

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

PROPOSED VARIATION TO THE PROPOSED REGULARISATION EXERCISE

1. INTRODUCTION

Reference is made to the Company’s announcements dated 3 November 2010 and 1 March 2011 in relation to the Proposed Regularisation Exercise.

Unless otherwise stated, abbreviations and definitions used throughout this announcement shall be the same as those previously announced.

On behalf of the Company, M&A Securities wishes to announce that Ho Hup had on 30 June 2011 entered into the following agreements with Plenitude:

- Second restated share sale agreement dated 30 June 2011 to vary the terms of the Principal SSA and the Restated SSA (“2nd Restated SSA”);
- Supplemental definitive agreement dated 30 June 2011 to vary the terms of the Definitive Agreement to regularise the financial condition of Ho Hup (“Supplemental Definitive Agreement”); and
- Option to purchase agreement dated 30 June 2011 between Ho Hup and Plenitude for Ho Hup to acquire the entire equity interest in Kolektra at an indicative total cash consideration of not less than RM12,798,500 (“Option Agreement”).

The salient terms of the 2nd Restated SSA, Supplemental Definitive Agreement and the Option Agreement are set out in Section 3 below.

Accordingly, on behalf of the Board, M&A Securities also wishes to announce that Ho Hup proposes to vary the components of the Proposed Regularisation Exercise, namely, the Proposed Rights Issue with Warrants, Proposed Private Placement with Warrants, Proposed Creditors Scheme, Proposed Acquisition, Proposed Exemption, Proposed Amendments and Proposed Increase in Authorised Share Capital (collectively, the “Proposed Variations”). Save for the Proposed Variations, the other components of the Proposed Regularisation Exercise remain unchanged.

2. DETAILS OF THE PROPOSED VARIATIONS

2.1 Proposed Revised Rights Issue with Warrants

Upon the completion of the Proposed Par Value Reduction, Ho Hup is proposing to undertake a renounceable rights issue of 204,000,816 new Ho Hup Shares (“Rights Shares”) together with 163,200,653 detachable warrants (“Warrants”) at an issue price of RM0.50 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Ho Hup Share held together with four (4) Warrants for every five (5) Rights Shares held after the Proposed Par Value Reduction (“Proposed Revised Rights Issue with Warrants”). The Rights Shares will be offered to the existing shareholders of Ho Hup whose names appear in the Record of Depositors of the Company (“Entitled Shareholders”) as at the close of business on the entitlement date to be determined after obtaining the approvals from all relevant authorities and the shareholders of the Company.

The Warrants will be issued free to each Entitled Shareholder of Ho Hup based on the respective Entitled Shareholders’ entitlement to the Proposed Revised Rights Issue with Warrants and on the acceptance of his/her rights entitlements.

The Proposed Revised Rights Issue with Warrants is renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Proposed Revised Rights Issue with Warrants. If the Entitled Shareholder decides to accept only part of his Rights Shares entitlements, he shall be entitled to the Warrants in the proportion of his acceptance of his Rights Shares entitlements.

Any unsubscribed Rights Shares with the attached Warrants shall be offered to other shareholders of Ho Hup under the excess Rights Shares application. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants and new Ho Hup Shares to be issued arising from the exercise of Warrants on the Main Market of Bursa Securities.

2.2.1 Pricing of the Rights Shares and Exercise Price of the Warrants

The issue price of the Rights Shares of RM0.50 each was arrived at after taking into consideration the following:-

- (i) The regularised financial position of Ho Hup after the Proposed Regularisation Exercise;
- (ii) The potential future earnings of the enlarged Ho Hup Group; and
- (iii) The par value of each Ho Hup Share after the Proposed Par Value Reduction.

The issue price of RM0.50 per Rights Share represents a discount of approximately 17% from the theoretical ex-rights price of the ordinary shares of RM1.00 each in Ho Hup of RM0.6036 per share based on the 5-day weighted average market price of the Ho Hup shares up to and inclusive of 29 June 2011 of RM0.8107 per share, being the last practicable date prior to the date of this announcement.

The exercise price of the Warrants will be determined at a later date after taking into consideration the theoretical ex-rights price of Ho Hup Shares, subject to the exercise price not being less than the par value of the Ho Hup Shares.

