



IMPORTANT NOTICE TO SHAREHOLDERS OF HO HUP CONSTRUCTION COMPANY BERHAD

(A) PROPOSED DISPOSAL BY HO HUP CONSTRUCTION COMPANY BERHAD ("HO HUP") OF ALL THAT PIECE OF FREEHOLD VACANT LAND HELD UNDER LOT NO. P.T. 4150, H.S.(D) 812, MUKIM OF CHERAS, DISTRICT OF HULU LANGAT, STATE OF SELANGOR ("FIRST LAND"), MEASURING APPROXIMATELY 5.5 ACRES TO KENTLEE (M) SDN. BHD. FOR A CASH CONSIDERATION OF RM7,200,000; AND

(B) PROPOSED DISPOSAL BY BUKIT JALIL DEVELOPMENT SDN. BHD., A 70%-OWNED SUBSIDIARY OF HO HUP, OF ALL THAT PIECE OF FREEHOLD VACANT LAND HELD UNDER LOT NO. 39868, GERAN 53419, MUKIM OF PETALING, DISTRICT OF KUALA LUMPUR, STATE OF WILAYAH PERSEKUTUAN KUALA LUMPUR ("SECOND LAND") MEASURING APPROXIMATELY 2.6 ACRES TO ETNIK MASYHUR SDN. BHD. (NOW KNOWN AS LIFOMAX LAND SDN. BHD.) FOR A CASH CONSIDERATION OF RM5,678,046.

With reference to the above matter and further to the Circular to Shareholders dated 16 December 2009 ("Circular"), the Board of Directors of Ho Hup would like to state the following in light of some confusion as a result of a notice issued by a shareholder of Ho Hup, Low Chee & Sons Sdn. Bhd. ("LCS") in The Star and Sin Chew Daily newspapers on 25 and 28 December 2009 and an interview with Dato' Low Tuck Choy, a shareholder of LCS by The Edge Financial Daily published on 28 December 2009 --

(a) prior to entering into the conditional sale and purchase agreements in respect of the First and Second Lands, Ho Hup had instructed Messrs Hakim & Associates Sdn. Bhd. ("Independent Valuer"), an independent firm registered with the Board of Valuers, Appraisers & Estate Agents to conduct valuation of the First and Second Lands. According to the Independent Valuer --

- (i) the market value of the First Land as at 19 August 2009 was RM30/- per square foot;
- (ii) and the market value of the Second Land as at 19 August 2009 was RM50/- per square foot.

Copies of the valuation certificates issued by the Independent Valuer were attached to the Circular;

(b) with regard to the land adjacent to the First Land ("Adjacent Land") which was disposed of by Ho Hup in 2006 --

- (i) the transaction concerning the Adjacent Land was duly considered by the Independent Valuer when valuing the First Land; and
- (ii) the figure of RM40.50 per square foot was arrived at after considering the sale price vis-a-vis the net area of the Adjacent Land which excluded the portion to be surrendered for provision of road, drain & river reserve as well as buffer zone. Should the sales value of the adjacent land be evaluated on the gross total area, the price would be RM 30.17 p.s.f which is the same as the valuation of RM30 per square foot for the First Land.

For ease of clarification, we append below a table of comparison:

Property	Gross sq. ft.	Nett sq. ft.	Area reserved for road, drain & river reserve and buffer zone	Gross area	Nett area	Total Sales Value
Adjacent Land	475,425	354,111	121,324	RM30.17 p.s.f	RM40.50 p.s.f	RM14.4 mil
First Land	238,173	NA	NA	RM30.23p.s.f	NA	RM7.2 mil

**The local survey of the land has not been undertaken thus the net price per square foot cannot be determined. The selling price and valuation for the First Land was based on Gross Land Area i.e. Tilled Land Area*

(c) the Second Land, while located in a commercial zone, is subject to an express condition imposed by the State Authority that the Second Land be used for club and recreational purpose only. Hence, the proposed disposal at RM50 per square foot is at fair market value; and

(d) with the disposal of the First and Second Lands, Ho Hup is expected to realise an estimated gain of RM9.0 million (after deducting estimated expenses in relation to the proposed disposal) and to raise funds to repay a portion of its existing bank borrowings and for its working capital purposes.

The Board of Directors of Ho Hup would like to assure all its shareholders that proposed disposal of the First and Second Lands are in the best interest of Ho Hup and its shareholders.

BOARD OF DIRECTORS OF HO HUP CONSTRUCTION COMPANY BERHAD