoverable amounts of the CGUs. The discount rates used are pre-tax and reflect the specific risks relating to the respective CGU.

During the financial year, an impairment loss which amounts to RM2,949,358 (2021: RM1,718,229) was recognised as the recoverable amount is lower than the amount. The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

6. **Intangible Assets (Cont'd)**

(c) Land rights

Land rights are being allocated arising from the excess of the fair value of the considerations given by the Company over the Company's share of the fair value of the net assets of the subsidiaries acquired. The land rights comprise:

(i) Land right over a leasehold land measuring 5 acres in Kota Kinabalu, Sabah.

The said property is a parcel of commercial land with Approved Development Plan for a block of 14 storey hotel, 14 storey service apartments and 2 levels of retail units. The lease term of the land is 99 years, expiring on 31 December 2111. The carrying amount of the land right is approximately RM60.14 million (2021: RM65.26 million) and is amortised based on the percentage of completion over the development period.

(ii) Land right over a leasehold land measuring 429 acres in Kulai, Johor.

The said property is a parcel of land for township mixed development with a combined estimated land area of 429 acres located off Jalan Kulai-Kota Tinggi, in the Mukim of Ulu Sungai Johor, District of Kota Tinggi, Johor Darul Ta'zim.

The lease term of the land is 99 years, expiring on 12 January 2103. The carrying amount of the land right is approximately RM18.11 million (2021: RM18.11 million) and is amortised based on the percentage of completion over the development period.

(d) Quarrying right

This represents payment made by a subsidiary company to undertake, operate, manage and control the quarry operation project on a site located at Taboh Naning, Alor Gajah, Melaka, which beneficially owned by Kolej Teknologi Islam Melaka Berhad. The quarrying right is expiring on 25 March 2028.

Notes to the Financial Statements
31 December 2022
(Cont'd)

7. Inventories and Other Contract Costs

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Non-current			
Land held for property development			
Freehold land and development cost			
At 1 January	83,260	83,260	13,913
Additions	-	-	83,422
Transferred to property development costs	-	-	(14,075)
At 31 December	83,260	83,260	83,260
Current			
Property development cost (i)	457,623	363,216	297,940
Contract materials (ii)	337	421	683
Other contract costs (iii)	2,551	2,896	2,422
	460,511	366,533	301,045
	543,771	449,793	384,305

Notes to the Financial Statements
31 December 2022
(Cont'd)

7. Inventories and Other Contract Costs (Cont'd)

(i) Property development cost

	Group	
	31.12.2022	31.12.2021
	RM'000	RM'000
Freehold land, at cost		
At 1 January/31 December	59,238	59,238
Leasehold land, at cost		
At 1 January	108,613	108,613
Additions	87,311	-
At 31 December	195,924	108,613
Property development costs		
At 1 January	293,278	179,207
Addition during the financial year	104,549	114,764
Exchange differences	(279)	(693)
At 31 December	397,548	293,278
Cost recognised in the statements of profit or loss loss and other comprehensive income		
At 1 January	97,913	49,118
Recognised during the financial year (Note 4)	97,174	48,795
At 31 December	195,087	97,913
Total property development costs	457,623	363,216

Notes to the Financial Statements
31 December 2022
(Cont'd)

7. **Inventories and other contract costs (Cont'd)**

Current (Cont'd)

(i) Property development cost (Cont'd)

The freehold land held by the Group 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 6 individual titles. In accordance with the terms of the Joint Development Agreement between Bukit Jalil Development Sdn. Bhd. and Pioneer Haven Sdn. Bhd. ("PHSB"), land held under Geran 78077, Lot No. 101461 have been subdivided into four (4) individual titles with land area of 201,554 square metres which was charged to financial institutions for a syndicated term loan and bridging loan facility for PHSB.

The freehold land held under Geran 79552, Lot No. 101901, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur and with land area of 9,693 square metres with total carrying amount of RM14.08 million (2021: RM14.08 million) are charged to a licensed bank for banking facilities as disclosed in Note 23.

The leasehold land held by the Group under Town lease no. 017561536, District of Kota Kinabalu, Negeri Sabah measuring land area of approximately 5 acres was acquired in accordance with the terms of Joint Venture Agreement and Power of Attorney between the Golden Wave Sdn Bhd and The Mayor of The City of Kota Kinabalu. As at 31 December 2022, the land and related development costs with carrying values of RM171.39 million (2021: RM252.14 million) is pledged to a licensed bank for banking facilities as disclosed in Note 23.

Five parcels of leasehold land under Lot No. PTD 14189, PTD 14190, PTD 14191, PTD 14192 and PTD 14193, Mukim Ulu Sungai Johor, Daerah Kota Tinggi, Johor Darul Ta'zim, totaling 429,252 acres was acquired in accordance with the terms of the sale and purchase agreement between Intact Corporate Approach Sdn. Bhd. and YPJ Plantations Sdn Bhd. The lease term of the land is 99 years, expiring on 12 January 2103. The land and related development costs with carrying amount of RM107.79 million (2021: RM157.72 million) is pledged to a licensed bank for banking facilities as disclosed in Note 23.

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(Cont'd)

7. **Inventories and other contract costs (Cont'd)**

Current (Cont'd)

(i) Property development cost (Cont'd)

During the financial year, the following costs are capitalised to property development costs:

	Note	Group 31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Finance costs	29	-	5,817	4,319
Staff costs	33	600	656	627

(ii) Contract materials

	Group 31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Contract material, at cost			
Building Materials	-	175	257
Quarry Products	337	246	426
	337	421	683
Recognised in profit or loss:			
Inventories recognised as cost of sales	11,361	18,692	24,098
Inventory write off	20	-	-

Notes to the Financial Statements
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(Cont'd)

7. Inventories and other contract costs (Cont'd)

(iii) Other contract costs

	Group		
	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Costs to obtain contracts	2,551	2,896	2,422

Costs to obtain contracts relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "costs of sales" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the financial year was approximately RM784,388 (2021: RM1,042,887 million). There was no impairment loss in relation to the costs capitalised.

8. Quarry Development Cost

	Group	
	31.12.2022 RM'000	31.12.2021 RM'000
Cost		
At 1 January/31 December	7,046	7,046
Accumulated amortisation		
At 1 January	1,800	900
Charge for the financial year	900	900
At 31 December	2,700	1,800
Carrying amount	4,346	5,246

Quarry development cost comprises direct cost of development, cost of site infrastructure and other related expenses incurred during the pre-commencement of commercial rock extraction activities. Quarry development expenditure is amortised during the financial year over the remaining lease term of 6 years (2021: 7 years), expiring on 25 March 2028

Notes to the Financial Statements
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(Cont'd)

9. **Right-of-Use Assets**

	Leasehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Tools and technical equipment RM'000	Total RM'000
Group					
Cost					
At 1 January 2022	16,414	26,380	10,436	1,350	54,580
Addition	-	1,080	-	-	1,080
Transfer to property, plant and equipment	-	-	(6,938)	-	(6,938)
Derecognition arising from termination of lease agreement	(3,442)	-	-	-	(3,442)
Disposal	-	(1,350)	-	-	(1,350)
At 31 December 2022	12,972	26,110	3,498	1,350	43,930
Accumulated depreciation					
At 1 January 2022	8,612	4,941	6,146	337	20,036
Charge for the financial year	3,219	2,613	1,160	135	7,127
Transfer to property, plant and equipment	-	-	(5,206)	-	(5,206)
Derecognition arising from termination of lease agreement	(3,261)	-	-	-	(3,261)
Disposal	-	(608)	-	-	(608)
At 31 December 2022	8,570	6,946	2,100	472	18,088
Carrying Amount					
At 31 December 2022	4,402	19,164	1,398	878	25,842

Notes to the Financial Statements
31 December 2022
(Cont'd)

9. **Right-of-Use Assets**

	Leasehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Tools and technical equipment RM'000	Total RM'000
Group					
Cost					
At 1 January 2021	14,731	12,606	9,490	1,350	38,177
Addition	1,406	13,774	-	-	15,180
Acquisition through business combinations	182		946		1,128
Modification to lease term	95	-	-	-	- 95
At 31 December 2021	16,414	26,380	10,436	1,350	54,580
Accumulated depreciation					
At 1 January 2021	5,137	2,625	4,130	202	12,094
Charge for the financial year	3,309	2,316	1,317	135	7,077
Acquisition through business combinations	122	-	699	-	821
Modification to lease term	44	-	-	-	44
At 31 December 2021	8,612	4,941	6,146	337	20,036
Carrying Amount					
At 31 December 2021	7,802	21,439	4,290	1,013	34,544
At 1 January 2021	9,594	9,981	5,360	1,148	26,083

9. **Right-of-Use Assets (Cont'd)**

	Leasehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Tools and technical equipment RM'000	Total RM'000
Company					
Cost					
At 1 January 2022	2,560	19,353	1,279	1,350	24,542
Addition	-	1,080	-	-	1,080
At 31 December 2022	2,560	20,433	1,279	1,350	25,622
Accumulated depreciation					
At 1 January 2022	749	1,895	347	338	3,329
Charge for the financial year	581	1,829	255	135	2,800
At 31 December 2022	1,330	3,724	602	473	6,129
Carrying Amount					
At 31 December 2022	1,230	16,709	677	877	19,493
Cost					
At 1 January 2021	2,560	5,579	1,279	1,350	10,768
Addition	-	13,774	-	-	13,774
At 31 December 2021	2,560	19,353	1,279	1,350	24,542
Accumulated depreciation					
At 1 January 2021	374	282	91	203	950
Charge for the financial year	375	1,613	256	135	2,379
At 31 December 2021	749	1,895	347	338	3,329
Carrying Amount					
At 31 December 2021	1,811	17,458	932	1,012	21,213

The motor vehicles, plant and machinery, tools and technical equipment of the Group and of the Company are pledged as securities respectively for the related lease liabilities.

The aggregate additional costs for the right-of-use assets of the Company during the financial year acquired under the lease liabilities and cash payments are RM972,000 (2021: RM13,774,000) and RM108,000 (2021: RMNil) respectively.

Notes to the Financial Statements
31 December 2022
(Cont'd)

10. **Investment in Subsidiary Companies**

	Company	
	31.12.2022 RM'000	**31.12.2021 RM'000**
Unquoted shares, at cost		
In Malaysia	172,307	172,307
Outside Malaysia	11	11
	172,318	172,318
Less: Accumulated impairment		
In Malaysia	24,955	24,955
Outside Malaysia	8	8
	24,963	24,963
	147,355	147,355

The subsidiary companies and shareholdings therein are as follows:

Name of Company	**Name of Directors**	**Place of business/ Country of incorporation**	**Effective interest**		**Principal activities**
			2022 %	**2021 %**	
Direct holding:					
H2Energy Corporation Sdn. Bhd.	Dato' Sri Mohamad Nasir Bin Abdul Rahim Yee Lai Kuan	Malaysia	100	100	Engineering, procurement, construction and commissioning of pipeline system
Tru-Mix Concrete Sdn. Bhd.	Dato' Wong Kit-Leong Yee Lai Kuan	Malaysia	90	90	Manufacturing and distribution of ready-mix concrete
Bukit Jalil Development Sdn. Bhd. ("BJD")	Dato' Sri Thong Kok Khee Dato' Wong Kit-Leong Chow Seck Kai Monteiro Gerard Clair	Malaysia	100	100	Property development
Ho Hup Industries Sdn. Bhd.	Dato' Wong Kit-Leong Yee Lai Kuan	Malaysia	100	100	Quarry proprietor and investment holding
Ho Hup Jaya Sdn. Bhd.	Dato' Wong Kit-Leong Dato' Ramli Bin Yusuff	Malaysia	100	100	Property management

10. **Investment in Subsidiary Companies (Cont'd)**

The subsidiary companies and shareholdings therein are as follows:

Name of Company	Name of Directors	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Direct holding (Cont'd):					
Ho Hup Construction Company (L) Ltd.	Dato' Wong Kit-Leong Victoria Loui Hoong Mei	Labuan, Malaysia	100	100	Investment holding
Ho Hup Construction Company (India) Pte. Ltd.*	Dato' Low Tuck Choy Dato' Wong Kit-Leong Yee Lai Kuan	India	100	100	Construction
H2Advance Builders Sdn. Bhd.	Dato' Wong Kit-Leong Lee Heng Aun	Malaysia	60	60	Construction and property development
Ho Hup Ventures (KK) Sdn. Bhd.	Dato' Wong Kit-Leong Dato' Jaganath Derek Steven Sabapathy Low Kheng Lun Liew Vun Let	Malaysia	75	75	Investment holding
Ho Hup Ventures (Johor) Sdn. Bhd.	Dato' Wong Kit-Leong Dato' Jaganath Derek Steven Sabapathy Victoria Loui Hoong Mei	Malaysia	75	75	Investment holding
New Interconnected Expressway Sdn. Bhd.	Dato' Wong Kit-Leong Mohd Arief Aslam Bin Arifin	Malaysia	70	70	Dormant
Ho Hup Ventures (Kuantan) Sdn. Bhd.	Dato' Wong Kit-Leong	Malaysia	100	100	Construction, property development and investment holding
Ho Hup F&B Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair Yee Lai Kuan	Malaysia	100	100	Dormant

