THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant, bank manager or other professional advisers immediately.

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HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD
(Registration No. 197301000497 (14034-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PROPOSED DISPOSAL BY BUKIT JALIL DEVELOPMENT SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF HO HUP CONSTRUCTION COMPANY BERHAD, OF A PARCEL OF FREEHOLD COMMERCIAL DEVELOPMENT LAND TO EXSIM PERSIARAN JALIL SDN BHD, FOR A CASH CONSIDERATION OF RM110,000,000

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company to be held at Bukit Jalil Golf and Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur together with the Form of Proxy, are enclosed. The completed and signed Form of Proxy should be lodged at the Share Registrar of the Company, ShareWorks Sdn Bhd, 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, on or before the time appointed for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy	:	Sunday, 29 September 2024 at 10:30 a.m.
Date and time for the EGM	:	Monday, 30 September 2024 at 10:30 a.m. or at any adjournment thereof

This Circular is dated 13 September 2024

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

"Act"	:	The Companies Act, 2016
"Board"	:	The Board of Directors of Ho Hup
"BJD" or "Vendor"	:	Bukit Jalil Development Sdn Bhd, a wholly-owned subsidiary of Ho Hup
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular to shareholders in relation to the Proposed Disposal
"Completion Period"	:	The day falling on/before 7 months from the date of the SPA on which the completion date is to take place subject to the fulfilment of the conditions of the SPA
"EGM"	:	Extraordinary General Meeting
"EXSIM" or "Purchaser"	:	EXSIM Persiaran Jalil Sdn Bhd
"FYE"	:	Financial year ended/ending, as the case may be
"Ho Hup" or "Company"	:	Ho Hup Construction Company Berhad
"Ho Hup Group" or "Group"	:	Ho Hup and its subsidiaries, collectively
"Ho Hup Shares" or "Shares"	:	Ordinary shares in Ho Hup
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	15 August 2024, being the latest practicable date prior to the printing of this Circular
"M&A Securities"	:	M&A Securities Sdn Bhd
"NA"	:	Net assets
"Proposed Disposal"	:	Proposed disposal by BJD of the Subject Land to the Purchaser, for a cash consideration of RM110,000,000
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SPA"	:	Conditional sale and purchase agreement dated 6 May 2024 entered into between BJD and EXSIM in relation to the Proposed Disposal (as amended and supplemented by the supplemental agreement dated 6 September 2024 to extend the Completion Period)
"Subject Land"	:	A parcel of freehold commercial development land measuring 12,492 square metres (equivalent to approximately 134,463 square feet or 3.09 acres) held under H.S.(D) 123328, PT 50194 in the Mukim of Petaling, District of Kuala Lumpur and State of Wilayah Persekutuan
"Valuer" or "Nawawi Tie"	:	Nawawi Tie Leung Property Consultants Sdn Bhd

Any reference in this Circular to any statues, rules, regulations or rules of the stock exchange is a reference to such statues, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD
(Registration No. 197301000497 (14034-W))
(Incorporated in Malaysia)

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

13 September 2024

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)*
Low Kheng Lun *(Non-Independent Non-Executive Director)*
Thevanaigam Rajan Chitty *(Independent Non-Executive Director)*
Danny Hoe Kam Thong *(Independent Non-Executive Director)*

Dear Shareholders,

PROPOSED DISPOSAL

1. INTRODUCTION

On 6 May 2024, M&A Securities, on behalf of the Board, announced that BJD had entered into the SPA with the Purchaser in respect of the Proposed Disposal.

On 6 September 2024, M&A Securities, on behalf of the Board, announced that BJD and the Purchaser have mutually agreed to extend the period for the fulfilment of the conditions set out in the SPA in respect of the Proposed Disposal for a further 3 months up until 6 December 2024.

Further details of the Proposed Disposal are set out in Section 2 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

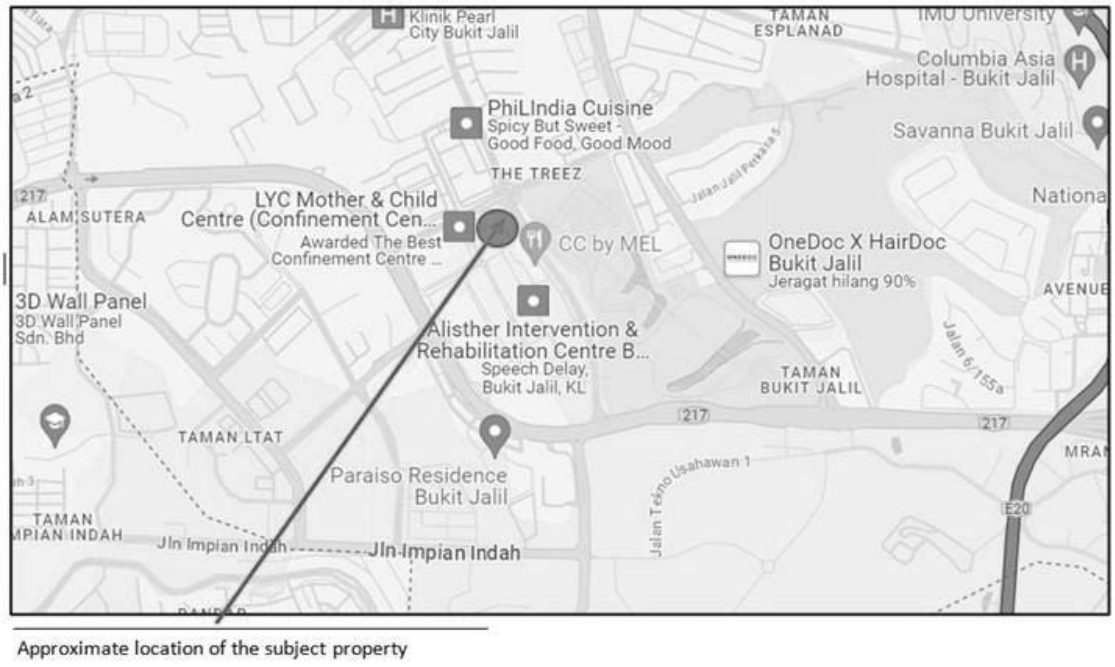
YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

Subject to the terms and conditions contained in the SPA, the Proposed Disposal entails the disposal of the Subject Land by the Vendor to the Purchaser on an 'as is where is' basis and with vacant possession together with all rights, title, interest and benefits attaching to the Subject Land, free from all encumbrances but otherwise subject to all conditions whether express or implied in the issue document of title, including the category of land use to the Subject Land, as well as with the approved development order remaining active and valid for the purpose of the Purchaser to revive the construction and development on the Subject Land.

Please refer to **Appendix I** of this Circular for the salient terms of the SPA.

2.1 Description of the Subject Land



The Subject Land is a parcel of freehold commercial development land, situated within Bukit Jalil and alongside Jalan 13/155C, Bandar Bukit Jalil and Persiaran Jalil Utama, which is approximately 17 kilometres south-west of the Kuala Lumpur city centre. The Subject Land is accessible from the Kuala Lumpur city centre via Jalan Tun Razak, SMART highway, Kuala Lumpur-Seremban highway and Shah Alam Expressway (KESAS).

The immediate locality of the Subject Land is generally residential in character comprising of 2-storey terrace, 2 and 3-storey semi-detached houses, apartments, condominiums, service apartments along with commercial developments such as high-rise office buildings, small-office-versatile-office (SOVO), 3 to 4-storey shop offices and shopping and retail centres. Notable developments include the Pavillion Bukit Jalil Mall, Bukit Jalil National Stadium, Bukit Jalil Golf & Country Resort, Bukit Jalil Recreational Park, Technology Park Malaysia, SJK (C) Lai Meng, International Medical University and Asia Pacific University of Technology and Innovation.

The Subject Land was granted a development order issued by Dewan Bandaraya Kuala Lumpur pertaining to a mixed development project to be developed into 4 phases vide letter dated 25 February 2022 which was amended subsequently on 14 July 2022 and 15 December 2023. Pursuant to the terms of the SPA, the Subject Land is sold on the basis that the approved development order remains active and valid and in this respect, the Purchaser has agreed to assume the outstanding development charges of RM10.60 million. The Vendor is not able to

obtain confirmation from the Purchaser whether it will continue with the mixed development project or potentially vary the development component.

A brief summary of the Subject Land is set out below:

Registered owner	:	Bukit Jalil Development Sdn Bhd
Postal address	:	Alongside Jalan 13/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur
Title details	:	H.S.(D) 123328, PT 50194, Mukim of Petaling, District of Kuala Lumpur and State of Wilayah Persekutuan
Land area	:	12,492 square metres (equivalent to approximately 134,463 square feet or 3.09 acres)
Land tenure	:	Term in perpetuity
Category of land use	:	Building
Express condition	:	The Subject Land is to be used for the purposes of commercial building only *(Tanah ini hendaklah digunakan untuk tujuan bangunan perdagangan sahaja)*
Restriction-in-interest	:	With the exception of the first and second transfer of ownership, the Subject Land may not be transferred, leased, mortgaged or transacted in any forms except with the written consent of the Federal Territories of Kuala Lumpur Land Works Committee[(1)] *(Tanah ini tidak boleh dipindahmilik, dipajak, digadai atau diurusniagakan dalam apa-apa bentuk lain melainkan setelah mendapat persetujuan bertulis daripada Jawankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur kecuali bagi pindahmilik pertama dan kedua)*
Existing use	:	Development land which piling works had commenced but has since ceased
Type of development	:	Proposed mixed development
Existing encumbrances	:	Charged to AmBank Islamic Berhad on 2 December 2020
Other endorsements	:	Private caveats lodged by Ambank Islamic Berhad registered on 25 November 2020 and by EXSIM Persiaran Jalil Sdn Bhd registered on 5 June 2024
Audited net book value (as at 31 December 2023)	:	RM119.42 million[(3)]
Market value	:	RM106.80 million[(2)]

Notes:

(1) No consent is required as the Vendor is the first owner.

(2) The initial market value of the Subject Land of RM108.00 million assessed by the Valuer as at 3 May 2024, was revised downwards to RM106.80 million as at the date of its valuation on 3 May 2024 after the Valuer reconsidered its cost of professional fees in its

valuation analysis. Previously, the Valuer adopted a lower amount of professional fees (since such fees had been partially paid by the Vendor). However, the Valuer revised its professional fees to adopt an appropriate higher amount to reflect the possibility that professional fees is to be incurred to potentially vary the development order. As professional fees is a component of total development cost, a higher amount reduces the residual value (i.e. gross development value minus total development cost), resulting in lower market value. Kindly refer to paragraph 3 of Section 2.5 below for the explanation of the Valuer's Income Approach (Residual Method) of valuation.

(3) The net book value is the historical land and related costs plus property development expenditure incurred such as earthworks, piling, foundation and substructure works, professional fees, etc. Kindly refer to Section 2.6 of this Circular for the breakdown.

In this instance, property development costs have been incurred for the Flex Project (as defined below) and have thus increased the net book value whereas the Valuer's analysis under the Income Approach (Residual Method) of valuation does not assume all property development costs incurred as the Proposed Disposal is based on vacant land with the benefit of the development order as at a date of valuation. If the Flex Project was to continue, the net book value would continue to rise and would then be even higher than the market value.

2.2 The development project

The Subject Land was approved for a mixed development comprising 2 tower blocks (Block A and Block B) to be built on top of an 8-storey podium consisting of 3 retail spaces and 20 shop-offices shops. The SOVOs and hotel are to be sited in Block A while the service apartments are to be sited in Block B.

The development project identified as the 'FLEX @ Bukit Jalil' ("**Flex Project**") is more described as follows:

Phase	Development components	No of units	Commencement date		Percentage completion
			Sales	Construction	
Phase 1 (Podium)	8-storey podium comprising:			1 February 2023 (for foundational works and partial basement slab)	49% of common substructure work of all the 4 phases
	• Shop-offices	20	23 May 2023		
	• Retail lots	3	Not launch		
Phase 2 (Block A)	SOVO 1	494	19 April 2023	Not awarded	
Phase 3 (Block A)	SOVO 2	288	Not launch	Not awarded	
	Hotel	72	Not launch	Not awarded	
Phase 4 (Block B)	Serviced apartments	408	Not launch	Not awarded	
		1,285			

The Flex Project was expected to have a gross development value of RM864.1 million, total development cost of RM676.6 million and expected profits of RM187.5 million.

Following the approval of the development order having been obtained, the Vendor had appointed and engaged the architect, surveyor, engineer, consultants and piling contractor ("**Existing Consultants & Contractor**") to undertake preliminary works and piling activities on the Subject Land. Construction commenced on 1 February 2023. However, due to cash flow

squeeze, as at end April 2024, all works and piling activities on the Subject Land have ceased, thus suspending the Flex Project.

In the meantime, 186 units under Block A have been sold to end purchasers ("**Existing End Purchasers**") constituting:

(a) 18 units of commercial shops-offices under Phase 1 with selling price per unit ranging from RM1.73 million to RM7.15 million; and

(b) 168 units of SOVO 1 under Phase 2 with selling price per unit ranging from RM0.37 million to RM0.68 million.

As disclosed in the table above, construction for the Flex Project commenced on 1 February 2023 with foundational works and partial basement slab. The Flex Project was supposed to complete within 4 years from the date of the first sale and purchase agreement of the development units (i.e. April 2027).

