HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD
197301000497 (14034-W)

ANNUAL REPORT 2023

Vision, Mission & Values

50th ANNUAL GENERAL MEETING

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.

VENUE

Bukit Jalil Golf and Country Resort
1st Floor, Perdana 1 & 2 Room
Jalan Jalil Perkasa 3
Bukit Jalil, 57000 Kuala Lumpur

DATE

30th May 2024

TIME

10.30a.m.

CORE VALUES

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

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.

What's **INSIDE**

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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

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

Dato' Sri Chee Hong Leong
Executive Director
(Appointed on 1 June 2023 and Resigned on 21 March 2024)

Dato' Sri Thong Kok Khee
Non-Independent Non-Executive Director
(Resigned on 30 August 2023)

CHIEF EXECUTIVE OFFICER

Dato' Sri Chee Hong Leong
(appointed on 21 March 2024)

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

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim
Mr. Danny Hoe Kam Thong
Dato' Sri Thong Kok Khee (ceased as Chairman on 30 August 2023)

EXECUTIVE COMMITTEE

Mr. Monteiro Gerard Clair (Chairman)
Dato' Sri Chee Hong Leong (appointed on 1 June 2023)
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
Email : osem@quadrantbiz.co

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03 -6201 1120
Fax : 03 -6201 3121
Email: sharereg@shareworks.com.my

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

TKNP PLT (AF 002323)
Lot 42020-3-1 (3rd Floor)
Wisma WCC Bayu
Jalan Batu Unjur 7
Taman Bayu Perdana
41200 Klang
Selangor Darul Ehsan
Tel : +(603) 3325 7784

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

AS AT 12 APRIL 2024

HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD

CONSTRUCTION DIVISION

- 100% H2Energy Corporation Sdn Bhd
- 60% H2Advance Builders Sdn Bhd
  - 100% Kenanga M&E Sdn Bhd
- 70% New Interconnected Expressway Sdn Bhd
- 100% Ho Hup Construction Company (India) Private Limited *
- 29.0% Konsortium AHHK Sdn Bhd
- 100% Ho Hup Construction Company (L) Ltd**
  - 70% Ho Hup (Myanmar) E&C Co., Ltd***
- 50% KHH Infrastructures Sdn Bhd
- 100% Ho Hup Infinite Sdn Bhd
- 100% Ho Hup Rail (Seremban) Sdn Bhd
- 100% Pelita Pintasan Sdn Bhd
- 100% Pinggir Prima Sdn Bhd
- 51% Niaga Sari Sdn Bhd
- 100% Ho Hup Aurora Place Sdn Bhd

PROPERTY DEVELOPMENT DIVISION

- 100% Bukit Jalil Development Sdn Bhd
- 100% Ho Hup Ventures (Kuantan) Sdn Bhd
- 75% Ho Hup Ventures (KK) Sdn Bhd
  - 70% Golden Wave Sdn Bhd
  - 100% Suria Jayajuta Sdn Bhd
- 24.99% Ho Hup Ventures (Johor) Sdn Bhd
- 100% Ho Hup Teratai Sdn Bhd
- 100% Ho Hup Fadason Sdn Bhd

BUILDING MATERIALS DIVISION

- 90% Tru-Mix Concrete Sdn Bhd
- 100% Ho Hup Industries Sdn Bhd
  - 70% Ho Hup Ventures (Malacca) Sdn Bhd
    - 100% Ho Hup Quarries (Malacca) Sdn Bhd
    - 75% Ho Hup-ICM Quarry Sdn Bhd

PROPERTY & RETAIL MANAGEMENT DIVISION

- 100% Ho Hup Jaya Sdn Bhd
  - 100% HH Interpark Sdn Bhd
- 100% Ho Hup F&B Sdn Bhd
  - 70% Coffee Delight Sdn Bhd
  - 100% Aurora Café Sdn Bhd (fka Old Malaya Café Sdn Bhd)
  - 70% 6 Teppan Dining Sdn Bhd
  - 70% Easy I Zak Sdn Bhd
  - 70% Aurora Exhibit Sdn Bhd

Note:

* Incorporated in India

** Incorporated in Labuan

*** Incorporated in Myanmar

FINANCIAL CALENDAR

30 APRIL 2024

- Notice of 50th Annual General Meeting and
- Issuance of Annual Report 2023

30 MAY 2024

50th Annual General Meeting
Venue : Bukit Jalil Golf and Country Resort, 1st floor, Perdana 1 & 2 Room, Jalan Jalil Perkasa 3, Bukit Jalil 57000 Kuala Lumpur

QUARTERLY RESULTS

31 MAY 2023

Unaudited consolidated results for 1st quarter ended 31st March 2023

30 AUGUST 2023

Unaudited consolidated results for 2nd quarter ended 30th June 2023

30 NOVEMBER 2023

Unaudited consolidated results for 3rd quarter ended 30th September 2023

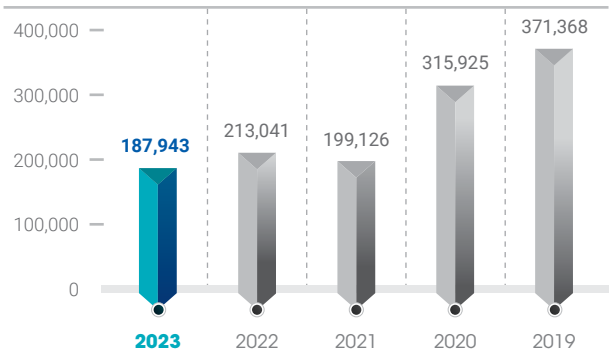
29 FEBRUARY 2024

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

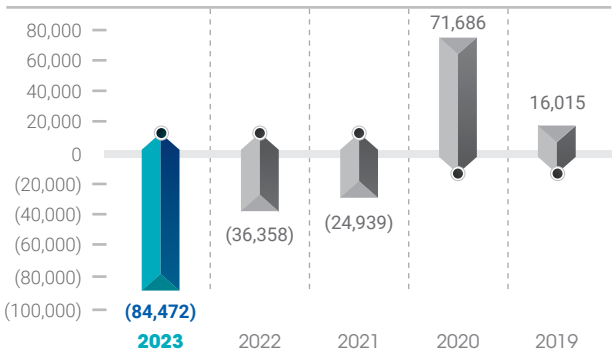
FIVE-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHT (RM'000)	2023	2022	2021	2020	2019
Key Statement of Comprehensive Income					
Revenue	187,943	213,041	199,126	315,925	371,368
(Loss)/Profit Before Tax	(85,186)	(25,849)	(20,958)	102,286	35,631
(Loss)/Profit After Tax	(84,472)	(36,358)	(24,939)	71,686	16,015
(Loss)/Profit Attributable to Owners of the Parent	(80,618)	(32,129)	(18,082)	73,037	17,179
Key Statement of Financial Position					
Total Assets	1,217,765	1,523,642	1,547,308	1,338,388	1,269,929
Total Borrowings	509,139	650,701	645,774	529,424	372,356
Total Equity	342,326	419,702	456,346	436,595	410,634
Share Information					
Basic(Loss)/Earnings per Share Attributable to Owners of the Parent (sen)	(16.20)	(6.50)	(3.80)	17.71	4.58
Net Assets per Share Attributable to Owners of the Parent (sen)	65.51	84.81	92.22	105.87	108.20
Financial Indicators					
Net Return on Shareholders' Funds (%)	(22.65%)	(7.66%)	(3.96%)	16.73%	4.18%
Gearing Ratio (times)	1.49	1.57	1.41	1.12	0.74

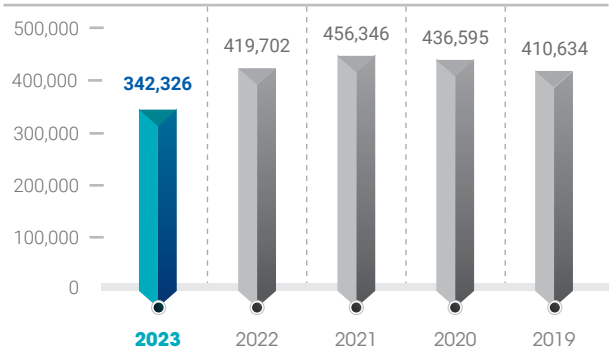
REVENUE
(RM'000)



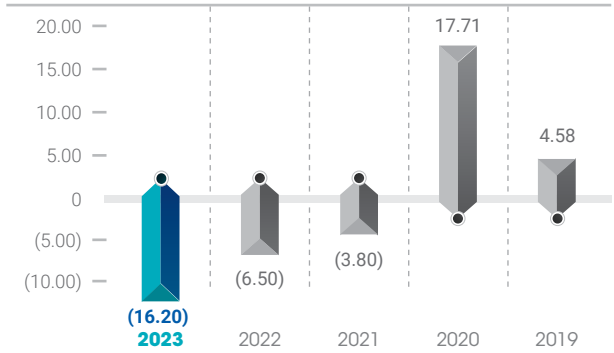
(LOSS)/PROFIT AFTER TAX
(RM'000)



TOTAL EQUITY
(RM'000)



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

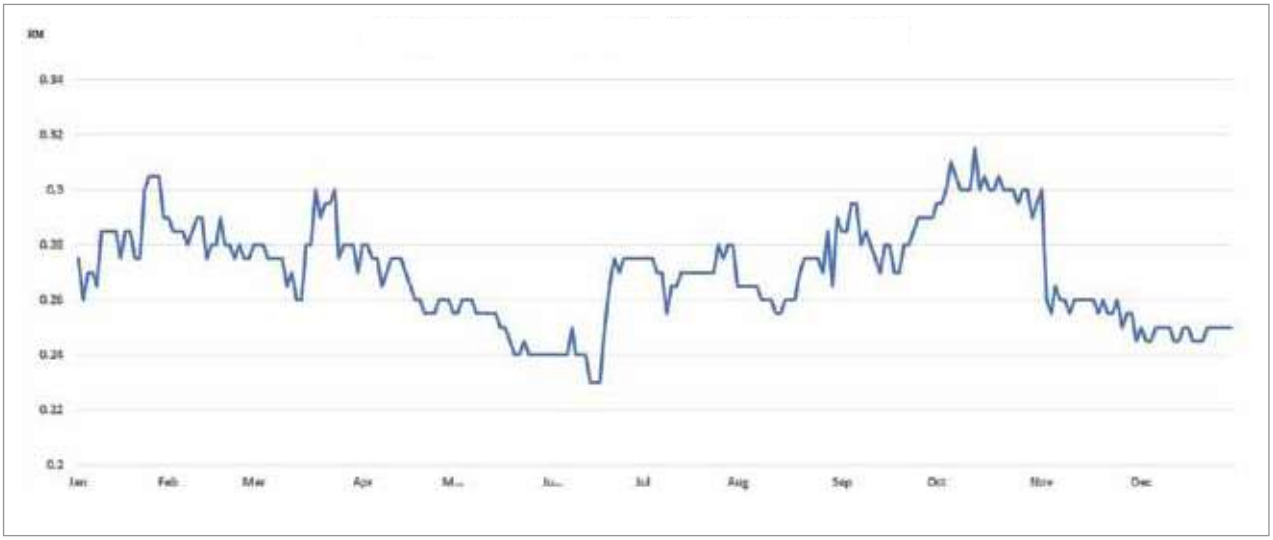


SHARE PERFORMANCE

STOCK EXCHANGE
Bursa Malaysia Securities Sdn Bhd

TRADING NAME
HO HUP

STOCK CODE
5169



Month	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23
High (RM)	0.305	0.300	0.305	0.290	0.260	0.280	0.285	0.290	0.295	0.330	0.300	0.250
Low (RM)	0.255	0.270	0.255	0.255	0.240	0.225	0.255	0.255	0.265	0.285	0.245	0.240
Average (RM)	0.281	0.282	0.279	0.268	0.250	0.248	0.270	0.267	0.282	0.255	0.261	0.247
Volume ('000)	854,400	625,200	1,135,500	1,777,400	594,650	2,065,300	1,745,200	3,397,900	4,911,200	4,004,800	11,334,200	6,705,600

MEDIA HIGHLIGHTS

HOHUP

KUALA LUMPUR 17 Mei - Ho Hup Construction Company Berhad akan terus melaksanakan langkah penjimatan kos bagi membantu mengekalkan margin keuntungan kumpulan dalam melaksanakan projek pada masa hadapan.

Pengerusinya, Tan Sri Dr. Mazlan Lazim berkata, langkah itu juga adalah sebahagian daripada usaha untuk mendepani cabaran pada masa akan datang.

Katanya, pihaknya akan sentiasa memberi fokus kepada meningkatkan kecekapan operasi mereka.

"Kami yakin bahawa dengan keadaan ekonomi yang semakin baik dan tanpa sebarang keadaan tidak dijangka, 2023 akan menjadi tahun yang berjaya bagi kumpulan ini," katanya dalam Laporan Tahunan kepada Bursa Malaysia.

Katanya, dalam sektor hartanah tempatan, peningkatan kos dan tekanan inflasi terus menjadi cabaran utamanya.

Mazlan berkata, kumpulan itu baru-baru ini melihat beberapa perkembangan yang sangat positif dalam penjualan

"Sebagai contoh, selepas pelonggaran sekatan perjalanan, Projek Mahkota kami di Kota Kinabalu telah menyaksikan peningkatan dalam beberapa bulan kebelakangan ini.

凯利（中）视察，东铁首个轨道安装工程将在今年秒进行，左为莫哈末诺那哈及右为陈箭湘。（刘玉萍摄）

有信心如期竣工

彭東鐵進度達43%

（关丹17日讯）马来西亚铁道衔接公司（MRL）区域建筑经理（彭亨州）凯利披露，彭州的东海岸铁路计划（ECRL）进度已达43%，有信心可以如期竣工，且预计将于年杪，在格宾往登州龙运方向，进行东铁首个安装轨道工程。

他指出，彭州将是第一个进行轨道的州属，相关安装机器预计将于今年10月或11月运抵，安装工程将于今年杪展开。

"将会从格宾开始至龙运，全长约90公里，然后机器再运回格宾，再从格宾至淡马鲁。"

他表示，安装轨道的工程竣工日期皆视整体的基建工程进度，希望及有信心进展顺利，如期完成。

他指出，格宾至龙运的安装轨道工程约需时3.5个月。

他表示，因相关机器从中国运抵关丹港口，因此，最初计划就是从彭州开始安装轨道。

"格宾至马兰的安装轨道工程约在4月（2024年）进行，需时3至4个月，因此，格宾至龙运需时3至4个月完成。"

每日可安装1.5公里轨道

他指出，根据计算，每日可以安装1.5公里轨道。

凯利是于今午，在东铁开斋活动上，向媒体记者如是表示。

陪同者有MRL 6A部分建筑经理莫哈末诺那哈及MRL 6B部分建筑经理陈箭湘。

他也提到，东铁在彭州的工程目前有约8000人，目前人手在不断的增加中，预计年杪至明年，工程进入高峰期时，人手将增加至2万3000人。

他指出，所使用的科技及机器皆来自中国，因主要承包商来自中国，同时中国也是最多铁道的国家。

另一方面，彭州务大臣拿督斯里旺罗斯迪也受邀出席宴会，并在马来西亚铁路衔接公司（MRL）首席执行员拿督斯里达维斯和中国交建的东铁项目副总经理兼总工程师邓波陪同下，派发开斋节红包予孤儿。

Growth, strong household finances to support residential property market in H2: Juwai IQI

KUALA LUMPUR: Malaysia's stable economic growth, falling inflation and strong household finances would support the residential market in the second half of 2023 (H2'23), said Juwai IQI co-founder and group CEO Kashif Ansari.

He said the residential property market was expected to improve further this year because of a range of supportive conditions, despite moderately lower economic growth.

"We forecast home price growth of 1.5% and 4% during the second half of the year compared to a year earlier," he said in a statement yesterday.

Ansari said Malaysia had benefited from stable economic growth due mainly to proactive measures taken by the government and wise management by Bank Negara Malaysia.

"In the first quarter, the gross domestic product growth rate of 5.6% was driven by the private sector.

"Overall, 2023 growth will probably come in between 4% and 5%, even if the global environment does not improve," he said.

Ansari added that core inflation fell from 3.1% to 2.5% in the first quarter and believes inflation has been tamed and will continue to drop moderately in the six months ahead.

Meanwhile, Ansari said strong household finances would be a positive development for the property market.

"Only about 1% of loans are in trouble, and that rate is falling." - Bernama

DIRECTOR'S PROFILE

TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM

Chairman/Independent Non-Executive Director

Age:	Gender:	Nationality:
62	Male	Malaysian

Date of Appointment:	Length of Service:
29 August 2022	1 year and 7 months (as at 31 March 2024)

Date of Last Re-election:
31 May 2023

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 (DIG) 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
Rapid Synergy Berhad

He attended all the six (6) Board Meetings of the Company held during the financial year.

DIRECTOR'S PROFILE (CONT'D)

DATO' WONG KIT-LEONG

Executive Director

Age:	Gender:	Nationality:
52	Male	Malaysian

Date of Appointment:	Length of Service:
12 August 2010	13 years and 7 months (as at 31 March 2024)

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 ("Dato' Wong") 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. On 24 April 2014, Dato' Wong was re-designated as the Executive Director/Chief Executive Officer ("CEO") of the Company. Subsequently, Dato' Wong was re-designated to Executive Director on 21 March 2024.

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

Directorships of other Public Listed Companies

Nil

He attended all the six (6) Board Meetings of the Company held during the financial year.

DATO' WONG GIAN KUI

Executive Director

Age:	Gender:	Nationality:
64	Male	Malaysian

Date of Appointment:	Length of Service:
21 August 2017	6 years and 7 months (as at 31 March 2024)

Date of Last Re-election:
31 May 2023

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 and the Executive Director of Inari Amertron Berhad and Divfex Berhad.

Directorships of other Public Listed Companies

Insas Berhad
Inari Amertron Berhad
Divfex Berhad

He attended all the six (6) Board Meetings of the Company held during the financial year.

DIRECTOR'S PROFILE (CONT'D)

DATIN CHAN BEE LENG

Non-Independent
Non-Executive Director

Age:	Gender:	Nationality:
63	Female	Malaysian

Date of Appointment:	Length of Service:
31 October 2011	12 years and 5 months (as at 31 March 2024)

Date of Last Re-election:
31 May 2023

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 and major shareholder of the Company.

Directorships of other Public Listed Companies

Nil

She attended all the six (6) Board Meetings of the Company held during the financial year.

MR. LOW KHENG LUN

Non-Independent
Non-Executive Director

Age:	Gender:	Nationality:
37	Male	Malaysian

Date of Appointment:	Length of Service:
31 October 2011	12 years and 5 months (as at 31 March 2024)

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 and major shareholder of the Company.

Directorships of other Public Listed Companies

Nil

He attended all the six (6) Board Meetings of the Company held during the financial year.

DIRECTOR'S PROFILE (CONT'D)

MR. THEVANAIGAM RAJAN CHITTY

Independent
Non-Executive Director

Age:	Gender:	Nationality:
67	Male	Malaysian

Date of Appointment:	Length of Service:
23 March 2022	2 years (as at 31 March 2024)

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 all the six (6) 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:	Gender:	Nationality:
56	Male	Malaysian

Date of Appointment:	Length of Service:
29 August 2022	1 year and 7 months (as at 31 March 2024)

Date of Last Re-election:
31 May 2023

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)
- 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
Microlink Solutions Berhad

He attended all the six (6) Board Meetings of the Company held during the financial year.

CHIEF EXECUTIVE OFFICER'S PROFILE

DATO' SRI CHEE HONG LEONG

Chief Executive Officer

Age:	Gender:	Nationality:
60	Male	Malaysian

He graduated with a Master of Business administration from McMaster University, Hamilton, Ontario, Canada and holds a Bachelor of Engineering (Computer) from McMaster University, Hamilton, Ontario, Canada.

He began his career in 1990, coordinating the development in corporate and annual strategic plans for Leisure Holidays Group of Companies.

From 1992 to 1998, Dato' Sri Chee ventured into various businesses in the property development sector where he held the position of Chief Executive Officer at Canary Homes Sdn Bhd and Canary Infoport Sdn Bhd. He subsequently joined Tanco Resort Berhad where, from 1998 to 2002, he held various positions from General Manager rising to Executive Director and Chief Operating Officer.

In March 2003, he joined M & A Equity Holdings Berhad (formerly known as SYF Resources Bhd), a furniture, boards and property development firm, initially as a member of the Board of Directors and was subsequently appointed as Executive Director in 2011 till todate. He also currently sits on the Board of Hextar Industries Berhad as Independent Non-Executive Director and Microlink Solutions Berhad as Non-Independent Non-Executive Director.

Notes:-

Family Relationship with Director and/or Major Shareholder

Save as disclosed, none of the Directors and Chief Executive Officer 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 and Chief Executive Officer has any conflicts of interest with the Company.

Conviction of Offence

None of the Directors and Chief Executive Officer 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 and Chief Executive Officer 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 Ho Hup Construction Company Berhad ("HHCCB" or "the Company") for the financial year ended 31 December 2023 ("FYE 2023").

The global economy generally remained challenging post Covid as geopolitical tensions in the prolonged Russia-Ukraine war, and more recently the Israel/Gaza conflict, continue to provide a destabilizing environment for economies throughout the world. Our country, Malaysia, was not spared as our Gross Domestic Product ("GDP") which in 2022 was 8.7%, dropped to 3.7% in 2023.

Notwithstanding this, for 2024, our GDP is anticipated to improve slightly up to between 4% to 5%, mainly driven by favourable labour market conditions, robust financial and investment sectors and improvements in the tourism sector.

In FYE 2023, the property and construction sector continued to face challenges in terms of escalating inflationary pressures resulting in cost escalations impacting all our projects on hand. This coupled with high interest rates prevailing had presented the Group with a challenging scenario to remain competitive and to grow our business. The overall subdued business environment has adversely impacted the Group's operational results and also necessitated several restructuring activities to strengthen our balance sheet with the primary objective of reducing our borrowings to minimise finance costs as we move forward. In addition, the Board has considered it prudent that we review our assets and receivables, and where deemed necessary, we have made provisions for impairment even as we continue to pursue recovery these outstanding.