Notes to the Financial Statements
31 December 2022
(Cont'd)

10. **Investment in Subsidiary Companies (Cont'd)**

The subsidiary companies and shareholdings therein are as follows:

Name of Company	Name of Directors	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Direct holding (Cont'd):					
Ho Hup Rail (Seremban) Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Dormant
Ho Hup Teratai Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Dormant
Ho Hup Dagang Jaya Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Dormant
Ho Hup Fadasan Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Dormant
Ho Hup Infinite Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair Chan Mei Chun	Malaysia	100	100	Construction and development of warehouse, logistic and transportation
Pelita Pintasan Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Investment holding
Pinggir Prima Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Investment holding
Niaga Sari Sdn. Bhd.	Dato' Wong Kit-Leong Dato' Wong Gian Kui Dato' Chan Chee Hong Gwi Chin Fatt Low Kheng Lun Monteiro Gerard Clair	Malaysia	51	51	Building contractor
Ho Hup Aurora Place Sdn Bhd	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	-	Dormant

10. **Investment in Subsidiary Companies (Cont'd)**

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

Name of Company	Name of Directors	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Indirect holding					
Subsidiary company of H2 Advance Builders Sdn. Bhd.					
Kenanga M&E Sdn Bhd	Dato' Wong Kit-Leong Dato' Wong Gian Kui Yee Lai Kuan	Malaysia	100	-	Investment holding
Subsidiary company of Ho Hup Construction Company (L) Ltd.					
Ho Hup (Myanmar) E&C Co., Ltd.*	Dato' Wong Kit-Leong U Zay Thiha U Sein Phyo Hlaing Lee Chen Fee Victoria Loui Hoong Mei	Myammar	50	50	Property development and construction
Subsidiary company of Ho Hup Ventures (KK) Sdn. Bhd.					
Golden Wave Sdn. Bhd	Dato' Wong Kit-Leong Dato' Jaganath Derek Steven Sabapathy Liew Vun Let Monteiro Gerard Clair	Malaysia	70	70	Property development and letting of shoplots, food court and promotional area
Suria Jayajuta Sdn. Bhd.	Dato' Wong Kit-Leong Lee Chen Fee Yee Lai Kuan	Malaysia	100	100	Dormant

Notes to the Financial Statements
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(Cont'd)

10. **Investment in Subsidiary Companies (Cont'd)**

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

Name of Company	Name of Directors	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Indirect holding (Cont'd):					
Subsidiary company of Ho Hup Industries Sdn. Bhd.					
Ho Hup Ventures (Malacca) Sdn. Bhd.	Dato' Wong Kit-Leong Datuk Wizan Bin Abdul Ghani Yap Yoon Lean	Malaysia	70	70	Quarry operation, manufacturing, trading of building materials and property development, construction and services
Subsidiary company of Ho Hup Ventures (Malacca) Sdn. Bhd.					
Ho Hup Quarries (Malacca) Sdn. Bhd.	Dato' Wong Kit-Leong Datuk Wizan Bin Abdul Ghani Yap Yoon Lean	Malaysia	100	100	Investment holding
Subsidiary company of Ho Hup Quarries (Malacca Sdn. Bhd.					
Ho Hup-ICM Quarry Sdn. Bhd.	Dato' Wong Kit-Leong Datuk Wizan Bin Abdul Ghani Asnul Dahar Bin Minghat Yap Yoon Lean Victoria Loui Hoong Mei Yee Lai Kuan Muhammad Taib Bin Dora	Malaysia	75	75	Quarry operations

10. **Investment in Subsidiary Companies (Cont'd)**

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

Name of Company	Name of Directors	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Indirect holding (Cont'd):					
Subsidiary company of Ho Hup Ventures (Johor) Sdn. Bhd.					
Intact Corporate Approach Sdn. Bhd.	Dato' Wong Kit-Leong Dato' Jaganath Derek Steven Sabapathy Zakbah Bin Harun Datuk Omar Shariff Bin Mydeen Victoria Loui Hoong Mei	Malaysia	70	70	Project management that includes consultancy and infrastructure development
Subsidiary company of Ho Hup Jaya Sdn. Bhd.					
HH Interpark Sdn. Bhd.	Dato' Wong Kit-Leong	Malaysia	100	100	Dormant

Notes to the Financial Statements
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(Cont'd)

10. **Investment in Subsidiary Companies (Cont'd)**

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

Name of Company	Name of Directors	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Indirect holding (Cont'd):					
Subsidiary company of Ho Hup F&B Sdn. Bhd.					
6 Teppan Dining Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	70	70	Dormant
Easy I Zak Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	70	70	Dormant
Old Malaya Café Sdn Bhd (formerly known as Mahi Mahi Sdn. Bhd.)	Dato' Wong Kit-Leong Monteiro Gerard Clair Lee Wilson Lee Willoon	Malaysia	51	70	Dormant
Coffee Delight Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair Oh Yao Qiang	Malaysia	70	70	Dormant
Aurora Exhibit Sdn. Bhd.	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	70	70	Construction, highway concession, property development
Subsidiary company of H2Energy Corporation Sdn. Bhd.					
Ho Hup Infrastructure Sdn. Bhd	Dato' Wong Kit-Leong Monteiro Gerard Clair	Malaysia	100	100	Engineering, procurement, construction, commissioning of pipline system

* Subsidiary companies not audited by UHY

10. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies

During the financial year:

During the financial year, the Company incorporated a wholly owned subsidiary company, Ho Hup Aurora Place Sdn. Bhd., with a cash subscription of RM2.

H2 Advance Builders Sdn Bhd, a subsidiary of Ho Hup Construction Company Berhad had on 9 June 2022 entered into a Share Sale Agreement to acquire 800,000 ordinary shares, representing 100% equity interest in Kenanga M&E Sdn. Bhd. For a total cash consideration of RM1,900,000. The acquisition was completed on 9 June 2022 when the full purchase consideration was paid to the vendors.

The following summarises the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable asset acquired and liabilities assumed

	31.12.2022 RM'000
Property, plant and equipment	6,330
Other receivables	250
Term loan	(4,706)
Other payables	(651)
Total identifiable assets and liabilities	1,223

Net cash outflow arising from acquisition of a subsidiary company

	31.12.2022 RM'000
Purchase consideration settled in cash	1,900

Goodwill arising from business combination

	31.12.2022 RM'000
Fair value of consideration transferred	1,900
Fair value of identifiable assets acquired and liabilities assumed	(1,223)
Goodwill	677

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(Cont'd)

10. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies (Cont'd)

In the previous financial year:

The Company had on 13 October 2020 entered into a Share Sale Agreement to acquire 510,002 ordinary shares, representing 51% equity interest in Niaga Sari Sdn. Bhd. ("NSSB") for a total cash consideration of RM12,000,000. The acquisition was completed on 20 April 2021 when the full purchase consideration was paid to the vendors.

The following summarises the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable asset acquired and liabilities assumed

	31.12.2021 RM'000
Property, plant and equipment	175
Right-of-use assets	307
Contract assets	5,153
Trade receivables	29,190
Other receivables	1,018
Fixed deposit with a licensed bank	7,249
Cash and bank balances	161
Trade payables	(5,451)
Other payables	(3,101)
Lease liabilities	(309)
Deferred tax liabilities	(40)
Contract liabilities	(7,232)
Tax payables	(23)
Bank overdrafts	(3,517)
Term loan	(8,659)
Total identifiable assets and liabilities	14,921
Non-controlling interest	(7,311)
Equity attributable to owners of the parent	7,610

Notes to the Financial Statements
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(Cont'd)

10. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of subsidiary companies (Cont'd)

In the previous financial year: (Cont'd)

Net cash outflow arising from acquisition of a subsidiary company

	31.12.2021 RM'000
Purchase consideration settled in cash	(12,000)
Fixed deposit with a licensed bank	7,249
Cash and bank balances	161
Bank overdrafts	(3,517)
	(8,107)

Goodwill arising from business combination

	31.12.2021 RM'000
Fair value of consideration transferred	12,000
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	7,311
Fair value of identifiable assets acquired and liabilities assumed	(14,921)
Goodwill	4,390

10. **Investment in Subsidiary Companies (Cont'd)**

(b) Material partly-owned subsidiary companies

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

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests			(Loss)/Profit allocated to non-controlling interests			Accumulated non-controlling interests		
	31.12.2022 %	31.12.2021 %	1.1.2021 %	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Tru-Mix Concrete Sdn. Bhd.	10	10	10	(337)	(352)	(151)	(150)	187	539
Ho Hup Ventures (KK) Sdn. Bhd.	25	25	25	(486)	(1,176)	1,242	15,943	16,429	17,605
Ho Hup Ventures (Johor) Sdn. Bhd.	25	25	25	(611)	(2,859)	(143)	(3,083)	(2,472)	387
Ho Hup Ventures (Malacca) Sdn. Bhd.	25	25	25	(612)	(801)	(763)	(5,059)	(4,447)	(3,646)
Individually immaterial subsidiary companies with non-controlling interests							(67)	2,204	(3,752)
Total non-controlling interests							7,584	11,901	11,133

10. **Investment in Subsidiary Companies (Cont'd)**

(b) Material partly-owned subsidiary companies (Cont'd)

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

(i) Summarised statements of financial position

	Ho Hup Ventures (Johor) Sdn. Bhd.			Ho Hup Ventures (Malacca) Sdn. Bhd.		
	31.12.2022	**31.12.2021**	**1.1.2021**	**31.12.2022**	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total assets	239,912	210,384	164,631	11,207	12,771	14,521
Total liabilities	(246,773)	(214,802)	(162,989)	(24,047)	(23,139)	(21,669)
Net (liabilities)/assets	(6,861)	(4,418)	1,642	(12,840)	(10,368)	(7,148)

	Tru-Mix Concrete Sdn. Bhd.			Ho Hup Ventures (KK) Sdn. Bhd.		
	31.12.2022	**31.12.2021**	**1.1.2021**	**31.12.2022**	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total assets	15,249	48,690	32,281	492,251	398,545	337,973
Total liabilities	(16,736)	(46,809)	(26,884)	(481,296)	(385,649)	(320,963)
Net (liabilities)/assets	(1,487)	1,881	5,397	10,955	12,896	17,010

10. **Investment in Subsidiary Companies (Cont'd)**

(b) Material partly-owned subsidiary companies (Cont'd)

(ii) Summarised statements of comprehensive income

	Ho Hup Ventures (Johor) Sdn. Bhd.		Ho Hup Ventures (Malacca) Sdn. Bhd.		Tru-Mix Concrete Sdn. Bhd.		Ho Hup Ventures (KK) Sdn. Bhd.	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	76,798	24,210	261	297	13,865	21,460	64,409	43,025
Loss for the financial year, representing total comprehensive loss for the financial year	(2,444)	(6,060)	(2,472)	(3,220)	(3,368)	(3,516)	(1,942)	(4,113)

10. **Investment in Subsidiary Companies (Cont'd)**

(b) Material partly-owned subsidiary companies (Cont'd)

(iii) Summarised statements of cash flows

	Ho Hup Ventures (Johor) Sdn. Bhd.		Ho Hup Ventures (Malacca) Sdn. Bhd.		Tru-Mix Concrete Sdn. Bhd.		Ho Hup Ventures (KK) Sdn. Bhd.	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net cash used in operating activities	(56,225)	(65,035)	(1,605)	(1,508)	(258)	(519)	(42,625)	(40,610)
Net cash used in investing activities	(8,655)	(9,787)	(3)	(5)	(90)	(550)	(1,286)	-
Net cash from/(used in) financing activities	66,225	74,022	1,144	1,503	1,808	(696)	45,603	39,937
Net increase/(decrease) in cash and cash equivalents	1,345	(800)	(464)	(10)	1,460	(1,765)	1,692	(673)

Notes to the Financial Statements
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(Cont'd)

11. Investments in Associates

	Group and Company		
	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Unquoted shares, at cost in Malaysia	*	*	*
Share of post acquisition reserves	-	-	-
	-	-	-
Unquoted shares, at cost outside Malaysia	18	18	18
Less: Accumulated impairment losses	(18)	(18)	(18)
	-	-	-
	-	-	-

* *denote RM29*

The associates and shareholdings therein are as follows:

Name of companies	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Direct holding:				
Madagascar Malaysia Equipment Rental*	Madagascar	49.8	49.8	Dormant
Konsortium AHHK Sdn. Bhd.*	Malaysia	29	29	In liquidation

* Associates not audited by UHY

12. Investments in Joint Ventures

	Group and Company		
	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Unquoted shares, at cost in Malaysia	375	375	375
Share of post-acquisition reserves	10	10	29
	385	385	404
Unquoted shares, at cost outside Malaysia	250	250	250
Less: Accumulated impairment losses	(268)	(250)	(250)
	(18)	-	-
	367	385	404

The joint venture and shareholdings therein are as follows:

Name of companies	Place of business/ Country of incorporation	Effective interest		Principal activities
		2022 %	2021 %	
Ho Hup-Simplex Joint Venture*	India	50	50	Inactive
KHH Infrastructures Sdn. Bhd.*	Malaysia	50	50	Construction

* Joint ventures not audited by UHY

13. Other Investment

Other investment of the Group represents investment in equity instruments quoted in Malaysia. The Group designated the other investment in equity securities at fair value through profit or loss because these equity securities represent investments that the Group intends to hold for short term investment purposes.