Since the Flex Project is suspended, the Vendor targets to secure the release and waiver of all rights pursuant to the termination of the contracts with Existing End Purchasers within 10 business days of Ho Hup having obtained the approval of its shareholders for the Proposed Disposal. It is envisaged that the Existing End Purchasers will only release and waive their rights pursuant to the termination of the contracts upon full refund being made to them. In order to make full payment to the Existing End Purchasers, the Vendor shall be utilising the First Payment (as defined in Section 2.3 below) from the disposal consideration. The First Payment in turn will only be disbursed by the Purchaser to the Vendor after Ho Hup's shareholders have approved the Proposed Disposal under the terms of the SPA. The Company does not expect the termination of contract with the Existing End Purchasers to incur any penalties.

Separately, the process of terminating the contracts with the Existing Consultants & Contractor had commenced. Notices have been issued in respect of the disposal of the Subject Land and that Existing Consultants & Contractor are requested to submit their final claim to the Vendor for confirmation to enable a resolution for termination. As the discharge and release of the Existing Consultants & Contractor is a condition precedent to the SPA, the Company endeavours to obtain the termination of contracts with the Existing Consultants & Contractor without incurring any penalties.

A summary of events are as follows:

Event	**Timeline**
Suspension of construction works and piling activities	End April 2024
SPA	6 May 2024
Issuance of notices to Existing Consultant & Contractors in respect of the Proposed Disposal	28 May 2024
Expected release and waiver of rights pursuant to the termination of contracts with Existing End Purchasers	4th quarter 2024
Mutual assessment and settlement of outstanding payment related to piling work	4th quarter 2024
Expected termination of contracts with Existing Consultants & Contractor	4th quarter 2024

2.3 Settlement of disposal consideration

The disposal consideration is to be satisfied/settled in cash in the following manner:

Payment terms		**RM'000**
Deposit	Upon execution of the SPA, the Purchaser shall pay a sum equivalent to 5% of the disposal consideration to the Vendor	5,500
First Payment	Within 10 business days from the date of approval being obtained from Ho Hup's shareholders for the Proposed Disposal, the Purchaser shall pay a sum of RM22.00 million (equivalent to 20% of the disposal consideration), being the "**First Payment**" to the Vendor, wherein the Vendor agrees, covenants and undertakes to utilise the First Payment strictly for the purpose of securing the release and waiver of all rights pursuant to the termination of the contracts with the Existing End Purchasers for the 186 units sold pursuant to the Flex Project(1). Any amount in excess after the termination and/or settlement with the Existing End Purchasers may be utilised by the Vendor that it deems fit	22,000
Balance Disposal Consideration	Subject to the conditions of the SPA having been duly complied with and the SPA becoming unconditional, the Purchaser shall pay the sum of RM82.50 million (equivalent to 75% of the disposal consideration) to the Vendor's solicitors as stakeholders on or before the Completion Period	82,500
		110,000

Note:

(1) Kindly refer to Section 2.4.2 and note (2) of Section 2.8 of this Circular for further details to secure the release and waiver of the rights pursuant to the termination of the contracts with the Existing End Purchasers.

2.4 Other payments to be borne by the Purchaser

2.4.1 Outstanding development charges

The total development charges of RM14.85 million, is the sum of the principal amount of RM12.10 million plus interest of RM2.75 million.

As at the LPD, the Vendor has paid RM4.25 million with a balance of RM10.60 million in instalment payments remaining outstanding. After mutual negotiation on the terms and basis of the Proposed Disposal, the Purchaser had agreed to bear the outstanding development order charges of RM10.60 million in order to keep the approved development order active and valid.

2.4.2 Back stop Existing End Purchasers

As disclosed in Sections 2.2 and 2.3 above, the Vendor shall be utilising the First Payment from the disposal consideration to make full repayment to the Existing End Purchasers in order to obtain their release and waiver of their rights pursuant to the termination of the contracts in respect of the 186 units of commercial shops-offices and SOVOs already sold to end purchasers. As at the LPD, RM20.92 million had been collected from the Existing End Purchasers. In the unlikely event that payment to secure the release and waiver of the termination of contracts with the Existing End Purchasers exceeds RM21.00 million, the Purchaser has agreed to bear such payment, in order to revive the development on the Subject Land.

2.4.3 Piling work

Piling work has been undertaken on the Subject Land by the piling contractor. As at the LPD, the Vendor has paid RM7.24 million to the existing contractor with a balance claimable sum of RM7.38 million remaining outstanding based on the certificate issued. Subject to a mutual assessment of the piling works done, and mutual negotiation on the terms and basis of the Proposed Disposal, the Purchaser had agreed to bear the outstanding piling work payment not exceeding RM5.00 million or a sum to be mutually agreed by the Purchaser and Vendor, as the estimated useful piling works to the Purchaser to revive the construction and development on the Subject Land.

2.5 Basis and justification for the disposal consideration

The disposal consideration of RM110.0 million was derived at on a willing-buyer willing-seller basis after taking into consideration the indicative market value of the Subject Land of RM108.00 million as assessed by the Valuer as at 3 May 2024, with the benefit of the development order having been approved and with vacant possession. The market value of the Subject Land was revised downwards to RM106.80 million as at the date of its valuation on 3 May 2024 after the Valuer reconsidered its cost of professional fees in its valuation analysis. Previously, the Valuer adopted a lower amount of professional fees (since such fees had been partially paid by the Vendor). However, the Valuer revised its professional fees to adopt a higher appropriate amount to reflect the possibility that professional fees is to be incurred to potentially vary the development order. As professional fees is a component of total development cost, a higher amount reduces the residual value, resulting in a lower market value.

In arriving at the market value of the Subject Land, the Valuer had adopted the Income Approach (Residual Method) as the primary approach and the Comparison Approach as a secondary approach to determine the market value of the Subject Land.

The Income Approach (Residual Method) is based on the principle of latent value on the assumption that the Subject Land will be put to its highest and best use. This approach considers the gross development value of the project on the land (being projected selling prices of each component unit in the proposed development obtained from similarly launched or market transacted units) and deducting therefrom, the estimated costs of completing the proposed development, which includes construction costs, professional fees, administrative and management expenses, developer's risk and profit. The difference between the gross development value and total development costs represents the residual value of the land which is then deferred at an appropriate discount rate to arrive at the present/market value of the land. The Comparison Approach considers the asking prices of similar properties that have been transacted in the open market and adjusting for differences in location, land size, plot ratio, if any, amenities & facilities, tenure and other relevant characteristics so as to arrive at a common basis for comparison. In arriving at the market value of the Subject Land, the Valuer had adopted the market value derived from Income Approach (Residual Method) of RM106.80 million as fair presentation of the market value of the Subject Land in view that the Subject Land is a parcel of commercial development land with approved development order for mixed development. For information purposes, the market value derived from the Comparison Approach was RM101.00 million.

The disposal consideration is at a premium of 3.0% to the indicative market value of the Subject Land.

Please refer to **Appendix II** of this Circular in relation to the valuation certificate for further details on the determination of the market value of the Subject Land.

2.6 Date and original cost of investment

The Subject Land was originally part of a 60 acre parcel of land (which has since been subdivided) acquired on 12 September 1995. As at the LPD, the cost of the Subject Land and land related cost (such as the proportional allocated cost for infrastructure works, side clearings and improvements) was RM62.02 million whilst the development cost incurred in respect of the FLEX Project was RM70.90 million.

The breakdown of the development cost incurred is as follows:

	Audited as at 31 December 2023	**As at the LPD**
	RM' million	**RM' million**
Substructure - Piling work	6.20	14.60
Others	0.50	0.50
Professional fees	20.90	24.80
Statutory contributions	10.00	10.00
Direct expenses	5.80	7.00
Finance cost	14.00	14.00
Total	**57.40**	**70.90**

2.7 Liabilities to be assumed

There are no other liabilities, including contingent liabilities, to be assumed by the Ho Hup Group and there are also no guarantees given/to be given by the Ho Hup Group to the Purchaser pursuant to the Proposed Disposal.

2.8 Utilisation of proceeds

The gross proceeds of RM110.0 million arising from the Proposed Disposal is intended to be utilised in the following manner:

Details of the use of proceeds	**RM'000**		**Estimated timeframe for full utilisation**
Repayment of bank borrowings[(1)]	80,000	72.7%	Within 6 months
Refund of all monies received from Existing End Purchasers[(2)]	21,000	19.1%	Within 6 months
Payment to Existing Consultants & Contractor[(3)]	8,500	7.7%	Within 3 months
Defrayment of estimated expenses in relation to the Proposed Disposal[(4)]	500	0.5%	Immediate
	110,000	**100.0%**	

Notes:

(1) As at the LPD, the total bank borrowings of the Ho Hup Group was RM482.75 million. Based on the prevailing interest rate of 7.2%, the repayment of the bank borrowings is expected to result in finance costs savings of approximately RM5.76 million per annum, which consequently translates to improvement in the Group's gearing ratio. The Company shall prioritise the repayment of bank borrowings of the Ambank Islamic Berhad in relation to the FLEX Project.

(2) As at the LPD, RM20.92 million has been collected from the Existing End Purchasers for the sale of 186 development units. The Vendor will utilise the First Payment to secure the release and waiver of all rights pursuant to the termination of the contracts with

Existing End Purchasers upon Ho Hup having obtained the approval of its shareholders for the Proposed Disposal.

(3) As at the LPD, the Vendor has paid:

- RM1.71 million to the existing consultants. There is an outstanding sum of RM8.50 million owing by the Vendor to the existing consultants; and

- RM7.24 million to the existing contractor. There is an outstanding sum of RM7.38 million claimable based on the certificate issued.

The Vendor anticipates that it will require to finance an amount of RM2.38 million to Existing Consultants & Contractor from internal funds (being the difference between the amount owed of RM15.88 million minus RM8.50 million from the allocation of disposal consideration proceeds minus RM5.00 million of piling works agreed to be funded by the Purchaser). For information, RM15.88 million is the sum of the outstanding amount of RM8.50 million owing by the Vendor to the existing consultants and the outstanding amount of RM7.38 million owing by the Vendor to the existing contractor.

(4) Comprise advisory fees and fees payable to the relevant authorities to be incurred in relation to the Proposed Disposal. Any deficit in the actual amount of the expenses for the Proposed Disposal will be funded out of the portion allocated for payment to Existing Consultants & Contractor. Conversely, if the actual expenses are lower than budgeted, the excess will be utilised towards payment to Existing Consultants & Contractor.

2.9 Information on the Purchaser

The Purchaser was incorporated in Malaysia under the Act on 3 May 2024 as a private limited company. The Purchaser is a special purpose vehicle newly incorporated with the intention to undertake property development. As at the LPD, the issued share capital of the Purchaser is RM100 comprising 100 ordinary shares.

As at the LPD, the Purchaser is wholly-owned by Exsim Development Sdn Bhd, which in turn is owned by Lim Aik Hoe, Lim Aik Kiat and Lim Aik Fu. The principal activities of Exsim Development Sdn Bhd is investment holding and engages in real estate activities with own or leased property.

The directors of the Purchaser are Lim Aik Hoe and Lim Aik Kiat.

The direct and indirect shareholdings of the shareholder and directors of the Purchaser are as follows:

	Direct		**Indirect**	
Director/Shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Exsim Development Sdn Bhd	100.0	100.0	-	-
Lim Aik Hoe	-	-	(1)100.0	100.0
Lim Aik Kiat	-	-	(1)100.0	100.0
Lim Aik Fu	-	-	(1)100.0	100.0

Note:

(1) Deemed interest by virtue of Section 8(4) of the Act.

The directors of Exsim Development Sdn Bhd are Lim Aik Hoe, Lim Aik Kiat and Lim Aik Fu.

The direct shareholdings of the shareholders of Exsim Development Sdn Bhd are as follows:

	Direct		Indirect	
Shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Lim Aik Hoe	177,037,500	37.5	-	-
Lim Aik Kiat	177,037,500	37.5	-	-
Lim Aik Fu	118,025,000	25.0	-	-

3. RATIONALE FOR THE PROPOSED DISPOSAL

During the preceding financial year, the Group initiated and executed a series of restructuring and rationalisation exercises aimed at enhancing business operations, optimising asset allocation, as well as de-gearing the Group's balance sheet. The management of the Company remains committed to evaluating and realigning the Group's resources in response to its high gearing, aligning with the Group's strategic priorities.

High-rise development such as the Flex Project has steep construction costs as taller buildings require thicker materials, i.e. concrete and steel, to build the superstructure on the lower floors and have more costly foundations to support the weight of the building structure. As disclosed in the table in Section 2.2, construction for the Flex Project commenced on 1 February 2023 for the foundational works and partial basement slab. As at the LPD, the level of sales achieved for the Flex Project was approximately RM150.00 million (or 17.4% of gross development value of RM864.1 million). As construction for the Flex Project has only commenced and still requires substantial capital to be incurred over the course of its development period (common foundation is only 49% completed), it will be extremely challenging to proceed with the successful development of the Flex Project.

Based on management's evaluation of options to ensure the Group's sustainability, the Proposed Disposal offers an opportunity to improve liquidity, and fortify the Group's financial position. The Proposed Disposal will enable the Group to focus and concentrate its resources on its other on-going projects.

