HO HUP CONSTRUCTION COMPANY BERHAD

[Registration No. 197301000497 (14034-W)]
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF HO HUP CONSTRUCTION COMPANY BERHAD ("**HO HUP**" OR "**THE COMPANY**") HELD AT BUKIT JALIL GOLF & 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.

PRESENT	**:**	Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim *(Chairman)* *(Independent Non-Executive Director)* Datin Chan Bee Leng *(Non-Independent Non-Executive Director)* Dato' Wong Kit-Leong *(Executive Director)* Dato' Wong Gian Kui *(Executive Director)* Mr. Low Kheng Lun *(Non-Independent Non-Executive Director)* Mr. Danny Hoe Kam Thong *(Independent Non-Executive Director)* *Dato' Sri Chee Hong Leong* *(Chief Executive Officer)*
ABSENT WITH APOLOGY	**:**	Mr. Thevanaigam Rajan Chitty *(Independent Non-Executive Director)*
MEMBERS PRESENT	**:**	As per Attendant List
PROXY HOLDERS	**:**	As per Attendant List
INVITEES	**:**	As per Attendant List
IN ATTENDANCE	**:**	Ms. Lim Shook Nyee *(Company Secretary)*

EGM 1/1 CHAIRMAN AND INTRODUCTION

Tan Sri Datuk Seri (Dr) Mazlan Bin Lazim ("**Tan Sri Chairman**") chaired the Meeting and welcomed all present to the Company's Extraordinary General Meeting ("**EGM**").

The Chairman informed that all the Directors of the Company and the Company Secretary were present at the Broadcast Venue, except for Mr. Thevanaigam Rajan Chitty who was unable to attend the EGM and had extended his sincere apologies.

EGM 1/2 QUORUM

The Secretary confirmed that a quorum was present, the Meeting was called to order by the Chairman.

EGM 1/3 NOTICE OF MEETING

The Notice of EGM dated 13 September 2024 as attached in the Circular to Shareholders dated 13 September 2024 ("**Circular**"), which had been sent to all shareholders of the Company, Bursa Malaysia Securities Berhad and the Auditors of the Company, was taken as read.

EGM 1/4 POLL VOTING

Tan Sri Chairman informed that the resolution to be considered at the Meeting would be put to vote by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

It was informed that the Share Registrar, ShareWorks Sdn Bhd would act as the Poll Administrator to conduct the polling process. The poll voting would be conducted electronically. Sharepolls Sdn Bhd had been appointed as the Independent Scrutineer to verify the poll results.

He added that the resolution put to vote at the Meeting would be proposed and seconded and then opened to the floor for questions in relation thereto.

EGM 1/5 POLL VOTING PROCEDURE

The representative of ShareWorks Sdn Bhd, Mr. Kou Si Qiang ("**Mr. Kou**") was invited to brief the members on the procedures for voting by electronic poll.

After the briefing, Mr. Kou conducted a trial run for the members to familiarise themselves with the device provided for poll voting purposes. There being no further questions from the floor on the electronic voting procedure, Tan Sri Chairman proceeded to the next item on the Agenda.

EGM 1/6 ORDINARY RESOLUTION
PROPOSED DISPOSAL BY BUKIT JALIL DEVELOPMENT SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF HO HUP, OF A PARCEL OF FREEHOLD COMMERCIAL DEVELOPMENT LAND TO EXSIM PERSIARAN JALIL SDN BHD, FOR A CASH CONSIDERATION OF RM110,000,000

The only item on the Agenda was to seek the members' approval for the Proposed Disposal by Bukit Jalil Development Sdn Bhd, a wholly-owned subsidiary of Ho Hup, of a Parcel of Freehold Commercial Development Land to Exsim Persiaran Jalil Sdn Bhd, for a cash consideration of RM110,000,000.

EGM 1/7 QUESTIONS AND ANSWERS ("Q&A") SESSION

Following the presentation of the resolution on the agenda, the Chairman declared the commencement of the Q&A session.

The Chairman informed that the Company had received questions from Chan Fung Han, a shareholder of the Company prior to the EGM.

The questions were then duly responded and addressed by Dato' Sri Chee Hong Leong, the Chief Executive Officer of the Company ("**Dato' Sri Chee**"), as follows:

Question 1:-

Page 2 & 3 to the Circular - It is stated that 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. At the same time, the valuation is based on the Income Approach (Residual Method) referencing the Flex Project.

(a) Is the valuation method appropriate whereby the Vendor may or may not proceed with the Flex Project, or potentially scale-up the size of the development project, or even launch a new development project with higher gross development value ("**GDV**")?

(b) Is there any clause in the Sale & Purchase Agreement ("**SPA**") that protects the interest of Ho Hup in the event the GDV of the Subject Land is increased higher than the GDV of the existing development order?

Answer to Question 1:-

Dato' Sri Chee responded that the income approach (Residual method) would be the appropriate approach to arrive at the Market Value of the Subject Land based on the ongoing nature of the ongoing development and with benefit of the developer order which was valid as at date of valuation, carried by the independent valuer, Nawawi Tie Leung Property Consultants.