Other investment is measured within Level 1 of fair value by reference to the quoted prices of the equity instrument at the active markets.

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31 December 2022
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14. **Contracts Assets/(Liabilities)**

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Contract assets			
Construction contracts (Note a)	39,881	37,945	33,610
Property development activities (Note b)	101,726	57,386	15,271
	141,607	95,331	48,881
Contract liabilities			
Construction contracts (Note a)	(18,281)	(24,556)	(29,446)
Property development activities (Note b)	(2,175)	-	-
	(20,456)	(24,556)	(29,446)

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Contract assets		
Construction contracts (Note a)	16,616	22,260
Contract liabilities		
Construction contracts (Note a)	(13,135)	(6,235)

The changes in contract assets and liabilities are due to adjustments arising from changes in the measure of progress of contracting work, or reclassification to trade receivables when the Group and the Company have unconditional right to the consideration.

Contract liabilities as at the end of each reporting period are recognised as revenue in subsequent year.

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31 December 2022
(Cont'd)

14. **Contracts Assets/(Liabilities) (Cont'd)**

(a) Construction contracts

The contract assets primarily relate to the Group's and to the Company's rights to consideration for work completed on construction contracts but not yet billed at the reporting date.

Contract liabilities include billings made in advance which represent amounts where customers have been invoiced ahead of the satisfaction of the performance obligation by the Group and by the Company.

During the financial year, the following costs are capitalised to costs:

		Group		
	Note	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
Staff costs	33	8,811	8,010	1,497

		Company	
	Note	31.12.2022 RM'000	31.12.2021 RM'000
Staff costs	33	4,075	845

(b) Property development activities

	Group		
	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
At 1 January	57,386	15,271	36,131
Property development revenue recognised during the financial year	147,546	107,397	222,416
Less: Progress billings during the financial year	(105,381)	(65,282)	(243,276)
At 31 December	99,551	57,386	15,271

Contract assets in relation to property development activities represent the timing differences in revenue recognition in profit or loss and the milestone billings to purchasers as at the reporting date.

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14. **Contracts Assets/(Liabilities) (Cont'd)**

(b) Property development activities (Cont'd)

Contract assets are transferred to receivables when the rights to economic benefits become unconditional, when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

Contract liabilities are issued progress billings to purchasers when the billing milestones are attained and revenue are recognised when the performance obligation are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

(c) Contract value yet to be recognised as revenue

The transaction prices allocated to the remaining performance obligations unsatisfied (or partially satisfied) are as follows:

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Construction contracts	465,848	246,453	173,090
Property development activities	536,893	536,893	819,365
	1,002,741	783,346	992,455

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Construction contracts	333,484	405,775

Based on the information available to the Group and to the Company, the management of the Group and of the Company expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts will be recognised as revenue in the period of next 6 months to 3 years.

Notes to the Financial Statements
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15. **Trade Receivables**

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Non-Current			
Trade receivables	5,785	4,853	4,425
Current			
Trade receivables	205,066	341,877	279,847
Less: Accumulated impairment losses	(8,432)	(7,261)	(3,850)
	196,634	334,616	275,997
	202,419	339,469	280,422

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Non-Current		
Trade receivables	5,785	3,910
Current		
Trade receivables	35,560	49,171
Less: Accumulated impairment losses	(2,907)	(3,348)
	32,653	45,823
	38,438	49,733

Trade receivables are non-interest bearing and are generally on 14 to 140 days (2021: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's and the Company's credit exposures are concentrated mainly on 4 (2021: 4) and 1 (2021: 1) debtors respectively, which accounted for 69% (2021: 76%) and 22% (2021: 27%) respectively of the total trade receivables as at 31 December 2022.

Included in trade receivables of the Group are amounts of RM161,200 (2021: RM161,200) due from related parties, representing companies in which certain Directors of the Company have interest.

Notes to the Financial Statements
31 December 2022
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15. **Trade Receivables (Cont'd)**

Retention on contracts, included in trade receivables of the Group and of the Company and the expected recovery are presented as follows:

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Within one year	11,359	14,204	11,042
More than one year	5,785	4,853	4,425
	17,144	19,057	15,467

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Within one year	11,359	13,230
More than one year	5,785	3,910
	17,144	17,140

Movements in allowance for impairment losses of trade receivables are as follows:

Recognition and measurement of impairment loss

	Group		Company	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Simplified approach				
Individually assessed for credit-impaired receivables				
At 1 January	1,204	1,204	-	-
Impairment losses recognised (Note 30)	1,595	-	-	-
At 31 December	2,799	1,204	-	-

15. **Trade Receivables (Cont'd)**

Movements in allowance for impairment losses of trade receivables are as follows: (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Group		Company	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Collectively assessed for non-credit impaired receivables				
At 1 January	6,057	2,646	3,348	159
Acquisition through business combinations	-	99	-	-
Impairment losses recognised (Note 30)	784	4,041	-	3,189
Written off	(103)	-	-	-
Reversal	(1,105)	(729)	(441)	-
At 31 December	5,633	6,057	2,907	3,348
	8,432	7,261	2,907	3,348

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within the credit term.

The Group and the Company apply the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses ("Lifetime ECL"). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12 - month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment loss is measured at an amount equal to lifetime expected credit losses ("Lifetime ECL - Underperforming").

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15. **Trade Receivables (Cont'd)**

Recognition and measurement of impairment loss (Cont'd)

Full impairment losses are made for financial assets and contract assets that are determined to be credit impaired ("Lifetime ECL – Credit Impaired"). These are debtor who have defaulted on payments and are in financial difficulties.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period:

	Gross Amount RM'000	Loss Allowance RM'000	Net Amount RM'000
Group			
31.12.2022			
Neither past due nor impaired	40,360	(47)	40,313
Past due not impaired:			
Less than 30 days	9,386	(210)	9,176
31 to 60 days	16,274	(61)	16,213
61 to 90 days	17,747	(161)	17,586
More than 90 days	124,482	(5,351)	119,131
Individually assessed	2,602	(2,602)	-
	210,851	(8,432)	202,419
31.12.2021			
Neither past due nor impaired	23,194	(4)	23,190
Past due not impaired:			
Less than 30 days	8,019	(8)	8,011
31 to 60 days	2,994	(4)	2,990
61 to 90 days	15,994	(106)	15,888
More than 90 days	295,325	(5,935)	289,390
Individually assessed	1,204	(1,204)	-
	346,730	(7,261)	339,469

15. **Trade Receivables (Cont'd)**

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period: (Cont'd)

	Gross Amount RM'000	Loss Allowance RM'000	Net Amount RM'000
Company			
31.12.2022			
Neither past due nor impaired	10,585	-	10,585
Past due not impaired:			
Less than 30 days	172	(172)	-
31 to 60 days	231	(19)	212
61 to 90 days	93	(25)	68
More than 90 days	30,264	(2,691)	27,573
	41,345	(2,907)	38,438
31.12.2021			
Neither past due nor impaired	15,164	-	15,164
Past due not impaired:			
Less than 30 days	5,409	(7)	5,402
31 to 60 days	594	(2)	592
61 to 90 days	199	(1)	198
More than 90 days	31,715	(3,338)	28,377
	53,081	(3,348)	49,733

Notes to the Financial Statements
31 December 2022
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16. **Other Receivables**

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Other receivables	106,084	89,010	43,480
Deposits	23,234	29,415	30,702
Prepayments	10,073	8,240	6,360
GST receivables	158	4,015	4,029
Amount recoverable from sub-contractor	-	-	15,958
	139,549	130,680	100,529
Less: Accumulated impairment losses			
- Other receivables	(705)	(693)	(406)
- Deposits	(58)	(58)	(58)
	(763)	(751)	(464)
	138,786	129,929	100,065

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Other receivables	64,401	70,201
Deposits	8,266	6,869
Prepayments	1,863	1,867
Amount recoverable from sub-contractor	15,958	15,958
	90,488	94,895
Less: Accumulated impairment losses		
- Other receivables	(176)	(176)
	90,312	94,719

Amount recoverable from a sub-contractor of approximately RM15,958,000 (2021: RM15,958,000) as at 31 December 2022 is respect of estimated Liquidated Ascertained Damages ("LAD") to be recovered from the sub-contractor as a result of the delay in completing its scope of work as set out in the agreement for supply. The Group and the Company are virtually certain that it is entitled to impose and receive the LAD in accordance with the provisions of the said agreement.

16. **Other Receivables (Cont'd)**

Movements in allowance for impairment losses of other receivables and deposits are as follows:

	Group		
	31.12.2022 RM'000	**31.12.2021 RM'000**	**1.1.2021 RM'000**
At 1 January	751	464	464
Impairment losses recognised (Note 30)	12	287	-
At 31 December	763	751	464

	Company	
	31.12.2022 RM'000	**31.12.2021 RM'000**
At 1 January	176	-
Impairment losses recognised (Note 30)	-	176
At 31 December	176	176

Other receivables and deposits 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.

17. **Amount Due from/(to) Subsidiary Companies**

(a) Amount due from subsidiary companies

	Company	
	31.12.2022 RM'000	**31.12.2021 RM'000**
Trade	143,849	115,256
Non-trade	518,699	502,649
	662,548	617,905
Less: Accumulated impairment losses	(31,639)	(457)
	630,909	617,448

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

Notes to the Financial Statements
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(Cont'd)

17. **Amount Due from/(to) Subsidiary Companies (Cont'd)**

(a) Amount due from subsidiary companies (Cont'd)

Movements in impairment losses on amount due from subsidiary companies during the financial year are as follows:

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
At 1 January	457	457
Impairment loss recognised during the year	31,182	-
At 31 December	31,639	457

Included in amount due from subsidiary companies as at 31 December 2022 are retention sum of approximately RM22,863,560 (2021: RM22,305,188) relating to construction work-in-progress. Aproximately RM22,215,188 (2021: RM20,508,488) of the retention receivable are expected to be recovered within one year.

(b) Amount due to subsidiary companies

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

18. **Amount Due from a Joint Venture**

This represents non-trade balance which is unsecured, interest free and repayable on demand.

19. Cash and Cash Equivalents

	Note	Group 31.12.2022 RM'000	31.12.2021 RM'000	31.12.2021 RM'000
Fixed deposits with licensed banks		11,602	14,520	7,588
Cash and bank balances		18,247	33,141	41,279
Housing Development Account	(a)	884	324	322
		30,733	47,985	49,189
Less: Bank overdrafts	23	(25,928)	(22,298)	(14,417)
		4,805	25,687	34,772
Less: Cash and cash equivalents restricted from use Sinking fund accounts build-up	(b)	4,680	7,856	6,972
Fixed deposits with pledged for bank facilities	(c)	6,502	-	104
		11,182	7,856	7,076
Cash and cash equivalents		(6,377)	17,831	27,696

	Note	Company 31.12.2022 RM'000	31.12.2021 RM'000
Fixed deposits with licensed banks		5,087	6,789
Cash and bank balances	(a)	10,216	16,948
		15,303	23,737
Less: Bank overdrafts	23	(7,498)	(8,115)
		7,805	15,622
Less: Cash and cash equivalents restricted from use Sinking fund accounts build-up	(b)	4,680	7,856
Cash and cash equivalents		3,125	7,766

Notes to the Financial Statements
31 December 2022
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19. **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 Development (Control and Licensing) Act 1966.

(b) Sinking fund accounts build-up pledged as fixed deposit to the licensed banks for credit facilities granted to the Group and to the Company as disclosed in Note 23.