For FYE 2023, the Group realised a decrease in revenue of approximately 11.8% to RM187.9 million as compared with FYE 2022's RM213.0 million; and a higher Group loss after tax of RM84.5 million versus FYE 2022's loss after tax of RM36.4 million.

CHAIRMAN'S STATEMENT (CONT'D)

We anticipate that FYE 2024 will remain equally challenging but are optimistic that our property development projects, namely Flex @ Bukit Jalil and The Crown, Kota Kinabalu will be able to generate the necessary cashflow and profitability and coupled with our recent restructuring initiatives focusing on de-gearing our balance sheet, FYE 2024's financial results is expected to be better than FYE 2023.

OPERATING ENVIRONMENT

As mentioned earlier, during the year, several corporate restructuring exercises and fund raising were undertaken. These included the following:

1. 5 September 2023 - Disposed our investment in Ho Hup Dagang Jaya Sdn Bhd. With this disposal, the Group will no longer be the property developer for the Dagang Jaya project, hence reducing its cashflow exposure and will enable the Group to focus on its main projects in Flex @ Bukit Jalil and The Crown, Kota Kinabalu.

2. 15 August 2023 - the Company announced a Private Placement ("PP") exercise of up to 49,486,000 new ordinary shares in Ho Hup to independent third-party investors. Bursa Malaysia Securities Berhad had approved the listing of and quotation for the new ordinary shares in Ho Hup ("Placement Shares") on 27 October 2023.

   This private placement was subsequently priced at RM0.235 per Placement Share, and, on 28 November 2023, 23,400,000 new Shares @ RM0.235 was listed, generating approximately RM5.5 million.

3. 21 November 2023 – The Group reduced its shareholding in Ho Hup Ventures (Johor) Sdn Bhd from 75.00% to 24.99%. With this exercise, the Group has ceased to be the land owner and property developer for Laman Iskandaria, Kulai project. As a result of this dilution, the Group was able to reduce its bank borrowings by approximately RM97 million.

The above activities had effectively reduced the Group's gearing ratio from 1.57 times in FYE 2022 to 1.49 times at the end of FYE 2023.

The reduced financial exposure will enable the Group to focus more on its main projects namely Flex @ Bukit Jalil (launched during the second quarter of 2023) and The Crown, Kota Kinabalu which has a combined Gross Development Value ("GDV") of RM1.6 billion.

PERFORMANCE OVERVIEW

The Group's revenue for FYE 2023 was RM187.9 million, approximately RM25.1 million or 11.8% below the Group's revenue in FYE 2022. The Group also reported a loss before tax of RM85.2 million as compared to a loss before tax of RM25.8 million in FYE 2022. The Group's net loss for the financial year was RM84.5 million as compared to net loss of RM36.4 million in FYE 2022. The relatively substantial increase in net loss was mainly attributable to the impairment of long outstanding receivables

The decrease in Group revenue was mainly due to the lower contribution from construction and property divisions.

An in-depth review of the financial performance is presented under the Management Discussion and Analysis ("MD&A") section on pages 20 to 23.

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.

CHAIRMAN'S STATEMENT
(CONT'D)

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 24 to 39.

OUTLOOK AND PROSPECTS

As we progress into FYE 2024, the Group recognises that with the headwinds brought about by the sluggish global economy in general and relatively soft market conditions in Malaysia in particular, we need to remain resilient and focused on managing our business. Towards this end, we will continually strive to ensure that our on-going projects will stay on schedule, monitor and minimise our costs and increase our revenue and profitability in FYE 2024.

A major focus area for FYE 2024 will be on our cashflow management. Following the initiatives already in place, we will strive to further explore more opportunities to consolidate and/or reduce our borrowings and exposure to finance costs whilst still ensuring we will be able to progress and meet the timelines for our current development projects. The consolidation will also address our various current business activities with the view of identifying and eliminating businesses which are either not contributing to the bottom line and/or incurring disproportionate cash resources.

Given the various fiscal activities/strategies the Government has put in place, it is envisaged that the local economy will remain resilient with GDP expected to improve from 2023's 3.7% to between 4 to 5% in 2024. The Group expects that with prudent management of our resources and the improved planned growth in Malaysia's GDP, we will be able to achieve the planned requisite sales for our projects and an improvement in our results for FYE 2024.

To date, our Flex @ Bukit Jalil in Bukit Jalil (a project with an estimated GDV of RM1.0 billion) have launched SOVO with its GDV of RM297 million and has recorded sales of 33.0% of the total units available while for The Crown, Kota Kinabalu project (estimated GDV of RM600 million) sales are 74.0% of total units available.

APPRECIATION

On behalf of the Board, 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.

A heartfelt 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 record our sincere thanks to Dato' Sri Thong Kok Khee, who resigned on 30 August 2023, for his services to the Group as Director and also as Chairman of the Remuneration Committee.

Similarly, I would like to express our appreciation to Dato' Sri Chee Hong Leong, who resigned as Executive Director of the Company on 21 March 2024, and was then appointed as the Chief Executive Officer of the Company to focus on the Group's operations.

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

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.

Aged:
67

Gender:
Female

Nationality:
Malaysian

MS. VICTORIA LOUI HOONG MEI

General Manager –
Assets & Property Management

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.

Aged:
54

Gender:
Female

Nationality:
Malaysian

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

MR. YAP YOON LEAN

General Manager – Finance & Quarry Operations
(Building Materials Division)

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 30 years of experience in accounting, finance, and operations in several industries from hotel management, construction, engineering, manufacturing, and quarry.

Aged:
64

Gender:
Male

Nationality:
Malaysian

MR. FOO TZEH YUAN

General Manager –
Ready Mixed Operations
(Building Materials Division)

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.

Aged:
66

Gender:
Male

Nationality:
Malaysian

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

MS. LILIAN CHAN LEE LING

General Manager – Marketing & Sales and Sales Administration

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

In May 2022, she joined the Company as Assistance 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 with the size of 300-acre to 1,500-acre. She has over 25 years working experience in property development industry..

Aged:
54

Gender:
Female

Nationality:
Malaysian

MS. TAN GUAN LING

Assistant General Manager – Corporate & Finance

She is a Chartered Accountant from the Malaysian Institute of Accountants (MIA) and Associate Member of the Chartered Institute of Management Accountants (CIMA) UK.

With extensive experience spanning various industries, including manufacturing, trading, construction, property development, and property management services, she began her career as a Finance Executive at MBF Holding Berhad in 1996. In 1998, she transitioned to Singapore, serving as a Finance Officer in a trading and manufacturing company in Jurong, Singapore. Returning to Malaysia in 2012, she held positions in corporate finance and accounts divisions within several listed companies before joining the Company in September 2019 as Senior Manager. She was subsequently promoted to Assistant General Manager, where she now heads the Corporate & Finance Department.

Aged:
54

Gender:
Female

Nationality:
Malaysian

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

Given the prevailing escalating uncertainties in the global landscape with its on-going geo-political tensions particularly in the Middle East and Russia/Ukraine, Malaysia's economy, although deemed resilient, saw a drop from 2022's exceptional GDP of 8.7% to 3.7% in 2023, facilitated mainly by the continuous expansion in domestic demand.

Escalating costs brought about by inflationary pressures coupled with high interest rates which prevailed in 2023 continued to challenge our business and development projects as we strive to remain competitive and enhance our sales.

Bank Negara Malaysia announced in November 2023 that Overnight Policy Rate ("OPR") will remain at 3%, indicating an accommodative and supportive move towards economic growth particularly in the property and construction sectors.

Budget 2024, which was tabled in the Dewan Rakyat in October 2023, is also seen as a catalyst for the property sector. The proposed relaxation of the Malaysia My Second Home requirements and an increase in funding from RM5 billion to RM10 billion for Skim Jaminan Kredit Perumahan will assist about 40,000 borrowers.

For FYE 2023, the Group realised a decrease in revenue of approximately 11.8% to RM187.9 million as compared with FYE 2022's RM213.0 million; and a higher Group loss after tax of RM84.5 million versus FYE 2022's loss after tax of RM36.4 million.

We anticipate that FYE 2024 will remain equally challenging and we will continue to focus on our property development projects which will be able to generate the necessary cashflow and profitability, and coupled with our recent restructuring initiatives focusing on de-gearing our balance sheet, FYE 2024's financial results is expected to be better than FYE 2023.

GROUP BUSINESS ACTIVITIES

During FYE 2023, the Group carried out a restructuring and rationalisation exercise with the purpose of improving our business operations, optimising asset allocation as well as de-gearing our balance sheet. As part of our efforts, we disposed our Dagang Jaya project in the third quarter and towards year-end, ceased to be the developer of the Laman Iskandaria, Kulai project.

Following this, we will focus on the areas below:

CORE BUSINESS DIVISION	BUSINESS STRATEGIES
Construction	Emphasis on improving operational efficiency and stringent cost control
Building Materials	Seek opportunities in the public infrastructure projects to achieve break-even level
Property Development	Focus on our newly launched mixed development project in Bukit Jalil and expedite the development of the hotel and service apartments in Kota Kinabalu.
Property Management and Retail	Grow occupancy rate and to improve rental collections to strengthen overall cash management and profitability.

SHARE PRICE PERFORMANCE

	Financial Year 2023	Financial Year 2022	Financial Year 2021
Year High (sen)	0.31	0.35	0.50
Year Low (sen)	0.23	0.24	0.29
Year Close (sen)	0.25	0.29	0.30
Trading Volume (no.)	39.2 million	127.2 million	191.4 million
Market Capitalisation (as at the financial year end)	RM129.6 million	RM126.2 million	RM150.9 million

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FINANCIAL REVIEW

REVENUE

Group revenue totalled RM187.9 million in FYE 2023 which was RM25.1 million or 11.8% lower than that achieved in the previous year. This was due to decrease in sales from our Property Development Division and Construction Division.

The Construction Division revenue decreased from previous financial year corresponding period mainly due to completion of ECRL project and there were no new contracts undertaken.

The Property Development Division registered lower revenue during the year due to lower contribution from our Laman Iskandaria, Kulai. However, it was compensated by the sales from our newly launched project Flex @ Bukit Jalil and current on-going project The Crown, Kota Kinabalu.

Revenue contribution from the Building Materials Division reduced to RM11.2 million from RM14.1 million in FYE 2022 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 to improve efficiency.

	YEAR ENDED		
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Revenue	187,943	213,041	199,126
Cost of Sales	(145,950)	(162,857)	(119,188)
Gross Profit	**41,993**	**50,184**	**79,938**
Other Income	11,469	25,720	5,619
Administrative expenses	(21,091)	(20,681)	(18,469)
Other expenses	(54,749)	(38,388)	(45,670)
Result from operating activities	**(22,378)**	**16,835**	**21,418**
Net loss on impairment on financial instruments	(20,485)	(1,390)	(3,599)
Finance costs	(42,323)	(41,276)	(38,758)
Share of results of associates and joint ventures		(18)	(19)
Loss before tax	**(85,186)**	**(25,849)**	**(20,958)**
Taxation	714	(10,509)	(3,981)
Loss for the financial year	**(84,472)**	**(36,358)**	**(24,939)**

COST AND EXPENSES

a) The cost of sales ("COS") for the Group for FYE 2023 was RM146.0 million compared to RM162.9 million in FYE 2022. The decrease is in line with the lower revenue.

b) Overheads, operating cost and net loss on impairment on financial instruments for the Group was RM96.3 million compared to RM60.5 million in FYE 2022. The increase of RM35.8 million was mainly due to impairment of its long outstanding receivables.

MANAGEMENT DISCUSSION & ANALYSIS
(CONT'D)

OTHER INCOME

Other income of the Group decreased from RM25.7 million to RM11.5 million mainly due to no gain from fair value of investment property in this financial year as compared to previous financial year.

RESULTS FROM OPERATING ACTIVITIES BEFORE TAX

Group results from operating activities before tax was a loss of RM22.4 million compared to previous year's profit of RM16.7 million due to lower profit recognised and higher other expenses in the current financial year.

FINANCE COSTS

Finance costs increased to RM42.3 million versus RM41.3 million previously.

TAXATION

For FYE2023, there was a deferred tax credit of RM0.7 million arising from losses in the subsidiaries.

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 and a private placement of shares during the year.

Cash and cash equivalents (fixed deposits and cash and bank balances) at end December 2023 reported positive cash flow of RM20.7 million as compared to positive cash flow of RM30.7 million at end December 2022.

Total borrowings of the Group decreased by RM141.6 million to RM509.1 million, from RM650.7 million as at 31 December 2022. The decrease was mainly due to repayments from on-going projects and also the Group's restructuring activities focusing on de-gearing the balance sheet to reduce finance costs.

GEARING

The gearing ratio of the Group as at 31 December 2023 reduced to 1.49 times, from 1.57 times as at 31 December 2022 mainly due to corporate restructuring exercises undertaken during the year. This ratio is calculated as total net debt divided by total shareholders' funds. Total net debt which is calculated as total borrowings amounted to RM509.1 million as at 31 December 2023. Total shareholders' funds were calculated as the sum of total shareholders' equity, which amounted to RM342.3 million in 2023 (2022: RM419.7 million).

OPERATIONAL REVIEW

CONSTRUCTION DIVISION

The Construction Division's revenue for FYE2023 was RM23.6 million (FYE 2022: RM44.0 million) and loss before tax of RM47.4 million (loss before tax FYE 2022: RM32.8 million). The decrease in revenue was mainly due to completion of ECRL project in FYE2023.

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

PROPERTY DEVELOPMENT DIVISION

The division recorded a decrease in revenue of RM3.0 million or 2.0% from RM147.5 million in the FYE2022 to RM144.5 million in FYE 2023, mainly due to lower revenue recognised for Laman Iskandaria, Kulai. However, it was compensated by the sales from our newly launched project Flex @ Bukit Jalil and current on-going project The Crown, Kota Kinabalu.

The loss before tax in FYE2023 was RM51.8 million (FYE2022: loss before tax RM16.6 million).

MANAGEMENT DISCUSSION & ANALYSIS
(CONT'D)

BUILDING MATERIALS DIVISION

The Division's contribution to Group Revenue was lower at RM11.2 million (FYE 2022: RM14.1 million) and loss before tax stood at RM20.0 million, compared to RM9.0 million the previous financial year.

The weak performance and the lower revenue, with a drop almost 20.6% or RM2.9 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. .

PROPERTY AND RETAIL DIVISION

Property and Retail Division's revenue in 2023 grew to RM8.6 million compared to the previous year's RM7.3 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, 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.

PLANNING AHEAD

The Group's results/loss for FYE 2023 is significantly higher than that of FYE 2022. In FYE 2023, the Group has embarked on several restructuring and rationalization activities with the long-term view of enhancing its competitiveness in the years ahead. These activities will better position the Group to complete successfully and profitably its current main projects namely Flex @ Bukit Jalil and the Crown Project in Kota Kinabalu – see details below.

Flex @ Bukit Jalil, Kuala Lumpur

Our latest mixed development project, Flex @ Bukit Jalil which was launched in 2023 has an estimated GDV RM1.0 billion. 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

With the strategic location of this project, we are optimistic that this project will see improved sales and continue to contribute to the Group's revenue in 2024.

The on-going development projects above 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, hence generating additional cashflow for the Group.

In summary, starting from the later part of 2023, whilst still focusing on our current development projects, the Group had initiated several restructuring exercises to ensure business objectives are aligned and that our financial resources are optimally utilised. This therefore necessitated the disposal and/or reduction in our investments in projects that demanded relatively high cash resources hence reducing our borrowings and finance costs. With these in place, we expect to be better positioned to enhance our performance in the years to come.

Thank you.

DATO' WONG KIT-LEONG

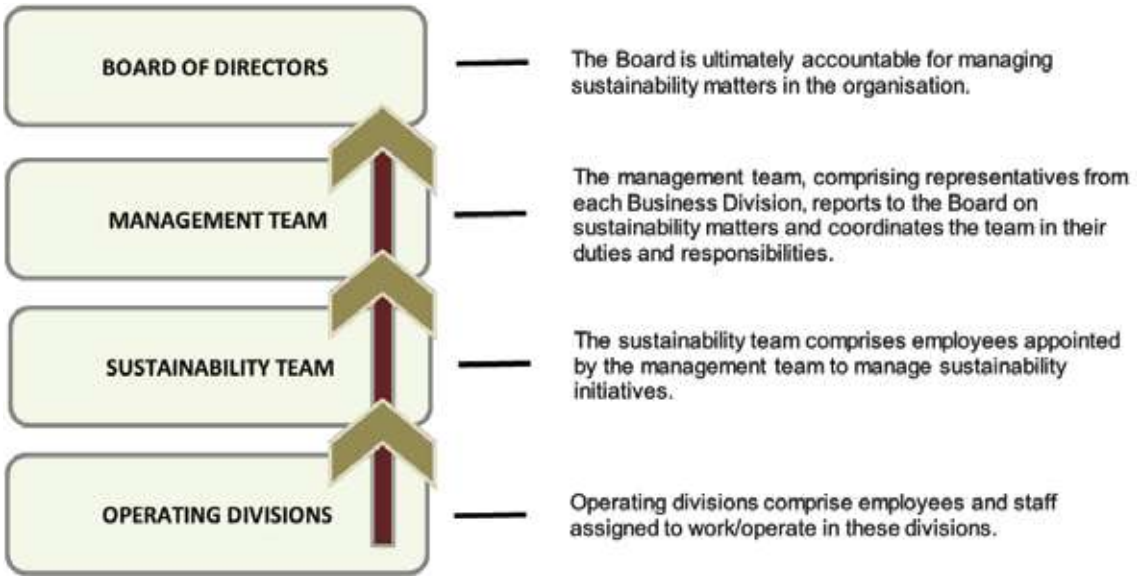
Executive Director

SUSTAINABILITY REPORT

Our 2023 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 2023, 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 29.

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 2023 to April 2024. 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:

NO	DIVISION / PROJECTS	SUSTAINABILITY IMPACT	SUSTAINABILITY EESG CATEGORY
A	PROPERTY DEVELOPMENT		
1)	Flex @ Bukit Jalil	Creating a new business hub in Bukit Jalil City	Economic Environmental Social
2)	The Crown, Kota Kinabalu	Through innovative architectural design and features, the project enchances and supports sustainable morden lifestyles	Economic Environmental Social
B	CONSTRUCTION		
1)	National Infrastructure -East Cost Rail Link (ECRL)	Building a national infrastructure that will help link cities & towns, and upgrade public transport in rural areas.	Economic Environmental Social Governance
C	BUILDING MATERIAL		
1)	(Quarry) Rock Supply for Conservation works	Resource conservation by using rock from quarry for the Breakwater	Economic Environmental Social
2)	(Ready-mix) Concrete Supply around Klang Valley	Prudent planning for delivery helps to lower carbon footprint	Economic Environmental Social
D	PROPERTY AND RETAIL MANAGEMENT		
1)	Aurora Place, Bukit Jalil -Lower Ground Retail -Level 4 -Ho Hup Tower -Carparks	The clean, green environment through efficient maintenance practices, contributes to an improved business environment and enchanced security for the Aurora Place community	Economic Environmental Social
2)	Food and Beverage (F&B) business	Making food and beverage convenient for visitors, residents and employees in Aurora Place.	Economic Social

SUSTAINABILITY REPORT
(CONT'D)

STAKEHOLDER ENGAGEMENT

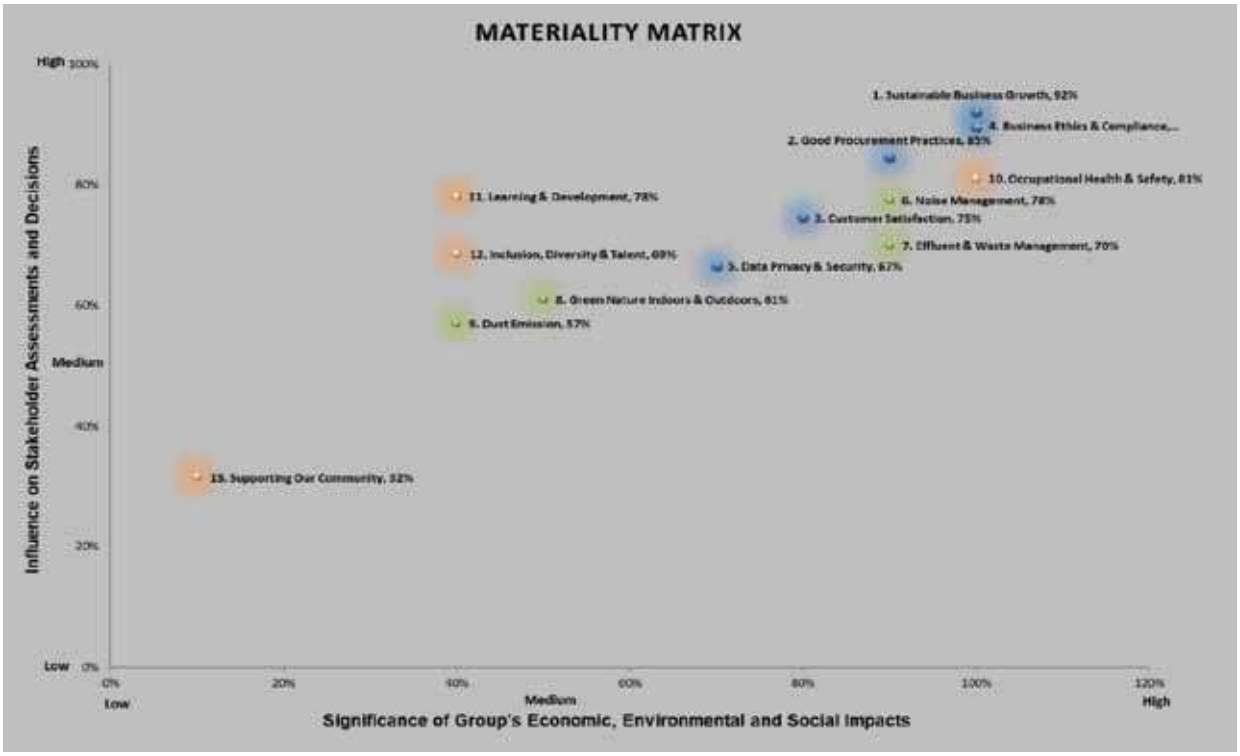
In line with Sustainable Development Goal ("SDG") 17, we engage with our stakeholders through various channels to better understand their needs and concerns. Our stakeholders' engagement channels, frequency and the material issues identified are summarised below.