4. RISK FACTORS

The Proposed Disposal may be subject to the following risk factors arising from the Proposed Disposal to the Purchaser (which may not be exhaustive) as set out below:

4.1 Impact of winding-up petitions served on the Vendor and/or Company

On 17 July 2024, BJD was served with a winding-up petition from Sunrise Model Sdn Bhd ("**SMSB**") under Kuala Lumpur High Court Suit No. WA-28NCC-625-07/2024 to have BJD wound up by the Court, following a dispute between SMSB and BJD to complete a sale and purchase transaction, which SMSB is claiming for the refund of deposit of RM1,953,030.00 paid to BJD.

In addition, on 19 August 2024, BJD was served with another winding-up petition from NRY Architects Sdn Bhd ("**NRY**") under Kuala Lumpur High Court Suit No. WA-28NCC-752-08/2024 to have BJD wound up by the Court, following a dispute to settle an alleged outstanding professional consultancy fee for architectural services rendered, for the sum of RM5,843,233.39 which includes interest and late payment charges.

On 23 August 2024, Ho Hup was served with a winding-up petition from Joterix Sdn Bhd ("**JSB**") under Kuala Lumpur High Court Suit No. WA-28NCC-767-08/2024 to have Ho Hup wound up by the Court, for failure to satisfy a judgment sum of RM184,438.80 as awarded by the Kuala Lumpur Sessions Court on 28 June 2024 ("**Judgment Sum**") vide Kuala Lumpur High Court Civil No. WA-A52NCC-925-03/2024. The Judgment Sum pertains to an outstanding amount of RM184,438.80 for goods sold and delivered to Ho Hup.

Kindly refer to Sections 4(ix), 4(x) and 4(ix) of Appendix III of this Circular for further details on the winding up petitions and the respective transactions.

The service of the two winding-up petitions against the Vendor may give rise to significant and complex implications concerning the completion of the Proposed Disposal.

Termination of the SPA

Pursuant to the provisions of the SPA, if any winding-up proceedings are instituted against the Vendor, the Purchaser may issue a termination notice. Within 10 business days from the receipt of the notice of termination, the Vendor shall:

(a) refund or cause to be refunded to the Purchaser, the Deposit, First Payment and Balance Disposal Consideration or any part thereof received, free of interest; and

(b) pay an additional sum equivalent to the amount of the Deposit as agreed liquidated damages to the Purchaser; and

in exchange for the above, the Purchaser shall return all relevant transfer documents and remove any caveat lodged against the Subject Land. The Vendor has duly informed the Purchaser of the winding-up proceedings and as at the date of issuance of this Circular, the Purchaser has not indicated that it will terminate the SPA.

Winding-up proceeding

The filing of the winding-up petitions may place the Vendor at the process of being deemed insolvent. Subsequently when the winding-up order is granted, the Court may appoint a liquidator, who is empowered to take control of the Vendor's assets and manage its affairs with a view to settling outstanding debts. The liquidator's primary responsibility is to protect the interests of the creditors, rather than the contractual obligations of the Vendor. This could severely disrupt the Vendor's ability to perform its obligations under the SPA.

Pursuant to Section 472 (1) of the Act, in the event that BJD is ultimately wound up as a result of the petitions, any disposition of the property of the company made after the presentation of the winding up petition shall, unless the Court otherwise orders, be void. Further, as disclosed in the SPA, BJD had represented, warranted and undertaken to the Purchaser that no petition for winding up for BJD had been presented and no order has been made or effective resolutions passed for the winding up of BJD nor proceedings instituted or a meeting or meetings called with a view to obtaining any such order or orders or to pass any such resolution or resolutions, which will cause the non-registration of the memorandum of transfer in respect of the Subject Land, in favour of the Purchaser.

As these proceedings poses uncertainty, the Purchaser may experience substantial delays in completing the Proposed Disposal, as the Vendor's capacity to act independently may be curtailed by the Court process and the liquidator's oversight. There is also a winding-up proceeding against the Company, which may have a material impact on the Vendor, as the Vendor is a wholly-owned subsidiary of the Company. The liquidator appointed over the Company may exercise control over the Vendor, which could affect the Vendor's ability to complete the Proposed Disposal.

The filing of the petitions does not represent the successful winding-up of BJD and/or the Company as petitioned by the petitioners, and that as at the date of issuance of this Circular, no winding-up order has been granted by the Court to wind-up BJD and/or the Company. Notwithstanding that the Company is seeking legal advice as to the appropriate action to take in response to the petitions, there is a likelihood of the Purchaser terminating the SPA upon a winding-up order having been granted by the Court.

4.2 Delay or non-completion of the Proposed Disposal

The completion of the SPA is conditional upon conditions as set out in Section 4 of Appendix I of this Circular, being fulfilled within the stipulated time period. There is no assurance that all such conditions will be fulfilled. In the event that the conditions are not fulfilled within the stipulated time period or waived by the Purchaser (to the extent permitted by law), it may lead to a termination of the SPA and hence, resulting in the failure of the Group to achieve the objectives and benefits of the Proposed Disposal to de-gear, improve liquidity, and fortify the Group's financial position as mentioned under Section 3 of this Circular. Any delay in the completion of the Proposed Disposal may also delay or preclude the Company from receiving the proceeds from the said exercise.

In the event the Proposed Disposal is not completed within the time frame, the Group will not be able to utilise the proceeds from the Proposed Disposal to repay its bank borrowings as mentioned in Section 2.8 of this Circular.

Nonetheless, the Company will endeavour to ensure that the conditions to the SPA are fulfilled in a timely manner and mitigate the occurrence of any termination event in order to facilitate the completion of the Proposed Disposal.

4.3 Opportunity costs/Loss of development project

The development order granted by Dewan Bandaraya Kuala Lumpur to the Vendor vide approval letter dated 25 February 2022 which was amended subsequently on 14 July 2022 and 15 December 2023, represented an opportunity for the Group to develop the Flex Project, which has the potential to increase the overall market value of the Subject Land and could lead to potential profits from the sale or leasing of developed individual units in relation to the Flex Project. Upon completion of the Proposed Disposal, the Ho Hup Group will not be able to enjoy any future appreciation in the market value of the Subject Land or any potential profits from the sale or leasing of developed individual units of the Flex Project. However, the proceeds from the Proposed Disposal would be utilised for purposes set out in Section 2.8 of this Circular, which would allow the Ho Hup Group to improve its liquidity and reduce its gearing.

The Group's current on-going projects are as follows:

Project Name	Project details	Construction Contract value	Start date	Expected completion date	% completion
Vokasional College TVET, Kota Tinggi Johor ("**TVET Project**")	Construction of a skill hub, Johor comprising 9 blocks of educational buildings, ancillary buildings and infrastructure works	RM69.87 million	30 September 2019	30 November 2024	90.50%
The Crown Service Suite & Retail, Kota Kinabalu, Sabah ("**Crown Project**")(1)	Construction of 1 block of 14 storey hotel (389 rooms)	RM213.66 million	15 April 2021	31 July 2025(1)	41.03%
	Construction of 4 blocks of 14 storey serviced suites (470 units) & retail lots (28 units)	RM143.42 million	1 December 2022	31 October 2025(1)	71.76%

Note:

(1) The project owner of the Crown Project, Golden Wave Sdn Bhd ("**GWSB**") is an indirect effective 52.50%-owned subsidiary of Ho Hup. Originally, a China-based Yunnan Construction Engineering (Malaysia) Sdn Bhd ("**Main Contractor 1**") was appointed main contractor in October 2018. However, as a result of the disruption due to the COVID-19 pandemic, the contract with Main Contractor 1 was mutually terminated in December 2020 and a new contractor, E&J Builders Sdn Bhd (now known as EKO Bina Sdn Bhd) ("**Main Contractor 2**") was appointed in January 2021 to continue the project. However, the contract with Main Contractor 2 was subsequently mutually terminated in October 2022. Ho Hup took over the construction of the Crown Project in December 2022 as the third main contractor. Arising from the series of events due to the COVID-19 pandemic environment, from multiple changes in main contractors, travel restrictions, to border closures and general economic contraction sales and development progress of the Crown Project were affected, which consequently also affected the cash flow of GWSB. Arising thereof, the Crown Project is delayed. Subsequently, on 17 May 2024, GWSB applied for judicial management. In view of the above, the Crown Project is unlikely to be completed by the expected completion date and may need further extension of time. However, the TVET Project will complete as expected.

Kindly refer to Sections 4(i), 4(vi) and 4(xii) of Appendix III for further information on GWSB's application for judicial management and the legal proceedings against GWSB.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The effects of the Proposed Disposal on the issued share capital, NA, gearing level, earnings, substantial shareholders' shareholdings, dividend policy and convertible securities of the Company are set out below:

5.1 Issued share capital and substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the issued share capital and the substantial shareholders' shareholdings as the disposal consideration will be fully satisfied in cash.

5.2 NA and gearing

The pro forma effect of the Proposed Disposal on the NA and gearing of the Ho Hup Group based on the latest audited consolidated financial statements as at 31 December 2023 and on the assumption that the Proposed Disposal was effected at the end of the FYE 31 December 2023, is as follows:

	Audited as at 31 December 2023	After the Proposed Disposal
	RM'000	**RM'000**
Share Capital	262,369	262,369
Foreign currency translation reserve	(614)	(614)
Other reserve	(77,104)	(77,104)
Retained earnings	153,825	143,906[(1)]
Shareholders' equity/NA	**338,476**	**328,557**
Number of ordinary shares in issue ('000)	518,261	518,261
Net asset per share (RM)	0.65	0.63
Total borrowings (interest-bearing debts)	509,139	429,139[(2)]
Gearing ratio (times)	1.49	1.31

Notes:

(1) After crediting the estimated net loss of RM9.92 million on disposal of the Subject Land.
(2) After paring down the borrowings of RM80.00 million of the total gross proceeds from the Proposed Disposal.

5.3 Earnings and earnings per Share

The Ho Hup Group is expected to record a one-off net loss on disposal of RM9.92 million pursuant to the Proposed Disposal as illustrated below:

		RM'000
Disposal consideration		110,000
Less:	Net book value of the Subject Land based on the latest audited consolidated financial statements as at 31 December 2023	(119,419)
Gross loss on disposal of the Subject Land		**(9,419)**
Less:	Estimated expenses in relation to the Proposed Disposal	(500)
Estimated net loss on disposal		**(9,919)**

Based on the Company's latest audited consolidated financial statements for the FYE 31 December 2023 and assuming the Proposed Disposal was effected at the beginning of the FYE 31 December 2023, the pro forma effect of the Proposed Disposal on the earnings of the Ho Hup Group is as follows:

	Audited for the FYE 31 December 2023	After the Proposed Disposal
	RM'000	**RM'000**
(Loss) after tax attributable to owners of the parent	(80,618)	(90,537)[(1)]
Number of ordinary shares in issue ('000)	518,261	518,261

	Audited for the FYE 31 December 2023	After the Proposed Disposal
(Loss) per share (sen)	(15.55)	(17.47)

Note:

(1) After incorporating the estimated net loss on disposal of the Subject Land of RM9.92 million.

For the FYE 31 December 2023, the Group recorded a loss after tax of RM84.47 million. For the FYE 31 December 2023, the Flex Project contributed a marginal profit before tax of RM0.73 million to the Group's overall results. As the Flex Project is in its early stages of development, substantial capital requirement is expected to be incurred to complete the development which will significantly increase the debt of the Group's statement of financial position. As such, the Proposed Disposal is to enable the Group to realise cash proceeds, reduce its gearing and shrink its statement of financial position and to focus resources on the remaining of the Group's projects to ensure sustainability and an opportunity to improve liquidity.

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposal is subject to the following being obtained:

(a) approval of the shareholders of Ho Hup at an EGM to be convened; and

(b) approvals, consents and sanctions from governmental, regulatory authorities and/or parties, if required.

The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 35.49%, computed based on the net book value of the Subject Land compared with the NA of the Group as at 31 December 2023, being its latest consolidated audited financial statement.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by Ho Hup.

7. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

8. TENTATIVE TIMETABLE

Barring any unforeseen circumstances, the Board expects the Proposed Disposal to be completed by the 4th quarter of 2024.

The tentative timetable for the implementation of the Proposed Disposal is as follows:

Event	Tentative timeline
EGM	30 September 2024
Fulfilment of the conditions for the Proposed Disposal	4th quarter of 2024
Completion of the Proposed Disposal	4th quarter of 2024

9. DIRECTORS' STATEMENT AND RECOMMENDATION

After considering all aspects of the Proposed Disposal, including the rationale, the market value of the Subject Land, the basis and justification for the disposal consideration, the terms and conditions of the SPA, and the utilisation of proceeds, the Board is of the opinion that the Proposed Disposal is in the best interest of Ho Hup and its shareholders and recommends that you vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

10. OUTSTANDING CORPORATE PROPOSAL ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the Proposed Disposal, there is no other corporate proposal that has been announced but has yet to be completed.

11. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Bukit Jalil Golf and Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, Monday, 30 September 2024 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Share Registrar of the Company, ShareWorks Sdn Bhd, 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, not less than 24 hours before the time fixed for the EGM. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

12. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of,
HO HUP COMPANY CONSTRUCTION BERHAD

TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM
Chairman/Independent Non-Executive Director

SALIENT TERMS OF THE SPA

(1) Agreement for Sale and Purchase

The Purchaser has agreed to buy and the Vendor has agreed to sell the Subject Land at the purchase price of RM110,000,000 only on an 'as is where is' basis free from all encumbrances and with vacant possession but subject nevertheless to all the conditions whether express or implied in the issue document of title, and the terms and conditions contained therein.