The interest rates of deposits of the Group and of the Company at the end of the reporting period are 1.65% to 3.45% and 1.65% to 3.00% (2021: 1.60% to 3.45% and 1.60% to 1.75%) per annum respectively.

The maturities of deposits of the Group and of the Company are ranging from 30-365 days and 30-365 days (2021: 30-365 days and 30-365 days) respectively.

20. **Share Capital**

	Group and Company			
	Number of shares		Amount	
	31.12.2022 Unit'000	31.12.2021 Unit'000	31.12.2022 RM'000	31.12.2021 RM'000
Issued and fully paid				
Ordinary shares				
At 1 January	494,860	412,383	256,870	225,007
Issuance of new shares				
- private placement	-	82,477	-	31,863
At 31 December	494,860	494,860	256,870	256,870

In the previous financial year, the Company increased its issued and paid-up share capital from 412,383,996 to 494,860,696 through issuance of 47,658,000 and 34,818,700 new ordinary shares at an exercise price of RM0.38 and RM0.395 respectively.

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

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.

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21. **Reserves**

	Note	Group 31.12.2022 RM'000	31.12.2021 RM'000 (Restated)	1.1.2021 RM'000 (Restated)
Non-distributable				
Foreign currency translation reserve	(a)	(2,091)	(1,893)	(1,240)
Other reserves	(b)	(77,104)	(77,104)	(75,751)
		(79,195)	(78,997)	(76,991)
Distributable				
Retained earnings		234,443	266,572	285,263
		155,248	187,575	208,272

	Company 31.12.2022	31.12.2021
Retained earnings	50,997	87,197

(a) 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.

(b) Other reserves

Other reserve represents the difference between the consideration and additional consideration paid and the Group's share of fair value of net identifiable assets arising from acquisition of non-controlling interest in a subsidiary in accordance with MFRS 10, and difference between consideration paid and fair value allocated to the detachable warrants issued in conjunction with rights issue.

Notes to the Financial Statements
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22. **Lease liabilities**

	Group		Company	
	31.12.2022 RM'000	**31.12.2021 RM'000**	**31.12.2022 RM'000**	**31.12.2021 RM'000**
At 1 January	22,989	19,492	15,275	8,259
Additions	972	15,180	972	13,774
Acquisition through business combinations	-	309	-	-
Termination of lease term	(193)	-	-	-
Modification to lease term	-	88	-	-
Payment	(8,434)	(12,080)	(4,900)	(6,758)
At 31 December	15,334	22,989	11,347	15,275
Presented as:				
Non-current	5,389	11,966	3,498	8,184
Current	9,945	11,023	7,849	7,091
	15,334	22,989	11,347	15,275

The maturity analysis of lease liabilities of the Group and the Company at the end of the reporting period:

	Group		
	31.12.2022 RM'000	**31.12.2021 RM'000**	**1.1.2021 RM'000**
Within one year	10,039	11,680	8,786
Later than one year and not later than two years	4,616	8,079	6,082
Later than two years and not later than five years	1,625	4,795	5,925
Later than five year	3	117	237
	16,283	24,671	21,030
Less: Future finance charges	(949)	(1,682)	(755)
Present value of lease liabilities	15,334	22,989	20,275

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22. **Lease liabilities (Cont'd)**

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Within one year	7,849	7,909
Later than one year and not later than two years	3,584	5,806
Later than two years and not later than five years	666	2,388
Later than five year	3	412
	12,102	16,515
Less: Future finance charges	(755)	(1,240)
Present value of lease liabilities	11,347	15,275

The Group and the Company lease buildings, motor vehicles and machineries. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

23. **Bank Borrowings**

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Secured			
Bank overdrafts	25,928	22,298	14,417
Bridging loan	75,500	74,351	62,782
Banker acceptance	930	-	1,950
Revolving credit	75,499	75,474	75,475
Trust receipt	-	2,419	-
Promissionery note	-	1,320	-
Invoice financing	13,192	7,622	-
Term loans	459,652	462,290	355,308
	650,701	645,774	509,932

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23. **Bank Borrowings (Cont'd)**

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Current			
Bank overdrafts	25,928	21,009	13,053
Banker acceptance	930	-	1,950
Bridging loan	19,279	15,000	15,000
Revolving credit	75,499	75,474	75,475
Trust receipt	-	2,419	-
Promissionery note	-	1,320	-
Invoice financing	13,192	7,622	-
Term loans	127,068	123,547	82,608
	261,896	246,391	188,086
Non-current			
Bank overdrafts	-	1,289	1,364
Bridging loan	56,221	59,351	47,782
Term loans	332,584	338,743	272,700
	388,805	399,383	321,846
	650,701	645,774	509,932

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Secured		
Bank overdrafts	7,498	8,115
Revolving credit	68,000	68,000
Invoice financing	1,147	2,625
Term loans	11,288	17,973
	87,933	96,713
Current		
Bank overdrafts	7,498	8,115
Revolving credit	68,000	68,000
Invoice financing	1,147	2,625
Term loans	4,145	9,082
	80,790	87,822
Non-current		
Term loans	7,143	8,891
	87,933	96,713

23. **Bank Borrowings (Cont'd)**

The bank overdrafts, banker acceptance, bridging loan, revolving credit and term loans obtained from licensed banks are secured by the following:

Term loans, bank overdrafts, bridging loan and revolving credit

(a) All monies in the facilities agreement;

(b) A first/third party all monies legal charge over the following properties:

(1) 9,693 square meters of freehold commercial land held under Geran 79552, Lot No. 101901 (previously known as H.S.(D) 119869 PT 15292), Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Note 7);

(2) The land under Town lease No. 017561536, District of Kota Kinabalu (Note 7);

(3) Plot A6, held under individual title Geran 43611, Lot No. PTD 14193 Mukim Ulu Sungai Johor, District Kota Tinggi, Johor Darul Ta'zim (Note 7);

(4) Plot A2, held under individual title Geran 43607, Lot No. PTD 14189 Mukim Ulu Sungai Johor, District Kota Tinggi, Johor Darul Ta'zim (Note 7);

(5) Plot A1, held under individual title Geran 43608, Lot No. PTD 14190 Mukim Ulu Sungai Johor, District Kota Tinggi, Johor Darul Ta'zim (Note 7);

(6) Plot A5, held under individual title Geran 43610, Lot No. PTD 14192 Mukim Ulu Sungai Johor, District Kota Tinggi, Johor Darul Ta'zim (Note 7);

(7) Plot A4, held under individual title Geran 43609, Lot No. PTD 14191 Mukim Ulu Sungai Johor, District Kota Tinggi, Johor Darul Ta'zim (Note 7)

(8) Legal charge/deed of assignment and power of attorney over shop offices held under Geran 78076, Lot 101462, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Note 4);

(9) Legal charge/deed of assignment and power of attorney over service apartments held under Geran 323201, Lot 56602, Bandar Saujana, District of Petaling, Selangor (Note 5); and

23. **Bank Borrowings (Cont'd)**

The bank overdrafts, banker acceptance, bridging loan, revolving credit and term loans obtained from licensed banks are secured by the following: (Cont'd)

Term loans, bank overdrafts, bridging loan and revolving credit (Cont'd)

(b) A first/third party all monies legal charge over the following properties: (Cont'd)

(10) Legal charge over shop lots held under strata title (WP) 51197, Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Note 5);

(11) Deed of assignment and charge over a designated escrow account-i.

(c) Corporate guarantee executed by the Company and subsidiary companies;

(d) Assignment of all the rights, title and interest in 12 office units, held under Geran 78076, Lot No. 101462, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur as disclosed in Note 4 to the financial statements. A first party first legal charge over the properties upon issuance of the individual/strata title to the properties;

(e) A legal assignment over the rights and interest to the rental proceeds;

(f) Assignment of proceeds from sale of car park;

(g) Pledge of fixed deposit by way of an open all monies memorandum of deposit as disclosed in Note 19;

(h) Open all monies debenture incorporating first fixed and floating charges over the past, present and future assets of ICA Sdn. Bhd.;

(i) Assignment of construction contracts, performance bonds and insurance proceeds of a project;

(j) Joint and several guarantees of the individual shareholders and directors of a subsidiary company;

(k) Specific debenture over 2 units of shop office lot held under Master Title Geran No. Hakmilik 78076, Lot No. 101462, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Note 7).

(l) Specific debenture over 32 units of retail lot located on lower ground floor within the Aurora Place @ Bukit Jalil Development Phase 1, bearing consecutive unit no A01-LG to A32-LG measuring approximately 24,330 square metres in area, which held under Master Title Lot No. 78076, 101462, Negeri Wilayah Persekutuan Mukim of Petaling Daerah, Kuala Lumpur;

23. **Bank Borrowings (Cont'd)**

The bank overdrafts, banker acceptance, bridging loan, revolving credit and term loans obtained from licensed banks are secured by the following: (Cont'd)

(m) A fixed charge over the designated collection account, sinking fund account and fixed deposit account; and

(n) A deed of assignment of contract proceeds between the bank and a certain subsidiary company for the projects to be financed.

Banker acceptance

(a) Certain fixed deposits of the Group as disclosed in Note 19(c); and

(b) Corporate guarantee by the Company.

The interest rates per annum are as follows:

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	%	**%**	**%**
Bank overdrafts	3.45 - 8.10	6.45 - 8.20	7.18 - 8.20
Bridging loan	8.85	8.85	8.75
Banker acceptance	5.79 - 6.00	-	5.79 - 5.89
Revolving credit	4.28 - 6.70	4.28 - 6.20	4.28 - 6.20
Trust receipt	-	5.42	-
Promissionery note	-	5.42	-
Invoice financing	5.45 - 7.30	5.45 - 7.30	-
Term loans	4.50 - 18.00	6.70 - 18.00	6.70 - 12.00

	Company	
	31.12.2022	**31.12.2021**
	%	**%**
Bank overdrafts	8.05 - 8.10	8.05 - 8.10
Revolving credit	6.70	5.05
Invoice financing	6.71 - 7.12	7.30
Term loans	6.70 - 10.00	6.70 - 10.00

Included in the secured term loans is an amount of RM63,235,000 (2021: RM63,235,000) granted by a subsidiary company of a corporate shareholder with significant influence over the Group. The term loans are subject to interest at 12%-18% (2021: 12%-18%) per annum, repayable within the next 12 months after the reporting date.

Notes to the Financial Statements
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24. Deferred Tax (Assets)/Liabilities

	Group	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Deferred tax assets:		
At 1 January	(1,480)	(2,447)
Recognised in profit or loss (Note 31)	796	967
At 31 December	(684)	(1,480)
Deferred tax liabilities:		
At 1 January	21,264	22,124
Recognised in profit or loss (Note 31)	(2,462)	(684)
Under/(Over)provision in prior years (Note 31)	364	(216)
Arising through business combinations	-	40
At 31 December	19,166	21,264

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

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Deferred tax liabilities	20,639	22,702	23,882
Deferred tax assets	(2,157)	(2,918)	(4,205)
	18,482	19,784	19,677

24. **Deferred Tax Assets and Liabilities (Cont'd)**

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

	Group	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Deferred tax liabilities:		
Accelerated capital allowances		
At 1 January	22,702	23,882
Recognised in profit or loss	(1,970)	(808)
Overprovision in prior years	(93)	(412)
Acquisition through business combinations	-	40
At 31 December	20,639	22,702
Deferred tax assets:		
Unutilised capital allowances		
At 1 January	1,438	1,758
Recognised in profit or loss	467	(124)
Overprovision in prior years	(456)	(196)
At 31 December	1,449	1,438
Unutilised tax losses		
At 1 January	-	-
Recognised in profit or loss	24	-
At 31 December	24	-
Property development cost		
At 1 January	1,480	2,447
Recognised in profit or loss	(796)	(967)
At 31 December	684	1,480
	2,157	2,918

Notes to the Financial Statements
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(Cont'd)

24. **Deferred Tax Assets and Liabilities (Cont'd)**

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
At 1 January	688	759
Recognised in profit or loss (Note 31)	(468)	150
Under/(Over)provision in prior year (Note 31)	311	(221)
At 31 December	531	688

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

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Deferred tax liabilities	531	688
Deferred tax assets	-	-
	531	688

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

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Deferred tax liabilities:		
Accelerated capital allowances		
At 1 January	688	869
Recognised in profit or loss	(468)	150
Under/(Over)provision in prior years	311	(331)
At 31 December	531	688
Deferred tax assets:		
Unutilised capital allowances		
At 1 January	-	110
Underprovision in prior years	-	(110)
At 31 December	-	-

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(Cont'd)

24. Deferred Tax Assets and Liabilities (Cont'd)

The deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		
	31.12.2022 RM'000	**31.12.2021 RM'000**	**1.1.12021 RM'000**
Unutilised capital allowances	19,916	17,647	12,215
Unutilised tax losses	73,582	83,892	69,524
Other deductible temporary differences	1,417	1,939	3,353
	94,915	103,478	85,092

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

Under the Malaysia Finance Act 2018 which was gazette on 27 December 2018, the unutilised tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilized tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation.