No	Stakeholders	Area of Interest	Engagement Channel	Frequency	Material Issues
1	Employees	• Company direction and performance • Career development and training opportunities • Workplace safety and health • Well-being of employees	• Management Meetings • Company Annual Staff luncheon	Frequent Once / Twice a year	• Economic Performance • Employee Management • Learning & Development
2	Shareholders/ Investors	• Operational and financial performance • Shareholder EPS returns • Sustainability performance	• AGM/EGM • Corporate website • Investor relations • Public announcement	As needed	• Economic Performance • Sustainable Business Growth • Business Ethics & Compliance • Good Procurement Practices
3	Customers	• Product quality • Product/services	• Sales engagement • Client survey	As needed	• Client Satisfaction • Data Privacy & Security • Green Nature Indoors & Outdoors
4	Board of Directors	• Discussion of key decision matters • Deliberation of financial review	• Board meetings	At least 4 times a year	• Sustainable Business Growth • Business Ethics & Compliance • Inclusion, Diversity & Talent
5	Business Partners	• Negotiation of contract terms	• Business meetings • Business ventures	Frequent	• Sustainable Business Growth • Good Procurement Practices • Business Ethics & Compliance
6	Suppliers and Subcontractors	• Transparency in procurement processes • Streamline procurement process	• Suppliers evaluation • Email	Once/Twice a year	• Good Procurement Practices • Supply Chain Management • Data Privacy & Security
7	Regulators	• Regulatory compliance & obtaining licenses • Improving construction sector productivity	• Regulatory meeting	Ad-hoc When required	• Regulatory & Compliance • Effluent & Waste Management • Occupational Health & Safety

SUSTAINABILITY REPORT
(CONT'D)

No	Stakeholders	Area of Interest	Engagement Channel	Frequency	Material Issues
8	Local Communities	• Communication on our development plans and projects • Community development and support	• Community programmes • Community engagement	Few times a year (during events)	• Noise Management • Dust Emission • Corporate & Social Awareness

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.

SUSTAINABILITY REPORT
(CONT'D)

Important and Material Economic, Environment & Social Matters			
No.	Economic	SDG Goals	Economic Impact refers to the impact of the Company's business operations on economic perspective of its stakeholders from a sustainability point of view.
1	Sustainable Business Growth	8,9,11,17	
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 refers to the impact of the Company's business operations on the ecosystem, habitat and the planet.
6	Noise Management	8,11,12,16	
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 refers to the impact of the Company's business operations on the social environment and its local communities.
10	Occupational Health & Safety	3,8,11,12,16	
11	Learning & Development	4,8	
12	Inclusion, Diversity & Talent	5,8,10	
13	Supporting Our Community	3,4,11,17	

	Initiatives addressing sustainability	Outcome	Status
Economic Impact			
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 Impact			
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 Impact			
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 skilful 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 PERKESO i.e. Perkeso Run & Ride 2023	Supporting others association's activities	Completed

Sustainability Highlights 2023

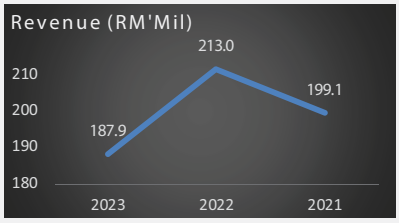
To Create and Enhance our Shareholders' Value

Economic -Better Business

Sustainable Business Growth
Sales Performance of Our Core Business Activities

Flex @ Bukit Jalil was launched in Q2 2023

Business Performance



Shareholder's Value RM
Loss per Share ("LPS") (sen)

2023	2022	2021
(16.20)	(6.50)	(3.80)

Net Asset Value per Share ("NAV") (RM)

2023	2022	2021
0.66	0.85	0.92

Social -Better Workforce 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.

√ 2023 √ 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.

√ 2023 √ 2022

Effluent and Waste Management

√ 2023 √ 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/Land** 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 Outdoor

The combined green landscape occupies **29,117.5sqft** indoors and outdoors to promote greenery for an urban development at Aurora Place, Bukit Jalil.The planted trees acts as a natural shade indoorswhich resultin a lower temperature indoors with the unique water fountain in the middle of the garden.More trees and plants also contribute to more oxygen and alower carbon footprint.

Environment -Better Planet

Occupational Safety and Health ("OSH")

√ 2023 √ 2022

All contractors and staffs are briefed on safety practicesat the project sites.

Safety officersobserving high standards of safety practices for all project implementation.

Inclusion, Diversity and Talent

Total staff in 2023
155 persons
38.06% Female
61.94% Male

Total staff in 2022
211 persons
26.54% Female
73.46% Male

2023 Talent pool improvement
77 new staff hired
140 persons left the organization due to corporate exercise

Indicators
Employee retention rate 23%
Employees turnover rate 77%

Learning and Development

Total Group training hours
220 hours

People attended
20 persons

Total training courses
17 courses

Good Health and Well-Being

Free Zumba classes were conducted every Wednesday's evening for staff

Participated in Perkeso Run and Ride 2023 organised by PERKESO

SUSTAINABILITY REPORT
(CONT'D)

ECONOMIC

Sustainable Business Growth

We serve the nation by building major infrastructure projects that contribute to nation-building. These include railways 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. Our projects are:

1. East Coast Rail Link (ECRL) projects in Pahang. This project was completed at the end of year 2023; and
2. The Crown Project in Kota Kinabalu, comprising service suites, a five-star hotel and niche retail lots.

Property Development Division

The Group owns a plot of freehold land which is located next to Aurora Place at Bukit Jalil. A mixed development project with an estimated GDV of RM1,013 million, named Flex @ Bukit Jalil was developed on the site. This development will be a fully integrated project located in Bukit Jalil City sandwiched between Pavilion Bukit Jalil and Kinrara with features of a good mix of residential and commercial development consisting of SOVO, Hotel, Service Apartment and retails lots. The project was launched in Q2 2023, and this project is expected to contribute positively to the Group.

In East Malaysia, Ho Hup also launched a mixed development project, The Crown, in Kota Kinabalu, Sabah with an estimated GDV of RM600 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)

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 food and beverage outlets and five levels of carpark.

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

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 criteria 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.

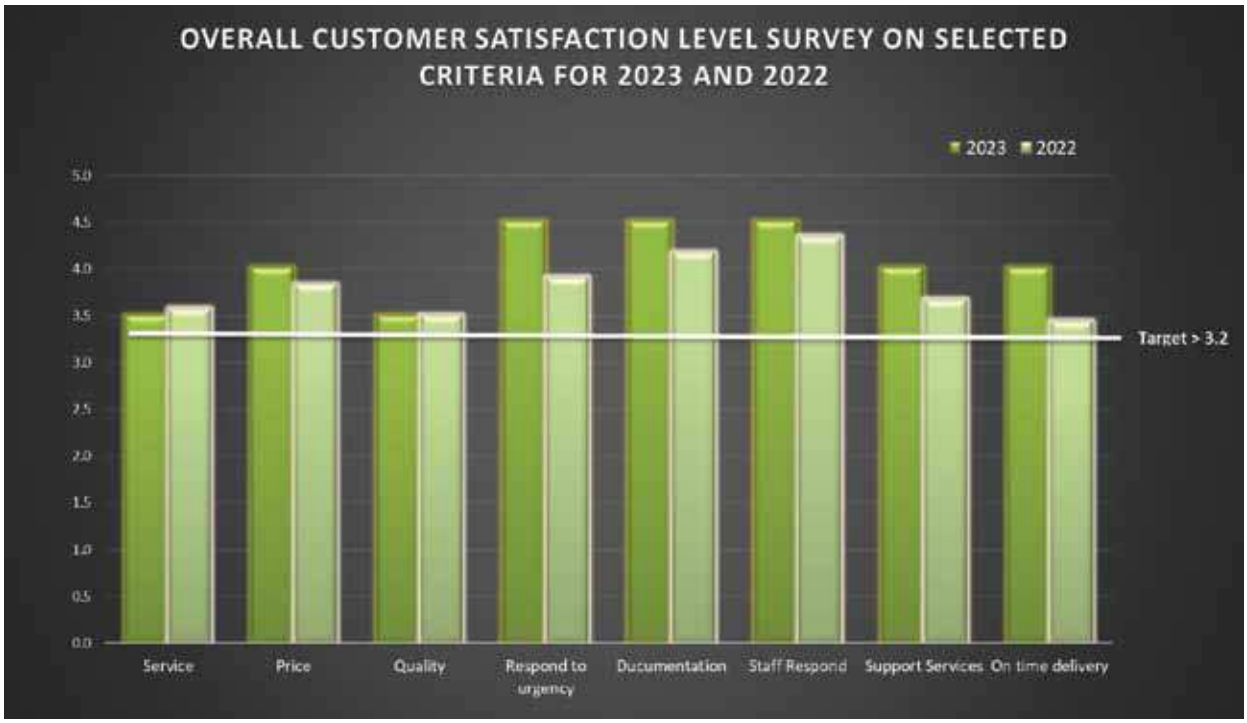
Customer Satisfaction

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.

SUSTAINABILITY REPORT
(CONT'D)

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 2023 customer service level survey was conducted with the ratings as illustrated below:



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 2022 and 2023 are 3.81 and 4.08 respectively which represented a satisfactory scoring above our target of 3.2.

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: -

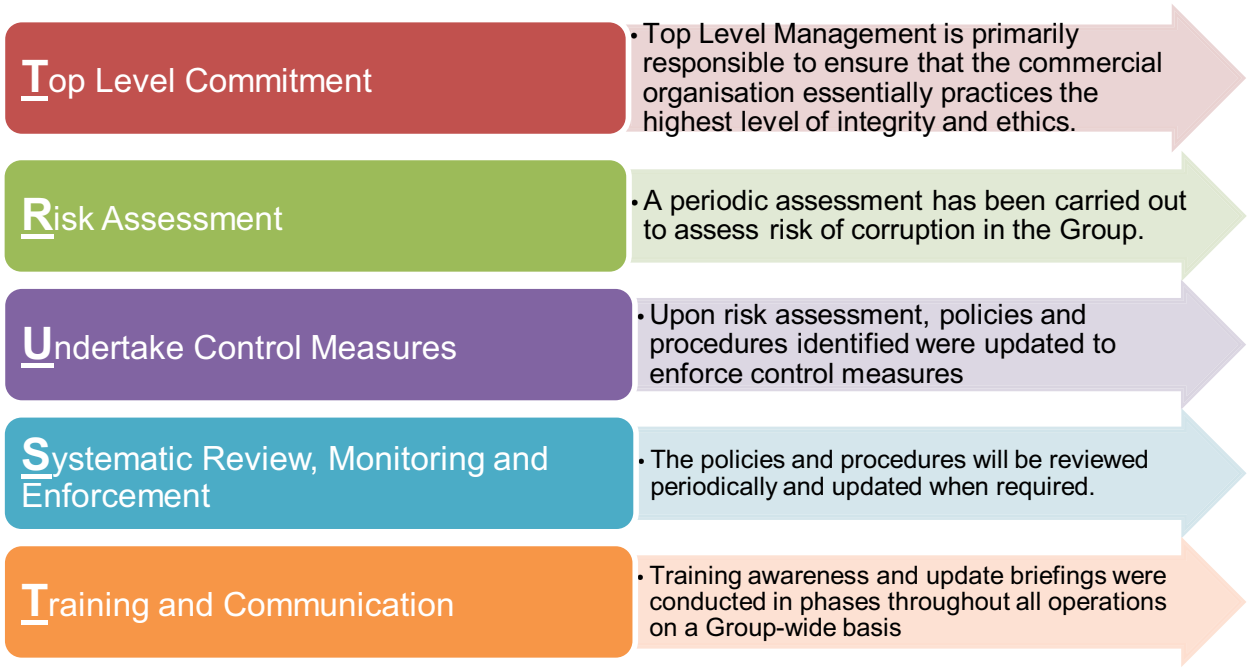
- Code of conduct;
- Anti-bribery and anti-corruption policy; and
- Whistle-blowing policy.

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.

SUSTAINABILITY REPORT (CONT'D)

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



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") 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.

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. As part of the control environment process, the management ensures that a Disaster Recovery Plan ("DRP") is in place.

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.

SUSTAINABILITY REPORT
(CONT'D)

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 2023.

Year	Noise	Air Quality	Outcome Result
2023	√ 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	Litres of diesel consumption	Estimated carbon dioxide (CO_2) emission based on diesel consumption
2023	47,415.15 m3	158,599.86 litres	421,875.63 Kg

During the year 2023, an estimated combined sale of 47,415.15 m3 of ready mix and a total of 158,599.86 litres of diesel were consumed. Based on the total consumption of diesel an estimated of 421,875.63 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 CO2 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.

SUSTAINABILITY REPORT
(CONT'D)

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 2023, 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
2023	47,415.15 m3	158,599.86 litres	421,875.63 Kg	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. The scope of the safety and health covers all engineering and construction works. The objectives safety, health and environmental ("HSE") objectives focusing on:

- To achieve the target Zero Fatality and Lost Time Injury;
- To reduce the negative impact on the Environment; and
- To comply with all relevant legislation.

In 2023, we continued with various measures that have been implemented to keep our workforce safe which includes formal weekly inspections, surveillance exercises and monthly HSE system audit have been conducted in monthly basis. The audit will be conducted jointly attended by HSE Team at respective site.

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.

SUSTAINABILITY REPORT (CONT'D)

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 2023 were: -

Month	List of courses
January	1. Series 1 - Property Development And Construction - Tax Compliance Issue
February	1. Joint Venture Arrangement - Tax Implications And Latest Development 2. Land Transactions And Property Development
April	1. Resolving Boardroom And Shareholder Disputes 2. Withholding Tax And Tax Implications Of Cross-Border Transaction
May	1. Submission Of Return Forms 2022 2. HRD Corp Workshop 2023 3. MHW Wiz Software User Training
July	1. Strata Property Management Seminar - Digitalizing Property Management 2. MEF - ILO Safe Workshop 3. Construction Claims - CIPAA Confererence Malaysia 2023
August	1. Real Property Gains Tax (RPGT)
October	1. Transaction With Third Party And Related Party For PLC 2. Hybrid Conference - Rism Inaugural Effective Dispute Resolution Strategies for Surveyors
November	1. Seminar Pemantapan Pelaksanaan Prosedur EIA Di Johor
December	1. 2023 Year End Seminar For Malaysia Times Pay 8

The summary of the Group training hours for 2023 were as follows: -

Year	Total training courses	Attended by	Total Group training hours
2023	17 courses	20 persons	220 hours

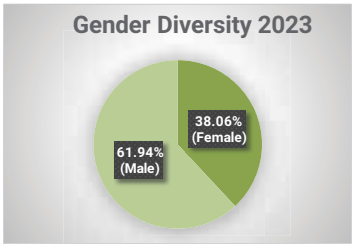
Inclusion, Diversity and Talent

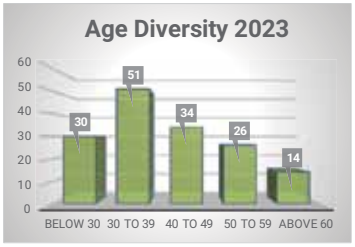
The Group recognises that our employees are the key drivers in maintaining the Group's growth on a sustainable trajectory. It is their passion, professionalism, talent and commitment that will provide the Group with effective project implementation and delivery. The Group strives to establish conducive 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.

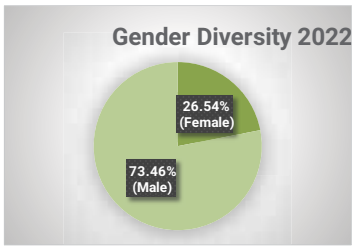
The Group has adopted a policy on equal opportunities and fair employment practices. All job applicants are treated fairly regardless of ethnicity, gender and age. The Group belief that efforts to unlock employee's full potential will help them stay loyal, feel valued and proudly contribute towards the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

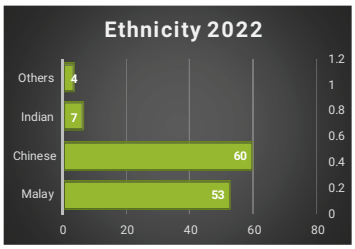
SUSTAINABILITY REPORT
(CONT'D)

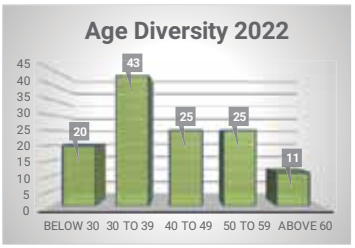
Total Employees in Ho Hup 2023	Top Management Group-wide	Senior Management & Middle Management	Other Levels - Executive and non-executive
155 persons	6 persons	39 persons	110 persons











Employee Engagement Activities

The Group organised events throughout 2023 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")

Promote good health and well being of the staff by conducting weekly Zumba class for staff and participate in Perkeso Run and Ride 2023.

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.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Statement

Performance Data Table from Bursa Malaysia ESG Report

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Top Management	Percentage	3.90
Senior Management & Middle Management	Percentage	25.20
Non-executive	Percentage	71.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Top Management Under 30	Percentage	0.00
Top Management Between 30-50	Percentage	0.00
Top Management Above 50	Percentage	100.00
Senior Management & Middle Management Under 30	Percentage	28.20
Senior Management & Middle Management Between 30-50	Percentage	66.70
Senior Management & Middle Management Above 50	Percentage	5.10
Non-executive Under 30	Percentage	25.50
Non-executive Between 30-50	Percentage	54.50
Non-executive Above 50	Percentage	20.00
Gender Group by Employee Category		
Top Management Male	Percentage	83.30
Top Management Female	Percentage	16.70
Senior Management & Middle Management Male	Percentage	59.00
Senior Management & Middle Management Female	Percentage	41.00
Non-executive Male	Percentage	61.80
Non-executive Female	Percentage	38.20
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	87.50
Female	Percentage	12.50
Under 30	Percentage	0.00
Between 30-50	Percentage	12.50
Above 50	Percentage	87.50
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	23,684.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	12
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	21.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	12
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	148
Executive	Hours	72
Non-executive/Technical Staff	Hours	0
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	39.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	19
Executive	Number	29
Non-executive	Number	24
General Workers	Number	68
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	700.000000

Internal assurance | External assurance | No assurance | (*)Restated

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 2023 ("FYE2023") 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 FYE2023, the Company's market capitalisation is valued at RM129.57 million, 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 FYE2023, 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 FYE2023, except for the recommended practices below: -

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

2) 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;

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

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

5) 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 FYE2023 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 and Chief Executive Officer ("CEO")/Executive Directors 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 CEO/Executive Directors, and through them and subject to their oversight, to other Senior Management. The Board monitors the performance of the CEO/Executive Directors on behalf of the shareholders.

The Board currently has seven (7) members comprising three (3) Independent Non-Executive Directors and two (2) 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.

On 1 June 2023, Dato' Sri Chee Hong Leong ("Dato' Sri Chee") was appointed as an Executive Director of the Company. Subsequently on 21 March 2024, Dato' Sri Chee resigned as an Executive Director but was appointed as the CEO of the Company.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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.

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 Nomination Committee, 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 2023 is as follows:

	Male	Female
Age Group		
31-40	1	–
41-50	–	–
51-60	3	–
61-70	3	1

	Male	Female
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 meetings are convened as and when necessary. During the FYE2023, six (6) 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	**6**	**8**	**1**	**2**
Executive Directors				
Dato' Wong Kit-Leong	6/6	–	–	–
Dato' Wong Gian Kui	6/6	–	–	–
Dato' Sri Chee Hong Leong (appointed on 1 June 2023 and resigned on 21 March 2024)	2/2	–	–	–
Non-Executive Directors				
Datin Chan Bee Leng	6/6	–	–	–
Mr. Low Kheng Lun	6/6	–	–	–
Mr. Thevanaigam Rajan Chitty	6/6	8/8	–	2/2
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim	6/6	7/8	1/1	2/2
Mr. Danny Hoe Kam Thong	6/6	8/8	1/1	2/2
Dato' Sri Thong Kok Khee (resigned on 30 August 2023)	2/4	–	0/1	–

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 Independent Non-Executive Directors ("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 48.

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 developments. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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

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 Directors' Profile in the Annual Report.

Remuneration Committee ("RC")

The RC comprises wholly of INEDs. 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 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 Directors.

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 FYE2023 are as follows:

		Group		Company	
		FYE 2023 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2022 RM'000
(i)	**Executive Director's Remuneration**				
	Directors of Company				
	Salaries	819	839	819	839
	Defined Contribution Plan	81	115	81	115
	Other Emoluments	0	0	0	0
	Benefits-in-kind	36	38	35	38
	Total	936	992	935	992
	Directors of Subsidiaries				
	Salaries	853	1,109	0	0
	Defined Contribution Plan	88	91	0	0
	Other Emoluments	0	0	0	0
	Benefits-in-kind	14	74	0	0
	Total	955	1,274	0	0
	Total Executive Directors' Remuneration	1,891	2,266	936	992
(ii)	**Non-Executive Director's Remuneration**				
	Directors of Company				
	Fees	350	243	350	243
	Meeting and Other Allowances	42	26	42	26
	Benefits-in-kind	0	0	0	0
	Total	392	269	392	269
	Directors of Subsidiaries				
	Other Allowances	0	48	0	0
	Total	0	48	0	0
	Total Non-Executive Directors' Remuneration	393	317	393	269
	Total Executive and Non-Executive Directors' Remuneration (i & ii)	2,284	2,615	2,284	1,261

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 FYE2023 are as follows:

Name	Directors' Fees	Meeting and Other Allowances	Salaries	Defined Contribution Plan	Other Emoluments	Benefits -in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Datin Chan Bee Leng	50	3.5	0	0	0	0	0
Mr. Low Kheng Lun	50	3.5	0	0	0	0	0
Dato' Wong Kit-Leong	0	0	718	71	0	0	0
Dato' Wong Gian Kui	0	0	101	10	0	0	0
Mr. Thevanaigam Rajan Chitty	60	12.5	0	0	0	0	0
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim	100	12.0	0	0	0	0	0
Mr. Danny Hoe Kam Thong	50	10.0	0	0	0	0	0
Dato' Sri Thong Kok Khee (Resigned on 30 August 2023)	33	1	0	0	0	0	0
Dato' Sri Chee Hong Leong (Appointed on 1 June 2023 and resigned 21 March 2024)	0	0	0	0	0	0	0

The proposed fees and remuneration for the Directors of the Board and Board Committees for the financial year 2024 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	–

NEDs are paid meeting allowances based on attendance. In 2023, the Board has recommended the fees for the Company's Directors for the FYE2024, 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 Director's 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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

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	–
RM 500,001 to RM 550,000	–
RM 450,001 to RM 500,000	1
RM 400,001 to RM 450,000	1
RM 350,001 to RM400,000	1
RM 300,001 to RM350,000	1
RM 250,001 to RM300,000	1

The summary of the RC activities for year is found in page 48.