The Subject Land is sold to the Purchaser:

(a) on 'as is where is' basis and free from all encumbrances;

(b) with vacant possession;

(c) with all rights, title, interest and benefits whatsoever attaching to the Subject Land;

(d) with the development order remain active and valid for the purpose of the Purchaser to revive the construction and development on the Subject Land in the terms and conditions agreeable to the Purchaser;

(e) subject to fulfilment of the conditions by the Vendor at its own costs and expenses on or before the Completion Period unless waived in writing by the Purchaser;

(f) subject to the existing category of land use; and

(g) upon the basis that each of the warranties are true and accurate in all respects.

(2) Payment of the disposal consideration

The disposal consideration shall be paid by the Purchaser to the Vendor in the following time and manner:

(a) **Deposit**: Upon execution of the SPA, the Purchaser shall pay a sum of RM5,500,000 only to the Vendor;

(b) **First Payment**: Within 10 business days from the date of approval having been obtained from Ho Hup's shareholders for the Proposed Disposal, the Purchaser shall pay a sum of RM22,000,000 only to the Vendor; and

Subject to Section 3(c) of this Appendix I, the Vendor agrees, covenants and undertakes to use the First Payment strictly to secure the release and waiver of all rights pursuant to the termination of the contracts with Existing End Purchasers. Any amount in excess after the termination and/or settlement with the Existing End Purchasers may be utilised by the Vendor for any purpose that the Vendor deems fit.

(c) **Balance Disposal Consideration**: Subject that the conditions have been duly complied with and the SPA has become unconditional, the Purchaser shall pay the Balance Disposal Consideration of RM82,500,000 only to the Vendor's solicitors as stakeholders on or before the expiry of the Completion Period. Failure to do so grants the Purchaser an automatic 2 months extension ("**Extended Completion Period**") without further notice to the Vendor, subject to paying interest at 8% per annum on the outstanding Balance Disposal Consideration until payment is made to the Vendor's solicitors as stakeholders.

(3) Other payments

(a) The Purchaser acknowledges the piling work done at the Subject Land by the piling contractor. The Purchaser agrees, covenants and undertakes that subject to a mutual assessment of the completed piling work, any outstanding payments related to piling work done at the Subject Land shall be settled by the Purchaser for an amount not exceeding RM5,000,000 or an amount mutually agreed upon by both parties.

(b) The Purchaser agrees, covenants and undertakes to assume and pay for any outstanding development charges and levies associated with the development order issued for the Subject Land for an amount not exceeding RM10,600,000.

(c) Notwithstanding Section 2(b) of this Appendix I, any payment and repayment to the Existing End Purchasers by the Vendor pursuant to the termination of all contracts (including sale & purchase agreements) with all Existing End Purchasers shall be subject to an aggregate maximum amount of RM21,000,000 only ("**Maximum Repayment Amount**"). In the event that such relevant payment and repayment shall exceed the Maximum Repayment Amount, the Purchaser agrees, covenants and undertakes that any amount exceeding the Maximum Repayment Amount shall be borne solely by the Purchaser.

(4) Conditions

The completion of the sale and purchase of the Subject Land pursuant to the terms and subject to the conditions set out in the SPA shall in all respects be conditional upon the following conditions to be fulfilled by the Vendor at its own costs and expenses on or before the Completion Period unless waived in writing by the Purchaser (to the extent permitted by law):

(a) Ho Hup, being the holding company of the Vendor, having obtained the approval of its shareholders for the Proposed Disposal.

(b) The Purchaser having obtained the written confirmation from the Vendor, confirming that the Subject Land is free from all encumbrances, squatters, caveats, occupiers, liens, structures and other restraints and encroachments with vacant possession.

(c) The Purchaser having obtained the written confirmation from the Vendor confirming the discharge and release of Existing Consultants and Contractor for the FLEX Project on the Subject Land with no claim whatsoever against the Purchaser and/or the Subject Land or any part thereof together with the certified true copies of the letter of discharge and/or release duly signed and accepted by the Existing Consultants and Contractor and/or all relevant supporting documents, be furnished to the Purchaser.

(d) The Purchaser having obtained from the Vendor or the Vendor's solicitors the original letter of consent issued by the state authority, approving the transfer of the Subject Land from the Vendor to the Purchaser, if applicable.

Note:

* Save for condition (d) above, which is not required, conditions (a) to (c) are pending fulfilment.

(5) Limited Power of Attorney

Upon execution of the SPA, the Vendor shall grant the Purchaser a limited power of attorney to empower and enable the Purchaser, at its own costs and expenses to carry out survey works, soil investigations work and other works required for the submission in respect of the development of the Subject Land, and to also engage any consultants and contractors and to do all deeds and matters for securing the vacant possession of the Subject Land. However, the Purchaser shall indemnify the Vendor for all claims and demands arising from or related to the use of the power by virtue of the limited power of attorney.

(6) Income Tax

The Vendor is in the business of buying and selling immovable properties and is therefore liable to pay income tax on the sale of the Subject Land. Accordingly, the Purchaser shall not retain any monies out of the disposal consideration for real property gains tax purpose.

(7) Completion

The completion of the sale and purchase of the Subject Land shall take place on the completion date when the obligations of the Purchaser in respect of the satisfaction of the Balance Disposal Consideration are duly completed in accordance with Section 2(c) of this Appendix I.

(8) Termination

(i) Vendor's right to terminate

The Vendor will be entitled to terminate the SPA in writing if-

(a) the Purchaser defaults in the satisfaction of the disposal consideration after the expiry of the Extended Completion Period;

(b) the Purchaser fails to observe or perform or otherwise be in breach of any of the material provisions of the SPA and the Purchaser fails within 14 days of receipt of notice from the Vendor or the Vendor's solicitors to remedy the failure or breach; or

(c) the memorandum of transfer in respect of the Subject Land is not or cannot be presented or registered for any reason whatsoever due to the default, wilful neglect, omission or blameworthy conduct on the part of the Purchaser.

(ii) Consequences of termination by the Vendor

If a notice of termination is duly given, within 10 business days of the Purchaser's receipt of the Vendor's notice of termination –

(a) the Vendor shall be entitled to forfeit the Deposit paid as the agreed liquidated damages and shall refund to the Purchaser, the First Payment and Balance Disposal Consideration or any part thereof which has been received (irrespective of whether it is received by the Vendor or the Vendor's solicitors or the existing chargee of the Subject Land) pursuant to Section 2 of this Appendix I, free of interest; and

(b) in exchange, the Purchaser shall return the transfer documents with the Vendor's interest remains intact and unencumbered and redeliver the vacant possession of the Subject Land in the same state and condition (if the same has been delivered) to the Vendor and remove or cause to be removed any caveat that has been lodged on the Subject Land by the Purchaser or the financier. The Purchaser shall be entitled to retain the memorandum of transfer of the Subject Land for purposes of refund of the ad valorem stamp duty paid and shall transfer the Subject Land to the Vendor following the refund of the said ad valorem stamp duty.

(iii) Purchaser's right to terminate

The Purchaser will be entitled to terminate the SPA in writing if –

(a) any of the warranties are found at any time to be misleading, untrue or incorrect and such warranties are regarded as material breach of warranties on the part of the Vendor and the Vendor fails within 14 days of receipt of a notice from the Purchaser or the Vendor's solicitors to remedy the breach;

(b) the Vendor fails or neglects to comply with or breach any of the material provisions of the SPA and the Vendor fails within 14 days of receipt of a notice from the Purchaser or the Vendor's solicitors to remedy such failure or breach;

(c) winding-up proceedings are instituted against the Vendor; or

(d) the memorandum of transfer in respect of the Subject Land is not or cannot be presented or registered for any reason whatsoever due to the default, wilful neglect, omission or blameworthy conduct on the part of the Vendor,

(iv) Consequences of termination by the Purchaser

If a notice of termination is duly given, within 10 business days of the Vendor's receipt of the Purchaser's notice of termination –

(i) the Vendor shall–

(1) refund or cause to be refunded to the Purchaser, the Deposit, the First Payment and the Balance Disposal Consideration or any part thereof received (irrespective of whether it is received by the Vendor or the Vendor's solicitors or the existing chargee of the Subject Land) free of interest; and

(2) pay an additional sum equivalent to the Deposit as agreed liquidated damages to the Purchaser; and

(ii) in exchange, the Purchaser shall return the transfer in respect of the Subject Land, the transfer documents with the Vendor's interest remains intact and unencumbered and redeliver the vacant possession of the Subject Land in the same state and condition (if the same has been delivered) to the Vendor and remove or cause to be removed any caveat that has been lodged on the Subject Land by the Purchaser or the financier. The Purchaser shall be entitled to retain the memorandum of transfer of Subject Land for purposes of refund of the ad valorem stamp duty paid and shall cause the return of the memorandum of transfer to the Vendor following the refund of the said ad valorem stamp duty.

(v) Following the giving of the notice of termination under Sections 7(i) or 7(iii) of this Appendix I, neither party will have further obligation under the SPA to the other party, except in respect of –

(a) their respective obligations under Sections 7(ii) or 7(iv) of this Appendix I (as the case may be);

(b) any obligation under the SPA which is expressed to apply after the termination of the SPA; and

(c) any rights or obligations which have accrued in respect of the provision of the SPA to either party prior to the termination of the SPA.

Notwithstanding the provisions of Section 8, the parties shall be entitled to take such action in law as may be necessary to compel the other party by way of specific performance to complete the sale or purchase in accordance with the provisions of the SPA (in which respect the alternative remedy of monetary compensation will not be regarded as compensation or sufficient compensation for any default in the performance of the terms and conditions of the SPA) and for damages for the defaulting party's breach of the SPA.

VALUATION CERTIFICATE IN RESPECT OF THE SUBJECT LAND

NAWAWI TIE

Our Ref : NTL/KL/24/0295/NZ

PRIVATE AND CONFIDENTIAL

21 June 2024

HO HUP CONSTRUCTION COMPANY BERHAD
Level 18, Ho Hup Tower
No. 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur

Attn: The Board of Directors

Dear Sirs/Madams,

VALUATION CERTIFICATE OF A PARCEL OF COMMERCIAL DEVELOPMENT LAND WITH THE BENEFIT OF A DEVELOPMENT ORDER HELD UNDER HAKMILIK SEMENTARA DAFTAR 123328, PT 50194, MUKIM OF PETALING, DISTRICT OF KUALA LUMPUR, STATE OF WILAYAH PERSEKUTUAN KUALA LUMPUR (hereinafter referred to as the "subject property")

We refer to your instruction to assess the Market Value of the abovementioned subject property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed disposal of the subject property by Bukit Jalil Development Sdn Bhd ("Vendor"), a wholly-owned subsidiary of Ho Hup Construction Company Berhad ("Client") (hereinafter referred to as the "Proposed Disposal").

This Valuation Certificate is prepared for inclusion in the circular to the shareholders of Ho Hup Construction Company Berhad in relation to the Proposed Disposal. We confirm that we have inspected the subject property, made relevant title search and gathered other necessary information to arrive at the Market Value of the subject property as at the date of valuation ("DOV") i.e. **3 May 2024.**

This Valuation Certificate is prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia ("SC") and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional care and due diligence.

The basis of valuation adopted is Market Value which is defined herein as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

This Valuation Certificate should be read in conjunction with the full Report and Valuation.

1.0 TERM OF REFERENCE

We have been instructed by the Client to prepare a Report and Valuation to determine the Market Value of the subject property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the Proposed Disposal.

We understand that the Vendor has made a payment of RM4,250,000/- (rounded figure) for the development charges, with a balance outstanding amount of RM10,600,000/- (rounded figure). Pursuant to the Sale and Purchase Agreement ("SPA") dated 6 May 2024 entered into between the Vendor and EXSIM Persiaran Jalil Sdn Bhd ("Purchaser") in respect of the Proposed Disposal, the Purchaser undertakes to assume and pay for all outstanding development charges and levies incurred in connection with the approved development order ("Approved DO") for an amount not exceeding RM10,600,000/-.

NAWAWI TIE

Approved DO

Vide an Approved DO dated 25 February 2022 issued by Dewan Bandaraya Kuala Lumpur ("DBKL"), we were made to understand that the subject property was approved for a mixed development with a plot ratio of 1:8.56.

Subsequently, we noted there were several amendments made in relation to the abovementioned, with the latest amendments dated 15 December 2023 ("Amended DO 2"), followed by approved building plans dated 15 March 2024.

i) In its existing conditions, free from all encumbrances, with the benefit of vacant possession and subject to the Amended DO 2;

ii) For the purpose of this Report and Valuation, we have taken into consideration the development charges which have been duly paid by the Vendor;

iii) As at the time of our inspection, we observed that the earthwork and site clearance are completed. Based on the latest work progress report, substructure work is 49% completed. Hence, we have reflected all the progressive amount paid amounting to RM14,922,342/- in respect of work completed by the consultants and contractor;

iv) Based on information provided by the Client, the process of terminating the existing consultants and contractor has commenced. Notices have been issued by the Client informing the existing consultants & contractor of it entering into the SPA with the Purchaser for the disposal of the subject property and requesting for final claim to be submitted for confirmation to enable the resolution for termination; and

v) PURSUANT TO THE SPA FOR THE PROPOSED DISPOSAL, WE HAVE ADOPTED THE FOLLOWING BASES:-

I. AS PER RECITAL (F) OF THE SPA, WE UNDERSTAND THAT THE 186 UNITS THAT WERE SOLD TO THE END PURCHASERS WILL BE TERMINATED. AS OF THE DOV, THE TOTAL AMOUNT BILLED IS RM 36,342,031.20 AND ALL THIS AMOUNT BILLED WILL BE FULLY REFUNDED TO ALL THE END PURCHASERS. BASED ON THE CLIENT'S INSTRUCTION, THEREFORE, WE HAVE EXCLUDED THE AMOUNT BILLED IN RESPECT OF THE SALES OF UNITS FOR THE DEVELOPMENT

II. THE PURCHASER SHALL UNDERTAKE TO ASSUME AND PAY FOR ALL THE OUTSTANDING DEVELOPMENT CHARGES AND LEVIES INCURRED IN CONNECTION WITH THE APPROVED DO FOR AN AMOUNT NOT EXCEEDING RM10,600,000/-.