25. Provision for Liquidated Ascertained Damages

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
At 1 January	956	1,001	15,958	15,958
Payment during the financial year	(955)	(45)	-	-
At 31 December	1	956	15,958	15,958

Provision for liquidated ascertained damages is in respect of property development projects which completed in 2018 by the Group. The provision was recognised for expected liquidated damages claims based on the terms of the applicable agreements.

Notes to the Financial Statements
31 December 2022
(Cont'd)

26. Trade Payables

(a) Included in trade payables are retention on contracts of the Group and of the Company which are unsecured, interest free and expected to be settled as follows:

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Within one year	15,647	15,491	11,469
More than one year	5,833	3,587	20,350
	21,480	19,078	31,819

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Within one year	15,647	9,709
More than one year	1,832	1,832
	17,479	11,541

(b) Credit terms of trade payables of the Group and of the Company ranged from 30 to 120 days (2021: 30 to 120 days) depending on the terms of the contracts.

27. Other Payables

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
Other payables	57,107	130,099	124,374
Accruals	57,505	41,763	13,118
Deposits received	77,953	5,207	6,118
	192,565	177,069	143,610

	Company	
	31.12.2022	**31.12.2021**
	RM'000	**RM'000**
Other payables	4,186	89,343
Accruals	25,767	23,959
Deposits received	135	93
	30,088	113,395

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(Cont'd)

28. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue form contracts with customers:				
Major goods and services:				
- Construction contracts	44,093	64,602	76,682	80,172
- Joint development income	6,339	58,951	-	-
- Sale of development properties	141,207	48,446	-	-
- Sale of goods	14,126	21,675	-	-
- Rental	6,304	5,236	-	-
- Others	972	216	-	-
	213,041	199,126	76,682	80,172
Timing of revenue recognition:				
At a point in time	21,402	27,127	-	-
Over time	191,639	171,999	76,682	80,172
Total revenue from contracts with customers	213,041	199,126	76,682	80,172

28. **Revenue (Cont'd)**

Disaggregation of the Group's revenue from contracts with customers and information regarding the Group's reportable segments is set out below:

2022	Construction RM'000	Property development RM'000	Building materials RM'000	Others RM'000	Total RM'000
Major goods and services:					
- Construction contracts	44,093	-	-	-	44,093
- Joint development income	-	6,339	-	-	6,339
- Sale of development properties	-	141,207	-	-	141,207
- Sale of goods	-	-	14,126	-	14,126
- Rental	-	-	-	7,276	7,276
Revenue from external customers	44,093	147,546	14,126	7,276	213,041
Timing of revenue recognition:					
At a point in time	-	-	14,126	7,276	21,402
Over time	44,093	147,546	-	-	191,639
Revenue from external customers	44,093	147,546	14,126	7,276	213,041

28. **Revenue (Cont'd)**

Disaggregation of the Group's revenue from contracts with customers and information regarding the Group's reportable segments is set out below: (Cont'd)

2021	Construction RM'000	Property development RM'000	Building materials RM'000	Others RM'000	Total RM'000
Major goods and services:					
- Construction contracts	64,602	-	-	-	64,602
- Joint development income	-	58,951	-	-	58,951
- Sale of development properties	-	48,446	-	-	48,446
- Sale of goods	-	-	21,675	-	21,675
- Rental	-	-	-	5,236	5,236
- Others	-	-	-	216	216
Revenue from external customers	64,602	107,397	21,675	5,452	199,126
Timing of revenue recognition:					
At a point in time	-	-	21,675	5,452	27,127
Over time	64,602	107,397	-	-	171,999
Revenue from external customers	64,602	107,397	21,675	5,452	199,126

Notes to the Financial Statements
31 December 2022
(Cont'd)

29. **Finance Costs**

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expenses on:				
Bank overdrafts	1,424	1,038	546	585
Bridging loan	7,206	5,708	-	-
Banker acceptance	34	23	-	-
Trust receipt	103	93	-	-
Promissionery note	40	50	-	-
Lease liabilities	1,037	1,433	765	1,028
Revolving credit	5,388	4,099	4,847	3,428
Term loans	25,255	31,492	1,163	1,018
Invoice financing	341	388	241	198
Intercompany loan	-	-	17,261	-
Others	448	251	90	132
	41,276	44,575	24,913	6,389
Less: Interest expense capitalised in property development costs (Note 7(i))	-	(5,817)	-	-
	41,276	38,758	24,913	6,389

30. **(Loss)/Profit Before Tax**

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Auditors' remuneration (Note a)	294	302	101	119
Amortisation of :				
- quarry development cost	900	900	-	-
- quarry rights	113	113	-	-
- intangible asset	7	7	-	-
- land right	5,117	3,901	-	-
Impairment loss on:				
- Property, plant and equipment (Note 4)	93	-	-	-
- Goodwill (Note 6)	2,949	1,718	-	-
- Amount due from subsidiary companies	-	-	-	-
- Trade receivables (Note 15)	2,379	4,041	-	3,189
- Other receivables (Note 16)	12	287	-	176
Reversal of impairment loss on				
- Trade receivables (Note 15)	(1,105)	(729)	(441)	-
Depreciation of property, plant and equipment (Note 4)	9,149	7,201	521	515
Depreciation of rights-of-use assets (Note 9)	7,127	7,077	2,800	2,379
Lease expenses relating to short-term leases	-	1,323	-	-
Inventories written off	20	-	-	-

Notes to the Financial Statements
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(Cont'd)

30. **(Loss)/Profit Before Tax (Cont'd)**

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Interest income:				
- deposits with licensed banks	(96)	(392)	(228)	(253)
Loss on lease modification	-	37	-	-
Gain on disposal of property, plant and equipment	(114)	(2)	-	-
Gain on disposal of investment property	(280)	(374)	-	-
Loss/(Gain) on disposal of other investments	252	(115)	-	-
Fair value loss on other investment	104	223	-	-
Rental income	(6,304)	(2,548)	-	-

(a) Auditors' remuneration

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Auditors of the Company				
- Statutory audit				
- Current year	289	262	96	90
- Under/(Over)provision in prior years	-	1	-	(4)
- Non-statutory audit				
- Current year	5	33	5	33
	294	296	101	119
Other auditors				
- Statutory audit				
- Current year	-	6	-	-
	294	302	101	119

Notes to the Financial Statements
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31. Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision - in Malaysia	3,855	4,841	3,010	421
Under/(Over)provision in prior years	7,956	(927)	1,817	189
	11,811	3,914	4,827	610
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(1,666)	283	(468)	150
Under/(Over)provision in prior years	364	(216)	311	(221)
	(1,302)	67	(157)	(71)
Tax expense for the financial year	10,509	3,981	4,670	539

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements
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(Cont'd)

31. **Taxation (Cont'd)**

A reconciliation of income tax (credit)/expense applicable to (loss)/profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000**
(Loss)/Profit before tax	(25,849)	(20,958)	(31,530)	1,267
At Malaysian statutory tax rate of 24%	(6,204)	(5,030)	(7,567)	304
Income not subject to tax	(1,257)	(1,183)	-	(541)
Expenses not deductible for tax purposes	11,705	6,829	10,109	808
Utilisation of deferred tax assets previously not recognised	(3,811)	(5)	-	-
Deferred tax assets not recognised	1,756	4,513	-	-
Under/(Over)provision of taxation in prior years	7,956	(927)	311	189
Under/(Over)provision of deferred taxation in prior years	364	(216)	1,817	(221)
Tax expense for the financial year	10,509	3,981	4,670	539

Notes to the Financial Statements
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(Cont'd)

31. **Taxation (Cont'd)**

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised capital allowance	22,973	29,641	-	-
Unutilised tax losses	83,997	83,313	-	-
	106,970	112,954	-	-

Under the Malaysia Finance Act 2018 which was gazette on 27 December 2018, the unutilised tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unitilised tax losses brought forward can be carried forward for a maximum period of seven consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The unabsorbed capital allowances do not expire under current tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax loss expiring:				
- Year of assessment 2028	49,704	55,134	-	-
- Year of assessment 2029	5,110	5,110	-	-
- Year of assessment 2030	8,423	8,423	-	-
- Year of assessment 2031	14,657	14,646	-	-
- Year of assessment 2032	6,103	-	-	-
	83,997	83,313	-	-

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32. Loss Per Share

(i) Basic loss per share

The basic loss per share has been calculated based on the consolidated loss 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	
	2022 RM'000	**2021 RM'000 (Restated)**
Net loss for the financial year, attributable to owners of the parent	(32,129)	(18,082)
Weighted average number of ordinary shares in issue in 1 January (in thousand of shares)	494,860	412,383
Effect of ordinary shares issued during the financial year (in thousand of shares)	-	69,836
Weighted average number of ordinary shares in issue in 31 December (in thousand of shares)	494,860	482,219
Basic earnings per share (in sen)	(6.5)	(3.8)

(ii) Diluted loss per share

The number of shares under warrants was not taken into account in the computation of diluted earnings per share as the warrants do not have any dilutive effect on weighted average number of ordinary shares.

There have been no other transaction involving ordinary shares or potential ordinary shares since the end of the financial period and before the authorisation of these financial statements.

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33. Staff Costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees	291	330	291	330
Salaries, wages and other emoluments	15,584	24,939	5,589	13,561
Defined contributions plan	1,889	2,715	775	1,455
	17,764	27,984	6,655	15,346
Less: Staff costs capitalised				
- property development costs (Note 7(i))	(600)	(656)	-	-
- construction contracts costs (Note 14)	8,811	8,010	4,075	845
	25,975	35,338	10,730	16,191

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
- Salaries and other emoluments	1,926	1,610	817	806
- Defined contributions plan	206	204	115	111
- Benefits-in-kind	22	70	22	49
	2,154	1,884	954	966
Non-executive Directors				
- Fees	291	330	291	330
- Meeting and other allowances	26	90	26	32
	317	420	317	362
Total Directors' remuneration	2,471	2,304	1,271	1,328

Notes to the Financial Statements
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(Cont'd)

34. Capital Commitment

	Group	
	2022	**2021**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
- Purchase of property, plant and equipment	-	190

35. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or 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 comprise the Directors and senior management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

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(Cont'd)

35. **Related Party Disclosures (Cont'd)**

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere, the significant related party transactions of the Group and of the Company are as follow:

	2022 RM'000	2021 RM'000
Transactions with subsidiary companies of a corporate shareholder with a significant influence over the Company		
Interest expenses paid/payable	(27,927)	(10,824)
Drawdown of term loans	-	43,690
Transaction with a company in which a Director of the company has interest		
Rental of retail spaces	(490)	(490)
Rental of office	800	842
Company		
Transactions with subsidiary companies		
Interest income	-	13,726
Interest expenses	(17,261)	-
Management fee income received/receivable	14,000	14,532
Rental of machineries received/receivable	6,000	6,286
Progress billings for construction work received/receivable	39,000	39,845
Property consultant fee received/receivable	1,000	1,041

Notes to the Financial Statements
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(Cont'd)

35. **Related Party Disclosures (Cont'd)**

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
Salaries, wages and other emoluments	1,948	1,680	839	855
Defined contributions plan	206	204	115	111
	2,154	1,884	954	966
Non-Executive Directors				
Director fee	291	330	291	330
Other emoluments	26	90	26	32
	317	420	317	362
	2,471	2,304	1,271	1,328

36. **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
Building materials	Manufacturing and distribution of ready-mixed concrete and quarry operation
Others	Includes Trading services & Asset and retail management

36. **Segmental Information (Cont'd)**

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.

