

HO HUP CONSTRUCTION COMPANY BERHAD (“HO HUP” OR “THE COMPANY”)

- **PROPOSED DISPOSAL OF PROPERTY BY BUKIT JALIL DEVELOPMENT SDN. BHD., A 70%-OWNED SUBSIDIARY OF THE COMPANY TO ACTION MASTER SDN. BHD.**

We refer to the query from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) dated 17 December 2009 (“**Announcement**”) and wish to set out below our reply, on behalf of the Board of Directors of Ho Hup, in respect to Bursa Securities' queries: -

For consistency purposes, the abbreviations and definitions used throughout this announcement are the same as those previously defined in the Announcement.

1. Information as prescribed under item 4, Part C, Appendix 10A of the Main Market Listing Requirements

The proposed development was intended to comprise 3 blocks of 4-storey residential town houses. The relevant approval for the proposed development was obtained on 10 December 2007, which has since lapsed. However, to date the Property remains undeveloped taking into consideration of the rationale for the Proposed Disposal as stated in the Announcement.

In view of the Proposed Disposal, the information pertaining to the name of the development project, total development cost, expected commencement and completion date(s) of development, expected profits to be derived and sources of funds to finance the development cost is currently unavailable as the same is under the prerogative of the Purchaser.

2. The existing use of the land

The Property is currently vacant. The category of the land use is “Bangunan” whereby one of the express conditions is that the land is to be used for residential purposes only.

3. Justification for the premium of 51.41% for the consideration

The disposal consideration of RM7,641,731 represents a premium of approximately 51.41% or RM2,594,731 to the market value of the Property of RM5,047,000 as ascribed by an independent registered valuer, Henry Butcher Malaysia Sdn Bhd. The aforesaid premium was arrived based on a willing-buyer willing-seller basis after taking into consideration, amongst others, the commercial obligations of the buyer and seller. As stated in the Announcement, the Property is part of the non-core properties that have been identified for disposal. For the Purchaser, the development potential of the Property may benefit them commercially.

4. The effect of the Proposed Disposal on the earnings per share of the Company

For information purposes, the proforma effects of the Proposed Disposal on the earnings per share of the Company based on the latest audited financial statements for the financial year ended 31 December 2008 and assuming that the Proposed Disposal had been completed at the beginning of the financial year ended 31 December 2008 is as follows:

	(I) Audited consolidated for the financial year ended 31.12.2008 RM'000	After (I) and the completion of the Proposed Disposal RM'000
Loss for the financial year	(56,163)	(55,643)*
Loss per share attributable to the equity holders of the Company	(56,074)	(55,554)*
Number of ordinary shares in issue ('000)	102,000	102,000
Loss per share (RM)	(0.55)	(0.55)

Note:

* *Inclusive of a gain of RM520,181 arising from the Proposed Disposal and excluding the taxation effects thereof.*

This announcement is dated 22 December 2009.