III. THE PURCHASER SHALL UNDERTAKES ANY OUTSTANDING PAYMENTS RELATED TO PILING WORK DONE ON THE LAND

IV. FOR THE PURPOSE OF THIS REPORT AND VALUATION, NOTWITHSTANDING THAT THE PROPOSED DEVELOPMENT IS SUSPENDED, WE HAVE RELIED ON THE APPROVAL OF THE DO AND ADOPTED THE EXISTING DEVELOPMENT COMPONENTS AS SET OUT IN THE AMENDED DO 2 TO DERIVE THE MARKET VALUE OF THE SUBJECT PROPERTY, AS IT IS THE ONLY INFORMATION AVAILABLE DURING THE COURSE OF VALUATION.

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2.0 IDENTIFICATION OF PROPERTY

Type of Property	:	A parcel of commercial development land
Location	:	Located alongside Jalan 13/155C, Bandar Bukit Jalil, Kuala Lumpur
Title No/Lot No.	:	Hakmilik Sementara Daftar 123328, PT 50194, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Titled Land Area	:	12,492 square metres ("sq m") (approximately 134,463 square feet ("sq ft"))
Tenure	:	Term in perpetuity
Category of land use	:	*Bangunan*
Registered Proprietor	:	Bukit Jalil Development Sdn Bhd – 1/1 share
Encumbrance(s)	:	Charged to Ambank Islamic Berhad registered on 2 December 2020
Other Endorsement(s)	:	Private caveat was lodged by Ambank Islamic Berhad registered on 25 November 2020

3.0 PROPERTY DESCRIPTION

3.1 The Subject Site

The subject site is a parcel of commercial development land with a titled land area of 12,492 sq m (approximately 134,463 sq ft). The subject land is almost rectangular in shape and generally flat in terrain. It lies about the same level as the frontage road i.e. Jalan 13/155C and Persiaran Jalil Utama.

It is located approximately 17 kilometres due south-west of the Kuala Lumpur City Centre ("KLCC"). It is easily accessible from KLCC via Jalan Tun Razak, SMART Highway, Kuala Lumpur – Seremban Expressway, Lebuhraya Shah Alam, Jalan Jalil Perkasa 1 and finally onto Jalan 13/155C, which leads to the subject property. Lebuhraya Bukit Jalil is another alternative access to the subject property. As at the time of our inspection, we observed that the earthwork and site clearance are completed. Based on the latest work progress report, substructure work is 49% completed. There has been no site activity since suspension of work.

3.2 Proposed Development

As per the Amended DO 2, the subject property has been approved for a mixed development which was to be developed into 4 phases.

Details of the proposed development components as extracted from the Amended DO 2 are summarized as follows: -

Phases	Proposed Development Components	No. of Unit	Built-up Area (sq ft)	Net Floor Area* ("NFA") (sq ft)
Phase 1	**Commercial Components**			
	Shop-office	20	1,495 – 7,112*	53,894
	Retail	3	2,892 – 8,110*	18,516
	Sub-Total	**23**		**72,410**
Phase 2 & 3	**Block A – SOVO (Studio unit)**			
	Type S1-A	26	498	12,948
	Type S1-B	52	591	30,732
	Type S1-C	26	376	9,776
	Type S1-D	208	576	119,808
	Type S1-E	104	574	59,696
	Type S1-F	26	571	14,846
	Type S1-G	26	439	11,414
	Type S1-H	26	503	13,078
	Type S2-A	24	376	9,024
	Type S2-B	24	473	11,352
	Type S2-C	12	376	4,512

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	Type S2-D	96	362	34,752
	Type S2-E	96	351	33,696
	Type S2-F	12	474	5,688
	Type S2-G	12	439	5,268
	Type S2-H	12	503	6,036
	Sub-Total	**782**		**382,626**
	Block A – Hotel (1 bedroom)			
	Type H-A	8	258	2,064
	Type H-B	4	328	1,312
	Type H-C	2	409	818
	Type H-D	52	262	13,624
	Type H-E	2	285	570
	Type H-F	2	229	458
	Type H-G	2	461	922
	Sub-Total	**72**		**19,768**
Phase 4	**Block B – Service Apartment**			
	Type A (2 bedrooms + one utility)	162	888	143,856
	Type B (3 bedrooms)	82	1,111	91,102
	Type C (3 bedrooms + one utility)	82	1,342	110,044
	Type D (3 bedrooms + one utility + one studio)	82	1,527	125,214
	Sub-Total	**408**		**470,216**

*As provided by the Vendor

As at the DOV, the specification and finishing details of SOVO 2, hotel and service apartment components which were proposed to be developed in Phases 3 & 4 of the subject development have yet to be conceptualized.

Based on the information provided to us by the Client, the typical size for shop-office and retail are as follows:-

Proposed Development Components	No. of Unit	NFA per Unit (sq ft)
Shop-office	20	1,495 – 7,112
Retail	3	2,892 – 8,110

The basic specifications of abovementioned components are summarised as follows:-

Item	Specification
Shop-office / Retail components	
Structure	Reinforced concrete framework
Walls	Cement sand and/or clay brick walls
Wall finishes	Plaster and paint
Windows	Aluminium frame and clear float glass
Doors	Glass door / Fire rated door / Timber flush door
Floor Finishes	Cement render
Ceiling Finishes	Concrete soffit, Calcium silicate plasterboard to toilet areas
Electrical System	Three (3) phase electrical power supply to distribution board. Sufficient power points
Air conditioning	Sufficient air-con points
Fire Protection	Sprinkler system with tap off secondary sprinkler
Bathroom Fittings	Selected quality sanitary wares
Bathroom Finishes	Selected quality floor and wall tiles
Telecommunications	External telephone connections to distribution board
SMATV	SMATV connection to distribution board

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The typical size for SOVO 1 is between 376 sq ft – 591 sq ft and its basic specifications are summarised as follows:-

Item	Specification
SOVO component	
Structure	Reinforced concrete framework
Walls	Reinforced concrete framework / Masonry walls
Wall finishes	Plaster and paint
Windows	Aluminium framed tinted glass
Doors	Fire rated door / Timber flush door
Floor Finishes	Selected quality floor tiles with skirting. Cement render to A/C ledge
Ironmongery	Selected quality lockets
Ceiling Finishes	Skim coat and paint. Plastered board to pantry and toilet areas
Pantry	Pantry cabinet (top and bottom) with selected quality sink and tap
Bathroom Fittings	Selected quality sanitary wares and fittings
Bathroom Finishes	Selected quality floor (no skirting) and wall tiles

The typical size for SOVO 2 is between 351 sq ft – 503 sq ft. We were not provided with basic specification for SOVO 2. However, we were made to understand that the basic specification for the components will be the same with SOVO 1.

We were not provided with information relating to the service apartment and hotel components, as both components have yet to be conceptualized as at the DOV. However, we were made to understand by the Client that the hotel component is intended to be sold en-bloc. Therefore, for the purpose of this report and valuation, we have assumed that the hotel component will be on en-bloc sale with bare condition (without furnishing).

Notwithstanding to the above, the typical size for both components as extracted from the Amended DO 2 are summarized as follows: -

Proposed Development Components	No. of Unit	NFA per Unit (sq ft)
Service Apartment	408	888 – 1,527
Hotel	72	229 - 461

4.0 TOWN PLANNING

The subject property is designated for commercial use and is in line with the express condition stated in the title document.

5.0 METHOD OF VALUATION

In arriving at the Market Value of the subject property, we have adopted the **Income Approach (Residual Method) of Valuation** as the primary approach and the **Comparison Approach of Valuation** as a cross check.

The **Income Approach (Residual Method)** is based on the principle of latent value on the assumption that the subject property will be put to its best and highest use. Under this approach, consideration is given to the estimated selling prices of various units in the proposed development as well as the estimated cost of carrying out the development including allowances for developers' profit, time and risk.

The Gross Development Value ("GDV") is the value of the proposed development when it is fully completed and sold. A market observation has been carried out on the transactions and selling prices of similar units launched or transacted in the market in order to arrive at the fair and reasonable sale prices of each component of the proposed development.

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The Total Development Costs ("TDC") is the estimated cost of completing the proposed development, which includes statutory contributions, building and pre-development costs ("construction cost"), professional fees, administrative and management expenses, marketing expenses as well as developer's margin. In arriving at the TDC, we have considered and adopted the Vendor's projected construction cost prepared by their quantity surveyors, cross-checked with JUBM & Arcadis Construction Cost Handbook Malaysia 2022 ("JUBM") as well as the construction cost derived from the analysis of contracts awarded for the construction of similar types of development components.

The difference between GDV and TDC represents the residual value of the subject property which is then deferred for a period of time at an appropriate discount rate reflecting the market condition and expectation of the development to arrive at the present value of the subject property.

Income Approach (Residual Method)

Parameters used in Income Approach (Residual Method) are as follows:-

Summary Parameters

GDV after deducting Bumiputera discount	RM789,324,863/-
TDC	RM497,788,212/-
Developer's Profit	18%
Development Period	4 years
Discount Rate	7.50% per annum

1) The total GDV adopted in our **Income Approach (Residual Method)** for the proposed development after deducting Bumiputera discount is estimated at RM789,324,863/-. The Bumiputera discount adopted is 5% while Bumiputera quota is at 30%.

The recent transacted prices of completed service apartments, SOVO and retail / commercial spaces within Bukit Jalil and nearby locality are tabulated as follows:-

i) Service Apartment / Condominium / SOVO / SOHO

Scheme/Locality	Type of Property	Built-up Area (sq ft)	Transacted Price (RM) (RM per square foot (psf))	Tenure
Aurora SOVO @ Bukit Jalil	SOHO	384 – 797	425,000/- to 648,000/- (813/- to 1,107/-)	Term in perpetuity
KM1 @ Bukit Jalil	Condominium	1,335 – 1,864	800,000/- to 1,600,000/- (599/- to 858/-)	Term in perpetuity
Residensi Andes Ria @ Bukit Jalil	Condominium	1,109 – 1,840	570,000/- to 1,128,600/- (514/- to 613/-)	Term in perpetuity
Residensi Park @ Pavilion Bukit Jalil	Service Apartment	753 – 1,572	820,000/- to 1,450,000/- (923/- to 1,088/-)	Term in perpetuity
The Rainz Bukit Jalil	Condominium	1,475	898,000/- to 905,000/- (609/- to 614/-)	Term in perpetuity
Verve Suites KL South	Service Apartment	549 – 1,130	436,700/- to 1,243,000/- (796/- to 1,100/-)	Term in perpetuity

(Source: Jabatan Perkhidmatan dan Pengurusan Harta ("JPPH"))

ii) Retail Mall & Office Unit

Project Name	Type of property	Built up area (sf)	Transacted Price (RM) (RM psf)	Tenure
The Park @Pavilion Bukit Jalil	Shop unit	1,389	3,500,000/- (2,521/-)	Term in perpetuity
Residensi Park @ Pavilion Bukit Jalil	Shop unit	1,625 – 1,711	2,500,000/- (From 1,461/-)	Term in perpetuity
Pusat Perdagangan @ Pavilion Bukit Jalil	Stratified shop	4,575 – 8,350	8,000,000/- to 11,500,000/- (1,377/- to 1,749/-)	Term in perpetuity
Millerz Square @ OKR	Shop unit	1,829 – 3,122	1,828,000/- to 3,122,000/- (About 1,000/-)	Term in perpetuity

(Source: JPPH)

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We further noted that the asking prices of under developments under construction within Bukit Jalil are as follows:-

Project Name	Type of property	Built up area (sf)	Asking price / Launching Price (RM) (RM psf)	Tenure
Maple Residence	Condominium	808 – 1,378	643,000/- to 1,447,000/- (796/- to 1,050/-)	Term in perpetuity
The Tropika	Serviced Apartment	732 – 1,318	681,504/- to 1,222,764/- (928/- to 931/-)	Term in perpetuity
Residensi Oak	Serviced Apartment	882 – 1,509	742,000/- to 1,334,000/- (841/- to 864/-)	Term in perpetuity
Veladaz Residences	Service Apartment	1,012	From 776,400/- (767/-)	Term in perpetuity
Sunway Flora Residence	Condominium	1,055 – 1,507	693,000/- to 1,000,000/- (657/- to 664/-)	Term in perpetuity
The Kingwood, Bukit Jalil	Service Apartment	474 – 904	422,500/- to 731,000/- (809/- to 891/-)	Leasehold

(Source: NTL Database)

In arriving at our proposed selling price, we have analysed the selected comparables which can be summarized as follow:-

Components	Comparable Scheme	Transacted Price psf
Shop-office	Millerz Square / Pusat Perdagangan @Pavilion	1,000/- to 1,234/-
Retail	Millerz Square / Pusat Perdagangan @Pavilion	1,000/- to 1,234/-
SOVO 1	Aurora SOVO	810/- to 938/-
SOVO 2		
Service Apartment	Residensi Park 2 / Verve Suites	935/- to 1,006/-
Hotel	Residensi Park 2 / Verve Suites	935/- to 1,006/-

Taking into consideration current market conditions and reference to the sales / transacted prices of similar properties in the vicinity, we have made the necessary adjustments to reflect the differences in location, built-up area, floor level (where applicable), developers' rebates and enbloc sale with bare condition (for hotel component) to arrive at our proposed selling price as below in our valuation.