2.2.2 Entitlements to the Rights Shares and Warrants

The Rights Shares and Warrants will be provisionally allotted to the Entitled Shareholders. Fractional entitlements under the Proposed Revised Rights Issue with Warrants if any, will be dealt with in such manner as the Board in its absolute discretion deems fit and in the best interest of the Company.

2.2.3 Ranking of the Rights Shares and new ordinary shares of RM0.50 in Ho Hup arising from the exercise of the Warrants

The Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the existing Ho Hup Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the Rights Shares.

The new Ho Hup Shares to be issued arising from the exercise of the Warrants, shall, upon allotment and issue, rank pari passu in all respects with the then existing Ho Hup Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new Ho Hup Shares.

2.2.4 Underwriting Arrangement and Substantial Shareholders' Undertaking

Ho Hup intends to seek from Low Chee & Sons ("LCS"), a substantial shareholder of Ho Hup, an undertaking to subscribe in full and/or procure the subscription in full for its entitlement to the Rights Shares to be issued under the Proposed Revised Rights Issue with Warrants to be determined at the entitlement date. As at 21 June 2011, LCS holds directly 23,112,629 ordinary shares of RM1.00 each in Ho Hup, representing a 22.66% equity interest in Ho Hup. Based on Ho Hup's Register of Depositors as at 21 June 2011, LCS' subscription under the Proposed Revised Rights Issued with Warrants will be approximately RM23.11 million.

The Company will arrange for the underwriting of the balance of the Rights Shares to be offered under the Proposed Revised Rights Issue with Warrants, before the Proposed Revised Rights Issue with Warrants is offered.

2.2.5 Proceeds Raised and Utilisation of Proceeds

The Company is expected to raise gross proceeds of up to RM102.0 million from the Proposed Revised Rights Issue with Warrants which will be utilised in the following manner:-

	Proceeds	Note	Expected time frame for utilisation of proceeds
	RM'000		
Repayment of borrowings	55,000	(i)	Within twelve (12) months from the listing of the Rights Shares
Part redemption of RCPS (as defined under paragraph 2.4.3 below)	14,000		After twelve (12) months from the listing of the Rights Shares
Working Capital	30,500	(ii)	Within twenty-four (24) months from the listing of the Rights Shares
Estimated expenses in relation to the Proposed Regularisation Exercise	2,500	(iii)	Within one (1) month from the listing of the Rights Shares
Total estimated proceeds	102,000		

Notes:-

- (i) *Repayment of borrowings pursuant to a refinancing credit facility as disclosed under paragraph 2.4.1 of this announcement.*
- (ii) *The amount is proposed to be utilised by the Company for future new development projects which will be undertaken by the enlarged Ho Hup Group.*
- (iii) *The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at RM2.5 million for the Proposed Regularisation Exercise. If the actual expenses incurred pursuant to the Proposed Regularisation Exercise are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital.*

The gross proceeds to be raised from the exercise of Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants as well as the exercise price of the Warrants, which will be determined at a later date. For illustrative purposes, based on the indicative exercise price of the Warrants of RM0.50 per Warrant, the gross proceeds expected to be raised from the full exercise of Warrants is up to RM81.6 million. Such proceeds are proposed to be utilised for working capital requirements, which include amongst others, operating expenses, business expansion and/or finance costs.

2.2.6 Indicative Salient Terms of the Warrants

The indicative salient terms of the Warrants attached to the Rights Shares are set out in the following Table 1:-

Table 1: Indicative Salient Terms of the Warrants

Terms	Details
Number of Warrants	: Up to 163,200,653 Warrants to subscribe for up to 163,200,653 new Ho Hup Shares to be issued to the Entitled Shareholders of Ho Hup on the basis of four (4) Warrants for every five (5) Rights Shares held pursuant to the Proposed Revised Rights Issue with Warrants.
Detachability	: The Warrants which are to be issued pursuant to the Proposed Revised Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
Exercise Price	: The exercise price of the Warrants will be determined at a later date after taking into consideration the theoretical ex-rights price of Ho Hup Shares, subject to the exercise price not being less than the par value of the Ho Hup Shares. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	: The Warrants may be exercised at any time during the tenure of the Warrants of ten (10) years including and commencing from the issue date of the Warrants until 5.00 p.m. on the expiry date. The rights attached to the