He further mentioned that there was no clause in the agreement related to any increase or decrease in GDV and the land was being sold on an "as is where is" basis, and any changes in GDV would not concern Ho Hup.

Question 2:-

Page 10 the Circular - The rationale for the proposed disposal states that the Flex Project has steep construction costs and requires substantial capital over the course of its development period and it will be extremely challenging to proceed with the successful development of the Flex Project. The Flex Project will significantly increase the debt of the Group's statement of financial position.

(a) Why were the above rationale not carefully considered and addressed prior to launching the Flex Project?

(b) How robust did the Board of Directors review, deliberate, and approve the launching of Flex Project?

(c) How robust has the Management practiced proper controls over the planning and launching of new projects?

Answer to Question 2:-

It has been mentioned by Dato' Sri Chee that the Board have considered and approved the launch of the Flex Project after presentation of feasibility study, market survey, and cashflow projection prepared by the Project Management Consultant and Management. However, there were few reasons that had caused the Board's decision to dispose the project.

The first reason was due to the increase in construction cost, particularly the material cost whereby there was an annual increase of over 10% in the average price of sand and concrete as at 31 December 2023 and it would be expected to foresee a 15% increase in construction cost in 2024, which will lead to an inevitable rise in property prices.

Secondly, it was due to low market sentiments which was the lower level of sales such as the sales of SOVO1 in order to support Ho Hup to continue the project. Dato' Sri Chee added that SOVO1 with 168 units sold out of total 494 units, which represents 34% of sales.

Question 3:-

Page 13 to the Circular - It is stated that the Crown Project is unlikely to be completed. The only active project of Ho Hup is the TVET Project which has reached 90.50% completion.

(a) Will the Group's revenue be significantly affected after the proposed disposal is approved and completed?

Answer to Question 3:-

Dato' Sri Chee proceeded to respond that the Group's revenue would not be affected significantly as the Crown Project would be completed within the Extension of Time ("**EOT**"). He also further stated that besides the Crown Project, the Group were still generating income from the rental of assets.

Question 4:-

What is the latest Net Book Value ("**NBV**") of the Subject Land and the estimated net loss on disposal based on the latest unaudited quarterly report as at 30 June 2024?

Answer to Question 4:-

Dato' Sri Chee responded that as at 30 June 2024, the NBV of the Subject land has increased to RM133 million and the estimated net loss on the disposal was RM23,500,000.00.

Question 5:-
Material litigation - 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")

(a) What is/are the ground(s) that Ho Hup views it will succeed in the appeal and will reverse the decision of the High Court?

Answer to Question 5:-

Dato' Sri Chee further responded that the Company opined that the High Court had wrongly dismissed Ho Hup's set off/counter claim against the contractor i.e. Haji Said Binaan Sdn Bhd and Seni Kenanga Sdn Bhd (unincorporated JV) ("**HSB-SK**"), under the construction contract.

The HSB-SK was a contractor for Ho Hup for one of Ho Hup's project (Parcel A Project - Aurora Place). If Ho Hup's set off/counter claim been allowed, it would knock off absolutely MBB's claim against Ho Hup. In this matter, HSB-SK had taken out contract financing from MBB to finance the works awarded to it by Ho Hup. As security, Ho Hup acknowledged a Notice of Assignment of Contract Proceed from HSB-SK to pay onto MBB, monies due to HSB-SK under the construction contract. Thus, there must first be a valid owing due to HSB-SK before MBB may be paid.

Furthermore, MBB's claim towards HHCCB was made pursuant to the said Notice of Assignment of Contract Proceeds. The Company's solicitors are of the opinion that the rights under the notice of assignment cannot be greater than that of the contractual rights that exist between Ho Hup and HSB-SK.

In additional thereto, Ho Hup's contractual rights exist earlier before MBB's rights under the said Notice of Assignment of Contract Proceed. In the circumstances, Ho Hup's contractual rights should prevail. Hence, the appeal lodged to the Court of Appeal to reverse the decision of the High Court.

Dato' Sri Chee mentioned that the High Court being the Court of first instance was only right to exhaust all avenue available to the Company and to appeal further to the Court of Appeal.

EGM 1/8 ANNOUNCEMENT OF POLL RESULTS

There being no further question raised, Tan Sri Chairman requested for a proposer and seconder for the Ordinary Resolution.

The Ordinary Resolution was proposed by Ms. Lee Ping Yee and duly seconded by Ms. Ng Sut Peng and the motion was put to a vote by poll.

The poll results in respect of the Ordinary Resolution were as follows:

	FOR		**AGAINST**	
Ordinary Resolution	No. of Shares	%	No. of Shares	%
	235,301,728	99.9998	526	0.0002

Based on the poll results, Tan Sri Chairman declared that the Ordinary Resolution was carried as follows:

*"**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."*

EGM 1/9 CONCLUSION

Tan Sri Chairman concluded the Meeting and thanked all present for their presence and attendance at the EGM of the Company.

The Meeting ended at 10.49 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM
CHAIRMAN

Dated: 4 October 2024