Proposed Development Components	Proposed Net Selling Prices* (RM psf)
Shop-office	700/- to 1,200/-
Retail	650/- to 1,050/-
SOVO 1	840/-
SOVO 2	880/-
Service Apartment	780/- to 900/-
Hotel	800/-

The hotel component is not yet conceptualized as of DOV. However, based on Approved DO 2, there will be 72 hotel units with sizes ranging from 229 sq ft to 461 sq ft. Premised on this, the "hotel" is more like service suites. As such, in arriving at the GDV of the hotel, we have adopted service apartments as the comparables and made adjustments on the developer's rebate and en-block sale factors.

With the above supporting evidences, our adopted base values are within the ranges of the transacted comparables which we deem fair and reflective for the subject development.

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The take up rate of other developments within the vicinity are as follows:-

Project Name	Bloomsvale	The Tropika Bukit Jalil	Sunway Flora Residence
Locality	About 2 km due north-west of the subject property	About 0.8 km due south-east of the subject property	About 2 km due north-west of the subject property
Developer	Kerjaya Property Sdn Bhd	Berjaya Hartanah Bhd	Sunway Flora Sdn Bhd
Land Area (acre)	5.2	6.5	5.37
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Type of Development	Service Apartment	Service Apartment	Condominium
No. of Units	1,199	868	748
Selling Price (RM psf)	810/-	781/-	730/-
Launch Year	2Q 2019	1Q 2019	1Q 2023
Expected Completion Year	2024	2024	2026
Sales Performance	The service apartment recorded a sale of 99%	The service apartment recorded a sale of 99%	The condominium recorded a sale of 80%

Source: NTL Database

Based on our findings, we noted the take-up rate of the above developments is within a forty-eight-month period. We also noted that the sales performance for Bloomsvale and The Tropika which were launched prior to the Movement Control Order recorded 99% sales as at DOV. Meanwhile, for Sunway Flora which was only launched in 1Q 2023, the sales performance recorded was 80%.

In our residual method, the projected take-up rates of the respective phase / types of developments within the subject property are as follows:-

Phase	Type	2024 (April)	2025 (April)	2026 (April)	2027 (April)
Phase 1	Commercial Components	66%	20%	14%	
Phase 2	SOVO 1	32%	40%	28%	
Phase 3	SOVO 2	32%	40%	28%	
Phase 3	Hotel			100%*	
Phase 4	Service Apartment		35%	40%	25%

*To be sold on enbloc basis

2) The TDC is RM497,788,212/- whilst the amount paid by the Vendor as at 29 April 2024 is RM14,922,342/- for pre-development cost (strata title/ survey plans, DO/planning/ building plans submission fee, development charges, Improvement Service Fund, traffic assessment, site clearance and earthworks, landscaping and construction building cost). Financing cost is RM21,728,964/-.

The TDC are based on the following parameters: -

Items	Estimated Cost	Amount Paid as at DOV (RM)	Justification
Strata Titles / Survey Plans	RM4,629,546/-	1,950,769/-	It involves the cost to get the issuance of individual strata titles. This amount is provided by the Vendor.
DO/ Planning / Building Plan Submission Fee	RM184,135/-	184,135/-	It involves the cost for building plan submission the local authority. This amount is provided by the Vendor
Statutory Contribution	RM27,551,136/-	5,168,410/-	It includes Development Charge and main contributions to Improvement Service Fund for road and drainage, Syarikat Bekalan Air Selangor ("SYABAS"), Tenaga Nasional Berhad ("TNB"), Telekom Malaysia Berhad ("TM"), traffic assessment and Indah Water

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			Konsortium ("IWK"). This amount is provided by the Vendor
Site Clearing & Earthwork, Infrastructure Works (landscape, fencing & drainage)	RM26,162,038/-	7,479,028/-	Site clearing & earthwork – It involves the cost of pre-construction, planning, soil testing, architectural works, cost of site clearing, cut and fill within the subject site as well as transportation for excess earth dumping Infrastructure – It includes the cost of tele-communication facilities, electricity, water services, sewerage system, roads, drainage, etc. Landscaping involves the cost of landscaping, planting trees and flowers within the subject site. This amount is provided by the Vendor
Construction Cost for Building	RM348,884,748/-	140,000/-	<table><tr><th>Components</th><th>Projected Construction Cost (RM psf)</th></tr><tr><td>Commercial Space -Shop-office -Retail</td><td>221/-</td></tr><tr><td>SOVO</td><td>253/-</td></tr><tr><td>Hotel</td><td>382/-</td></tr><tr><td>Service Apartment</td><td>253/-</td></tr><tr><td>Carpark -Basement -Elevated</td><td> 173/- 83/-</td></tr></table>The construction costs are based on: - i) Projected construction cost provided by the Vendor; ii) The previous or recent construction cost of a similar building; and Cross-checked with JUBM & Arcadis Construction Cost Handbook Malaysia 2022.
Professional Fees	RM28,799,872/-	-	It includes professional fees paid to architects, quantity surveyors, engineers, land surveyors, etc. The figure provided by the Vendor is RM28,799,872/- analysed approximately at 7.7% of TDC
Administration Expenses & Project Management	RM11,251,404/-	-	It includes cost of daily administration expenses, administration staffs, project managers, etc. The rate adopted is 3% of TDC.
Contingencies	RM18,752,339/-	-	Provision for the inflation of cost of materials and man power. The rate adopted is 5% of TDC.
Marketing / Legal Fees / Advertisement	RM31,572,995/-	-	Marketing and advertisement include costs for the marketing works, agent's commissions and advertisement cost to market the products. Legal fees include cost in preparing Sale and Purchase Agreement with end purchaser and other relevant legal documents. The rate adopted is 4% of TDC
Total	**RM497,788,212/-**	**14,922,342/-**	

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The development cost adopted in the valuation is in line with the market based on the information gathered from the relevant departments/agencies and our previous valuations of similar properties within Klang Valley which are as follows:-

Project Name	Professional Fees	Administration Expenses & Project Management	Marketing, Legal Fees and Advertisement
Jalan Semarak, Kuala Lumpur	8.30%*	7.90%*	6.60%*
Bukit Jalil	6.00%	3.00%	3.00%
Damansara	6.00%	3.00%	3.00%
Taman Yarl	7.00%	2.00%	2.00%

*Based on the projection by the Developer

Other costs adopted are as follows:-

Financing cost	RM21,661,813/-	-	Based on our enquiries with financial institutions, financing cost is charged based on Cost of Fund plus security margin. The rate adopted is 7.50% of TDC
Development Period	4 years	-	The development period is the time frame required for the construction and completion as well as marketing of the subject development. The estimated development period is approximately 4 years, which is in line with the industry standard.
Developer's Profit	18%	-	Our verbal enquiry with other local developers revealed that the developer's profit for residential or mixed development is in the range of 15% to 20%. We have adopted 18% as the developer's profit which is deemed fair and a reasonable amount that any developer would expect of such return from their development of this scale.

3) The discount rate for the Present Value adopted is 7.50% per annum. This rate is in tandem with the financing cost based on our enquiries with financial institutions. The period for Present Value adopted for the remaining development is 4 years.

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Comparison Approach of Valuation

The Comparison Approach seeks to determine the Market Value of the subject property by comparing and analysing recent sales transactions of selected comparable properties in the locality. Relevant adjustments are made for differences in location, amenities & facilities, land size, tenure and plot ratio, if any, and other relevant characteristics to arrive at the Market Value.

Evidence of Sale

Details	Comparable 1	Comparable 2	Comparable 3
Location	Lot 38323, Jalan Taman Sri Sentosa, Taman Sri Sentosa	Lot 103958, Jalan Bukit Jalil Indah 2, Kompleks Niaga Bukit Jalil	Lot 103000, Jalan 1/144A, Jalan Cheras, Taman Connaught
Source of Information	JPPH		
Lot No. / Mukim / District	Lot 3823, Mukim of Petaling, District of Kuala Lumpur	Lot 103958, Mukim of Petaling, District of Kuala Lumpur	Lot 103000, Mukim of Petaling, District of Kuala Lumpur
Tenure	Term in perpetuity	99-year leasehold	Term in perpetuity
Remaining Lease (year)	-	94	-
Type of Property	Commercial Land	Commercial Land	Commercial Land
Land Area (sq ft)	124,172	99,749	298,914
Plot Ratio	1 : 5	1 : 8	1 : 6
Zoning	Commercial	Commercial	Commercial
Vendor	Lau Leok Wooi + 5	KL Wellness City Sdn Bhd	Accolade Land Sdn Bhd
Purchaser	Radium Global Sdn Bhd	Exsim Bukit Jalil City Sdn Bhd	UEM Land Berhad
Consideration (RM)	55,877,612/-	53,000,000/-	197,000,000/-
Date of Transaction	09/06/2023	11/02/2022	04/06/2021
Analysed (RM/psf)	**450/-**	**531/-**	**659/-**
Adjustments Factors	Adjustments were made on location, amenities & facilities, land size, tenure and plot ratio		
Adjusted Land Value (RM/psf)	**603/-**	**638/-**	**726/-**

NOTES:

I. Pursuant to our verbal enquiries with the DBKL Planning Department, we were given to understand that all the above comparables have been granted with planning approvals for commercial development.

II. Based on our findings, the CAGR for transactions of vacant commercial lands within Mukim of Petaling, District of Kuala Lumpur shows that it is stagnant and insignificant. Hence no adjustment for time was made.

III. As per our verbal enquiries with DBKL, all the comparable have been issued with DO. We were unable to obtain information pertaining to the status of payment of the development charges for Comparable 1 and 3, whilst for Comparable 2, we have verbally confirmed with Exsim Bukit Jalil City Sdn Bhd that the development charges for the said land has yet to be paid. In view of our findings, no adjustment was made in our analysis.

The adjusted land values derived from the above comparables range from RM603/- to RM726/- psf. We have considered Comparable 2 as the best comparable as it is located within the same locality of Bukit Jalil and has an approved DO with the plot ratio of 8, which is deemed similar to the subject property. As such, we have adopted the adjusted land value of **RM640/-** psf (rounded) based on Comparable 2 as fair representation for the subject property and arrived at a value of RM86,056,089/.

As at the time of our inspection, we observed that the earthwork and site clearance are completed. Based on the latest work progress report, substructure work is 49% completed.

Hence, we have reflected all the progressive amount paid amounting to RM14,922,342/- in respect of work completed by the consultants and contractor to reflect the improvement done to the subject land in arriving at the Value of the subject property.

The value derived from the **Comparison Approach** is RM100,978,431/- which is rounded up say **RM101,000,000/-** (analysed at RM751/- psf).

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6.0 RECONCILIATION OF VALUE

The summary of values derived from both **Income Approach (Residual Method)** and **Comparison Approach** are as follows :-

Approach of Valuation	Value
Income Approach (Residual Method)	RM106,800,000/-
Comparison Approach	RM101,000,000/-

Taking into consideration that the subject property is a parcel of commercial development land with the benefit of an Approved DO, we have adopted the Value as derived from the **Income Approach (Residual Method)** as a fair representation of the Market Value for the subject property.

In a valuation of a homogeneous real estate such as vacant lands and residential homes, the **Comparison Approach** is the most appropriate approach of valuation as there are less adjustments and analysis on comparables. However, in the case of more complex real estate ongoing development with development cost spent, office buildings, shopping complexes and other income generating or investment properties, qualitative and quantitative adjustments are more difficult to compute or gauge to reflect the differences of the comparables and the property being valued.

Therefore, we have considered the **Income Approach (Residual Method)** as the most appropriate and reliable approach of valuation in our final opinion of the Market Value.

7.0 OPINION OF VALUE

After due considerations of all relevant factors, we are of the opinion that the Market Value of the perpetual interest in the subject property, in its existing conditions, free from all encumbrances, with the benefit of vacant possession and approved development order and subject to the term of reference stated herein at **3 May 2024** is **RM106,800,000/- (Ringgit Malaysia One Hundred Six Million and Eight Hundred Thousand Only).**

For and on behalf of,
NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD
(FORMERLY KNOWN AS DTZ NAWAWI TIE LEUNG PROPERTY CONSULTANTS SDN BHD)

Sr DANIEL MA JEN YI, *ICVS, MRICS, MRISM*
Registered Valuer (V-759)

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading.

The information relating to EXSIM was obtained from the management of EXSIM and publicly available information and the responsibility of the Board is limited to ensuring that the information is accurately reproduced in this Circular.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

2.1 M&A Securities

M&A Securities, the Principal Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references to it in the form and context in which they appear in this Circular.

M&A Securities confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposed Disposal.