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 2023 activities and priorities are set out below:

Board Activities & Focus in 2023	
Governance & Reporting	**Financial, Risk & Management Performance**
Reviewed annual report, quarterly results & financial statements	Review and approve corporate execises
Board evaluation & effectiveness assessment	The Group's budget, forecasts & key performance targets & indicators
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 2023	
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.
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 49th 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.
	Appointment of Executive Director and Re-designation of Board Members.

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 FYE2023 the Directors have attended the following courses:

Courses Attended	Date of Training	Attended By
Anti-bribery Training Online - PRG	10.10.2023	Tan Sri Datuk Seri (Dr) Mazlan bin Lazim
FIDE Forum: Can America Stop China's Rise? Will ASEAN Be Damaged?	12.01.2023	Dato' Wong Gian Kui
Market Surveillance Industry Dialogue (MSID) 2023	26.09.2023	
AMLA Segmented Training 2023	22.12.2023	
The Audit Committee – How to navigate financial reporting oversight amidst potential landmines of misreporting (organised by MICG)	29.05.2023	Danny Hoe Kam Thong
Audit Committee Conference 2023 (organised by Malaysian Institute of Accountant)	14.09.2023	
Fima's 2nd Virtual Summit Series 1 2023: Improving Workplace Dynamics: Achieving Harmony through Compliance & Competencies (in-house)	13.10.2023	
Fima's 2nd Virtual Summit Series 4 2023: Improving Workplace Dynamics: Achieving Harmony through Compliance & Competencies (in-house)	14.11.2023	
Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	13.12.2023 – 14.12.2023	
Digital Transformation	30.12.2023	Dato' Sri Chee Hong Leong (resigned w.e.f 21 March 2024)
New Business Models and Strategies for Internet Economy	30.12.2023	

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 2023.

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 works done in 2023 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 FY2023, 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 FYE2023 did not in any way impair their objectivity and independence as External Auditors of the Company.

Having regard to the outcome of the annual assessment of UHY, the Board had in April 2023 approved the AC's recommendation for the shareholders' approval at the 49th AGM. Shareholders' approval for the re-appointment of UHY as the External Auditors of the Company for FYE2023.

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)

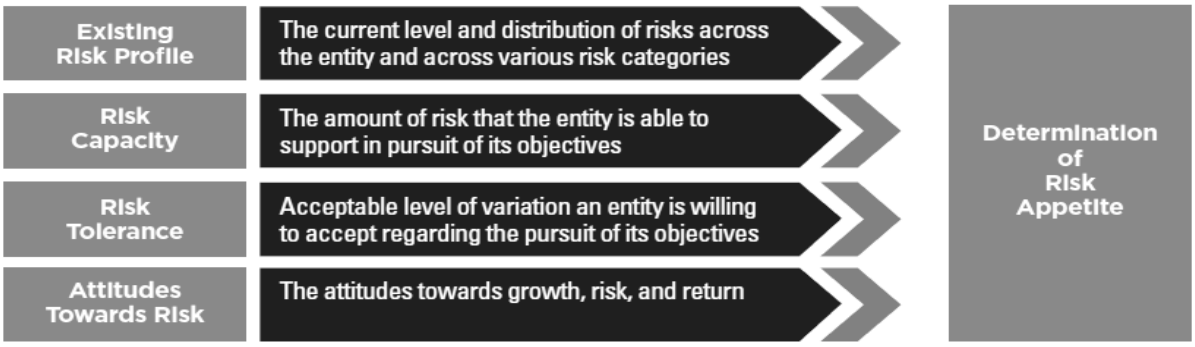
Risk Management and Internal Audit (Cont'd)

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 2023, 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, Executive Directors, Management and External Auditors were in attendance to respond to the shareholders' queries. The Executive Directors 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 2024.

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 2023. 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 Executive Director 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)

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 2024.

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 2023.

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

Members : Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim
Independent Non-Executive Director

Mr. Danny Hoe Kam Thong
Independent Non-Executive Director

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 eight (8) times during the financial year ended ("FYE") 31 December 2023 and the attendance of the AC members is as follows:-

Name of Audit Committee Members	Attendance at Audit Committee Meetings
Mr. Thevanaigam Rajan Chitty	8/8
Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim	7/8
Mr. Danny Hoe Kam Thong	8/8

Attendance at all AC meetings met the requisite quorum as stipulated in the Terms of Reference ("TOR").

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 28 February 2023 and 22 December 2023, respectively.

The Company Secretary acts as the AC secretary in AC meetings. Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

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 2021 ("MCCG 2021"). The TOR of the AC has been amended and adopted by the Board to be in line with the amendments made to the MMLR in relation to conflict of interest and other areas.

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
28 February 2023	• Unaudited quarterly report on consolidated results of the Group for the Fourth quarter ended 31 December 2022
26 April 2023	• Audited Financial Statements of the Group for the financial year ended 31 December 2022
29 May 2023	• Unaudited quarterly report on consolidated results of the Group for the First quarter ended 31 March 2023
28 August 2023	• Unaudited quarterly report on consolidated results of the Group for the Second quarter ended 30 June 2023
23 October 2023	• Financial Assistance and Risk Management Issues for the period ended 30 June 2023
27 November 2023	• Unaudited quarterly report on consolidated results of the Group for the Third quarter ended 30 September 2023
22 December 2023	• Audit Planning Memorandum for financial year ending 31 December 2023
29 December 2023	• Financial position of Ho Hup Group

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)

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:

- 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;

- four (4) cycles of Internal Audit were carried out throughout FYE 2023, 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 2023 are:

FYE	Cycle	Scope
2023	1	Sales, Marketing and Sales Administration Review
	2	Standard Operating Procedures (SOP) Review
	3	Assets Management Review
	4	Project Performance Review (Flex)

- 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 2023, 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.

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

(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.

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 2023 amounted to RM106,000 as compared to RM84,800 in FYE 2022.

AUDIT COMMITTEE REPORT
(CONT'D)

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

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 2023, reviewed and deliberated the following key audit matters for the audited financial statements for FYE 2023 and agreed with the Management, the treatment and control procedures implemented to provide the necessary safeguard for financial reporting integrity.

Key Audit Matters	Control Procedures
Revenue recognition on construction contracts and property development activities	Obtained understanding of the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance of obligation, and tested the associated relevant controls surrounding revenue recognition; Performed test of details on actual development cost and construction cost incurred during the financial year as to whether the cost incurred are valid and in the correct accounting period; Checked the mathematical accuracy of the revenue and profit based on percentage completion calculation; and Performed search for unrecorded liabilities for property development costs and construction cost, to evaluate accruals made in respect of work performed by contractors which invoice/progress claim has yet to be received. Performed site visits for individually on-going projects to arrive at an overall assessment as to whether percentage of projects towards complete satisfaction of performance obligation determined on cost-based input method was reasonable.
Allowance for impairment of receivables	Assessed and discussed with management on the reasonableness of the key bases and assumptions used in estimation of loss allowance with reference to the trade receivables and contract assets balance as at reporting date, timing of billing contract assets and previous collection experience; Enquired and reviewed management's correspondence in relation to the recoverability of trade receivables that are past due but not impaired; and Assessed the billing of contract assets and collection subsequent to the end of the financial year.

AUDIT COMMITTEE REPORT
(CONT'D)

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES (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 Staff 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 26 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

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

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 28 November 2023, Ho Hup implemented its Private Placement exercise following the listing of and quotation for23,400,000 new ordinary shares in Ho Hup ("first tranche of Placement Shares"). The Company raised gross proceeds of RM5.499 million based on the issue price of RM0.2350 per Placement Shares. The proceeds of the Private Placement have been fully utilised as at the date of this report, as described below:

DETAILS	AMOUNT RAISED	ACTUAL UTILISATION
	RM'000	RM'000
Payment to subcontractors	2,399	2,498
Working capital	1,300	1,237
Repayment of borrowings	1,600	1,597
Expenses in relation to PP	200	167
TOTAL	**5,499**	**5,499**

2. 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 2023 ("FYE 2023") are as follows:

	Group (RM)	Company (RM)
Audit services rendered		
(1) Current year provision	308,000	119,000
(2) Under provision in prior year		
Non-audit services rendered		
(1) Review of the Statement of Risk Management and Internal Control	5,000	
(2) Limited Review of Consolidated Financial Statement	45,000	

3. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries ("Ho Hup Group") involving the interest of its Directors, or major shareholders of the Ho Hup Group and of the Company which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

4. 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 2023, pursuant to the shareholders' mandate obtained at the 49th Annual General Meeting ("AGM") of the Company held on 31 May 2023, is set out below:-

No	Ho Hup and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of transactions from 1 January 2023 to 31 December 2023 (RM'000)
1.	Ho Hup Group	Directors and/or Major Shareholders of Ho Hup Group and Persons Connected with them	Sale of development properties in the ordinary course of business provided that any one of the percentage ratios of the transaction does not exceed 10% as defined in the Listing Requirements	0
2.	Golden Wave Sdn Bhd	Tribeca Real Estate Asset Management Sdn Bhd ("TREAM")	For the provision of development and project management services.	0
3.	Intact Corporate Approach Sdn Bhd	TREAM	For the provision of development and project management services.	0
4.	Ho Hup Jaya Sdn Bhd	Omesti Berhad	Rental of office premises	422
5.	Ho Hup Jaya Sdn Bhd	Microlink Solutions Berhad	Rental of office premises	842
6.	Ho Hup Jaya Sdn Bhd	Symphony Interactive Sdn Bhd ("SISB") * 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	750

* *Dato' Wong Gian Kui is a common Director of SISB and Ho Hup, the holding company of Ho Hup Jaya Sdn Bhd.*

\# *Dato' Sri Thong is a Director of SISB and a substantial shareholder of Ho Hup, the holding company of Ho Hup Jaya Sdn Bhd ("HHJ") 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 H2O 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 2023.

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	(84,472)	(40,637)
Attributable to:		
Owners of the parent	(80,618)	(40,637)
Non-controlling interests	(3,854)	-
	(84,472)	(40,637)

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.

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up share capital through the issuance of 23,400,000 new ordinary shares pursuant to the Private Placement at exercise price of RM0.235 per ordinary share.

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

There was no issuance of debentures during the financial year.

Directors of the Company

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

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim
Datin Chan Bee Leng
Dato' Wong Kit-Leong*
Low Kheng Lun*
Dato' Wong Gian Kui
Thevanaigam Rajan Chitty
Danny Hoe Kam Thong
Dato' Sri Thong Kok Khee* (resigned on 30 August 2023)
Dato' Sri Chee Hong Leong (appointed on 1 June 2023 and resigned on 21 March 2024)

* Director of the Company and of its subsidiaries

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the financial period up to the date of this report:

Dato' Sri Mohamad Nasir Bin Abdul Rahim
Dato' Ramli Bin Yusuff
Tan Sri Dato' Jaganath Derek Steven Sabapathy
Dato' Wizan Bin Abdul Ghani
Chan Mei Chun
Chow Seck Kai
Gwi Chin Fatt
Lee Wilson (resigned on 3 October 2023)
Lee Willoon (resigned on 3 October 2023)
Liew Vun Let
Monteiro Gerard Clair
Mohd Arief Aslam Bin Arifin
Oh Yao Qiang
Yap Yoon Lean
Yee Lai Kuan

DIRECTORS' REPORT (CONT'D)

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 1.1.2023	Acquired	Disposed	At 31.12.2023
Ho Hup Construction Company Berhad				
Direct interest				
Datin Chan Bee Leng	47,700	-	-	47,700
Dato' Wong Kit-Leong	287,000	-	-	287,000
Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim	-	305,300	(150,000)	155,300
Indirect interest				
Datin Chan Bee Leng [(1)]	77,958,722	-	-	77,958,722
Low Kheng Lun [(2)]	65,113,032	-	-	65,113,032

1. *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.*
2. *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 2023 are set out below:

	Group RM'000	Company RM'000
Salary and other emoluments	1,672	819
Fees	175	175
Defined contribution plan	169	81
Benefit in kind	50	35
Meeting and other allowances	42	42
	2,108	1,152

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.

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 RM18,540 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 all known bad debts had been written off and adequate allowance had been made for doubtful debts; 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 amountwhich the current assets might be expected so to realise.

DIRECTORS' REPORT
(CONT'D)

Other Statutory Information (Cont'd)

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

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

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

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

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

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

(i) any charge on the assets of the Group 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 2023 are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration (inclusive of non-audit service)		
UHY		
- Statutory audit	308	114
- Non-statutory audit	5	5
	313	119
Other auditors - Statutory audit	45	-
	358	119

Subsequent Event

The details of subsequent event are disclosed in Note 42 to the financial statements.

DIRECTORS' REPORT (CONT'D)

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 26 April 2024.

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 accompanying financial statements 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 2023 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 26 April 2024.

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 accompanying financial statements 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 26 April 2024.)
)
)

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 statement of financial position as at 31 December 2023 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 18 to 159.

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 2023, and of its financial performance and its 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
Revenue and cost recognition on construction contracts and property development activities The Group's revenue from construction contracts and property development activities, amounted to RM23,607,000 and RM144,520,000 respectively, represent 89% of the Group's revenue, and the Company's revenue from construction contracts amounted to RM79,885,000, represents 100% of the Company's revenue. The Group and the Company recognise revenue from construction contracts and property development activities using the cost-based input method, which is measured on the basis of the Group's and of the Company's efforts or inputs to the actual construction cost and property development costs incurred to date relative to the estimated total construction costs and total property development costs. We determined this to be a key audit matter given its magnitude relative to the Group's and the Company's revenue as well as the significant judgements and estimates involved in the following areas: • progress of completion of the performance obligations; and • budgeting process in estimating the total contract costs and total property development cost.	Our audit procedures performed in this area included, among others: • Obtained understanding of the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance of obligation, and performed procedures to evaluate the design and implementation of relevant controls surrounding revenue recognition; • Performed test of details on actual development cost and construction cost incurred during the financial year as to whether the cost incurred are valid and in the correct accounting period; • Checked the mathematical accuracy of the revenue and profit based on percentage completion calculation; • Performed search for unrecorded liabilities for property development costs and construction cost, to evaluate accruals made in respect of work performed by contractors which invoice/progress claim has yet to be received; and

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) • Performed site visits for individually on-going projects to arrive at an overall assessment as to whether percentage of projects towards complete satisfaction of performance obligation determined on cost-based input method was reasonable.

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
Allowance for impairment of receivables As at 31 December 2023, the total of trade receivables and contract assets of the Group's and the Company's are amounted to RM283,746,000 and RM70,831,000 respectively, which represent 23.30% of the Group's total assets and 7.92% of the Company's total assets. We determined this to be a key audit matter because significant judgements and estimates involved in the following areas: • Measuring the loss allowance based on past history and current market conditions; and • Estimates on the amount and timing of future cash flows expected to be received.	Our audit procedures performed in relation to management's impairment assessment included the following: • Assessed and discussed with management on the reasonableness of the key bases and assumptions used in estimation of loss allowance with reference to the trade receivables and contract assets balance as at reporting date, timing of billing contract assets and previous collection experience; • Enquired and reviewed management's correspondence in relation to the recoverability of trade receivables that are past due but not impaired; and • Assessed the billing of contract assets and collection subsequent to the end of the financial year.

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.

INDEPENDENT AUDITORS' REPORT

to the Members of Ho Hup Construction Company Berhad
(CONT'D)

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 Matter

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

OOI CHI YEE
Approved Number: 03684/08/2024 J
Chartered Accountant

KUALA LUMPUR

26 April 2024

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group 2023 RM'000	2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	21,391	203,647
Investment properties	5	132,256	138,837
Intangible assets	6	58,079	90,279
Inventories and other contract costs	7	-	83,260
Quarry development cost	8	3,303	4,346
Right-of-use assets	9	9,867	25,842
Investments in associates	11	199	-
Investment in joint ventures	12	367	367
Other investment	13	-	2,063
Trade receivables	15	-	5,785
Deferred tax assets	24	542	684
		226,004	555,110
Current Assets			
Inventories and other contract costs	7	539,658	460,511
Contract assets	14	102,218	141,607
Trade receivables	15	181,528	196,634
Other receivables	16	72,087	138,786
Amount due from a joint venture	18	99	99
Amount due from an associate	28	75,451	-
Tax recoverable		49	162
Fixed deposits with licensed banks	19	7,510	11,602
Cash and bank balances	19	13,161	19,131
		991,761	968,532
Total Assets		1,217,765	1,523,642

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023
(CONT'D)

	Note	Group 2023 RM'000	2022 RM'000
EQUITY			
Share capital	20	262,369	256,870
Reserves	21	76,107	155,248
Equity attributable to owner of the parent		338,476	412,118
Non-controlling interests		3,850	7,584
Total Equity		342,326	419,702
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	22	7,075	5,389
Bank borrowings	23	291,336	388,805
Trade payables	26	12,815	5,833
Deferred tax liabilities	24	12,868	19,166
		324,094	419,193
Current Liabilities			
Contract liabilities	14	7,102	20,456
Provision for liquidated ascertained damages	25	-	1
Trade payables	26	98,950	133,552
Other payables	27	159,976	192,565
Lease liabilities	22	5,816	9,945
Bank borrowings	23	217,803	261,896
Amount due to an associate	28	200	-
Provision for taxation		61,498	66,332
		551,345	684,747
Total Liabilities		875,439	1,103,940
Total Equity and Liabilities		1,217,765	1,523,642

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2023
(CONT'D)

	Note	Company 2023 RM'000	Company 2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	2,160	2,690
Right-of-use assets	9	3,164	19,493
Investment in subsidiary companies	10	119,708	147,355
Investments in associates	11	199	-
Investments in joint ventures	12	375	375
Trade receivables	15	-	5,785
		125,606	175,698
Current Assets			
Contract assets	14	26,346	16,616
Trade receivables	15	44,485	32,653
Other receivables	16	54,212	90,312
Amount due from subsidiary companies	17	557,003	630,909
Amount due from a joint venture	18	99	99
Amount due from an associate	28	75,451	-
Tax recoverable		2	2
Fixed deposits with licensed banks	19	2,968	5,087
Cash and bank balances	19	8,207	10,216
		768,773	785,894
Total Assets		894,379	961,592

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2023
(CONT'D)

	Note	Company 2023 RM'000	Company 2022 RM'000
EQUITY			
Share capital	20	262,369	256,870
Reserves	21	10,360	50,997
Total Equity		272,729	307,867
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	22	2,041	3,498
Bank borrowings	23	2,892	7,143
Trade payables	26	9,281	1,832
Deferred tax liabilities	24	-	531
		14,214	13,004
Current Liabilities			
Contract liabilities	14	7,102	13,135
Provision for liquidated ascertained damages	25	-	15,958
Trade payables	26	7,359	37,934
Other payables	27	45,338	30,088
Lease liabilities	22	5,805	7,849
Bank borrowings	23	76,471	80,790
Amount due to subsidiary companies	17	460,887	449,690
Amount due to an associate	28	200	-
Provision for taxation		4,274	5,277
		607,436	640,721
Total Liabilities		621,650	653,725
Total Equity and Liabilities		894,379	961,592

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 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	29	187,943	213,041	79,885	76,682
Cost of sales		(145,950)	(162,857)	(77,871)	(74,418)
Gross profit		41,993	50,184	2,014	2,264
Other income		11,469	25,720	24,298	34,847
Administrative expenses		(21,091)	(20,681)	(5,442)	(7,451)
Other expenses		(54,749)	(38,388)	(37,766)	(5,536)
Net loss on impairment on financial instruments		(20,485)	(1,390)	(2,031)	(30,741)
Finance costs	30	(42,323)	(41,276)	(22,241)	(24,913)
Shares of results of associates and joint ventures		-	(18)	-	-
Loss before tax	31	(85,186)	(25,849)	(41,168)	(31,530)
Taxation	32	714	(10,509)	531	(4,670)
Loss for the financial year		(84,472)	(36,358)	(40,637)	(36,200)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2023
(CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other comprehensive income/(loss):					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		2,110	(286)	-	-
Other comprehensive income/(loss) for the financial year		2,110	(286)	-	-
Total comprehensive loss for the financial year		(82,362)	(36,644)	(40,637)	(36,200)
Loss for the financial year attributable to:					
Owners of the parent		(80,618)	(32,129)	(40,637)	(36,200)
Non-controlling interests		(3,854)	(4,229)	-	-
		(84,472)	(36,358)	(40,637)	(36,200)
Total comprehensive loss attributable to:					
Owners of the parent		(79,141)	(32,327)	(40,637)	(36,200)
Non-controlling interests		(3,221)	(4,317)	-	-
		(82,362)	(36,644)	(40,637)	(36,200)
Loss per share					
Basic loss per share (sen)	33(i)	(16.2)	(6.5)		
Diluted loss per share (sen)	33(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 2023

	Note	Attributable to Owner of the Parent					Non-Controlling Interests RM'000	Total Equity RM'000
		Non-Distributable			Distributable			
		Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000		
Group								
At 1 January 2023		256,870	(2,091)	(77,104)	234,443	412,118	7,584	419,702
Loss for the financial year		-	-	-	(80,618)	(80,618)	(3,854)	(84,472)
Other comprehensive loss for the financial year		-	1,477	-	-	1,477	633	2,110
Total comprehensive loss for the financial year		-	1,477	-	(80,618)	(79,141)	(3,221)	(82,362)
Transactions with owners:								
Issuance of ordinary shares pursuant to exercise of Private Placement	20	5,499	-	-	-	5,499	-	5,499
Elimination of non-controlling interest at disposal of subsidiary company	10(a)	-	-	-	-	-	(513)	(513)
Total transaction with owners		5,499	-	-	-	5,499	(513)	4,986
At 31 December 2023		262,369	(614)	(77,104)	153,825	338,476	3,850	342,326