Terms	Details
	Warrants which are not exercised during the Exercise Period will thereafter lapse.
Exercise Rights	: Each Warrant entitles the registered warrant holder to subscribe for one (1) new Ho Hup Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll, which is to be executed.
Deed Poll	: The Warrants will be constituted by the Deed Poll to be executed by Ho Hup.
Board Lot	: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Ho Hup Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Status of New Ho Hup Shares to be issued pursuant to the exercise of the Warrants	: All new Ho Hup Shares to be issued arising from the exercise of the Warrants shall upon allotment and issue rank pari passu in all respects with the existing Ho Hup Shares except that such new Ho Hup Shares shall not entitle its holders to any dividends, rights, allotments, and/or other distributions on or prior to the allotment of the new Ho Hup Shares arising from the exercise of the Warrants.
Listing	: An application will be made for the admission to the Official List of Bursa Securities for the listing of and quotation for the Warrants and the new Ho Hup Shares to be issued arising from the exercise of the Warrants.
Governing Law	: Laws of Malaysia.

2.3 Proposed Private Placement with Warrants

The Company no longer intends to undertake the Proposed Private Placement with Warrants.

2.4 Proposed Revised Scheme of Arrangement with Creditors

Ho Hup proposes to revise its scheme of arrangement with creditors which will be implemented through formal schemes of arrangement pursuant to Section 176 of the Act or such other more expedient arrangement in respect of the amounts owing to a secured creditor and all other unsecured creditors of Ho Hup and BJDSB (collectively the "Scheme Creditors") ("Proposed Revised Scheme of Arrangement with Creditors").

The settlement mechanism shall in principle be utilising the cash proceeds from the development of the freehold land owned by BJDSB, held under individual title Geran 42277, Lot No. 36101, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan measuring approximately 243,000 square meters ("One Jalil Land") into a mixed commercial and residential development ("One Jalil Development") to repay all amounts due to BJDSB's unsecured creditors and the proposed issuance of 139,876,544 RCPS to Ho Hup's unsecured creditors based on the principal terms set out in the ensuing sections, which will be subject to proof of debt, as at 31 October 2010 ("Cut-off Date").

2.4.1 Secured Creditor

It is proposed that the current secured creditor, which is owed approximately RM12.0 million by BJDSB and RM61.6 million by Ho Hup as at the Cut-off Date be settled in full. Ho Hup has recently entered into a refinancing credit facilities to fully redeem the secured creditor, which is a necessary component of the secured creditor scheme. Upon the completion of the abovesaid refinancing, the current secured creditor shall have been settled in full and will no longer be part of the Scheme Creditors. The refinancer and refinancing facilities do not form part of the Scheme Creditors.

2.4.2 BJDSB's Unsecured Creditors

It is proposed that unsecured creditors of BJDSB which are owed approximately RM126.6 million as at the Cut-off Date be settled in the following manner:-

- (a) Accrued interest, if any, up to the Cut-off Date shall be capitalised together with the principal outstanding amount as total debts to be settled;
- (b) All default interest, penalties, costs, fees and other charges or accruing or incurred, if any, after the Cut-off Date shall be waived;
- (c) The amount of debt for BJDSB's unsecured creditors shall be restructured based on the following salient terms:-
 - The principal amounts shall be repaid from the proceeds from the One Jalil Development.
 - The restructured debt shall be unsecured.

2.4.3 Ho Hup's Unsecured Creditors

It is proposed that the Ho Hup's unsecured creditors which are owed in aggregate of approximately RM69.9 million as at the Cut-off Date be settled by way of the proposed issuance of 139,876,544 redeemable convertible preference shares ("RCPS") at an issue price of RM0.50 each.

The proposed issuance of RCPS to Ho Hup's unsecured creditors shall be based on the following principal terms:

- (a) 139,876,544 RCPS shall be allotted and issued to Ho Hup's unsecured creditors in proportion of their outstanding scheme liabilities recognised by Ho Hup as at the Cut-off Date, for which the said unsecured creditors are required to waive all interest charged, penalty/overdue interests and any other incidental charges accruing after the Cut-off Date until the Proposed Regularisation Exercise becomes effective;
- (b) Ho Hup's unsecured creditors shall unconditionally release and discharge Ho Hup in full from all obligations and liabilities (including indemnities, undertakings, judgements awarded and/or other obligations, if any) and where applicable, withdraw and/or discontinue all legal proceedings whatsoever with no order as to costs and liberty to file afresh against Ho Hup in their capacity as defendant or respondent, upon issuance of the RCPS; and

- (c) All obligations and liabilities of Ho Hup under the corporate guarantees extended to Ho Hup's unsecured creditors shall be discharged and/or released in full upon the issuance of the RCPS.