36. **Segmental Information (Cont'd)**

	Construction RM'000	Property development RM'000	Building materials RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000		Per consolidated financial statements RM'000
2022								
Revenue								
External customers	44,093	147,546	14,126	7,276	213,041	-		213,041
Inter-segment	152,314	-	-	889	153,203	(153,203)	(a)	-
Total revenue	196,407	147,546	14,126	8,165	366,244	(153,203)		213,041
Results								
Interest income	(98)	-	-	-	(98)	-		(98)
Finance costs	(25,821)	(42,566)	(134)	(3,786)	(72,307)	31,031		(41,276)
Depreciation and amortisation	(3,624)	(10,414)	(3,733)	(4,642)	(22,413)	-		(22,413)
Other non cash (expenses)/ income	(68)	1,098	(5)	(3,712)	(2,687)	292		(2,395)
Segment (loss)/profit before tax	(32,761)	(16,621)	(9,012)	6,879	(51,515)	25,666		(25,849)

36. **Segmental Information (Cont'd)**

	Construction RM'000	Property development RM'000 (Restated)	Building materials RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2021							
Revenue							
External customers	64,602	107,397	21,675	5,452	199,126	-	199,126
Inter-segment	107,455	-	-	1,519	108,974	(108,974) (a)	-
Total revenue	172,057	107,397	21,675	6,971	308,100	(108,974)	199,126
Results							
Interest income	386	5	-	1	392	-	392
Finance costs	(11,220)	(23,730)	(222)	(3,712)	(38,884)	126	(38,758)
Depreciation and amortisation	(3,463)	(9,676)	(3,991)	(5,908)	(23,038)	3,839	(19,199)
Other-non cash income/(expenses)	(5,906)	1,265	(302)	80	(4,863)	-	(4,863) (b)
Segment profit/(loss) before tax	(11,008)	2,252	(6,599)	(7,762)	(23,117)	2,159	(20,958)

Notes to the Financial Statements
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(Cont'd)

36. **Segmental Information (Cont'd)**

(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:

	2022 RM'000	2021 RM'000 (Restated)
Gain on disposal of property, plant and equipment	114	2
Gain on disposal of investment properties	280	374
Gain on disposal of investments	(252)	115
Impairment on trade receivables	(784)	(4,041)
Impairment on other receivables	(12)	(287)
Reversal of impairment loss on trade receivables	1,208	729
Loss on lease modification	-	(37)
Impairment loss on goodwill	(2,949)	(1,718)
	(2,395)	(4,863)

(c) Geographical information

Substantially all the Group's revenue is derived locally and non-current assets are located within Malaysia.

37. Contingent Liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Corporate guarantees given to licensed banks and financial institutions for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	833,053	833,053
- Amount utilised	-	-	538,790	539,844
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	21,950	19,850
- Amount utilised	-	-	4,244	856
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	27,047	19,661	22,669	10,258

38. **Material Litigations**

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

(i) **Hon'ble II Chief Judge City Civil Court, Hyderabad O.P.No. 2039 of 2008**

On 9 March 2005, Ho Hup Construction Company (India) Pte Ltd ("HHCCI"), a wholly-owned subsidiary of the Company, entered into a joint development agreement with the Andhra Pradesh Housing Board ("APHB") to develop an integrated township at Raviryal Village, Maheshwaran Mandal, Rangareddy District, Andhra Pradesh ("JDA").

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

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

(a) The upfront fee in the amount of Rs16,796,250 together interest at the rate of 12% per annum to be refunded to HHCCI, interest of which is to be calculated from 1 February 2006 to the date of the refund being made; and

(b) Compensation for expenses incurred in the amount of Rs600,000 together with interest at the rate of 9% per annum, interest of which is to be calculated from 6 January 2006.

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

Following thereto, the Company has lodged an Execution Petition before the City Civil Courts at Hyderabad, India to proceed with execution and recovery of Appellate Court's award against APHB. The matter is pending before City Civil Courts at Hyderabad.

38. **Material Litigations (Cont'd)**

(iii) **High Court of Malaya at Kuala Lumpur Suit No. WA-22NNCC-185-05/2020 Malayan Banking Berhad ("MBB") v. (1) DSE Construction Sdn. Bhd. ("DSE") & Ho Hup Construction Company Berhad**

MBB commenced proceedings in Kuala Lumpur High Court against DSE and the Company via its writ and statement of claim dated 18 May 2020 for all sum certified by Jabatan Perairan and Saliran ("JPS") pursuant to payment certificate No. 15 to 29, alternatively the sum of RM44,429,823. The Company's defence, amongst others, is that it has fulfilled its obligations entirely under the joint letter of undertaking, it has not received any proceeds of the project, and it did not interfere with the manner and route of the channelling of the contract proceeds. This suit has been transferred to Ipoh High Court and is currently fixed for case management on 9 June 2023.

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

MBB commenced proceedings which have been transferred to the Ipoh High Court, against Kumpulan Liziz Sdn. Bhd. and two of its directors via its writ and statement of claim dated 1 April 2020. MBB is claiming against the Defendants for an alleged breach of banking facilities granted to Kumpulan Liziz Sdn. Bhd. and guaranteed by two of its directors. The Defendants thereafter took out a Third Party Notice against DSE and the Company claiming an indemnity in the sum of RM25,344,945.38 in respect of MBB's claim against the Defendants. Company's defence, amongst others, is that it does not stand in any contractual or other legal relationship with the JPS, it was not in control or involved in the chanelling of the contract proceeds from the JPS and any letter of undertaking and security documents there are in this respect is between the Company and MBB; and the Company has fulfilled its obligations pursuant thereto entirely. The suit is presently fixed for case management before the High Court on 9 June 2023.

38. **Material Litigations (Cont'd)**

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

The Company awarded a building contract to Hj Said Binaan Sdn Bhd ("HSB") - Seni Kenanga Sdn. Bhd. JV ("JV Partners"). Subsequently, HSB obtained a financing facility from MBB and the JV Partners then forwarded to the Company copy of the Notice of Assignment between HSB and MBB. The JV Partners subsequently breached its contractual obligation and this has led to the Company exercising its contractual rights under the building contract and has imposed significant liquidated ascertained damages ("LAD") and back-charges of RM68,998,829 against the JV Partners. MBB initiated a claim against the COmpany due to the set-off of contract proceeds through imposition of LAD and back-charges by the Company on the JV Partners. In turn, the company has filed a counterclaim against MBB and the JV Partners. The trial had proceeded partially from 4 to 8 April 2022 and to be continued on 10 to 17 July 2023.

39. Financial Instruments

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as Fair Value through Profit or Loss ("FVTPL") and Amortised cost ("AC").

	31.12.2022 RM'000	31.12.2021 RM'000 (Restated)	1.1.2021 RM'000 (Restated)
Group			
Financial Assets			
At fair value through profit or loss			
Other investment	2,063	5,633	2,659
At amortised cost			
Trade receivables	202,419	339,469	280,422
Other receivables	128,555	117,674	89,676
Amount due from a joint venture	99	99	99
Fixed deposits with licensed banks	11,602	14,520	7,588
Cash and bank balances	19,131	33,465	41,601
	361,806	505,227	419,386
Financial Liabilities			
At amortised cost			
Trade payables	139,385	137,942	112,108
Other payables	192,565	177,069	143,610
Lease liabilities	15,334	22,989	19,492
Bank borrowings	650,701	645,774	509,932
	997,985	983,774	785,142

Notes to the Financial Statements
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(Cont'd)

39. **Financial Instruments (Cont'd)**

(a) Categories of financial instruments (Cont'd)

	31.12.2022 RM'000	31.12.2021 RM'000
Company		
Financial Assets		
At amortised cost		
Trade receivables	38,438	280,422
Other receivables	118,425	92,852
Amount due from subsidiary companies	449,690	617,448
Amount due from a joint venture	99	99
Fixed deposits with licensed banks	5,087	6,789
Cash and bank balances	10,216	16,948
	621,955	1,014,558
Financial Liabilities		
At amortised cost		
Trade payables	39,766	36,951
Other payables	30,088	113,395
Amount due to subsidiary companies	449,690	348,735
Lease liabilities	11,347	15,275
Bank borrowings	87,933	96,713
	618,824	611,069

Notes to the Financial Statements
31 December 2022
(Cont'd)

39. **Financial Instruments (Cont'd)**

(b) Net (gain)/loss on financial instruments

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net loss on impairment of financial instruments:				
- Financial asset at amortised cost	(834)	(3,599)	(30,565)	(3,365)

(c) Financial risk management objectives and policies

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk is the risk of a financial loss 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 the individual characteristics of each customer 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.

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

Notes to the Financial Statements
31 December 2022
(Cont'd)

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Receivables and contract assets

Exposure to credit risk, credit quality and collateral

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.

Concentration of credit risk

The Group's has no significant concentration to credit risk except as disclosed in Note 15. The Company has no significant concentration of credits risks except as disclosed in Note 15 and advances to its subsidiary companies where risks of default have been assessed to be low.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company also provides corporate guarantee to suppliers of goods to subsidiary companies. The Company monitors on a continuous basis the results of the subsidiary companies and repayments made by the subsidiary companies.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure in this respect is RM439.01 million and RM2.34 million (2021: RM539.84 million and RM0.86 million), representing the outstanding banking facilities and for supply of goods to certain subsidiary companies 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.

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary company is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Notes to the Financial Statements
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(Cont'd)

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Inter-company loans and advances

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when:

- The subsidiary company is unlikely to repay its loan or advance to the Company in full;
- The subsidiary company's loan or advance is overdue for more than 365 days; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

(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 their various payables.

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.

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
31.12.2022						
Non-derivative financial liabilities						
Trade payables	139,385	-	-	-	139,385	139,738
Other payables	192,565	-	-	-	192,565	192,565
Lease liabilities	10,039	4,616	1,625	3	16,283	15,334
Bank borrowings	312,215	57,319	308,587	163,422	841,543	650,701
	654,204	61,935	310,212	163,425	1,189,776	998,338

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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. (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
31.12.2021						
Non-derivative financial liabilities						
Trade payables	137,942	-	-	-	137,942	137,942
Other payables	177,069	-	-	-	177,069	177,069
Lease liabilities	11,680	8,079	4,795	117	24,671	22,989
Bank borrowings	283,832	52,108	280,534	148,565	765,039	645,774
	610,523	60,187	285,329	148,682	1,104,721	983,774

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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. (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
1.1.2021						
Non-derivative financial liabilities						
Trade payables	112,108	-	-	-	112,108	112,108
Other payables	143,610	-	-	-	143,610	143,610
Lease liabilities	8,788	6,082	5,925	237	21,032	19,492
Bank borrowings	202,160	71,578	90,563	170,248	534,549	509,932
	466,666	77,660	96,488	170,485	811,299	785,142

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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. (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company						
31.12.2022						
Non-derivative financial liabilities						
Trade payables	39,766	-	-	-	39,766	39,766
Other payables	30,088	-	-	-	30,088	30,088
Amount due to subsidiary companies	449,690	-	-	-	449,690	449,690
Lease liabilities	7,849	3,584	666	3	12,102	11,347
Bank borrowings	81,324	2,039	6,124	-	89,487	87,933
Financial guarantee*	543,034	-	-	-	543,034	-
	1,151,751	5,623	6,790	3	1,164,167	618,824

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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. (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company						
31.12.2021						
Non-derivative financial liabilities						
Trade payables	36,951	-	-	-	36,951	36,951
Other payables	113,395	-	-	-	113,395	113,395
Amount due to subsidiary companies	348,735	-	-	-	348,735	348,735
Lease liabilities	7,909	5,806	2,388	412	16,515	15,275
Bank borrowings	88,016	2,048	6,145	4,949	101,158	96,713
Financial guarantee*	540,700	-	-	-	540,700	-
	1,135,706	7,854	8,533	5,361	1,157,454	611,069

Notes to the Financial Statements
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(Cont'd)

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is United States Dollar (USD).

The Group's and the Company's exposure to foreign currency exchange risk is minimal.

(b) 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 market 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 market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Fixed deposit pedge with liscensed bank	11,602	14,520	5,087	6,789
Lease liabilities	(15,334)	(129,914)	(11,347)	(15,275)
	(3,732)	(115,394)	(6,260)	(8,486)
Floating rate instruments				
Bank borrowings	(650,701)	(538,849)	(87,933)	(96,713)

Notes to the Financial Statements
31 December 2022
(Cont'd)

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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 market 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 0.5% (2021: 0.5%) interest rate at the end of the reporting period would have increased/(decreased) the Group and the Company's profit before tax by RM3.25 million and RM0.44 million (2021: RM2.69 million and RM0.48 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.

39. **Financial Instruments (Cont'd)**

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(c) Market price risk

Market price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. All buy and sell decisions are approved by the Directors of the Company.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10% strengthening in FBMKLCI at the end of the reporting period would have reduced the Group's loss by approximately RM0.21 million (2021: RM0.56 million) for investments classified as fair value through other comprehensive income. A 10% weakening in FBMKLCI would have had equal but opposite effect on other comprehensive income.

(d) Fair values of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting. Fair value of other investment is within Level 1 of the fair value hierarchy.