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2023 (CONT'D)

	Note	Attributable to Owner of the Parent					Non-Controlling Interests RM'000	Total Equity RM'000
		Non-Distributable			Distributable	Total RM'000		
		Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000			
Group								
At 1 January 2022		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)
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 2023 (CONT'D)

	Note	Attributable to Owners of the Parent		Total Equity RM'000
		Non-distributable	Distributable	
		Share Capital RM'000	Retained Earnings RM'000	
Company				
At 1 January 2023		256,870	50,997	307,867
Loss for the financial year, representing total comprehensive loss for the financial year		-	(40,637)	(40,637)
Issuance of ordinary shares pursuant to exercise of Private Placement	20	5,499	-	5,499
At 31 December 2023		262,369	10,360	272,729
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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash Flows from Operating Activities				
Loss before taxation	(85,186)	(25,849)	(41,168)	(31,530)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	7,503	9,168	516	521
- right-of-use assets	7,447	7,127	2,839	2,800
Amortisation of:				
- intangible assets	-	7	-	-
- land rights	6,139	5,117	-	-
- quarrying rights	114	113	-	-
- quarry development cost	1,043	900	-	-
Impairment loss:				
- trade receivables	6,690	2,379	-	-
- other receivables	13,795	12	2,031	-
- amount due from subsidiaries	-	-	-	31,182
- property, plant and equipment	-	92	-	-
- goodwill	-	2,949	-	-
- investment in subsidiary companies	-	-	27,146	-
Reversal on impairment loss on trade receivables	-	(1,105)	-	(441)
Contract assets written off	-	100	-	-
Inventory written off	24	20	-	-
Share of results of joint ventures	-	18	-	-
Loss/(Gain) on disposal of:				
- investment property	(1,835)	-	-	-
- property, plant and equipment	272	(114)	21	-
- right-of-use assets	(134)	(18)	(105)	-
- subsidiary companies	1,786	-	2,250	-
- other investment	212	252	-	-
Loss/(Gain) on termination of lease agreement	154	(11)	-	-

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2023 (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash Flows from Operating Activities (Cont'd)				
Adjustment for: (Cont'd)				
Fair value loss/(gain) on:				
- other investment	-	104	-	-
- investment properties	-	(10,544)	-	-
Written off of property, plant and equipment	21	-	21	-
Written off of liquid ascertained damages receivable	15,958	-	-	-
Written off of bad debts	222	-	-	-
Gain on dilution of subsidiary	(13,158)	-	-	-
Interest income	(778)	(96)	(9,268)	(14,130)
Finance costs	42,323	41,276	22,241	24,913
Operating profit before working capital changes	2,612	31,897	6,524	13,315
Changes in working capital:				
Change in contract assets	39,389	(46,376)	(9,730)	5,644
Change in contract liabilities	(13,354)	(4,100)	(6,033)	6,900
Change in inventories and other contract costs	3,260	(94,277)	-	-
Change in provision	-	(955)	-	-
Change in receivables	25,218	124,428	28,022	(28,500)
Change in amount due from an associate	(75,451)	-	(75,451)	-
Change in payables	87,029	14,630	(7,875)	18,802
	66,091	(6,650)	(71,067)	2,846
Cash (used in)/generated from operations	68,703	25,247	(64,543)	16,161
Interest paid	(42,323)	(41,276)	(22,241)	(23,251)
Interest received	778	96	9,268	14,130
Tax paid	(4,734)	(6,316)	(1,003)	(1,652)
	(46,279)	(47,496)	(13,976)	(10,773)
Net cash (used in)/from operating activities	22,424	(22,249)	(78,519)	5,388

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2023
(CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash Flows from Investing Activities				
Purchase of:				
- property, plant and equipment (Note 4(a))	(997)	(2,679)	(32)	(33)
- right of use assets (Note 9)	(106)	(108)	(35)	(108)
Proceeds from disposal of:	-		-	
- property, plant and equipment	5,552	8,115	4	-
- right-of-use assets	14,262	760	13,938	-
- investment properties	8,416	-	-	-
- other investment	1,851	3,214	-	-
Net cash outflow from derecognition on disposal of subsidiary company	(59)	-	-	-
Acquisition of subsidiary company, net of cash	-	(1,900)	-	-
Advances to subsidiary	-	-	67,396	-
Change in pledged deposits	2,134	(3,327)	(1,400)	3,175
Net cash from investing activities	31,053	4,075	79,871	3,034

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2023 (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash Flows from Financing Activities				
Proceeds from private placement	5,499	-	5,499	-
Drawdown of borrowings (Note 40)	-	-	-	-
Repayment of borrowings (Note 40)	(53,174)	1,297	(8,620)	(8,163)
Repayment of lease liabilities (Note 40)	(7,937)	(8,627)	(3,809)	(4,900)
Net cash used in financing activities	(55,612)	(7,330)	(6,930)	(13,063)
Net decrease in cash and cash equivalents	(2,135)	(25,504)	(5,578)	(4,641)
Exchange translation differences on cash and cash equivalents	-	1,296	-	-
Cash and cash equivalents at the beginning of the financial year	(6,377)	17,831	3,125	7,766
Cash and cash equivalents at the end of the financial year (Note 19)	(8,512)	(6,377)	(2,453)	3,125

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amendments to MFRSs

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities from a Single Transaction
Amendments to MFRS 112	Income Taxes: International Tax Reform - Pillar Two Model Rules

The adoption of these new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company except for:

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company has adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial year. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amendments to MFRSs (Cont'd)

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies (Cont'd)

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements but affect the disclosure of accounting policies.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in s Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Agreement	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of between an Investor and its Associate or Joint Venture	Deferred until further notice

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and 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 Group and 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 material accounting policy information 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.

(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.

<u>Revenue and cost recognition on construction contracts and property development activities</u>

The Group and the Company recognise revenue and cost from construction contract and property development activities in the profit or loss by using cost-based input method, which is measured on the basis of the Group's and of the Company's efforts or inputs to the actual construction cost and property development costs incurred to date relative to the estimated total construction costs and total property development costs.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

2. Basis of Preparation (Cont'd)

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

Revenue and cost recognition on construction contracts and property development activities (Cont'd)

Significant judgement is involved in determining the progress of completion to the performance obligation and budgeting process in estimating the total contract costs and total property development costs. In making such judgement, the Group and the Company relies on past experience and continuous monitoring of the estimated total contract costs and property development costs.

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

Fair value of investment properties

The Group engaged an independent valuation specialist to assess fair value of investment properties as at 31 December 2023. 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 statement.

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.

2. Basis of Preparation (Cont'd)

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

Determining the lease term of contracts with renewal and termination options - Group as lessee (Cont'd)

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

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount of the plant and equipment are disclosed in Notes 4.

Impairment of goodwill, quarrying right and land rights

The Group also assesses impairment of goodwill, quarrying right and 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.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

2. Basis of Preparation (Cont'd)

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

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. When such indication exists, the Company determined the recoverable amount of the subsidiary companies using fair value less cost of disposal of the subsidiary companies' net asset.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 10.

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.

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 2023, the Group has tax recoverable and tax payable of RM49,000 (2022: RM162,000) and RM61,498,000 (RM66,332,000).

3. Material Accounting Policy Information

(a) Basis of consolidation

(i) Subsidiary companies

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group except for those business combinations which were accounted using merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

(ii) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at their acquisition-date fair values.

(iii) Investment in subsidiary companies

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less accumulated impairment losses.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

3. Material Accounting Policy Information (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.

(v) Associates

Investment in associates is accounted for in the consolidated financial statements of the Group using the equity method.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses.

(vi) Joint arrangements

The Group classifies its joint arrangements as disclosed in the Note 12 as joint ventures and accounts its interests using the equity method as the Group has right to the net assets of the arrangements.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses.

3. Material Accounting Policy Information (Cont'd)

(b) Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. 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. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Freehold 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

(c) Intangible assets acquired separately

Intangible assets other than goodwill with finite useful lives that are acquired by the Group are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Software	5 years
Quarrying right	22 years

Land rights are amortised based on the percentage of completion over the development period.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

3. Material Accounting Policy Information (Cont'd)

(d) 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.

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. 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 statement of profit or loss and other comprehensive income 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.

3. Material Accounting Policy Information (Cont'd)

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

(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.

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, property, plant and equipment or intangible assets.

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.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

3. Material Accounting Policy Information (Cont'd)

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

(v) Other contract costs (Cont'd)

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.

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(k).

(e) 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(j).

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.

3. Material Accounting Policy Information (Cont'd)

(f) 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 6 (2022: 7) 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.

(g) Leases

Lessee accounting

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 any 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 any 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 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 lease liabilities are constantly measured at present value of the lease payment that are not paid at the commencement date, discounted by using the incremental borrowing rate.

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.

NOTES TO THE
FINANCIAL STATEMENTS
31 December 2023
(CONT'D)

3. Material Accounting Policy Information (Cont'd)

(g) Leases (Cont'd)

Lessor accounting

The Group recognise the lease payment received from rental of investment properties under operating leases as income on a straight-line basis over the lease term as revenue.

(h) Investment properties

Investment properties are measured at fair value which gains and losses arising form changes in the fair values of investment properties recognised in profit or loss for the period in which they arise.

(i) 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.

3. Material Accounting Policy Information (Cont'd)

(i) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(a) Amortised cost (Cont'd)

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.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets 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 where the effective interest rate is applied to the amortised cost.

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3. Material Accounting Policy Information (Cont'd)

(i) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(b) Fair value through other comprehensive income (Cont'd)

(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.

(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.

3. Material Accounting Policy Information (Cont'd)

(i) Financial instruments (Cont'd)

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

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.

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.

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3. Material Accounting Policy Information (Cont'd)

(i) Financial instruments (Cont'd)

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

Financial liabilities (Cont'd)

(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.

(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.

3. Material Accounting Policy Information (Cont'd)

(i) Financial instruments (Cont'd)

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the 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 or cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified terms are substantially different. 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.

(v) 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 and the Company currently have 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 settle the liability simultaneously.

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3. Material Accounting Policy Information (Cont'd)

(i) Financial instruments (Cont'd)

(vi) 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.

(j) Impairment of financial assets

(i) Financial assets at amortised costs and contract assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. 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.

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.

3. Material Accounting Policy Information (Cont'd)

(j) Impairment of financial assets (Cont'd)

(i) Financial assets at amortised costs and contract assets (Cont'd)

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 and contract assets 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 contract assets 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.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and other contract costs and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For 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.

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3. Material Accounting Policy Information (Cont'd)

(j) Impairment of financial assets (Cont'd)

(ii) Non-financial assets (Cont'd)

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

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

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

(k) 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.

3. Material Accounting Policy Information (Cont'd)

(k) 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-based input 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.

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3. Material Accounting Policy Information (Cont'd)

(k) 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.

3. Material Accounting Policy Information (Cont'd)

(k) 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.

(l) Statement of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

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	Total RM'000
Group								
Cost								
At 1 January 2023	200,478	27	9,504	15,368	76,986	12,713	3,410	318,486
Additions	-	-	72	-	-	920	5	997
Disposals	(5,309)	(27)	(4,254)	(349)	(360)	(1,127)	(3)	(11,429)
Written off	-	-	(155)	(2,752)	(24,970)	(107)	(3,003)	(30,987)
Transfer from right-of-use assets	-	-	-	946	-	-	-	946
Transfer to inventories (Note c)	(184,650)	-	-	-	-	-	-	(184,650)
Derecognition on disposal of subsidiary company	-	-	(44)	-	-	-	-	(44)
At 31 December 2023	10,519	-	5,123	13,213	51,656	12,399	409	93,319

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	Total RM'000
Group								
Accumulated depreciation								
At 1 January 2023	11,998	5	7,815	12,866	56,873	4,950	3,387	97,894
Charge for the financial year	3,856	-	432	1,078	939	1,194	4	7,503
Disposals	(170)	(5)	(4,143)	(299)	(359)	(629)	-	(5,605)
Written off	-	-	(155)	(2,752)	(24,970)	(86)	(3,003)	(30,966)
Transfer from right-of-use assets	-	-	-	946	-	-	-	946
Transfer to inventories (Note c)	(14,772)	-	-	-	-	-	-	(14,772)
Derecognition on disposal of subsidiary company	-	-	(17)	-	-	-	-	(17)
At 31 December 2023	912	-	3,932	11,839	32,483	5,429	388	54,983
Accumulated impairment losses								
At 1 January/31 December 2023	-	-	98	27	16,808	-	12	16,945
Carrying amount								
At 31 December 2023	9,607	-	1,093	1,347	2,365	6,970	9	21,391

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									
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									
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	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							
Cost							
At 1 January 2023	100	5,436	2,954	57,108	3,421	3,004	72,023
Additions	-	32	-	-	-	-	32
Disposals	-	(3,629)	-	-	(2)	-	(3,631)
Written off	-	(155)	(2,752)	(24,970)	(107)	(3,003)	(30,987)
At 31 December 2023	100	1,684	202	32,138	3,312	1	37,437
Accumulated depreciation							
At 1 January 2023	66	4,786	2,927	40,300	1,398	3,003	52,480
Charge for the financial year	2	223	-	-	291	-	516
Disposals	-	(3,606)	-	-	-	-	(3,606)
Written off	-	(155)	(2,752)	(24,970)	(86)	(3,003)	(30,966)
At 31 December 2023	68	1,248	175	15,330	1,603	-	18,424
Accumulated impairment losses							
At 1 January 2023/31 December 2023	-	18	27	16,808	-	-	16,853
Carrying amount							
At 31 December 2023	32	418	-	-	1,709	1	2,160

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							
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

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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) Asset pledged as securities to licensed banks

In the previous year, freehold buildings with carrying amount of RM2,289,245 are pledged as securities for bank borrowings.

(c) Transfer of inventories

During the financial year, certain freehold building with carying amount of RM169,878,000 has been transferred to inventories. This transfer arises as the freehold building was previously constructed by a subsidiary and planned for internal uses of the Group. However, during the financial year, management changed its intention of use from held for own-used to held for sale in the ordinary course of business.

5. Investment Properties

	Group	
	2023	**2022**
	RM'000	**RM'000**
Fair value		
At 1 January	138,837	128,293
Disposal	(6,581)	(2,456)
Change in fair value recognised in profit or loss	-	13,000
At 31 December	132,256	138,837

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 comparison method are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

5. Investment Properties (Cont'd)

The Level 3 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)	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 shows the valuation techniques used in determination of the value as measured at Level 3, as well as the significant unobservable inputs and in the valuation model.

Description	Valuation techniques	Significant unobservable input	Relationship of unobservable inputs
Commercial building	Investment method	Term yield 5.50% (2022: 5.50%)	The higher the term yield, the lower the fair value.
		Reversion yield 5.75% (2022: 5.75%)	The higher the reversion yield, the lower the fair value.
Commercial building	Comparison method	Price psf RM749 – RM875 (2022: RM749 – RM875)	The higher the price per square foot, the higher the fair value.

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.

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5. Investment Properties (Cont'd)

(a) Income and expenses recognised in profit or loss

	Group	
	2023	**2022**
	RM'000	**RM'000**
Rental income	8,038	6,304
Direct operating expenses:		
- Income generating investment properties	1,766	1,349

(b) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to approximately RM126 million (2022: RM126 million) have been pledged to secure banking facilities granted to the Group as disclosed in Note 23.

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 2023	119	16,045	93,550	2,500	112,214
Derecognition on disposal of subsidiary company	-	(10,479)	(18,105)	-	(28,584)
At 31 December 2023	119	5,566	75,445	2,500	83,630
Accumulated amortisation					
At 1 January 2023	80	-	15,304	1,884	17,268
Amortisation for the financial year	-	-	6,139	114	6,253
At 31 December 2023	80	-	21,443	1,998	23,521
Accumulated impairment					
At 1 January 2023	-	4,667	-	-	4,667
Derecognition on disposal of subsidiary company	-	(2,637)	-	-	(2,637)
At 31 December 2023	-	2,030	-	-	2,030
Carrying amount					
At 31 December 2023	39	3,536	54,002	502	58,079

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 2022	134	15,368	93,550	2,500	111,552
Recognised on acquisition of a subsidiary	-	677	-	-	677
Exchange differences	(15)	-	-	-	(15)
At 31 December 2022	119	16,045	93,550	2,500	112,214
Accumulated amortization					
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

6. Intangible Assets (Cont'd)

(a) Software

This represents accounting software which has estimated useful lives of 5 years. The amortisation period is reviewed at least annually for appropriateness.

(b) Goodwill on consolidation

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Golden Wave Sdn. Bhd.	187	187
Intact Corporate Approach Sdn. Bhd.	-	7,842
Niaga Sari Sdn. Bhd.	2,672	2,672
Kenanga M&E Sdn. Bhd.	677	677
	3,536	11,378

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% (2022: 10% to 13%) 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.

Except for as disclosed above, the recoverable amount of Kenanga M&E Sdn. Bhd. was based on its fair value less costs to sell, as it has yet to commence operations.

Based on the sensitivity analysis performed, management believes that there are no reasonable change in key assumptions that would cause the carrying value of the CGUs to exceed its recoverable amounts.

In previous financial year, an impairment loss which amounts to RM2,949,000 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.

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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 RM54 million (2022: RM60.14 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 land right above relates to Ho Hup Venture (Johor) Sdn. Bhd ("HHVJ"), a 99.99% owned subsidiary of the Company. 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. In the previous year, the carrying amount of the land right is approximately RM18.11 million and was amortised based on the percentage of completion over the development period. During the financial year, the Company disposed partial of its equity interest in HHVJ and HHVJ ceased to become subsidiary of the Company.

(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.

7. Inventories and Other Contract Costs

	Group	
	2023 RM'000	2022 RM'000
Non-current		
Land held for property development		
Freehold land and development cost		
At 1 January	83,260	83,260
Derecognition on disposal of subsidiary company	(83,260)	-
At 31 December	-	83,260
Current		
Property development cost (i)	365,853	457,623
Contract materials (ii)	467	337
Completed properties (iii)	169,878	-
Other contract costs (iv)	3,460	2,551
	539,658	460,511
	539,658	543,771

(i) Property development cost

	Group	
	2023 RM'000	2022 RM'000
Freehold land, at cost		
At 1 January/31 December	59,238	59,238
Leasehold land, at cost		
At 1 January	195,924	108,613
Additions	-	87,311
Derecognition on disposal of subsidiary company	(107,793)	-
At 31 December	88,131	195,924
Property development costs		
At 1 January	397,548	293,278
Addition during the financial year	178,509	104,549
Derecognition on disposal of subsidiary company	(225,852)	-
Exchange differences	-	(279)
At 31 December	350,205	397,548

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7. Inventories and other contract costs (Cont'd)

(i) Property development cost (Cont'd)

	Group	
	2023 RM'000	2022 RM'000
Cost recognised in the statement of profit or loss and other comprehensive income		
At 1 January	(195,087)	(97,913)
Recognised during the financial year	(112,163)	(97,174)
Less: Derecognition on disposal of subsidiary company	175,529	-
At 31 December	(131,721)	(195,087)
Total development costs	365,853	457,623

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 (2022: 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 2023, the land and related development costs with carrying values of RM171.39 million (2022: RM171.39 million) is pledged to a licensed bank for banking facilities as disclosed in Note 23.

7. Inventories and other contract costs (Cont'd)

(i) Property development cost (Cont'd)

During the financial year, the following costs are capitalised to property development costs:

	Note	Group 2023 RM'000	2022 RM'000
Finance costs	30	11,331	579
Staff costs	34	2,064	1,359

(ii) Contract materials

	Note	Group 2023 RM'000	2022 RM'000
Contract material, at cost			
Quarry Products		467	337
Recognised in profit or loss:			
Inventories recognised as cost of sales		13,404	11,361
Inventory write off		24	20

(iii) Completed properties

	Note	Group 2023 RM'000	2022 RM'000
Cost			
Freehold buildings	(a)	169,878	-

(a) The transfer of freehold buildings from property, plant and equipment is due to management change of intended use as disclosed in Note 4(c).

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7. Inventories and other contract costs (Cont'd)

(iv) Other contract costs

	Group	
	2023 RM'000	2022 RM'000
Costs to obtain contracts	3,460	2,551

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 RM667,000 (2022: RM784,000). There was no impairment loss in relation to the costs capitalised.

8. Quarry Development Cost

	Group	
	2023 RM'000	2022 RM'000
Cost		
At 1 January/31 December	7,046	7,046
Accumulated amortisation		
At 1 January	2,700	1,800
Change for the financial year	1,043	900
At 31 December	3,743	2,700
Carrying amount	3,303	4,346

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 5 years (2022: 6 years), expiring on 25 March 2028.

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 2023	12,972	26,110	3,498	1,350	43,930
Additions	5,367	350	-	-	5,717
Disposals	-	(19,084)	(267)	(837)	(20,188)
Transfer to property, plant and equipment	-	-	(946)	-	(946)
Derecognition arising from termination of lease agreement	(1,750)	-	-	-	(1,750)
Modification of lease term	71	-	-	-	71
Derecognition on disposal of subsidiary company	(362)	-	-	-	(362)
At 31 December 2023	16,298	7,376	2,285	513	26,472
Accumulated depreciation					
At 1 January 2023	8,570	6,946	2,100	472	18,088
Charge for the financial year	4,195	2,634	483	135	7,447
Disposals	-	(5,472)	(197)	(538)	(6,207)
Transfer to property, plant and equipment	-	-	(946)	-	(946)
Derecognition arising from termination of lease agreement	(1,415)	-	-	-	(1,415)
Derecognition on disposal of subsidiary company	(362)	-	-	-	(362)
At 31 December 2023	10,988	4,108	1,440	69	16,605
Carrying amount					
At 31 December 2023	5,310	3,268	845	444	9,867

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
Group					
Cost					
At 1 January 2022	16,414	26,380	10,436	1,350	54,580
Additions	-	1,080	-	-	1,080
Disposals	-	(1,350)	-	-	(1,350)
Transfer to property, plant and equipment	-	-	(6,938)	-	(6,938)
Derecognition arising from termination of lease agreement	(3,442)	-	-	-	(3,442)
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
Disposals	-	(608)	-	-	(608)
Transfer to property, plant and equipment	-	-	(5,206)	-	(5,206)
Derecognition arising from termination of lease agreement	(3,261)	-	-	-	(3,261)
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

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 2023	2,560	20,433	1,279	1,350	25,622
Additions	-	350	-	-	350
Disposals	-	(18,719)	(267)	(837)	(19,823)
At 31 December 2023	2,560	2,064	1,012	513	6,149
Accumulated depreciation					
At 1 January 2023	1,330	3,724	602	473	6,129
Charge for the financial year	368	2,084	252	135	2,839
Disposals	-	(5,247)	(198)	(538)	(5,983)
At 31 December 2023	1,698	561	656	70	2,985
Carrying amount					
At 31 December 2023	862	1,503	356	443	3,164

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
Additions	-	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

The motor vehicles, plant and machinery, and tools and technical equipment of the Group and of the Company are pledged as securities respectively for the related lease liabilities.