The indicative salient terms of the RCPS are set out in the following Table 2:-

Table 2: Indicative Salient Terms of the RCPS

Terms	Details
Issue Size	: 139,876,544 RCPS and in multiples of RM0.50 each
Par Value	: RM0.01 per RCPS
Issue Price	: RM0.50 per RCPS
Tenure	: Three (3) years
Maturity Date	: The day falling three (3) years from the date of issue of the RCPS unless the tenure of the RCPS, if permitted by law, is extended by Ho Hup and the RCPS holders.
Board Lot	: The RCPS are tradeable upon listing in board lots of 100 RCPS.
Dividends	: A non-cumulative preference dividend rate per annum of 2.5 sen per RCPS shall be payable out of post taxation profits. The date of payment will be fixed at a later date. No dividends shall be paid on the ordinary shares of Ho Hup unless the dividends on the RCPS have first been paid.
Form and denomination	: The RCPS are to be issued in registered form and constituted by the Company's Memorandum and Articles of Association.
Conversion Right	: Each RCPS carries the entitlement to convert into new shares at the Conversion Ratio through the surrender of the RCPS.
Conversion Period	: (a) The RCPS may be converted at any time after the first anniversary from the date of issue of the RCPS at the option of the RCPS holder. (b) Any remaining RCPS that are not converted or redeemed by the expiry of the tenure of the RCPS shall be automatically converted into new Ho Hup Shares.
Conversion Ratio	: Each RCPS shall be convertible at the option of the holder, into one (1) fully paid Ho Hup Share.
Ranking of the RCPS	: The RCPS shall rank pari passu amongst themselves. In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption): (a) The RCPS shall confer on the holders the right to receive in priority to the holders of any other class of shares in Ho Hup, cash repayment in full of the amount (and the premium payable and the amount of any dividend that has been declared and remaining in arrears) of that RCPS provided that there shall be no further right to participate in

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any surplus capital or surplus profits of Ho Hup.

- (b) In the event that Ho Hup has insufficient assets to permit payment of the full Issue Price to the RCPS holder, the assets of Ho Hup shall be distributed rateably to the RCPS holder in proportion to the amount that each RCPS holder would otherwise be entitled to receive.

Ranking of new shares to be issued pursuant to the conversion of the RCPS : All new Ho Hup Shares to be issued pursuant to the conversion of the RCPS shall, upon allotment and issue, rank pari passu in all respects with the existing Ho Hup Shares except that such new Ho Hup Shares shall not entitle its holders to any dividends, rights, allotments, and/or other distributions on or prior to the relevant allotment date of the new Ho Hup Shares arising from the conversion of the RCPS. In addition, the new Ho Hup Shares to be issued pursuant to the conversion of the RCPS shall not be entitled to participate in any dividend which may be declared in respect of the financial year immediately preceding the conversion of the RCPS, notwithstanding the entitlement date may fall on a date after the conversion of the RCPS.

Redemption : Redemption shall be at the option of the Company at the Redemption Price at any time during the tenure of the RCPS but excluding the Maturity Date and will be sourced from the Proposed Revised Rights Issue with Warrants and internally generated funds of the Company.

Any remaining RCPS that are not redeemed by the Maturity Date shall be automatically converted into new Ho Hup Shares.

Redemption Price : The redemption price is at the issue price of RM0.50 per RCPS.

Method of Redemption : The Company may redeem the RCPS on a pro-rata basis at their nominal value commencing from the date of issue of the RCPS up to the Maturity Date.

Mode of Redemption : By tendering cash

Adjustment to the par value of the RCPS : Adjustments in relation to the conversion of the RCPS shall be made from time to time to account for any alteration of the par value of the Ho Hup Shares by reason of consolidation or subdivision with a corresponding alteration to the par value of the RCPS with the effect that the proportion of the voting rights of the RCPS holder will not be altered.