2.2 Nawawi Tie

Nawawi Tie, the Valuer in respect of the valuation for the Subject Land, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Valuation Certificate and all references to it in the form and context in which they appear in this Circular.

Nawawi Tie confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the Valuer for the valuation of the Subject Land.

3. MATERIAL CONTRACTS

Save for the SPA and as disclosed below, the Ho Hup Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the LPD:

(i) Sale and purchase agreement dated 20 March 2024 between Ho Hup Jaya Sdn Bhd, a wholly-owned subsidiary of the Company, and Microlink Solutions Berhad for the disposal of all that parcel of property known as Unit No. B-08-01, measuring approximately 10,027,14 square feet, within Level 08, Tower B constructed on the piece of freehold land held under Geran 78076, Lot 101462, Tempat Bandar Bukit Jalil, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan and bearing postal address at Suite 8.01, Ho Hup Tower, Tower 2, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur for a cash consideration of RM8,350,000. The transaction is pending Ho Hup Jaya Sdn Bhd obtaining the redemption letter from its bank.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Ho Hup Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Ho Hup Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Ho Hup Group.

(i) Kuala Lumpur High Court Originating Summons No. WA-28JM-17-05/2024 Golden Wave Sdn Bhd – Applicant

On 17 May 2024, Golden Wave Sdn Bhd ("**GWSB**"), an indirect effective 52.50%-owned subsidiary of Ho Hup, as the project owner for the development project known as the "Crown Project" in Sabah, made an application for Judicial Management Order pursuant to Sections 404 and 405 of the Act with the High Court of Malaya at Kuala Lumpur ("**JM Application**").

There has been a series of events that have affected the cash flow of GWSB due to the COVID-19 pandemic environment, which had significantly slowed down the development progress as well as affected the sales of the Crown Project.

The JM Application imposes an immediate moratorium starting from the date commencing with the JM Application and continuing until the JM Application is granted or dismissed ("**Moratorium**"). During this period, no resolution or order for the winding-up of GWSB shall be made or passed.

In addition, during the Moratorium, the leave of the Court will be required to:

1. Enforce any charge on or security over the property of GWSB; and

2. Commence or continue any legal proceedings against GWSB or their respective property.

The JM Application was applied as part of a proactive measure by GWSB to:

(a) Involve an independent professional to facilitate the restructuring of GWSB with the assistance of the management of GWSB;

(b) Rehabilitate GWSB by a combination of several approaches to regularise the financial condition of GWSB and maximize the return to creditors as opposed to a winding up scenario; and

(c) Provide GWSB the opportunity to complete the projects of GWSB.

The application was initially heard on 9 July 2024. The Court fixed the application for further hearing on 1 October 2024.

The Company is of the opinion that this is the right avenue to take to preserve and to rejuvenate and facilitate the completion of the Crown Project so that vacant possession of the project can be delivered to the purchasers.

(ii) Ipoh High Court Civil Suit No. AA-22NCC-10-09/2022
Malayan Banking Berhad ("MBB") v. DSE Construction Sdn Bhd ("DSE") and Ho Hup Construction Company Berhad

The Jabatan Pengairan dan Saliran ("**JPS**") had on 30 November 2016 awarded a contract ("**Main Contract**") for the rehabilitation of Sungai Besut estuary at District of Besut, Terengganu ("**Project**") to DSE Construction Sdn Bhd ("**DSE**") for a contract sum of RM224,578,033.14.

DSE subsequently subcontracted a portion of the Project to Ho Hup through an unincorporated joint venture ("**DSE-HH JV**") for a total subcontract sum of RM221,398,033.14, in which Ho Hup holds approximately 59% of the interest portion in the joint venture. The Project was eventually subcontracted to Kumpulan Liziz Sdn Bhd ("**KLSB**") to execute a portion of the Project works ("**Subcontracted Works**") for a contract sum of RM178,039,870.10.

KLSB had obtained, among others, a facility of RM36.0 million from Malayan Banking Berhad ("**MBB**") for the Subcontracted Works of which the securities included an assignment of the contract proceeds resulting in the flow of the contract proceeds to change from JPS to DSE and thence to KLSB's designated collection account with MBB.

Resultant from KLSB's default, MBB had on 1 April 2020 initiated a civil suit against KLSB, Liew Ah Kau and Ghazali bin Abdul Halim at the Ipoh High Court to claim for an amount of RM148.9 million owing under the facilities it granted to KLSB, one part of which is for the financing of the Subcontracted Works ("**Ipoh Suit**"). On 1 July 2020, KLSB issued a third party proceeding against Ho Hup, seeking an indemnity for that part of MBB's claim concerning the financing of the Subcontracted Works amounting to RM25.3 million, which is unparticularized at present as to how it is computed ("**Third Party Proceeding**"). Meanwhile, KLSB has been wound up by an order of the High Court of Kota Kinabalu on 18 November 2020, and the liquidator for Kumpulan Liziz Sdn Bhd (wound up) had consented to the solicitor for Kumpulan Liziz Sdn Bhd (wound up) to continue defend the suit by MBB. However, KLSB had later on filed a notice of discontinuance and withdrew all Third Party Proceeding on 23 May 2024.

MBB had also on 18 May 2020 initiated a civil suit against DSE and Ho Hup ("**MBB Suit**") at the Kuala Lumpur High Court for the following:

(a) RM30.0 million being the contract proceeds to be paid into the account of "Maybank-DSE Construction Sdn Bhd"; or alternatively, RM23.8 million being the contract proceeds to be paid into the account of "Maybank-Kumpulan Liziz Sdn Bhd";

(b) RM8.7 million being the retention sum and sinking fund from the contract proceeds to be paid into the account of "Maybank-Kumpulan Liziz Sdn Bhd"; and

(c) interest, cost and such other relief as the Court deems fit.

The liquidator for Kumpulan Liziz Sdn Bhd (In liquidation) had consolidated the MBB Suit and Ipoh Suit into one suit. Notwithstanding the consolidation of both suits, MBB's claims against KLSB, Liew Ah Kau and Ghazali bin Abdul Halim has since concluded with judgement recorded against KLSB and both Liew Ah Kau and Ghazali bin Abdul Halim entered consent judgement with MBB in their personal capacity as guarantors for KLSB's loan with MBB, and as such, KLSB and both Liew Ah Kau and Ghazali bin Abdul Halim are no longer parties in this suit.

Meanwhile, Ho Hup obtained discovery against MBB on 7 November 2023. MBB being dissatisfied with the decision of the High Court had subsequently filed an appeal to the Court of Appeal against the discovery. On 6 August 2024, MBB's appeal was dismissed by the Court of Appeal. MBB is required to comply with the discovery order and to provide the documents requested therein to Ho Hup.

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

Ho Hup's solicitors are of the view that Ho Hup (whether in its individual capacity or as partner of the DSE-HH JV) has a strong defence against MBB as there is no contractual relationship between JPS and DSE-HH JV / Ho Hup, and thus, there can neither be a direct flow of the contract proceeds.

(iii) Kuala Lumpur High Court WA-22NNCC-112-03/2019
Malayan Banking Berhad ("MBB" or "Plaintiff") v. (1) Hj Said Binaan Sdn Bhd, (2) Seni Kenanga Sdn Bhd and Ho Hup Construction Company Berhad (collectively "Defendants")

By a letter of award dated 28 March 2014, Ho Hup had awarded a building contract to a joint venture between Hj Said Binaan Sdn Bhd and Seni Kenanga Sdn Bhd ("**Contractors**") for the construction and completion of Ho Hup's project located at Bandar Bukit Jalil, Kuala Lumpur known as Aurora Place @ Bukit Jalil ("**Aurora Project**").

On 6 March 2019, the Plaintiff 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 issued by Ho Hup for a sum of RM10.0 million wherein Ho Hup's obligations under the letter of undertaking was extinguished with the revocation of the letter of undertaking 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. Ho Hup then filed a counterclaim to recover liquidated ascertained damages ("**LAD**") amounting to RM54.2 million due by the Contractors to Ho Hup as of 31 March 2019 and a further claim of RM14.8 million due by the Contractors as of 31 December 2019 being back charges for work done by Ho Hup to complete the Aurora Project arising from the Contractors' failure to do so within the contracted time period together with cost and interest.

The case continued with the calling of the Defendant's witnesses on 10 July 2023, 11 July 2023, 17 July 2023, 22 August 2023 and 23 August 2023, and subsequent close of the 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 Plaintiff's additional claim on the letter of undertaking and assessed it to be a duplication of the Plaintiff'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 had subsequently filed an appeal to the Court of Appeal on 18 March 2024, with a record of appeal filed on 20 May 2024 and the next case management fixed on 23 October 2024. It is currently pending extraction of Grounds of Decision from the High Court.

The Company is of the opinion it will succeed in its appeal to the Court of Appeal and will reverse the decision of the High Court.

(iv) Kuala Lumpur High Court WA-22NCvC-19-01/2021
Strata Fokus Sdn Bhd ("Strata Fokus") and Alam Damai Abadi Sdn Bhd ("Alam Damai") v. Ho Hup Construction Company Berhad and Ho Hup Ventures (Kuantan) Sdn Bhd ("HHVK")

On 13 June 2022, Strata Fokus sued HHVK, a wholly-owned subsidiary of Ho Hup, for a commission sum of RM2 million on the premise that it had successfully introduced Ho Hup to Koperasi Serbaguna Makmur Berhad ("**KOSMA**") for the development of a commercial land owned by KOSMA in Kuantan ("**Land**").

Based on the representation made by Strata Fokus to Ho Hup, Ho Hup then on 12 March 2018, entered into a Joint Venture Agreement ("**JVA**") with KOSMA for a joint development of the said Land. HHVK was set up as special purpose vehicle by Ho Hup to carry out the development of the said Land ("**Project**").

As part of the implementation of the Project, Alam Damai was appointed to be the main contractor for the Project. Both Alam Damai and Strata Fokus are jointly owned and controlled by a common person by the name of Lee Yew Heng ("**LYH**"). It was LYH via Strata Fokus who had introduced Ho Hup to KOSMA for the development of the said Land.

On 16 June 2022, KOSMA, HHVK, and Ho Hup mutually agreed to terminate the JVA, thereby discontinuing the Project. The decision was made after it was discovered that LYH and/or Strata Fokus misrepresented on the status of the said Land. It turned out that the said Land was earmarked to be Industrial under the Kuantan Master Development Plan 2035 and subsequently gazetted for Industrial usage only. As a result, the Land was no longer commercially viable for development.

Notwithstanding the above, LYH still sued HHVK for his commission under Strata Fokus and Alam Damai for RM1,940,000 and RM782,000 respectively.

Ho Hup is disputing the claim and counter claimed against Strata Fokus and Alam Damai for a refund for all monies paid to LYH and/or Strata Fokus and Alam Damai and damages as a result of the misrepresentation to Ho Hup.

Court management is fixed on 14 February 2025 to file witness statement. A trial date is fixed from 14 April 2025 to 18 April 2025. The Court had asked for mediation of the suit.

The Company is of the opinion that Strata Fokus and Alam Damai cannot deny its negligence in misrepresenting to the Company on the status of the Land and that they are the cause for the termination of the JVA and the Project. As such, the claimant will not succeed in its claim against the Company.

(v) Kuala Lumpur High Court WA-22NCvC-319-06/2023
Inti Perdana Sdn Bhd ("Inti Perdana") v. Ho Hup Construction Company Berhad

Inti Perdana filed a suit against Ho Hup for outstanding professional fees amounting to RM3,374,013.00 for a project in Besut, Terengganu via a Letter of Award on 19 December 2016 ("**Besut Project**"). In total, Inti Perdana had acted for Ho Hup in five different projects with five separate letters of award being issued for each project.

The professional fees payable to Inti Perdana were based on an agreed percentage rate of the awarded contract sum or final contract sum, whichever is lower. There is no dispute between Inti Perdana and Ho Hup for the other four projects.

Due to extrinsic circumstances, the Besut Project was terminated midway by the contract awarder i.e., Jabatan Pergairan dan Saliran, Kuala Terengganu, hence the final contract sum was accordingly reduced and as such, the professional fees payable to Inti Perdana was reduced accordingly.

However, Inti Perdana being dissatisfied with the reduction of professional fees proceeded next to sue Ho Hup for the entire professional fees based on the original contract sum without taking into consideration all monies paid earlier by Ho Hup to Inti Perdana.

Inti Perdana applied for summary judgment which was dismissed by the Court on 9 July 2024. The Court fixed the case management on 9 October 2024, with trial dates fixed on 26 April 2027 to 28 April 2027.

The Company is of the opinion that the claim made herein is frivolous and not substantiated by documentary evidence and will not succeed before the Court.

(vi) Court of Appeal No S-02 (I)(C)-1021-06/2025 (Kota Kinabalu High Court Originating Summons No BKI-24C-4-12/2024 (HC4))
Eko Bina Sdn Bhd ("EKB") v. Golden Wave Sdn Bhd ("GWSB")

On 18 January 2021, GWSB, the landowner and developer of a development project known as the "Crown Project" located in Kota Kinabalu, Sabah appointed EKB as the main contractor for the service suite & retail phase of the Crown Project.

On 21 July 2023, EKB commenced a claim against GWSB under CIPAA ("**Construction Industry Payment and Adjudication Act 2012**") for outstanding Interim Certificates i.e., IPC No. 12 to IPC No. 23 amounting to RM23,161,711.46.