9. Right-of-Use Assets (Cont'd)

The aggregate additional cost for the right-of-use assets of the Group and of the Company during the financial period are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Aggregate costs	5,717	1,080	350	1,080
Less: Lease liabilities financing	(5,611)	(972)	(315)	(972)
Cash payment	106	108	35	108

10. Investment in Subsidiary Companies

	Company	
	2023 RM'000	2022 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	(52,602)	(24,955)
Outside Malaysia	(8)	(8)
	(52,610)	(24,963)
	119,708	147,355

Movements in the allowance for impairment losses of subsidiary companies are as follows:

	Company	
	2023 RM'000	2022 RM'000
At 1 January	24,963	24,963
Impairment loss recognised during the year	27,647	-
At 31 December	52,610	24,963

During financial year, certain subsidiary companies of the Group were facing the recoverable amount lower than the carrying amount due to no future business plan. The recoverable amount of the Company's investment in these subsidiary companies are estimated based on fair value less cost to sell method which is determined based on the carrying amount of the net assets. Therefore, an impairment loss amounting to RM27,647,000 was recognised during the previous financial year.

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10. Investment in Subsidiary Companies (Cont'd)

The subsidiary companies and shareholdings therein are as follows:

Name of Company	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Direct holding:				
H2Energy Corporation Sdn. Bhd.	Malaysia	100	100	Engineering, procurement, construction and commissioning of pipeline system
Tru-Mix Concrete Sdn. Bhd.	Malaysia	90	90	Manufacturing and distribution of ready-mix concrete
Bukit Jalil Development Sdn. Bhd. ("BJD")	Malaysia	100	100	Property development
Ho Hup Industries Sdn. Bhd.	Malaysia	100	100	Quarry proprietor and investment holding
Ho Hup Jaya Sdn. Bhd.	Malaysia	100	100	Property management
Ho Hup Construction Company (L) Ltd.	Labuan, Malaysia	100	100	Investment holding
Ho Hup Construction Company (India) Pte. Ltd.*	India	100	100	Construction
H2Advance Builders Sdn. Bhd. *	Malaysia	60	60	Construction and property development
Ho Hup Ventures (KK) Sdn. Bhd.	Malaysia	75	75	Investment holding
Ho Hup Ventures (Johor) Sdn. Bhd. #	Malaysia	-	75	Investment holding
New Interconnected Expressway Sdn. Bhd. *	Malaysia	70	70	Dormant
Ho Hup Ventures (Kuantan) Sdn. Bhd. *	Malaysia	100	100	Construction, property development and investment holding
Ho Hup F&B Sdn. Bhd. *	Malaysia	100	100	Dormant

10. Investment in Subsidiary Companies (Cont'd)

The subsidiary companies and shareholdings therein are as follows:

Name of Company	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Direct holding (Cont'd):				
Ho Hup Rail (Seremban) Sdn. Bhd. *	Malaysia	100	100	Dormant
Ho Hup Teratai Sdn. Bhd. *	Malaysia	100	100	Dormant
Ho Hup Dagang Jaya Sdn. Bhd.	Malaysia	-	100	Dormant
Ho Hup Fadason Sdn. Bhd. *	Malaysia	100	100	Dormant
Ho Hup Infinite Sdn. Bhd. *	Malaysia	100	100	Construction and development of warehouse, logistic and transportation
Pelita Pintasan Sdn. Bhd. *	Malaysia	100	100	Investment holding
Pinggir Prima Sdn. Bhd. *	Malaysia	100	100	Investment holding
Niaga Sari Sdn. Bhd.	Malaysia	51	51	Building contractor
Ho Hup Aurora Place Sdn. Bhd. *	Malaysia	100	100	Dormant

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10. Investment in Subsidiary Companies (Cont'd)

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

Name of Company	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Indirect holding:				
Subsidiary company of H2 Advance *Builders Sdn. Bhd.*				
Kenanga M&E Sdn. Bhd. *	Malaysia	100	100	Dormant
Subsidiary company of Ho Hup Construction Company (L) Ltd.				
Ho Hup (Myanmar) E&C Co., Ltd.*	Myammar	50	50	Property development and construction
Subsidiary company of Ho Hup Ventures (KK) Sdn. Bhd.				
Golden Wave Sdn. Bhd.	Malaysia	70	70	Property development and letting of shoplots, food court and promotional area
Suria Jayajuta Sdn. Bhd. *	Malaysia	100	100	Dormant
Subsidiary company of Ho Hup Industries Sdn. Bhd.				
Ho Hup Ventures (Malacca) Sdn. Bhd. *	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.	Malaysia	100	100	Investment holding
Subsidiary company of Ho Hup Quarries (Malacca) Sdn. Bhd.				
Ho Hup-ICM Quarry Sdn. Bhd.	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	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Indirect holding (Cont'd):				
Subsidiary company of Ho Hup Ventures (Johor) Sdn. Bhd.				
Intact Corporate Approach Sdn. Bhd.	Malaysia	-	70	Project management that includes consultancy and infrastructure development
Subsidiary company of Ho Hup Jaya Sdn. Bhd.				
HH Interpark Sdn. Bhd. *	Malaysia	100	100	Dormant
Subsidiary company of Ho Hup F&B Sdn. Bhd.				
6 Teppan Dining Sdn. Bhd. *	Malaysia	70	70	Dormant
Easy I Zak Sdn. Bhd. *	Malaysia	70	70	Dormant
Aurora Café Sdn Bhd (formerly known as Old Malaya Café Sdn. Bhd.) *	Malaysia	51	51	Dormant
Coffee Delight Sdn. Bhd. *	Malaysia	70	70	Dormant
Aurora Exhibit Sdn. Bhd. *	Malaysia	70	70	Construction, highway concession, property development
Subsidiary company of H2Energy Corporation Sdn. Bhd.				
Ho Hup Infrastructure Sdn. Bhd	Malaysia	100	100	Engineering, procurement, construction, commissioning of pipline system

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10. Investment in Subsidiary Companies (Cont'd)

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

* Subsidiary companies not audited by UHY

\# The Company's equity interest in Ho Hup Ventures (Johor) Sdn. Bhd. has been diluted to 25%, hence it has been reclassified from an investment in subsidiary companies to an investment in associate.

(a) Disposal of subsidiary companies

Ho Hup Dagang Jaya ("HHDJ")

During the financial year, the Company entered into a shares sale and purchase agreement to dispose of 100% equity interest in HHDJ for a total cash consideration of RM500,000. The disposal was completed on 5 September 2023.

The effect of the disposal of HHDJ on the financial position of the Group as at the date of disposal was as follows:

	2023 **RM'000**
Property development cost	7,609
Trade payables	(991)
Other payables	(4,832)
Total identifiable net assets	1,786
Loss on disposal	(1,786)
Proceeds from disposal	-
Less: Cash and bank	*
Net cash inflow from disposal	-

* Denote RM97

Ho Hup Ventures (Johor) Sdn. Bhd. ("HHVJ")

On 21 November 2023, the Company had entered into a Share Subscription Agreement with Ho Hup Ventures (Johor) Sdn Bhd ("HHVJ"), a 99.9875% owned subsidiary of the Company, Tribeca Real Estate Asset Management Sdn Bhd and Armani Streams Sdn Bhd ("Investor") for the Investor to subscribe for 600,000 new ordinary shares in HHVJ at a total subscription price of Ringgit Malaysia Six Hundred Thousand (RM600,000) only. This has caused a dilution in the Group's effective shareholding from 75% to 25%. The proposed subscription has been completed in 30 November 2023.

Upon completion of the subscription, HHVJ has been reclassified from an investment in subsidiary company to an investment in associate, given that the company has influence over the financial and operation policy in HHVJ.

10. Investment in Subsidiary Companies (Cont'd)

(a) Disposal of subsidiary company (Cont'd)

Ho Hup Ventures (Johor) Sdn. Bhd. ("HHVJ") (Cont'd)

The effect of the disposal of HHVJ on the financial position of the Group as at the date of disposal was as follows:

	2023 RM'000
Property, plant and equipment	27
Land rights	18,105
Goodwill	7,842
Property development cost	150,507
Contract assets	12,591
Trade receivables	7,773
Other receivables	17,780
Cash and bank	59
Non-controlling interest	513
Trade payables	(6,577)
Other payables	(27,306)
Amount due from holding company	(92,873)
Amount due from related companies	(14,659)
Bank borrowings	(82,595)
Deferred tax liabilities	(4,345)
Total identifiable net liabilities	(13,158)
Gain on disposal	(13,158)
Proceeds from disposal	-
Less: Cash and bank balances disposal	(59)
Net cash outflow from disposal	(59)

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10. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies

In the previous financial year:

In previous financial year, the Company incorporated a wholly owned subsidiary company, Ho Hup Aurora Place Sdn. Bhd., with a cash subscription of RM2.

H2Advance 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 recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable asset acquired and liabilities assumed

	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

	2022 RM'000
Purchase consideration settled in cash	1,900

Goodwill arising from business combination

	2022 RM'000
Fair value of consideration transferred	1,900
Fair value of identifiable assets acquired and liabilities assumed	(1,223)
Goodwill	677

10. Investment in Subsidiary Companies (Cont'd)

(c) Material partly-owned subsidiary companies

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

Name of company	Proportion ownership interests and voting rights held by non-controlling interest		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 %	2022 %	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ho Hup Ventures (Johor) Sdn. Bhd.	-	25	(1,312)	(611)	-	(3,083)
Ho Hup Ventures (Malacca) Sdn. Bhd.	25	25	(288)	(612)	(5,647)	(5,059)
Tru-Mix Concrete Sdn. Bhd	10	10	(445)	(337)	(545)	(150)
Ho Hup Ventures (KK) Sdn. Bhd.	25	25	(1,580)	(486)	4,363	5,943
Niaga Sari Sdn. Bhd.	49	49	105	(302)	7,061	7,165
Individually immaterial subsidiary companies with non-controlling interests					(1,382)	2,768
Total non-controlling interests					3,850	7,584

10. Investment in Subsidiary Companies (Cont'd)

(c) 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.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total assets	-	239,912	6,921	11,207
Total liabilities	-	(246,773)	(25,073)	(24,047)
Net (liabilities)/assets	-	(6,861)	(18,152)	(12,840)

	Tru-Mix Concrete Sdn. Bhd.		Ho Hup Ventures (KK) Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total assets	9,643	15,249	447,487	492,251
Total liabilities	(15,584)	(16,736)	(449,539)	(481,296)
Net (liabilities)/assets	(5,941)	(1,487)	(2,052)	10,955

10. Investment in Subsidiary Companies (Cont'd)

(c) Material partly-owned subsidiary companies (Cont'd)

(i) Summarised statements of financial position (Cont'd)

	Niaga Sari Sdn. Bhd.	
	2023	**2022**
	RM'000	**RM'000**
Total assets	32,664	46,387
Total liabilities	(18,233)	(32,048)
Net assets	14,431	14,339

(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.	
	2023*	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	39,030	76,798	714	261	10,484	13,865	73,190	64,409
Loss for the financial year, representing total comprehensive loss for the financial year	(5,246)	(2,444)	(2,338)	(2,472)	(4,454)	(3,368)	(13,007)	(1,942)

*From 1 January 2023 up to 30 November 2023 (date of completion of dilution).

10. Investment in Subsidiary Companies (Cont'd)

(c) Material partly-owned subsidiary companies (Cont'd)

(ii) Summarised statements of comprehensive income (Cont'd)

	Niaga Sari Sdn. Bhd.	
	2023 RM'000	**2022 RM'000**
Revenue	31,244	48,412
Loss for the financial year, representing total comprehensive loss for the financial year	52	(617)

(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.	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Net cash from/(used in) operating activities	-	(56,225)	3,210	(1,605)	(277)	(258)	64,582	(42,625)
Net cash used in investing activities	-	(8,655)	(4,435)	(3)	(402)	(90)	-	(1,286)
Net cash from/(used in) financing activities	-	66,225	-	1,144	(589)	1,808	(25,453)	45,603
Net increase/(decrease) in cash and cash equivalents	-	1,345	(1,225)	(464)	(1268)	1,460	39,129	1,692

10. Investment in Subsidiary Companies (Cont'd)

(c) Material partly-owned subsidiary companies (Cont'd)

(iii) Summarised statements of cash flows (Cont'd)

	Niaga Sari Sdn. Bhd.	
	2023 RM'000	**2022 RM'000**
Net cash from/(used in) operating activities	2,364	(6,065)
Net cash used in investing activities	(453)	(798)
Net cash from/(used in) financing activities	(3,443)	3,169
Net increase/(decrease) in cash and cash equivalents	(1,532)	(3,694)

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11. Investments in Associates

	Group and Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost:		
- In Malaysia	199	-
- Outside Malaysia	-	18
Less: Accumulated impairment losses	-	(18)
	199	-

The associates and shareholdings therein are as follows:

Name of companies	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Direct holding:				
Ho Hup Ventures (Johor) Sdn. Bhd. #	Malaysia	25	-	Investment holding
Konsortium AHHK Sdn. Bhd. *	Malaysia	-	29	In liquidation
Indirect holding:				
Subsidiary company of Ho Hup Ventures (Johor) Sdn. Bhd.				
Intact Corporate Approach Sdn. Bhd.	Malaysia	70	-	Project management that includes consultancy and infrastructure development

* Associates not audited by UHY

\# As disclosed in Note 10(a), the Company's equity interest in Ho Hup Ventures (Johor) Sdn. Bhd. ("HHVJ") has been diluted to 25%, hence it has been reclassified from an investment in subsidiary companies to an investment in associate, given that the Company has significant influence over the financial and operating policy in HHVJ.

11. Investments in Associates (Cont'd)

(a) Summarised statement of financial position

	2023 HHVJ RM'000
Non-current assets	28,611
Current assets	189,355
Non-current liabilities	(4,345)
Current liabilities	(224,261)
Net assets	(10,640)
Interest in associate	24.99%
Group's share of net liabilities	(2,659)
Unrecognised share of loss	2,659
Carrying value of Group's interest in associate	-

12. Investments in Joint Ventures

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shared:				
- In Malaysia	375	375	375	375
- Outside Malaysia	250	250	250	250
Share of post-acquisition reserves	(8)	(8)	-	-
Less: Accumulated impairment loss	(250)	(250)	(250)	(250)
	367	367	375	375

The joint venture and shareholdings therein are as follows:

Name of companies	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
KHH Infrastructures Sdn. Bhd. *	Malaysia	50	50	Construction

* Joint ventures not audited by UHY

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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.

	Group	
	2023	**2022**
	RM'000	**RM'000**
Other investment:		
- at fair value through profit or loss	-	2,063

Other investment is measured within Level 1 of fair value by reference to the quoted prices of the equity instrument at the active markets.

14. Contracts Assets/(Liabilities)

	Group	
	2023	**2022**
	RM'000	**RM'000**
Contract assets		
Construction contracts (Note a)	32,291	39,881
Property development activities (Note b)	69,927	101,726
	102,218	141,607
Contract liabilities		
Construction contracts (Note a)	(7,102)	(18,281)
Property development activities (Note b)	-	(2,175)
	(7,102)	(20,456)

	Company	
	2023	**2022**
	RM'000	**RM'000**
Contract assets		
Construction contracts (Note a)	26,346	16,616
Contract liabilities		
Construction contracts (Note a)	(7,102)	(13,135)

14. Contracts Assets/(Liabilities) (Cont'd)

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.

(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.

	Group	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	21,600	13,389
Construction contracts revenue recognised during the financial year	23,607	44,093
Less: Progress billing during the financial year	(20,018)	(35,882)
At 31 December	25,189	21,600

	Company	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	3,481	16,025
Construction contracts revenue recognised during the financial year	79,885	76,682
Less: Progress billing during the financial year	(64,122)	(89,226)
At 31 December	19,244	3,481

Construction contracts revenue recognised during the year ended 31 December 2023 of the Group and of the Company amounted to RM18,281,000 (2022: RM24,556,000) and RM13,135,000 (2022: RM6,235,000), was included in contract liabilities balance at the beginning of the year.

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14. Contracts Assets/(Liabilities) (Cont'd)

(a) Construction contracts (Cont'd)

During the financial year, the following costs are capitalised to costs:

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Staff cost	34	2,145	3,232	464	349

(b) Property development activities

	Group	
	2023 RM'000	2022 RM'000
At 1 January	99,551	57,386
Property development revenue recognised during the financial year	144,520	147,546
Less: Progress billing during the financial year	(161,553)	(105,381)
Less: Derecognition of disposal of subsidiary company	(12,591)	-
At 31 December	69,927	99,551

Property development revenue recognised during the year ended 31 December 2023 amounted to RM2,175,000 (2022: RM Nil), was included in contract liabilities balance at the beginning of the year.

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.

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.

14. Contracts Assets/(Liabilities) (Cont'd)

(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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Construction contracts	-	25,387	253,599	333,484
Property development activities	1,308,139	1,378,189	-	-
	1,308,139	1,403,576	253,599	333,484

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.

The Company expects revenue from unsatisfied perfomance obligations to be recognised in the following years as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Construction contracts:				
- Within one year	-	25,387	65,327	80,631
- More than one year, but not more than 3 years	-	-	188,272	252,853
	-	25,387	253,599	333,484
Property development activities:				
- Within one year	230,621	135,742	-	-
- More than one year, but not more than 3 years	1,077,518	1,242,447	-	-
	1,308,139	1,378,189	-	-
	1,308,139	1,403,576	253,599	333,484

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15. Trade Receivables

	Group	
	2023 RM'000	2022 RM'000
Non-Current		
Trade receivables	-	5,785
Current		
Trade receivables	196,650	205,066
Less: Accumulated impairment losses	(15,122)	(8,432)
	181,528	196,634
	181,528	202,419

	Company	
	2023 RM'000	2022 RM'000
Non-Current		
Trade receivables	-	5,785
Current		
Trade receivables	47,392	35,560
Less: Accumulated impairment losses	(2,907)	(2,907)
	44,485	32,653
	44,485	38,438

Trade receivables are non-interest bearing and are generally on 14 to 140 days (2022: 14 to 140 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 2 (2022: 4) and 4 (2022: 1) debtors respectively, which accounted for 62% (2022: 69%) and 71% (2022: 22%) respectively of the total trade receivables as at 31 December 2023.

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	
	2023 RM'000	**2022 RM'000**
Within one year	15,267	11,359
More than one year	-	5,785
	15,267	17,144

	Company	
	2023 RM'000	**2022 RM'000**
Within one year	14,794	11,359
More than one year	-	5,785
	14,794	17,144

Movements in allowance for impairment losses of trade receivables are as follows:

Recognition and measurement of impairment loss

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Simplified approach				
Individually assessed for credit-impaired receivables				
At 1 January	2,799	1,204	-	-
Impairment losses recognised (Note 31)	6,690	1,595	-	-
At 31 December	9,489	2,799	-	-

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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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Collectively assessed for non-credit impaired receivables				
At 1 January	5,633	6,057	2,907	3,348
Impairment losses recognised (Note 31)	-	784	-	-
Written off	-	(103)	-	-
Reversal	-	(1,105)	-	(441)
At 31 December	5,633	5,633	2,907	2,907
	15,122	8,432	2,907	2,907

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").

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)

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	Loss Allowance RM	Net Amount RM
Group			
2023			
Neither past due nor impaired	18,549	(47)	18,502
Past due not impaired:			
Less than 30 days	9,683	(210)	9,473
31 to 60 days	6,238	(61)	6,177
61 to 90 days	3,424	(161)	3,263
More than 90 days	149,267	(5,154)	144,113
Individually assessed	9,489	(9,489)	-
	196,650	(15,122)	181,528
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

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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)

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	Loss Allowance RM	Net Amount RM
Company			
2023			
Neither past due nor impaired	2,467	-	2,467
Past due not impaired:			
Less than 30 days	523	(172)	351
31 to 60 days	421	(19)	402
61 to 90 days	93	(25)	68
More than 90 days	43,888	(2,691)	41,197
	47,392	(2,907)	44,485
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

16. Other Receivables

	Group	
	2023	2022
	RM'000	RM'000
Other receivables	55,087	106,084
Deposits	18,004	23,234
Prepayments	13,554	10,073
GST receivables	-	158
	86,645	139,549
Less: Accumulated impairment losses		
- Other receivables	(14,500)	(705)
- Deposits	(58)	(58)
	(14,558)	(763)
	72,087	138,786

	Company	
	2023	2022
	RM'000	RM'000
Other receivables	47,928	64,401
Deposits	6,720	8,266
Prepayments	1,771	1,863
Amount recoverable from sub-contractor	-	15,958
	56,419	90,488
Less: Accumulated impairment losses		
- Other receivables	(2,207)	(176)
	54,212	90,312

In previous financial year, amount recoverable from a sub-contractor of approximately RM15,958,000 was 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.

However, during the financial year, the LAD has been written-off against provision for LAD (Note 25) as the sub-contractor is currently under liquidation process and are no longer recoverable.