Rights of the RCPS holders : The RCPS holders are not entitled to any voting right except in the following circumstances until and unless such holder converts his RCPS into new shares:-

- (a) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RCPS;
- (b) upon any resolution for the winding up of Ho Hup or any of its subsidiaries;

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- (c) during such period as any dividends on the RCPS may have been declared but remains in arrears and unpaid; and
- (d) other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time.

The Proposed Revised Scheme of Arrangement with Creditors will also be subject to the following:-

- (i) Scheme Creditors' approval in a creditors' meeting; and
- (i) Upon sanction by the Court on the Proposed Revised Scheme of Arrangement with Creditors, all previous arrangements, compromises, commitments, negotiations and moratorium, if any, entered into between the Ho Hup Group and the Scheme Creditors shall be superseded by the Proposed Revised Scheme of Arrangement with Creditors.

The Scheme Creditors would be required to submit their proof of debt to confirm their liabilities as at the Cut-off Date and for adjudication by Ho Hup and as such the figures are subject to change.

2.5 Proposed Revised Acquisition

Pursuant to 2nd Restated SSA, Ho Hup proposes to acquire the entire equity interest in Fivestar from Plenitude for a purchase consideration of RM34,005,400 to be satisfied entirely via the allotment and issuance of 68,010,800 new Ho Hup Shares ("Revised Consideration Shares") to the Vendor on terms as set out in the Principal SSA and as varied by the Restated SSA and 2nd Restated SSA.

2.5.1 Basis of arriving at the purchase consideration

The purchase consideration of RM34,005,400 for the Proposed Revised Acquisition of Fivestar was arrived at on a willing-buyer willing-seller basis after taking into account, inter-alia, the following:-

- (i) the potential future earnings of Fivestar;
- (ii) the latest audited net tangible assets of Fivestar as at 31 December 2010 amounting to approximately RM16.35 million;
- (iii) the market value of the Development Land (as defined in paragraph 2.5.6 below) held by Fivestar of RM23.57 million as appraised by Khong & Jaafar in its valuation reports dated 23 June 2011. The market values were arrived at using the income and comparison methods;
- (iv) the historical performance of Fivestar;
- (v) the potential synergistic benefits to Ho Hup arising from the Proposed Revised Acquisition.

2.5.2 Basis of determining the issue price

The issue price of the Revised Consideration Shares of RM0.50 each was arrived at after taking into consideration the following:-

- (i) the audited consolidated net liabilities per share of the Ho Hup Group as at 31 December 2010 of RM0.29 per share;
- (ii) the 5-day weighted average market price of Ho Hup Shares up to 28 February 2011 of approximately RM0.5362 (being the last date preceding the date of the Restated SSA);
- (iii) the 5-day weighted average market price of Ho Hup Shares up to 29 June 2011 of approximately RM0.8107 (being the last date preceding the date of the 2nd Restated SSA);
- (iv) the audited consolidated loss per share of the Ho Hup group for the financial year ended 31 December 2010 of RM0.13 per share; and
- (v) the par value of each Ho Hup Share after the Proposed Par Value Reduction.

2.5.3 Ranking of the Revised Consideration Shares

All the Revised Consideration Shares to be issued pursuant to the Proposed Revised Acquisition shall rank pari passu in all respects with the existing Ho Hup Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, prior to the date of allotment of the Revised Consideration Shares.

2.5.4 Liabilities to be assumed

Ho Hup will not assume any liabilities of Fivestar under the Proposed Revised Acquisition. The existing liabilities of Fivestar will be settled in the normal course of business.

2.5.5 Estimated financial commitments

There are no additional financial commitments required by Ho Hup in putting the assets/businesses acquired on-stream.

2.5.6 Information on Fivestar

Fivestar was incorporated in Malaysia as a private limited company under the Act on 27 November 1995. As at the date of this announcement, the authorised share capital of Fivestar is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,600,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The shareholder of Fivestar is Plenitude, whilst the directors of Fivestar are Raymond Tan, Murai Hiroshi and Chuah Seong Phaik.

Fivestar is a property developer and is the master developer of Taman Puchong Hartamas, Mukim and District of Petaling, Selangor Darul Ehsan, a freehold township of 87.90 acres comprising 1,324 units of mixed residential and commercial developments. As at the date of this announcement, Fivestar does not have any subsidiary or associate companies.