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

(i) GWSB to pay EKB the total sum of RM23,161,711.46 as payments due and owing pursuant to Interim Certificates No. 12 to 23 ("**Adjudicated Sum**");

(ii) Pursuant to Section 18(1) of the CIPAA, GWSB is to bear the costs of adjudication in the sum of RM61,289.00 ("**Costs of Adjudication**");

(iii) GWSB shall further pay EKB's legal costs in the sum of RM30,000.00 ("**Legal Costs**"); and

(iv) GWSB shall pay EKB the Adjudicated Sum, Costs of Adjudication and Legal Costs within 30 days from the date of the Adjudication Decision; and 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 30 days from the date of the Adjudication Decision until the date of the full and final settlement.

In response to the Adjudication Decision, on 18 December 2023, GWSB applied to the High Court at Kota Kinabalu to set aside the whole of the Adjudication Decision on grounds, inter-alia, that there has been a denial of natural justice, that the Adjudicator under the CIPAA proceedings has acted in excess of jurisdiction in ignoring the declaration made by the High Court at Kota Kinabalu on 11 July 2023 that the claim initiated by EKB was a disputed debt and ought not to proceed further under CIPAA.

However, GWSB's application to set aside the Adjudication Decision was unsuccessful. On 17 May 2024, GWSB had appealed further to the Court of Appeal.

The appeal before the Court of Appeal is still pending and there is no date fixed yet by the Court for the disposal of the appeal before the Court of Appeal.

Meanwhile, GWSB had on 20 December 2023, commenced an Arbitration proper before the Asian International Arbitration Centre pursuant to Clause 34.5 of Pertubuhan Arkitek Malaysia 2006 Contract to resolve the dispute with EKB with finality.

The Company is of the opinion that it has sufficient documentary evidential proof to reverse the Adjudicator's decision made under CIPAA and its further claim for damages caused by EKB's breach of its construction contract will be successful.

(vii) Kuala Lumpur High Court WA-22NCvC-607-10/2023
RTC Consulting Sdn Bhd ("RTC") v Ho Hup Construction Company and 31 others

RTC has claimed an outstanding tax consulting fee of RM379,061.40 as well as an incentive fee of RM7,413,684.26, whereupon RTC had alleged to have garnered tax savings for the Ho Hup Group when there is no tax savings whatsoever to the Ho Hup Group but rather a deferment of Ho Hup Group's tax liabilities to the Malaysia Inland Revenue Board. The deferment only served to prolong the repayment period but did not reduce the tax liabilities for the Ho Hup Group. As such, there is no tax savings as claimed by RTC.

The defence has been filed by Ho Hup and the next case management is on 28 October 2024, with trial dates set for 25 March 2025 to 27 March 2025.

The Company is of the opinion that RTC will not succeed in its claim against the Company and that the Court will strike it out for the want of tax savings claimed by RTC.

(viii) Shah Alam High Court Suit No BA-22NCVC-239-06/2024
Negeri Sembilan Cement Industries Sdn Bhd ("NSCI") v. Tru-Mix Concrete Sdn Bhd ("Tru-Mix") and Ho Hup Construction Company Berhad

On 21 June 2024, NSCI served Tru-Mix, a 90%-owned subsidiary of Ho Hup and Ho Hup, as the corporate guarantor, with a copy of the Writ and Statement of Claims. The claim was in respect of an outstanding sum of RM2,144,788.20 for goods sold and delivered to Tru-Mix.

Statement of Defence has been filed and case management has been fixed on 15 November 2024.

(ix) Kuala Lumpur High Court Suit No WA-28NCC-625-07/2024
Sunrise Model Sdn Bhd ("SMSB") v. Bukit Jalil Development Sdn Bhd

On 12 July 2024, SMSB filed a winding-up petition against BJD, following a dispute between SMSB and BJD to complete a sale and purchase transaction.

The transaction in question pertains to a letter of offer dated 10 November 2021, whereby SMSB expressed interest in purchasing 128 rooms of the hotel* component and 190 units of SOVO 2 on Tower B of a development project known as Flex @ Bukit Jalil, on land held under H.S.(D) 123328, PT 50194, Mukim of Petaling, District of Kuala Lumpur, and State of Wilayah Persekutuan Kuala Lumpur, for a total consideration of RM97,651,500.00. Upon the expiration of the letter of offer, SMSB demanded the RM1,953,030.00 paid to BJD as a deposit ("**Outstanding Sum**") but BJD has failed to refund the Outstanding Sum.

On 20 June 2024, SMSB, through its solicitor, served a statutory notice on BJD pursuant to Section 466(1)(a) of the Act. Subsequently, the winding-up petition was duly served on BJD on 17 July 2024. The case management is fixed on 18 September 2024.

The Company is in the process of seeking legal advice as to the next course of action.

* The deviation in the number of hotel rooms with the number of hotel rooms finally approved as listed in the table under Section 2.2 was potentially due the development order which was originally approved on 25 February 2022 having been amended on 14 July 2022 and subsequently amended on 15 December 2023.

(x) Kuala Lumpur High Court Suit No WA-28NCC-752-08/2024
NRY Architects Sdn Bhd ("NRY") v. Bukit Jalil Development Sdn Bhd

On 15 August 2024, NRY filed a winding-up petition against BJD, following a dispute to settle an alleged outstanding professional consultancy fee for architectural services rendered.

NRY was initially appointed by BJD as the architect for the design and implementation of a proposed commercial development on Lot 36101, Bandar Bukit Jalil, Bukit Jalil, Kuala Lumpur, the development project known as Aurora Place @ Bukit Jalil under a letter of appointment dated 25 November 2009, with a total professional fee of RM300,000.00 ("**Parcel A**").

Subsequently, NRY was engaged as the architect for a mixed commercial development known as Flex @ Bukit Jalil, on land held under H.S.(D) 123328, PT 50194, Mukim of Petaling, District of Kuala Lumpur, and State of Wilayah Persekutuan Kuala Lumpur under a letter of appointment dated 1 February 2019, with a professional fee of 2.8% on the total building construction cost of approximately RM450,000,000.00 ("**Parcel D**").

The claim against BJD relates to outstanding invoices for the following amounts:

(a) proforma invoice dated 4 January 2023 for work completed on Parcel A, totalling RM1,549,615.47;
(b) proforma invoice dated 5 April 2022 for work completed on Parcel D, totalling RM1,335,600.00;
(c) proforma invoice dated 5 April 2022 for work completed on Parcel D, totalling RM667,800.00; and
(d) proforma invoice dated 30 May 2024 for work completed on Parcel D, totalling RM2,290,217.92.

Taking into account the interest and late payment charges, NRY has determined the final claim to be RM5,843,233.39. On 13 June 2024, NRY, through its solicitor, served a statutory notice on BJD pursuant to Section 465(1) and Section 466 of the Act.

On 24 June 2024, BJD disputed the amount claimed. Despite this, NRY proceeded to file and serve the winding-up petition on BJD on 19 August 2024, with the hearing scheduled for 21 October 2024. Case management is fixed on 19 September 2024.

The Company is of the view that the claim is disputable and shall be applying to the Court to strike out the said petition.

(xi) Kuala Lumpur High Court Suit No WA-28NCC-767-08/2024
Joterix Sdn Bhd ("JSB") v. Ho Hup Construction Company Berhad

On 20 August 2024, JSB filed a winding-up petition against Ho Hup for failure to satisfy a judgment sum of RM184,438.80, as awarded by the Kuala Lumpur Sessions Court on 28 June 2024 ("**Judgment Sum**") vide Kuala Lumpur High Court Civil No WA-A52NCC-925-03/2024. The Judgment Sum pertains to an outstanding amount of RM184,438.80 for goods sold and delivered to Ho Hup.

On 16 July 2024, JSB, through its solicitor, served a statutory notice on Ho Hup pursuant to Section 465 of the Act. Subsequently, the winding-up petition was duly served on Ho Hup on 23 August 2024, with the hearing scheduled for 23 October 2024. Case management is fixed on 25 September 2024.

The Company is in the process of seeking legal advice and at the same time, in negotiation with the claimant to resolve this matter.

(xii) Kota Kinabalu High Court of Sabah and Sarawak Suit No BKI-22NCVC-64-5/2024
Sabah Development Bank Berhad ("SDB" or "Plaintiff") v Golden Wave Sdn Bhd ("GWSB"), Ho Hup Ventures (KK) Sdn Bhd ("HHVKK"), Ho Hup Construction Company Berhad and 5 others

On 15 May 2024, the Plaintiff initiated legal proceedings by filing a Writ of Summons and Statement of Claim against the defendants. This action arose following a Notice of Recall dated 9 April 2024 issued by the Plaintiff to all the defendants demanding,

recalling and terminating a loan facility amounting to RM98,000,000.00 granted to GWSB, an indirect 52.50%-owned subsidiary of Ho Hup.

The summary of the above-mentioned suit is as follows:

A. GWSB had on 12 June 2018 entered into a facility agreement with the Plaintiff. The Plaintiff is now claiming against Ho Hup, HHVKK and the other defendants under the capacity as the guarantors of GWSB for:

   (i) the outstanding sum of RM46,849,297.41 (as at 2 May 2024);

   (ii) statutory interest at the rate of 5% per annum from 1 November 2023 until the date of judgment;

   (iii) statutory interest at the rate of 5% per annum from the date of judgment until full settlement;

   (iv) the cost of this action on a solicitors and client basis;

   (v) the filing fee of Writ of Summons and Statement of Claim of RM416.00; and

   (vi) the cost of proceedings.

B. On 17 May 2024, GWSB applied for Judicial Management vide Kuala Lumpur High Court Civil No WA-28JM-17-05/2024 ("**JM Application**"). As a result of the JM Application, an immediate moratorium was imposed, starting from the date of the application and continuing until the application is either granted or dismissed. Consequently, SDB withdrew its suit against GWSB on 30 July 2024.

The defendants have filed their respective defences on 6 September 2024. Following this, the Plaintiff must submit its reply by 20 September 2024. The case is scheduled for further case management on 8 October 2024, during which the Court will be updated on the status of the case.

The Company is of the view that the claim was premature as there was no prior demand made against any of the guarantors.

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments contracted or known to be contracted by the Ho Hup Group, which upon becoming due or enforceable, may have a material impact on the financial position of the Ho Hup Group.

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Ho Hup Group, which upon becoming enforceable, may have a material impact on the financial position of the Ho Hup Group.

	RM'000
Guarantees issued by financial institutions in connection with performance bonds, security, tender deposits in favour of third parties for construction projects	6,047

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Ho Hup Tower – Aurora Place, 2-07-01- Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of the EGM:

(i) The Constitution of the Company;

(ii) The SPA and the material contracts referred to in Section 3 of this Appendix III;

(iii) The valuation report and the valuation certificate set out in Appendix II of this Circular;

(iv) Audited consolidated financial statements of Ho Hup for the FYEs 31 December 2022 and 31 December 2023 and the unaudited consolidated financial statements of Ho Hup for the 6-month financial period ended 30 June 2024;

(v) The letters of consent and declaration of conflict of interests referred to in Section 2 of this Appendix III; and

(vi) The relevant cause papers in respect of the material litigations referred to in Section 4 of this Appendix III.

HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD
(Registration No. 197301000497 (14034-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Ho Hup Construction Company Berhad ("**Ho Hup**" or the "**Company**") will be held at Bukit Jalil Golf and Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 30 September 2024 at 10:30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, to pass with or without modification to give effect to the following resolution, with or without modifications:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY BUKIT JALIL DEVELOPMENT SDN BHD ("BJD"), A WHOLLY-OWNED SUBSIDIARY OF HO HUP, OF A PARCEL OF FREEHOLD COMMERCIAL DEVELOPMENT LAND ("SUBJECT LAND") TO EXSIM PERSIARAN JALIL SDN BHD, FOR A CASH CONSIDERATION OF RM110,000,000 ("PROPOSED DISPOSAL")

"**THAT** subject to the approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Board of Directors of Ho Hup, and BJD, for the proposed disposal of the Subject Land upon the terms and conditions contained in the conditional sale and purchase agreement dated 6 May 2024 entered into between the BJD and EXSIM Persiaran Jalil Sdn Bhd for a cash consideration of RM110,000,000.

THAT the Directors of the Company and BJD, be and are hereby authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Disposal with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Disposal."

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
13 September 2024

Notes:-

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 September 2024 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 24 hours before the time appointed for the taking of the poll.

(vii) The resolution set out in the Notice of Extraordinary General Meeting 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.

FORM OF PROXY

HOHUP®

HO HUP CONSTRUCTION COMPANY BERHAD
(Registration No. 197301000497 (14034-W))

CDS Account No.

No. of shares held

I/We _____
[Full name in block, and as per NRIC/Passport/Company No.]
Tel: _____ 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 Extraordinary General Meeting of the Company to be held on Monday, 30 September 2024 at 10:30 a.m. or any adjournment thereof, at Bukit Jalil Golf and Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, and to vote as indicated below:

No.	Resolution	For	Against
1.	Proposed Disposal		

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 _____ September 2024

_____
Signature*
Member

Notes:-

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 September 2024 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.

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(vii) The resolution set out in the Notice of Extraordinary General Meeting will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR
HO HUP CONSTRUCTION COMPANY BERHAD
197301000497(14034-W)
SHAREWORKS SDN BHD
2-1, JALAN SRI HARTAMAS 8
SRI HARTAMAS
50480 KUALA LUMPUR

1st fold here