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16. Other Receivables (Cont'd)

Movements in allowance for impairment losses of other receivables and deposits are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	763	751
Impairment losses recognised (Note 31)	13,795	12
At 31 December	14,558	763

	Company	
	2023 RM'000	2022 RM'000
At 1 January	176	176
Impairment losses recognised (Note 31)	2,031	-
At 31 December	2,207	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	
	2023 RM'000	2022 RM'000
Trade	184,831	143,849
Non-trade	403,811	518,699
	588,642	662,548
Less: Accumulated impairment losses	(31,639)	(31,639)
	557,003	630,909

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

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	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	31,639	457
Impairment loss recognised during the year	-	31,182
At 31 December	31,639	31,639

Included in amount due from subsidiary companies as at 31 December 2023 are retention sum of approximately RM9,725,000 (2022: RM13,749,000) relating to property development work-in-progress. No amount (2022: No amount) 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.

Included in amount due to subsidiary companies as at 31 December 2023 are retention sum of approximately RM10,573,000 (2022: RM9,115,000) relating to construction work-in-progress. Approximately RM8,209,000 (2022: RM3,355,000) of the retention payable are expected to be recovered within one year.

18. Amount Due from a Joint Venture

This represents non-trade balance which is unsecured, interest free and repayable on demand.

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19. Cash and Cash Equivalents

		Group	
	Note	2023 RM'000	2022 RM'000
Fixed deposits with licensed banks		7,510	11,602
Cash and bank balances		12,841	18,247
Housing Development Account	(a)	320	884
		20,671	30,733
Less: Bank overdrafts	23	(20,135)	(25,928)
		536	4,805
Less: Cash and cash equivalents restricted from use sinking fund accounts build-up	(b)	(6,080)	(4,680)
Fixed deposits with pledged for bank facilities	(c)	(2,968)	(6,502)
		(9,048)	(11,182)
Cash and cash equivalents		(8,512)	(6,377)

		Company	
	Note	2023 RM'000	2022 RM'000
Fixed deposits with licensed banks		2,968	5,087
Cash and bank balances		8,207	10,216
		11,175	15,303
Less: Bank overdrafts	23	(7,548)	(7,498)
		3,627	7,805
Less: Cash and cash equivalents restricted from use sinking fund accounts build-up	(b)	(6,080)	(4,680)
Cash and cash equivalents		(2,453)	3,125

(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.

(c) The fixed deposits of the Company amounting to RM2,968,000 (2022: RM6,502,000) were pledged with licensed banks as security for bank borrowings.

The interest rates of deposits of the Group and of the Company at the end of the reporting period are 1.50% to 3.00% and 2.50% to 3.00% (2022: 1.65% to 3.45% and 1.65% to 3.00%) per annum respectively.

The maturities of deposits of the Group and of the Company are ranging from 30-365 days and 30-365 days (2022: 30-365 days and 30-365 days) respectively.

20. Share Capital

	Group and Company			
	Number of shares		Amount	
	2023 Unit'000	2022 Unit'000	2023 RM'000	2022 RM'000
Issued and fully paid				
Ordinary shares				
At 1 January	494,860	494,860	256,870	256,870
Issuance of new shares - private placement	23,400	-	5,499	-
At 31 December	518,260	494,860	262,369	256,870

During the financial year, the Company increased its issued and paid-up share capital from 494,860,696 to 518,260,696 through issuance of 23,400,000 new ordinary shares pursuant to the Private Placement at exercise price of RM0.235 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.

21. Reserves

		Group	
	Note	2023 RM'000	2022 RM'000
Non-distributable			
Foreign currency translation reserve	(a)	(614)	(2,091)
Other reserves	(b)	(77,104)	(77,104)
		(77,718)	(79,195)
Distributable			
Retained earnings	(c)	153,825	234,443
		76,107	155,248

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21. Reserves (Cont'd)

		Company	
		2023	**2022**
		RM'000	**RM'000**
Retained earnings	(c)	10,360	50,997

(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.

(c) Retained earnings

The entire retained earnings of the Group and of the Company are available for distribution as single-tier dividends.

22. Lease liabilities

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	15,334	22,989	11,347	15,275
Additions	5,611	972	315	972
Modification of lease	71	-	-	-
Termination of lease term	(181)	(193)	-	-
Disposal	(7)	-	(7)	-
Payment	(7,937)	(8,434)	(3,809)	(4,900)
At 31 December	12,891	15,334	7,846	11,347
Presented as:				
Non-current	7,075	5,389	2,041	3,498
Current	5,816	9,945	5,805	7,849
	12,891	15,334	7,846	11,347

The maturity analysis of lease liabilities of the Group and the Company at the end of the reporting period:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within one year	7,984	10,039	5,241	7,849
Later than one year and not later than two years	4,157	4,616	2,083	3,584
Later than two years and not later than five years	1,542	1,625	911	666
Later than five years	-	3	-	3
	13,683	16,283	8,235	12,102
Less: Future finance charges	(792)	(949)	(389)	(755)
Present value of lease liabilities	12,891	15,334	7,846	11,347

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.

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23. Bank Borrowings

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured				
Bank overdrafts	20,135	25,928	7,548	7,498
Bridging loan	55,732	75,500	-	-
Banker acceptance	-	930	-	-
Revolving credit	68,000	75,499	68,000	68,000
Invoice financing	4,167	13,192	102	1,147
Term loans	361,105	459,652	3,713	11,288
	509,139	650,701	79,363	87,933

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Bank overdrafts	20,135	25,928	7,548	7,498
Bridging loan	24,890	19,279	-	-
Banker acceptance	-	930	-	-
Revolving credit	68,000	75,499	68,000	68,000
Invoice financing	4,167	13,192	102	1,147
Term loans	100,611	127,068	821	4,145
	217,803	261,896	76,471	80,790
Non-current				
Bridging loan	30,842	56,221	-	-
Term loans	260,494	332,584	2,892	7,143
	291,336	388,805	2,892	7,143
	509,139	650,701	79,363	87,933

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) 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

(4) Legal charge over shop lots held under strata title (WP) 51197, Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Note 5);

(5) 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 3 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;

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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)

(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) Assignment of construction contracts, performance bonds and insurance proceeds of a project;

(i) Joint and several guarantees of the individual shareholders and directors of a subsidiary company;

(j) 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);

(k) 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;

(l) A fixed charge over the designated collection account, sinking fund account and fixed deposit account; and

(m) A deed of assignment of contract proceeds between the bank and a certain subsidiary company for the projects to be financed.

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)

Banker acceptance

(a) Certain fixed deposits of the Group as disclosed in Note 19(b); and

(b) Corporate guarantee by the Company.

The interest rates per annum are as follows:

	Group	
	2023	**2022**
	%	**%**
Bank overdrafts	3.45 - 8.64	3.45 - 8.10
Bridging loan	6.45 - 8.75	8.85
Banker acceptance	4.65 - 4.66	5.79 - 6.00
Revolving credit	6.70 - 8.75	4.28 - 6.70
Invoice financing	6.45 - 7.68	5.45 - 7.30
Term loans	5.45 - 18.00	4.50 - 18.00

	Company	
	2023	**2022**
	%	**%**
Bank overdrafts	7.65 - 7.90	8.05 - 8.10
Revolving credit	4.28 - 6.95	6.70
Invoice financing	6.71	6.71 - 7.12
Term loans	6.70	6.70 - 10.00

Included in the secured term loans is an amount of RM63,235,000 (2022: 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% (2022: 12%-18%) per annum, repayable within the next 12 months after the reporting date.

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24. Deferred Tax (Assets)/Liabilities

	Group	
	2023	**2022**
	RM'000	**RM'000**
Deferred tax assets:		
At 1 January	(684)	(2,918)
Recognised in profit or loss (Note 32)	142	1,777
Overprovision in prior years	-	457
At 31 December	(542)	(684)
Deferred tax liabilities:		
At 1 January	19,166	22,702
Recognised in profit or loss (Note 32)	(1,337)	(3,443)
Overprovision in prior years (Note 32)	(616)	(93)
Derecognised on disposal of subsidiary	(4,345)	-
At 31 December	12,868	19,166

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Deferred tax liabilities	12,868	19,166
Deferred tax assets	(542)	(684)
	12,326	18,482

24. Deferred Tax Assets and Liabilities (Cont'd)

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Deferred tax liabilities:		
Accelerated capital allowances		
At 1 January	19,166	22,702
Recognised in profit or loss	(1,337)	(3,443)
Overprovision in prior years	(616)	(93)
Derecognised on disposal of subsidiary	(4,345)	-
At 31 December	12,868	19,166
Deferred tax assets:		
Unutilised capital allowances		
At 1 January	-	1,438
Recognised in profit or loss	-	(981)
Overprovision in prior years	-	(457)
At 31 December	-	-
Property development cost		
At 1 January	684	1,480
Recognised in profit or loss	(142)	(796)
At 31 December	542	684
	542	684

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24. Deferred Tax Assets and Liabilities (Cont'd)

	Company	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	531	688
Recognised in profit or loss (Note 32)	-	(468)
Under provision in prior year (Note 32)	(531)	311
At 31 December	-	531

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

	Company	
	2023	**2022**
	RM'000	**RM'000**
Deferred tax liabilities	-	531
Deferred tax assets	-	-
	-	531

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

	Company	
	2023	**2022**
	RM'000	**RM'000**
Deferred tax liabilities:		
Accelerated capital allowances		
At 1 January	531	688
Recognised in profit or loss	-	(468)
Under provision in prior years	(531)	311
At 31 December	-	531

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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised capital allowances	27,623	22,973	3,221	-
Unutilised tax losses	138,516	83,997	21,902	20,892
Other deductible temporary differences	-	1,417	-	-
	166,139	108,387	25,123	20,892

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.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. The unutilised capital allowances and other temporary differences do not expire under current tax legislation.

25. Provision for Liquidated Ascertained Damages

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	1	956	15,958	15,958
Payment during the financial year	(1)	(955)	-	-
Written off against other receivables (Note 16)	-	-	(15,958)	-
At 31 December	-	1	-	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.

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26. Trade Payables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Trade payables	12,815	5,833	9,281	1,832
Current				
Trade payables	98,950	133,552	7,359	37,934
	111,765	139,385	16,640	39,766

(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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within one year	10,134	15,647	3,605	15,647
More than one year	12,815	5,833	9,281	1,832
	22,949	21,480	12,886	17,479

(b) Credit terms of trade payables of the Group and of the Company ranged from 30 to 120 days (2022: 30 to 120 days) depending on the terms of the contracts.

27. Other Payables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	5,443	57,107	1,425	4,186
Accruals	81,372	57,505	43,752	25,767
Deposits received	73,161	77,953	161	135
	159,976	192,565	45,338	30,088

Included in accruals is provision of subcontractor cost for Group and Company amounting to RM40,938,000 (2022: RM26,006,000) and RM37,813,000 (2022: RM18,146,000) respectively.

28. Amount Due from/(to) Associate Company

Amount due from associate company is trade in nature with credit term generally of 14 to 140 days (2022: 14 to 140 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due to associate company represents non-trade balance which is unsecured, interest free and repayable on demand.

29. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers:				
- Construction contracts	23,607	44,093	79,885	76,682
- Joint development income	1,485	6,339	-	-
- Sale of development properties	143,035	141,207	-	-
- Sale of goods	11,217	14,126	-	-
- Others	561	972	-	-
	179,905	206,737	79,885	76,682
Rental	8,038	6,304	-	-
	187,943	213,041	79,885	76,682
Timing of revenue recognition:				
At a point in time	11,778	15,098	-	-
Over time	168,127	191,639	79,885	76,682
Total revenue from contracts with customers	179,905	206,737	79,885	76,682

29. 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:

	Construction RM'000	Property development RM'000	Building materials RM'000	Others RM'000	Total RM'000
2023					
Major goods and services:					
- Construction contracts	23,607	-	-	-	23,607
- Joint development income	-	1,485	-	-	1,485
- Sale of development properties	-	143,035	-	-	143,035
- Sale of goods	-	-	11,217	-	11,217
- Rental	-	-	-	561	561
Revenue from external customers	23,607	144,520	11,217	561	179,905
Timing of revenue recognition:					
At a point in time	-	-	11,217	561	11,778
Over time	23,607	144,520	-	-	168,127
Revenue from external customers	23,607	144,520	11,217	561	179,905

29. 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)

	Construction RM'000	Property development RM'000	Building materials RM'000	Others RM'000	Total RM'000
2022					
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	-	-	-	972	972
Revenue from external customers	44,093	147,546	14,126	972	206,737
Timing of revenue recognition:					
At a point in time	-	-	14,126	972	15,098
Over time	44,093	147,546	-	-	191,639
Revenue from external customers	44,093	147,546	14,126	972	206,737

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30. Finance Costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
Bank overdrafts	1,260	1,424	582	546
Bridging loan	6,996	7,206	-	-
Banker acceptance	1,661	34	360	-
Trust receipt	-	103	-	-
Promissory note	-	40	-	-
Lease liabilities	374	1,037	152	765
Revolving credit	3,299	5,388	3,299	4,847
Term loans	39,744	25,834	392	1,163
Invoice financing	319	341	31	241
Intercompany loan	-	-	17,260	17,261
Others	1	448	165	90
	53,654	41,855	22,241	24,913
Less: Interest expense capitalised in property development costs (Note 7(i))	(11,331)	(579)	-	-
	42,323	41,276	22,241	24,913

31. Loss Before Tax

Loss before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration (Note a)	358	294	119	101
Amortisation of:				
- Quarry development cost (Note 8)	1,043	900	-	-
- Quarry rights (Note 6)	114	113	-	-
- Software (Note 6)	-	7	-	-
- Land rights (Note 6)	6,139	5,117	-	-
- Right-of-use assets (Note 9)	7,447	7,127	2,839	2,800
Depreciation of property, plant and equipment (Note 4)	7,503	9,168	516	521

31. Loss Before Tax (Cont'd)

Loss before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value loss on other investment	-	104	-	-
Gain on dilution of interest in subsidiary	(13,158)	-	-	-
Impairment loss on:				
- Property, plant and equipment (Note 4)	-	93	-	-
- Goodwill (Note 6)	-	2,949	-	-
- Investment in subsidiary companies (Note 10)	-	-	27,647	-
- Amount owing from subsidiary companies (Note 17)	-	-	-	31,182
- Trade receivables (Note 15)	6,690	2,379	-	-
- Other receivables (Note 16)	13,795	12	2,031	-
Interest income:				
- deposits with licensed banks	(102)	(96)	(79)	(228)
- subsidiary company	-	-	(8,647)	(13,726)
- others	(676)	-	(542)	-
Lease expenses relating to short-term leases	1,267	-	-	-
Loss/(Gain) on disposal of:				
- Property, plant and equipment	272	(114)	21	-
- Right-of-use assets	(134)	-	(105)	-
- Investment property	(1,835)	(280)	-	-
- Other investment	212	252	-	-
- Subsidiary company	1,786	-	2,250	-
Loss/(Gain) on termination of lease agreement	154	(11)	-	-
Reversal of impairment loss on trade receivables (Note 15)	-	(1,105)	-	(441)
Rental income	(8,038)	(6,304)	(304)	-
Written off of:				
- Property, plant and equipment	21	-	21	-
- Bad debts	222	-	-	-
- Liquidated assessed damages receivables	15,958	-	-	-
- Inventories	24	20	-	-

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31. Loss Before Tax (Cont'd)

(a) Auditors' remuneration

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditor of the Company				
- Statutory audit				
- Current year	308	289	114	96
- Non-statutory audit				
- Current year	5	5	5	5
	313	294	119	101
Other auditors				
- Statutory audit				
- Current year	45	-	-	-
	358	294	119	101

32. Taxation

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax expenses/(credit) recognised in profit or loss				
Current income tax:				
Current tax provision - in Malaysia	115	3,855	-	3,010
Under provision in prior years	982	7,956	-	1,817
	1,097	11,811	-	4,827
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(1,195)	(1,666)	-	(468)
Under/(Over)provision in prior years	(616)	364	(531)	311
	(1,811)	(1,302)	(531)	(157)
Tax expense/(credit) for the financial year	(714)	10,509	(531)	4,670

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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32. Taxation (Cont'd)

A reconciliation of income tax expense/(credit) applicable to loss 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss before tax	(85,186)	(25,849)	(41,168)	(31,530)
At Malaysian statutory tax rate of 24%	(20,445)	(6,204)	(9,880)	(7,567)
Income not subject to tax	-	(1,257)	-	-
Expenses not deductible for tax purposes	5,531	11,705	8,865	10,109
Utililisation of deferred tax assets previously not recognised	(26)	(3,811)	-	-
Deferred tax assets not recognised	13,860	1,756	1,015	-
Underprovision of taxation in prior years	982	7,956	-	1,817
Under/(Over)provision of deferred taxation in prior years	(616)	364	(531)	311
Tax expense/(credit) for the financial year	(714)	10,509	(531)	4,670

32. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised capital allowance	27,623	22,973	3,221	-
Unutilised tax losses	138,516	83,997	21,902	20,892
	166,139	106,970	25,123	20,892

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. The unutilised capital allowances do not expire under current tax legislation.

The unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax loss expiring:				
- Year of assessment 2028	49,704	49,704	-	-
- Year of assessment 2029	5,110	5,110	-	-
- Year of assessment 2030	8,423	8,423	-	-
- Year of assessment 2031	14,657	14,657	-	-
- Year of assessment 2032	6,103	6,103	20,892	20,892
- Year of assessment 2033	54,519	-	1,010	-
	138,516	83,997	21,902	20,892

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33. 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	
	2023	**2022**
	RM'000	**RM'000**
Net loss for the financial year, attributable to owners of the parent	(80,618)	(32,129)
Weighted average number of ordinary shares in issue in 1 January (in thousand of shares)	494,860	494,860
Effect of ordinary shares issued during the financial year (in thousand of shares)	2,180	-
Weighted average number of ordinary shares in issue in 31 December (in thousand of shares)	497,040	494,860
Basic earnings per share (in sen)	(16.2)	(6.5)

(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.

34. Staff Costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees	175	291	175	291
Salaries, wages and other emoluments	16,940	19,515	4,805	5,875
Defined contributions plan	1,273	2,547	512	838
	18,388	22,353	5,492	7,004
Less: Staff costs capitalised				
- property development costs (Note 7(i))	(2,064)	(1,359)	-	-
- construction contracts costs (Note 14)	(2,145)	(3,232)	(464)	(349)
	14,179	17,762	5,028	6,655

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors				
- Salaries and other emoluments	1,672	1,948	819	839
- Defined contributions plan	169	206	81	115
- Benefits-in-kind	50	22	35	22
	1,891	2,176	935	976
Non-executive Directors				
- Fees	175	291	175	291
- Meeting and other allowances	42	26	42	26
	217	317	217	317
Total Directors' remuneration	2,108	2,493	1,152	1,293

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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.

(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:

	2023 RM'000	2022 RM'000
Group		
Transactions with subsidiary companies of a corporate shareholder with a significant influence over the Company		
Interest expenses paid/payable	(19,372)	(27,927)
Transaction with a company in which a Director of the Company has interest		
Rental of retail spaces	(750)	(490)
Rental of office	(1,364)	(800)
Company		
Transactions with subsidiary companies		
Interest income	8,647	13,726
Interest expenses	(17,260)	(17,261)
Management fee income received/receivable	14,432	14,000
Rental of machineries received/receivable	-	6,000
Progress billings for construction work received/receivable	101,241	39,000
Property consultant fee received/receivable	147	1,000

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors				
Salaries, wages and other emoluments	1,672	1,948	819	839
Defined contributions plan	169	206	81	115
Benefits-in-kind	50	22	35	22
	1,891	2,176	935	976
Non-Executive Directors				
Director fee	175	291	175	291
Other emoluments	42	26	42	26
	217	317	217	317
	2,108	2,493	1,152	1,293

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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 and asset and retail management

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
2023							
Revenue							
External customers	23,607	144,520	11,217	8,599	187,943	-	187,943
Inter-segment	115,512	-	-	824	116,336	(116,636) (a)	-
Total revenue	139,119	144,520	11,217	9,423	304,279	(116,636)	187,943
Results							
Interest income	746	30	-	2	778	-	778
Finance costs	(23,486)	(40,052)	(119)	(4,574)	(68,231)	25,908	(42,323)
Depreciation and amortisation	(3,857)	(10,700)	(3,822)	(3,867)	(22,246)	-	(22,246)
Other non-cash (expenses)/income	(9,486)	(8,137)	(5,715)	(515)	(23,853)	-	(23,853)
Segment (loss)/profit before tax	(47,369)	(51,756)	(20,003)	(3,794)	(122,922)	37,736	(85,186)

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)		-
Total revenue	196,407	147,546	14,126	8,165	366,244	(153,203)	(a)	213,041
Results								
Interest income	96	-	-	-	96	-		96
Finance costs	(25,821)	(42,566)	(134)	(3,786)	(72,307)	30,452		(41,855)
Depreciation and amortisation	(3,624)	(10,414)	(3,733)	(4,661)	(22,432)	-		(22,432)
Other non-cash (expenses)/income	(1,766)	1,098	(5)	(3,712)	(4,385)	292		(4,093)
Segment (loss)/profit before tax	(32,761)	(16,621)	(9,012)	6,879	(51,515)	25,666		(25,849)

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:

	2023 RM'000	2022 RM'000
(Loss)/Gain on disposal of:		
- property, plant and equipment	(272)	114
- right-of-use assets	134	-
- investment properties	1,835	280
- other investment	(212)	(252)
- subsidiary company	(1,786)	-
Impairment on trade receivables	(6,690)	(2,379)
Impairment on other receivables	(13,795)	(12)
Gain on dilution of interest in subsidiary	13,158	-
Reversal of impairment loss on trade receivables	-	1,105
Impairment loss on goodwill	-	(2,949)
Written off of:		
- property, plant and equipment	(21)	-
- bad debts	(222)	-
- liquidated assessed damages receivables	(15,958)	-
- inventories	(24)	-
	(23,853)	(4,093)

(c) Geographical information

Substantially all the Group's revenue is derived locally and non-current assets are located within Malaysia.

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37. Financial Guarantees

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Corporate guarantees given to licensed banks and financial institutions for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	938,353	833,053
- Amount utilised	-	-	445,321	538,790
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	27,650	21,950
- Amount utilised	-	-	4,667	4,244
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	16,324	27,047	11,986	22,669

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

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

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

The Award provides for:

(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, HHCCI has lodged an Execution Petition before the City Civil Courts at Hyderabad, India to proceed with execution and recovery of Appellate Court's award against APHB. The matter is pending before City Civil Courts at Hyderabad.