Notes to the Financial Statements
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(Cont'd)

40. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2022 RM'000	Net changes from financing cash flows (i) RM'000	At 31 December 2022 RM'000
Group			
Lease liabilities (Note 22)	22,989	(8,434)	14,555
Term loans (Note 23)	462,290	-	462,290
Bridging loan (Note 23)	74,351	1,149	75,500
Revolving credit (Note 23)	75,474	25	75,499
Banker acceptance (Note 23)	-	930	930
Trust receipt (Note 23)	2,419	25	2,444
Promissionery note (Note 23)	1,320	(2,419)	(1,099)
Invoice financing (Note 23)	7,622	(1,320)	6,302
Total liabilities from financing activities	646,465	(10,044)	636,421

40. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes (Cont'd):

	At 1 January 2021 RM'000	Net changes from financing cash flows (i) RM'000	Non-cash changes: New lease Note 22 RM'000	Non-cash changes: Lease Modification RM'000	Non-cash changes: Acquisition of a subsidiary company RM'000	At 31 December 2021 RM'000
Group						
Lease liabilities (Note 22)	19,492	(12,080)	15,180	88	309	22,989
Term loans (Note 23)	355,308	103,505	-	-	3,477	462,290
Bridging loan (Note 23)	62,782	11,569	-	-	-	74,351
Revolving credit (Note 23)	75,475	(1)	-	-	-	75,474
Banker acceptance (Note 23)	1,950	(1,950)	-	-	-	-
Trust receipt (Note 23)	-	2,024	-	-	395	2,419
Promissionery note (Note 23)	-	832	-	-	488	1,320
Invoice financing (Note 23)	-	3,323	-	-	4,299	7,622
Total liabilities from financing activities	515,007	107,222	15,180	88	8,968	646,465

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

40. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes (cont'd):

	At 1 January RM'000	Net changes from financing cash flows (i) RM'000	Non-cash changes New lease Note 22 RM'000	At 31 December RM'000
Company				
2022				
Lease liabilities (Note 22)	15,275	(4,900)	972	11,347
Invoice financing (Note 23)	2,625	(1,478)	-	1,147
Revolving credit (Note 23)	68,000	-	-	68,000
Term loans (Note 23)	17,973	(6,685)	-	11,288
Total liabilities from financing activities	103,873	(13,063)	972	91,782
2021				
Lease liabilities (Note 22)	8,259	(6,758)	13,774	15,275
Invoice financing (Note 23)	-	2,625	-	2,625
Revolving credit (Note 23)	68,000	-	-	68,000
Term loans (Note 23)	22,785	(4,812)	-	17,973
Total liabilities from financing activities	99,044	(8,945)	13,774	103,873

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

41. 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 and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	666,035	668,763	99,280	111,988
Less: Fixed deposits, cash and bank balances (Note 19) ^	(19,551)	(40,129)	(10,623)	(15,881)
Net debt	646,484	628,634	88,657	96,107
Total equity	412,118	444,445	307,867	344,067
Debt-to-equity ratio	1.57	1.41	0.29	0.28

^ Fixed deposits, cash and bank balances excluded cash and cash equivalents restricted from use.

There were no changes in the Group's approach to capital management during the financial year.

Notes to the Financial Statements
31 December 2022
(Cont'd)

42. Change in Accounting Policy and Prior Year Adjustment

Adoption of FV model for IP and reclassification

As mentioned in Note 2(d) and with reference to Note 3(k), the Group had changed the accounting policy for investment properties from cost model to fair value model. The effect of the change in accounting policy was adjusted retrospectively for the earliest period presented as if the basis used had always been consistently applied

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows as at 31 December 2021 are as follows:

(i) Reconciliation of statement of financial position as at 1 January 2021

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of Financial Position as at 1 January 2021			
Investment properties	122,023	7,817	129,840
Retained Earnings	(277,446)	(7,817)	(285,263)

(ii) Reconciliation of statement of financial position as at 31 December 2021

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of Financial Position as at 31 December 2021			
Investment properties	117,892	10,401	128,293
Retained Earnings	(256,171)	(10,401)	(266,572)

Notes to the Financial Statements
31 December 2022
(Cont'd)

42. **Change in Accounting Policy and Prior Year Adjustment (Cont'd)**

Adoption of FV model for IP and reclassification (Cont'd)

(iii) Reconciliation of statement of profit or loss for the financial year ended 31 December 2021

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of Profit and Loss as at 31 December 2021			
Other expenses	(48,254)	2,584	(45,670)

(iv) Reconciliation of statement of cash flows for the financial year ended 31 December 2021

	Group		
	31.12.2022 RM'000	31.12.2021 RM'000	1.1.2021 RM'000
At 1 January	57,386	15,271	36,131
Property development revenue recognised during the financial year	133,681	107,397	222,416
Less: Progress billings during the financial year	(91,516)	(65,282)	(243,276)
At 31 December	99,551	57,386	15,271

43. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 April 2023.

LIST OF MATERIAL PROPERTIES

AS AT 31 DECEMBER 2022

No.	Location/Land details	Age of Building	Date of Acquisition	Tenure	Size	Existing Use	Description	Net Book Value RM'000
1.	Geran 79551, Lot 101901 (previously known as HSD 119868, PT 15291), Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Bandar Bukit Jalil)	–	12/09/1995	Freehold	512,591 square feet	Property development	Development Land	1,229
2.	Geran 79552, Lot 101901 (previously known as H.S.(D) 119869, PT 15292), Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Bandar Bukit Jalil)	–	12/09/1995	Freehold	104,335 square feet	Property development	Development Land	98,542
3.	Geran 79553, Lot 101901 (previously known as HSD 119870, PT 15293), Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Bandar Bukit Jalil)	–	12/09/1995	Freehold	320,621 square feet	Property development	Development Land	769
4.	Geran 79554, Lot 101901 (previously known as HSD 119871, PT 15294 Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Bandar Bukit Jalil)	–	12/09/1995	Freehold	109,849 square feet	Property development	Development Land	263
5.	Ho Hup Tower Geran 78076, Lot no.101462, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Bandar Bukit Jalil)	6.5 years	21/9/2016	Freehold	146,812 square feet	Office Tower	Office Tower	97,962

List of Material Properties As at 31 December 2022 (Cont'd)

No.	Location/Land details	Age of Building	Date of Acquisition	Tenure	Size	Existing Use	Description	Net Book Value RM'000
6.	Lot No. B-13-1, B-13-2, B-13-3, B-13-3A & B-13-5 Pusat Perdagangan Bandar Bukit Jalil Persiaran Jalil 1 57000 Kuala Lumpur	4 years	31/12/2017	Freehold	11,246 square feet	For rental	Shop Offce	12,105
7.	Laman Iskandaria Geran 43607 - 43611, Lot No. PTD 14189 - 14193 Mukim Ulu Sungai Johor, District Kota Tinggi, Johor Darul Ta'zim	4 years	02/11/2017	Leasehold	4,303,734 square feet	Property development	Development Land	215,132
9.	Carpark B1, B2, B3, LG and LG1 at Aurora Place, Persiaran Jalil 1, Bukit Jalil, Kuala Lumpur	–	31/12/2019	Freehold	2027 bays	Carpark	Building	65,800
10.	32 Units of Retail Lots located at Lower Ground floor at Aurora Place, Persiaran Jalil 1, Kuala Lumpur	–	31/12/2019	Freehold	51,757 square feet	Retail Lots	Building	49,348
11.	Exhibition Floor located at Level 4 at Aurora Place, Persiaran Jalil 1, Kuala Lumpur	–	31/12/2019	Freehold	16,685 square feet	Exhibition Floor	Building	15,040

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

ORDINARY SHARES

Issued and Paid-up Share Capital	:	494,860,696 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share on a poll
Number of Shareholders	:	4,738

DISTRIBUTION OF ORDINARY SHAREHOLDERS
according to statistical summary of the Record of Depositors as at 31 March 2023

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	136	2.87	2,719	~
100 to 1,000 shares	443	9.35	241,200	0.05
1,001 to 10,000 shares	2,333	49.24	13,006,016	2.63
10,001 to 100,000 shares	1,516	32.00	53,911,788	10.89
100,001 to less than 5% of issued shares	307	6.48	264,397,565	53.43
5% and above of issued shares	3	0.06	163,301,408	33.00
Total	**4,738**	**100.00**	**494,860,696**	**100.00**

Notes:
~ Negligible

DIRECTORS' SHAREHOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS
according to the Record of Depositors as at 31 March 2023

Name of Directors	Direct Shareholdings	%	Indirect Shareholdings	%
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim	305,300	0.062	–	–
Dato' Sri Thong Kok Khee	–	–	72,757,750 (1)	14.703
Datin Chan Bee Leng	47,700	0.010	77,958,722 (2)	15.754
Dato' Wong Kit-Leong	287,000	0.058	–	–
Dato' Wong Gian Kui	–	–	–	–
Low Kheng Lun	–	–	65,113,032 (3)	13.158
Thevanaigam Rajan Chitty	–	–	–	–
Danny Hoe Kam Thong	–	–	–	–

Notes
(1) Deemed interest by virtue of his substantial shareholdings in Insas Berhad and his children's direct shareholdings in the Company pursuant to Section 8(4) & 59(11)(c) of the Companies Act 2016 ("CA 2016").
(2) Deemed interest by virtue of her husband, Dato' Low Tuck Choy's substantial shareholdings in Low Chee Group Sdn Bhd ("LCG"), Estate of Low Chee and Concrete Pavers Industries Sdn Bhd ("CPISB") and her husband's direct shareholdings in the Company.
(3) Deemed interest by virtue of his substantial shareholdings in LCG.

Analysis of Shareholdings
As at 31 March 2023
(Cont'd)

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS
according to the Record of Depositors as at 31 March 2023

	Name	No. of Shares Held	%
1.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ambank (M) Berhad for Omesti Holdings Berhad (SMART)	56,576,900	11.43
2.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Chee Group Sdn Bhd	54,079,258	10.93
3.	Gryphon Asset Management Sdn Bhd	52,645,250	10.64
4.	Lee Fook Yuen	21,020,900	4.25
5.	Affin Hwang Nominees (Asing) Sdn Bhd Pledged Securities Account for Mettiz Capital Limited	18,744,800	3.79
6.	Cartaban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenanga Islamic Absolute Return Fund	17,000,000	3.44
7.	M&A Nominee (Asing) Sdn Bhd Montego Assets Limited	15,060,000	3.04
8.	Low Chee Group Sdn Bhd	11,033,774	2.23
9.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mary Anne Woon Lai Kheng	9,000,000	1.82
10.	M&A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Chan Chee Hong (M&A)	8,850,000	1.79
11.	Low Tuck Choy	6,817,500	1.38
12.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Tuck Choy	5,679,000	1.15
13.	Chan Kong Yew	5,527,000	1.12
14.	M & A Nominee (Asing) Sdn Bhd For Winfields Development Pte. Ltd.	5,000,000	1.01
15.	Kwan Siew Deeg	4,642,600	0.94
16.	Toh Chai Hoon	4,642,000	0.94
17.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Siew Booy	4,271,900	0.86
18.	Hooi Yoke Lin	4,000,000	0.81
19.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Tiu Wan	3,989,300	0.81
20.	Yap Siew Bee	3,800,000	0.77
21.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Mohamed Nizam Bin Abdul Razak	3,525,554	0.71
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Monteiro Gerard Clair	2,831,500	0.57
23.	Lim Chau Liang	2,451,700	0.50

Analysis of Shareholdings
As at 31 March 2023
(Cont'd)

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)
according to the Record of Depositors as at 31 March 2023

	Name	No. of Shares Held	%
24.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Choon Chong	2,411,300	0.49
25.	Young Lee Lee	2,260,000	0.46
26.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities for Yap Siew Bee (MX3809)	2,203,000	0.45
27.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ahamad Aminnurdin Bin Dinyati	2,053,000	0.41
28.	Tiong Nam Logistics Holdings Berhad	2,000,000	0.40
29.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities for Mok E. King	1,854,600	0.37
30.	Lim Lai An	1,650,000	0.33
	Total	**335,620,836**	**67.82**

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS
according to the Register of Substantial Shareholders as at 31 March 2023

Name	Direct Shareholdings	%	Indirect Shareholdings	%
Low Chee Group Sdn Bhd	65,113,032	13.158	–	–
Omesti Holdings Berhad	53,879,300	10.888	–	–
Gryphon Asset Management Sdn Bhd	52,645,250	10.638	–	–
Dato' Low Tuck Choy	6,817,500	1.378	71,240,305 (1)	14.396
Low Lai Yoong	1,362,500	0.275	65,113,032 (2)	13.158
Omesti Berhad	–	–	53,879,300 (3)	10.888
Insas Berhad	–	–	72,705,250 (4)	14.692
Datin Chan Bee Leng	47,700	0.010	77,958,722 (5)	15.754
Low Kheng Lun	–	–	65,113,032 (6)	13.158
Dato' Sri Thong Kok Khee	–	–	72,757,750 (7)	14.703

Notes
(1) Deemed interest by virtue of his substantial shareholdings in Low Chee Group Sdn Bhd ("LCG"), Estate of Low Chee and Concrete Pavers Industries Sdn Bhd ("CPISB") and his spouse's and son's direct shareholdings in the Company.
(2) Deemed interest by virtue of his substantial shareholdings in LCG.
(3) Deemed interest by virtue of its substantial shareholdings in its wholly-owned subsidiary, Omesti Holdings Berhad.
(4) Deemed interest by virtue of its shareholdings in its wholly-owned subsidiaries, Gryphon Asset Management Sdn Bhd and Montego Assets Ltd and substantial shareholdings in its associated company, Winfields Development Pte Ltd.
(5) Deemed interest by virtue of her husband, Dato' Low Tuck Choy's substantial shareholdings in LCG, Estate of Low Chee and CPISB and her husband's direct shareholdings in the Company.
(6) Deemed interest by virtue of his substantial shareholdings in LCG.
(7) Deemed interest by virtue of his substantial shareholdings in Insas Berhad and his children's direct shareholdings in the Company pursuant to Section 8(4) & 59(11)(c) of the CA 2016.

NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting ("49th AGM") of Ho Hup Construction Company Berhad ("Ho Hup" or the "Company") will be held at Bukit Jalil Golf and Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 31 May 2023 at 3.00 p.m. to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon ("Audited Financial Statements and Reports FY 2022"). **[Please refer to Explanatory Note (a)]**

2. To approve the increase of Directors' fee of RM470,000 for the financial year ending 31 December 2023, to be payable on a quarterly basis in arrears. **(Resolution 1)**

3. To approve the payment of Directors' benefits up to an amount of RM65,000 from 1 June 2023 until the next Annual General Meeting ("AGM") of the Company. **(Resolution 2)**

4. To re-elect the following Directors of the Company who retire by rotation in accordance with Clause 93 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (i) Dato' Wong Gian Kui **(Resolution 3)**
   (ii) Datin Chan Bee Leng **(Resolution 4)**

5. To re-elect the following Directors of the Company who retire in accordance with Clause 98 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (i) Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim **(Resolution 5)**
   (ii) Danny Hoe Kam Thong **(Resolution 6)**

6. To re-appoint UHY as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. **(Resolution 7)**

Special Business

To consider and, if thought fit, to pass the following resolutions:

7. **Ordinary Resolution**
   Authority to allot and issue shares pursuant to the Companies Act 2016 **(Resolution 8)**

   "THAT subject always to the Companies Act 2016 ("the Act") and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act to allot and issue shares in the Company at any time 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 10% of the total number of issued shares 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 (Bursa Securities) and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT pursuant to Section 85 of the Act to be read together with Clause 11 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act."

Notice of Forty-Ninth Annual General Meeting
(Cont'd)

8. **Ordinary Resolution**
Proposed Renewal of Share Buy-Back Authority for the Company to Purchase Its Own Shares of Up to Ten Percent (10%) of the Total Number of Issued Shares of the Company **(Resolution 9)**

"**THAT** subject to the Companies Act 2016 ("the Act") , provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company ("Company Shares") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit, necessary and expedient in the interest of the Company ("Proposed Renewal of Share Buy-Back Authority"), provided that:-

i. the maximum aggregate number of Company Shares which may be purchased and/or held by the Company as treasury shares pursuant to the Proposed Renewal of Share Buy-Back Authority shall not exceed 10% of the total number of issued shares of the Company at any point in time of the said purchase(s); and

ii. the maximum funds to be allocated by the Company for the purpose of purchasing Company Shares pursuant to the Proposed Renewal of Share Buy-Back Authority shall not exceed the total retained profits of the Company based on the latest audited financial statements available at the time of the purchase(s);

THAT the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:-

i. the conclusion of the next Annual General Meeting ("AGM") at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM is required by law to be held; or

iii. the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever occurs first;

THAT the Company Shares purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority may be dealt with by the Directors of the Company in their absolute discretion in all or any of the following manner:-

a. the shares so purchased may be cancelled; and/or the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or

b. part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or

c. transfer the shares, or any of the shares for the purposes of or under an employees' shares scheme; and/or

d. transfer the shares, or any of the shares as purchase consideration; and/or

e. deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and enter into any instrument, agreements or arrangements with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

9. **Ordinary Resolution**
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs") of a Revenue or Trading Nature as set out in Section 2.4 of the Circular to Shareholders dated 28 April 2023 ("RRPT Circular") **(Resolution 10)**

"**THAT**, subject to the provision of the Listing Requirements of Bursa Securities, approval be and is hereby given to Ho Hup Construction Company Berhad and its subsidiaries ("**Ho Hup Group**") to enter into and to give effect to specified RRPTs of a revenue or trading nature with the Related Parties as set out in Section 2.4 of the RRPT Circular, which are necessary for its day-to-day operations, to be entered into by Ho Hup Group on the basis that these transactions are entered into on terms which are not more favourable to the Related Party involved than generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT the Proposed Renewal of Existing Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Existing Shareholders' Mandate, shall only continue to be in force until:

(i) the conclusion of the next AGM of the Company following the general meeting at which the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed; or

(ii) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Existing Shareholders' Mandate."

10. To transact any other business of which due notice shall have been given.

Notice of Forty-Ninth Annual General Meeting (Cont'd)

By order of the Board

Lim Shook Nyee (SSM Practicing Certificate No. 201908003593) (MAICSA 7007640)
Victoria Loui Hoong Mei (SSM Practicing Certificate No. 202208000276) (MICPA 4054)
Company Secretaries

Kuala Lumpur
28 April 2023

Explanatory Notes:

(a) This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements and Reports FY 2022. Hence, this Agenda is not put forward for voting.

(b) Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at the general meeting.

In this respect, the Board wishes to seek shareholders' approval at the 49th AGM of the Company on the two (2) separate resolutions as below:

(i) Resolution 1 - Increase of Directors' fees for the financial year ending 31 December 2023

This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient due to enlarged Board size, approval will be sought at the next AGM for additional fees to meet the shortfall.

(ii) Resolution 2 - Payment of Directors' benefits

At the Forty-Eighth ("48th") AGM of the Company held on 31 May 2022, the Company had obtained the shareholders' approval for the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM65,000 from 1 June 2022 until 31 May 2023, being the appointed date of holding the 49th AGM of the Company.

The proposed Resolution 2, if passed, will authorise the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM65,000 with effect from 1 June 2023 until the next AGM of the Company in year 2024. The Directors' benefits payable to the Non-Executive Directors comprise the meeting allowances of RM65,000.

The Executive Directors do not receive any meeting allowances.

(c) Resolution 3,4, 5 & 6 – Re-election of Directors

Clause 93 of the Company's Constitution provides that at each annual general meeting, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3) then the number nearest one-three (1/3) shall retire from office. Notwithstanding anything contained herein all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. Dato' Wong Gian Kui and Datin Chan Bee Leng who are retiring by rotation in accordance with Clause 93 of the Company's Constitution and being eligible, have offered themselves for re-election at the 49th AGM.

Notice of Forty-Ninth Annual General Meeting (Cont'd)

(c) Resolution 3,4, 5 & 6 – Re-election of Directors (Cont'd)

Clause 98 of the Company's Constitution provides that any Director appointed within the financial year under review shall hold office only until the next AGM and shall be eligible for re-election. Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim and Mr Danny Hoe Kam Thong who were both appointed on 29 August 2022, are standing for re-election as Directors in accordance with Clause 98 of the Company's Constitution and being eligible, have offered themselves for re-election at the 49th AGM.

The Nomination Committee (NC) has conducted an assessment on the Directors who are seeking re-election at this 49th AGM, as well as assessing the independence of the Independent Director as applicable. The NC is satisfied that they comply with and meet the independence criteria as required by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad ("Bursa Securities"). The profiles of these Directors are presented on pages 8 to 12 of the Annual Report 2022. These four (4) retiring Directors had abstained from deliberations and decisions at the relevant Board and NC Meetings on their own eligibility to stand for re-election at this 49th AGM and will continue to do so. The Board has endorsed the NC's recommendation subject to the shareholders' approval at the 49th AGM.

(d) Resolution 7 – Re-appointment of UHY as Auditors of the Company for the ensuing year

Based on the results of the External Auditors' Evaluation for the financial year ended 31 December 2022, the Audit Committee and Board are satisfied with the quality of service, adequacy of resources provided, communication, independence, objectivity and professionalism demonstrated by the External Auditors, UHY, in carrying out their duties. Being satisfied with UHY's performance, the Board recommends their re-appointment for shareholders' approval at the 49th AGM of the Company. UHY have expressed their willingness to continue in office and to hold office as Auditors of the Company for the ensuing year until the conclusion of the next AGM at a fee to be determined by the Board of Directors of the Company.

(e) For Resolution 8, further information in relation to the general mandate for issue of securities is set out in the Statement Accompanying Notice of 49th AGM.

(f) Resolution 9, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad of up to 10% of the total number of issued shares of the Company. The details of the Proposed Renewal of Share Buy-Back Authority are set out in the Share Buy-Back Statement dated 28 April 2023 which is circulated together with the Company's Annual Report 2022.

(g) Resolution 10, if passed, will renew the authority given to Ho Hup Group a mandate to enter into RRPTs of a revenue or trading nature with the related parties. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company. The details of the Proposed Renewal of Shareholders' Mandate are set out in the Circular to Shareholders dated 28 April 2023 which is circulated together with the Company's Annual Report 2022.

Notice of Forty-Ninth Annual General Meeting (Cont'd)

Notes:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 May 2023 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

(ii) 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 may but 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) The instrument appointing a proxy must be deposited at the office of the Registrar of the Company at 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 any adjournment thereof or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

(vii) The resolutions set out in the Notice of 49th AGM will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF 49TH AGM

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 49th Annual General Meeting (AGM) of the Company.

Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements

The resolution in relation to the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last AGM of the Company held on 31 May 2022.

As at the date of the Notice of the 49th AGM, no new share in the Company was issued pursuant to the mandate granted to the Directors at the 48th AGM held on 31 May 2022 and which will lapse at the conclusion of the 49th AGM.

The proposed Ordinary Resolution 8, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company ("General Mandate").

Having considered the current economic climate and future financial needs of the Group, the Board would like to procure approval for the General Mandate from its shareholders at the forthcoming 49th AGM of the Company. The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), workings capital and/ or acquisitions. The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the General Mandate is in the best interest of the Company and its subsidiaries. Any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated.

The waiver of the statutory pre-emptive rights of the shareholders of the Company pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

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.

HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD
(Registration No. 197301000497 (14034-W))

FORM OF PROXY

No. of Shares Held	CDS Account No.

I/We_____Tel: _____
[Full name in block, and as per NRIC/Passport/Company No.]

of_____

_____

being member(s) of Ho Hup Construction Company Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Forty-Ninth Annual General Meeting ("49th AGM") of the Company to be held at Bukit Jalil Golf and Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 31 May 2023 at 3.00 p.m. and at any adjournment thereof.

No.	Resolution	For	Against
1.	To approve the increase of Directors' fees of RM470,000 for the financial year ending 31 December 2023, to be payable on a quarterly basis in arrears.		
2.	To approve the payment of Directors' benefits up to an amount of RM65,000 from 1 June 2023 until the next AGM of the Company.		
3.	To re-elect Dato' Wong Gian Kui who retires in accordance with Clause 93 of the Company's Constitution.		
4.	To re-elect Datin Chan Bee Leng who retires in accordance with Clause 93 of the Company's Constitution.		
5.	To re-elect Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim who retires in accordance with Clause 98 of the Company's Constitution.		
6.	To re-elect Mr. Danny Hoe Kam Thong who retires in accordance with Clause 98 of the Company's Constitution.		
7.	To re-appoint UHY as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
As Special Business			
8.	Authority to allot and issue shares pursuant to the Companies Act 2016		
9.	Proposed Renewal of Share Buy-Back Authority		
10.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs") of a Revenue or Trading Nature as set out in Section 2.4 of the Circular to Shareholders dated 28 April 2023 ("RRPT Circular")		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____ 2023

_____
Signature*
Member

Notes:

(1) In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 May 2023 ("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 Registrar of the Company at 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 any adjournment thereof or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

(7) The resolutions set out in the Notice of 49th AGM will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE REGISTRAR
HO HUP CONSTRUCTION COMPANY BERHAD
197301000497(14034-W)

ShareWorks Sdn. Bhd.
2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur

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HO HUP CONSTRUCTION COMPANY BERHAD
197301000497 (14034-W)

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