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38. Material Litigations (Cont'd)

(ii) **Ipoh High Court Civil Suit No. AA-22NCC-10-09/2022 (previously known as Kuala Lumpur High Court Civil Suit No. WA-22NNCC-185-05/2020 Malayan Banking Berhad ("MBB") v. (1) DSE Construction Sdn. Bhd. ("DSE") & Ho Hup Construction Company Berhad**

MBB commenced proceedings in Kuala Lumpur High Court against DSE and the Company via its writ and statement of claim dated 18 May 2020 for all sum certified by Jabatan Perairan and Saliran ("JPS") pursuant to payment certificate No 15 to 29, alternatively the sum of RM44,429,823. The Company's defence, amongst others, is that it has fulfilled its obligations entirely under the joint letter of undertaking, it has not received any proceeds of the project, and it did not interfere with the manner and route of the channelling of the contract proceeds.

Full trial of for this matter fixed on 4 and 5 November 2024.

The Company obtained discovery against MBB on 7 November 2023. MBB being dissatisfied with the decision of the High Court has subsequently filed an appeal to the Court of Appeal against the discovery. The appeal is now fixed for a case management on 22 July 2024 and hearing on 6 August 2024.

(iii) **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 28 February 2024.

38. Material Litigations (Cont'd

(iii) **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 (Cont'd)**
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's claim against KLSB, Liew Ah Kau and Ghazali bin Abdul Halim has since concluded with judgement recorded against KLSB and consent judgement entered against both Liew Ah Kau and Ghazali bin Abdul Halim in their personal capacity as guarantors for KLSB's loan with MBB.

The full trial of this matter is fixed on 4 and 5 November 2024 together with item (ii) above.

(iv) **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 had awarded a building contract to Hj Said Binaan Sdn Bhd-Seni Kenanga Sdn Bhd JV ("Contractors") on 28 March 2014 for the construction and completion of the Company's project located at Bandar Bukit Jalil, Kuala Lumpur ("Project").

The Contractors were to complete construction of the Project within the contract period but failed to complete the Project within the specific time period. Hence, the Contractors has breached its contract with the Company.

On 6 March 2019, Malayan Banking Berhad ("Plaintiff" or "MBB") initiated a civil suit against Ho Hup for outstanding sums owing by the Contractors in relation to a letter of undertaking dated 25 September 2017 ("LU") issued by Ho Hup for a sum of RM10.0 million wherein Ho Hup's obligations under the LU was extinguished with the revocation of the LU on 29 December 2017. Notwithstanding that, Ho Hup had never executed any document with MBB for the loan undertaken by the Contractors.

By a Court Order dated 7 February 2020, the Contractors were subsequently added as 2nd and 3rd defendant respectively. The Company has filed a counterclaim for a sum of RM54.2 million as at 31 March 2019 as ascertained liquidated damages ("LAD") against the Contractors and a further claimed for a sum of RM14.8 million as of 31 December 2019 being back charges for work done by the Company to complete the Project arising from the Contractors' failure to complete the Project within contracted time period, cost and interest.

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38. Material Litigations (Cont'd)

(iv) **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 (Cont'd)**

The case continued with the calling of Defendant's witnesses on 10 July 2023, 11 July 2023, 17 July 2023, 22 August 2023 and 23 August 2023, and subsequent close of Defendant's case on 5 September 2023. On 21 February 2024, the Court delivered the decision of this matter and ordered inter alia Ho Hup to pay the sum for Interim Certificate of Payment No. 41 and No. 42 ("Certificates") less partial settlement paid earlier by Ho Hup for the said Certificates; the sum of which is to be assessed and determined by the Parties.

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

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

(v) **Adjudication Issued under the Construction Industry Payment and Adjudication Act 2012 CIPAA by Eko Bina Sdn Bhd (Formerly known as E&J Builders Sdn Bhd) to Golden Wave Sdn. Bhd. ("GWSB")**

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

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

38. Material Litigations (Cont'd)

(vi) **Adjudication Issued under the Construction Industry Payment and Adjudication Act 2012 CIPAA by Eko Bina Sdn Bhd (Formerly known as E&J Builders Sdn Bhd) to Golden Wave Sdn. Bhd. ("GWSB") (Cont'd)**

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

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

The matter is now fixed for for further clarification and/or decision before the Kota Kinabalu High Court on 17 May 2024.

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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").

	2023 RM'000	2022 RM'000
Group		
Financial Assets		
At fair value through profit or loss		
Other investment	-	2,063
At amortised cost		
Trade receivables	181,528	202,419
Other receivables	58,533	128,555
Amount due from a joint venture	99	99
Amount due from an associate	75,451	-
Fixed deposits with licensed banks	7,510	11,602
Cash and bank balances	13,161	19,131
	336,282	361,806
Financial Liabilities		
At amortised cost		
Trade payables	111,765	139,385
Other payables	159,976	192,565
Lease liabilities	12,891	15,334
Bank borrowings	509,139	650,701
Amount due to an associate	200	-
	793,971	997,985

39. Financial Instruments (Cont'd)

(a) Categories of financial instruments (Cont'd)

	2023 RM'000	2022 RM'000
Company		
Financial Assets		
At amortised cost		
Trade receivables	44,485	38,438
Other receivables	52,441	88,449
Amount due from subsidiary companies	557,003	630,909
Amount due from a joint venture	99	99
Amount due from an associate	75,451	-
Fixed deposits with licensed banks	2,968	5,087
Cash and bank balances	8,207	10,216
	740,654	773,198
Financial Liabilities		
At amortised cost		
Trade payables	16,640	39,766
Other payables	45,338	30,088
Amount due to subsidiary companies	460,887	449,690
Amount due to an associate	200	-
Lease liabilities	7,846	11,347
Bank borrowings	79,363	87,933
	610,274	618,824

(b) Net loss on financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net loss on impairment of financial instruments:				
- Financial asset at amortised cost	20,485	1,286	2,031	30,741
- Financial asset at FVTPL	-	104	-	-
	20,485	1,390	2,031	30,741

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39. Financial Instruments (Cont'd)

(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 receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from the receivables from customers, loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

Trade receivables and contract assets

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 trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade 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, trade receivables and contract assets that are written off could still be subject to enforcement activities.

39. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

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 bank balances are mainly held with bank and financial institution counterparties, which have financial strength and are reputable with high credit rating and no history of default. 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.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and bank balances have low credit risk based on the creditworthiness of the counterparties.

Other receivables

Credit risk on other receivables are mainly arising from sundry debtors and deposits receivables. The Group monitors the repayment on an individual and 12-month expected loss basis.

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.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

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39. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees

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 RM445.3 million and RM4.7 million (2022: RM538.8 million and RM4.2 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.

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.

39. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

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.

(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						
2023						
Non-derivative financial liabilities						
Trade payables	111,765	-	-	-	111,765	111,765
Other payables	159,976	-	-	-	159,976	159,976
Lease liabilities	7,984	4,157	1,542	-	13,683	12,891
Bank borrowings	256,346	135,583	102,064	113,121	607,114	509,139
Amount due to an associate	200	-	-	-	200	200
	536,271	139,740	103,606	113,121	892,738	793,971

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						
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
Company						
2023						
Non-derivative financial liabilities						
Trade payables	16,640	-	-	-	16,640	16,640
Other payables	45,338	-	-	-	45,338	45,338
Amount due to subsidiary companies	460,887	-	-	-	460,887	460,887
Amount due to an associate	200	-	-	-	200	200
Lease liabilities	5,241	2,083	911	-	8,235	7,846
Bank borrowings	76,690	1,040	2,175		79,905	79,363
Financial guarantee*	449,988	-	-	-	449,988	-
	1,054,984	3,123	3,086	-	1,061,193	610,274

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						
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

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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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Fixed deposit with licensed bank	7,510	11,602	2,968	5,087
Lease liabilities	(12,891)	(15,334)	(7,846)	(11,347)
	(5,381)	(3,732)	(4,878)	(6,260)
Floating rate instruments				
Bank borrowings	(509,139)	(650,701)	(79,363)	(87,933)

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% (2022: 0.5%) interest rate at the end of the reporting period would have increased/(decreased) the Group and the Company's loss before tax by RM2.55 million and RM0.40 million (2022: RM3.25 million and RM0.44 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 previous reporting period would have reduced the Group's loss by approximately RM0.21 million for investments classified as fair value through profit or loss. A 10% weakening in FBMKLCI would have had equal but opposite effect on profit or loss.

As at the end of the reporting period, the Group has no exposure to any open-market equity instruments.

(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.

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 RM'000	Net changes from financing cash flows (i) RM'000	Non-cash changes New lease Note 22 RM'000	Other Changes (ii) RM'000	At 31 December RM'000
Group					
2023					
Lease liabilities (Note 22)	15,334	(7,937)	5,611	(117)	12,891
Bridging loan (Note 23)	75,500	(19,768)	-	-	55,732
Banker acceptance (Note 23)	930	(930)	-	-	-
Revolving credit (Note 23)	75,499	(7,499)	-	-	68,000
Invoice financing (Note 23)	13,192	(9,025)	-	-	4,167
Term loans (Note 23)	459,652	(15,952)	-	(82,595)	361,105
Total liabilities from financing activities	640,107	(61,111)	5,611	(82,712)	501,895

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
Group				
2022				
Lease liabilities (Note 22)	22,989	(8,627)	972	15,334
Bridging loan (Note 23)	74,351	1,149	-	75,500
Banker acceptance (Note 23)	-	930	-	930
Revolving credit (Note 23)	75,474	25	-	75,499
Invoice financing (Note 23)	7,622	5,570	-	13,192
Term loans (Note 23)	462,290	(2,638)	-	459,652
Trust receipt (Note 23)	2,419	(2,419)	-	-
Promissory note (Note 23)	1,320	(1,320)	-	-
Total liabilities from financing activities	646,465	(7,330)	972	640,107

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				
2023				
Lease liabilities (Note 22)	11,347	(3,809)	308	7,846
Revolving credit (Note 23)	68,000	-	-	68,000
Invoice financing (Note 23)	1,147	(1,045)	-	102
Term loans (Note 23)	11,288	(7,575)	-	3,713
Total liabilities from financing activities	91,782	(12,429)	308	79,661
2022				
Lease liabilities (Note 22)	15,275	(4,900)	972	11,347
Revolving credit (Note 23)	68,000	-	-	68,000
Invoice financing (Note 23)	2,625	(1,478)	-	1,147
Term loans (Note 23)	17,973	(6,685)	-	11,288
Total liabilities from financing activities	103,873	(13,063)	972	91,782

(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.

(ii) Other changes of the Group include reduction of liabilities from derecognition on disposal of subsidiary company and non-cash changes on lease liabilities.

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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total loans and borrowings	522,030	666,035	87,209	99,280
Less: Fixed deposits, cash and bank balances (Note 19) ^	(11,623)	(19,551)	(5,095)	(10,623)
Net debt	510,407	646,484	82,114	88,657
Total equity	338,476	412,118	272,729	307,867
Debt-to-equity ratio	1.51	1.57	0.30	0.29

^ 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.

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42. Subsequent event

On 20 March 2024, Ho Hup Jaya Sdn. Bhd. ("HHJ"), a wholly owned subsidiary of the Group, entered into a Sale and Purchase Agreement for the proposed disposal of the Unit No. B-08-01 Ho Hup Tower, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur for a total consideration of RM8,350,000.

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 26 April 2024.

LIST OF MATERIAL PROPERTIES

As at 31 December 2023

No.	Location/Land details	Age of Building	Date of Acquisition	Tenure	Size	Existing Use	Description	Value RM'000
1.	Ho Hup Tower Geran 78076, Lot no.101462, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (Bandar Bukit Jalil)	8 years	21/09/2016	Freehold	146,812 square feet	Office Tower	Office Tower	123,000
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	120,121
3.	Carpark B1, B2, B3, LG and LG1 at Aurora Place, Persiaran Jalil 1, Bukit Jalil, Kuala Lumpur	–	31/12/2019	Freehold	2,027 bays	Carpark	Building	64,400
4.	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	48,298
5.	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	14,720

ANALYSIS OF SHAREHOLDINGS

As at 12 April 2024

ORDINARY SHARES

Issued and Paid-up Share Capital	:	518,260,696 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share on a poll
Number of Shareholders	:	4,617

DISTRIBUTION OF ORDINARY SHAREHOLDERS

according to statistical summary of the Record of Depositors as at 12 April 2024

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	143	3.09	2,753	~
100 to 1,000 shares	441	9.55	234,565	0.05
1,001 to 10,000 shares	2,241	48.54	12,606,017	2.43
10,001 to 100,000 shares	1,469	31.82	53,870,563	10.39
100,001 to less than 5% of issued shares	319	6.91	275,287,890	53.12
5% and above of issued shares	4	0.09	176,258,908	34.01
Total	4,617	100.00	518,260,696	100.00

Notes:
~ Negligible

DIRECTORS' SHAREHOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

according to the Record of Depositors as at 12 April 2024

Name of Directors	Direct Shareholdings	%	Indirect Shareholdings	%
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim	253,800	0.049	–	–
Datin Chan Bee Leng	47,700	0.009	62,958,722 (1)	12.148
Dato' Wong Kit-Leong	150,000	0.029	–	–
Dato' Wong Gian Kui	–	–	–	–
Low Kheng Lun	–	–	50,113,032 (2)	9.669
Thevanaigam Rajan Chitty	–	–	–	–
Danny Hoe Kam Thong	–	–	–	–

Notes
(1) 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.
(2) Deemed interest by virtue of his substantial shareholdings in LCG.

ANALYSIS OF SHAREHOLDINGS
As at 12 April 2024
(CONT'D)

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS
according to the Record of Depositors as at 12 April 2024

	Name	No. of Shares Held	%
1.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ambank (M) Berhad for Omesti Holdings Berhad (SMART)	58,392,500	11.27
2.	Gryphon Asset Management Sdn Bhd	52,645,250	10.16
3.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Chee Group Sdn Bhd	39,079,258	7.54
4.	Lee Fook Yuen	26,141,900	5.04
5.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Exempt an for Inter-Pacific Asset Management Sdn Bhd	25,500,000	4.92
6.	Affin Hwang Nominees (Asing) Sdn Bhd Pledged Securities Account for Mettiz Capital Limited	18,744,800	3.62
7.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Kenanga Islamic Absolute Return Fund	17,000,000	3.28
8.	M&A Nominee (Asing) Sdn Bhd Montego Assets Limited	15,060,000	2.91
9.	Low Chee Group Sdn Bhd	11,033,774	2.13
10.	M&A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Chan Chee Hong (M&A)	8,850,000	1.71
11.	Low Tuck Choy	6,817,500	1.32
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mary Anne Woon Lai Kheng	5,856,300	1.13
13.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Tuck Choy	5,679,000	1.10
14.	Chan Kong Yew	5,527,000	1.07
15.	Kok Yew Fatt	5,218,000	1.01
16	M & A Nominee (Asing) Sdn Bhd For Winfields Development Pte. Ltd.	5,000,000	0.96
17.	Toh Chai Hoon	4,652,000	0.90
18.	Hooi Yoke Lin	4,000,000	0.77
19.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Siew Booy	3,785,000	0.73
20.	Yap Siew Bee	3,674,500	0.71
21.	Loh Kok Wai	3,615,900	0.70
22.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Kwan Siew Deeg (MY4676)	3,607,400	0.70
23.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Mohamed Nizam Bin Abdul Razak	3,525,554	0.68

ANALYSIS OF SHAREHOLDINGS

As at 12 April 2024

(CONT'D)

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)

according to the Record of Depositors as at 12 April 2024

	Name	No. of Shares Held	%
24.	Yahya Bin Razali	3,300,000	0.64
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Monteiro Gerard Clair	2,831,500	0.55
26.	Lim Chau Liang	2,451,700	0.47
27.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Choon Chong	2,411,300	0.47
28.	Young Lee Lee	2,260,000	0.44
29.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities for Yap Siew Bee (MX3809)	2,203,000	0.43
30.	Tok Soon Hing	2,200,000	0.43
	Total	**351,063,136**	**67.74**

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 12 April 2024

Name	Direct Shareholdings	%	Indirect Shareholdings	%
Low Chee Group Sdn Bhd	50,113,032	9.669	–	–
Omesti Holdings Berhad	53,879,300	10.396	–	–
Gryphon Asset Management Sdn Bhd	52,645,250	10.158	–	–
Dato' Low Tuck Choy	6,817,500	1.315	56,188,922 (1)	10.842
Low Lai Yoong	1,362,500	0.263	50,113,032 (2)	9.669
Omesti Berhad	–	–	53,879,300 (3)	10.396
Insas Berhad	–	–	72,705,250 (4)	14.029
Datin Chan Bee Leng	47,700	0.009	62,958,722 (5)	12.148
Low Kheng Lun	–	–	50,113,032 (6)	9.669
Dato' Sri Thong Kok Khee	–	–	72,757,750 (7)	14.039
Lee Fook Yuen	26,141,900	5.044	–	–

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") pursuant to Section 8(4) of the Companies Act 2016 ("Act") and his spouse, Datin Chan Bee Leng's direct shareholdings in the Company.

(2) Deemed interest by virtue of her substantial shareholdings in LCG pursuant to Section 8(4) of the Act.

(3) Deemed interest by virtue of its substantial shareholdings in its wholly-owned subsidiary, Omesti Holdings Berhad pursuant to Section 8(4) of the Act.

(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 pursuant to Section 8(4) of the Act.

(5) Deemed interest by virtue of her husband, Dato' Low Tuck Choy's substantial shareholdings in LCG, Estate of Low Chee and CPISB pursuant to Section 8(4) of the Act 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 pursuant to Section 8(4) of the Act and his children's direct shareholdings in the Company pursuant to Section 59(11)(c) of the Act.

NOTICE OF FIFTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fiftieth Annual General Meeting ("50th AGM") of Ho Hup Construction Company Berhad ("Ho Hup" or the "Company") will be held at Bukit Jalil Golf and Country Resort, 1st Floor, Perdana 1 & 2 Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 30 May 2024 at 10.30 a.m. to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon ("Audited Financial Statements and Reports FY 2023"). **[Please refer to Explanatory Note (a)]**

2. To approve the payment of Directors' fee of RM500,000 for the financial year ending 31 December 2024, to be payable on a quarterly basis in arrears. **(Resolution 1)**

3. To approve the payment of Directors' benefits up to an amount of RM70,000 from 31 May 2024 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 Kit Leong **(Resolution 3)**

   (ii) Low Kheng Lun **(Resolution 4)**

5. 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 5)**

Special Business

To consider and, if thought fit, to pass the following resolutions:

6. **Ordinary Resolution**
   Authority to allot and issue shares pursuant to the Companies Act 2016 **(Resolution 6)**

   "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 FIFTIETH ANNUAL GENERAL MEETING
(CONT'D)

7. **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 7)**

"**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."

8. **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 30 April 2024 ("RRPT Circular") **(Resolution 8)**

"**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."

9. To transact any other business of which due notice shall have been given.

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
30 April 2024

NOTICE OF FIFTIETH ANNUAL GENERAL MEETING
(CONT'D)

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 2023. 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 50th AGM of the Company on the two (2) separate resolutions as below:

(i) Resolution 1 - Payment of Directors' fees for the financial year ending 31 December 2024

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-Ninth ("49th") AGM of the Company held on 31 May 2023, 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 2023 until 30 May 2024, being the appointed date of holding the 50th 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 RM70,000 with effect from 31 May 2024 until the next AGM of the Company in year 2025. The Directors' benefits payable to the Non-Executive Directors comprise the meeting allowances of RM70,000.

The Executive Directors do not receive any meeting allowances.

(c) Resolution 3 and 4 – 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 Kit-Leong and Low Kheng Lun 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 50th AGM.

The Nomination Committee (NC) has conducted an assessment on the Directors who are seeking re-election at this 50th 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 9 & 10 of the Annual Report 2023. These two (2) 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 50th AGM and will continue to do so. The Board has endorsed the NC's recommendation subject to the shareholders' approval at the 50th AGM.

(d) Resolution 5 – 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 2023, 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 50th 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.

NOTICE OF FIFTIETH ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes: (cont'd)

(e) For Resolution 6, further information in relation to the general mandate for issue of securities is set out in the Statement Accompanying Notice of 50th AGM.

(f) Resolution 7, 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 30 April 2024 which is circulated together with the Company's Annual Report 2023.

(g) Resolution 8, 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 30 April 2024 which is circulated together with the Company's Annual Report 2023.

Notes:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2024 ("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 50th 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 50TH 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 50th 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 2023.

Under the previous mandate, 23,400,000 new ordinary shares were issued at the issue price of RM0.235 per placement share and cash proceeds of RM5.499 million were raised. The summary of the utilisation of the proceeds is as follows:

Type of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000
Payment to subcontractors	2,399	2,498
Working capital	1,300	1,237
Repayment of borrowings	1,600	1,597
Expenses in relation to PP	200	167
TOTAL	**5,499**	**5,499**

The proposed Ordinary Resolution 6, 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 50th 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 Fiftieth Annual General Meeting ("50th AGM") of the Company to be held at Bukit Jalil Golf and Country Resort, 1st Floor, Perdana 1 & 2 Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 30 May 2024 at 10.30 a.m. and at any adjournment thereof.

No.	Resolution	For	Against
1.	To approve the payment of Directors' fees of RM500,000 for the financial year ending 31 December 2024, to be payable on a quarterly basis in arrears.		
2.	To approve the payment of Directors' benefits up to an amount of RM70,000 from 31 May 2024 until the next AGM of the Company.		
3.	To re-elect Dato' Wong Kit-Leong who retires in accordance with Clause 93 of the Company's Constitution.		
4.	To re-elect Low Kheng Lun who retires in accordance with Clause 93 of the Company's Constitution.		
5.	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			
6.	Authority to allot and issue shares pursuant to the Companies Act 2016		
7.	Proposed Renewal of Share Buy-Back Authority		
8.	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 30 April 2024 ("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 _____ 2024

_____
Signature*
Member

Notes:

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(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.

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(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(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 50th 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.

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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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