Fivestar is currently the proprietor of eight (8) parcels of freehold land situated in the Mukim and District of Petaling, Selangor Darul Ehsan targeted for development. These parcels of land are part of the ongoing mixed residential and commercial development of the 87.90 acres Taman Puchong Hartamas township, for which the layout masterplan approval for the Taman Puchong Hartamas development was approved on 3 December 2009. These eight (8) parcels of land have been identified for three (3) separate developments, residential developments "Kim Crest" and "Serenity @ Kim Crest" and a proposed commercial development (collectively, "Development Land").

2.5.6.1 Description on the Development Land

(a) Kim Crest

The property comprises the ongoing development project known as Phases 9A and 11A, of Kim Crest@ Puchong Hartamas which is made up fourteen (14) 2-storey terrace houses, an open space and a road reserve. The site originally comprises five (5) parcels of land which were approved for surrender to the State Government and were subsequently approved for re-alienation together with the alienation of another 332 square metres of state land ("State Land") vide a letter dated 24 June 2009 from the Petaling District Land Office. The alienation premium for the State Land was paid on 11 September 2009. The property is pending the issuance of fourteen (14) individual Documents of Title.

The township within which the property is located lies off the east side of Lebuhraya Damansara/Puchong at about 20 kilometres south-west of the city centre of Kuala Lumpur and about 14 kilometres south of the city centre of Petaling Jaya. The present approach to the township from the city centre of Kuala Lumpur is by way of Jalan Syed Putra, Jalan Klang Lama, Jalan Puchong, Jalan Bakawali and Jalan Puchong Hartamas. Alternatively, the township may also be approached from the Kuala Lumpur / Seremban highway by way of the Bukit Jalil highway (Puchong-Sungai Besi Bypass), Jalan Puchong, Jalan Bakawali and Jalan Puchong Hartamas.

The neighbourhood of the township is characterised by a mixture of residential, commercial and industrial developments.

The property is located at the south-eastern corner of the township. Broadly, it is bounded by Jalan PH 1/9 alongside its north-western boundary; a parcel of vacant land on the north; Jalan Puchong Hartamas on the south and south-east and Jalan PH 1/9 and 2-storey terrace houses on the west.

Some of the notable existing schemes found in the neighbourhood include, Pusat Bandar Puchong, Bandar Puteri Puchong, Bandar Puchong Jaya, Taman Mutiara Indah, Bandar Bukit Puchong 1 and 2, Bandar Puchong Utama, Taman Lestari Perdana and Kampung Baru Puchong to name a few. Prominent commercial developments in the immediate neighbourhood of the property include Tesco Hypermarket, IOI Mall and Giant Hypermarket. Industrial properties found in the neighbourhood comprise mainly terrace and detached factories including Tractors (M) Sdn Bhd, Wisma Pelikan and DHL Supply Chain (M) Sdn Bhd.

Details of the Kim Crest development are set out below:

Location : HS(D) 217760, 217761, 217762, 217763, and 217764, Lots PT 71289, PT 71290, PT 71291, PT 71292, PT 71293 respectively all in Mukim and District of Petaling, Selangor Darul Ehsan and State Land

Total land area^ : 4,042 square metres (or 43,509 square feet)⁽¹⁾

Total land area* : 4,374 square metres (or 47,083 square feet)⁽²⁾

Tenure : Grant-in-perpetuity (freehold)⁽¹⁾

Category of land use : Building⁽¹⁾

Express condition : Residential building⁽¹⁾

Registered proprietor : Fivestar⁽¹⁾

Existing use : At present, the site is under construction

Net book value : RM2,053,000⁽³⁾

Total market value : RM2,300,000⁽⁴⁾

Restriction in interest : Nil⁽¹⁾

Encumbrances : Nil⁽¹⁾

Notes:

(1) Based on the five (5) separate Documents of Title at the Registry of Land Titles, Shah Alam on 25 May 2011 contained in the valuation report dated 23 June 2011 prepared by the Valuer.

(2) Based on the valuation report dated 23 June 2011 prepared by the Valuer.

(3) As at 28 February 2011.

(4) As appraised by the Valuer on 31 May 2011 based on its valuation report dated 23 June 2011 using the income approach.

^ Excludes State Land.

* Includes State Land.

Further details of the Kim Crest are set out below:

Lot number	Title number	Land area (square metres)
PT 71289	HS(D) 217760	895 ⁽¹⁾
PT 71290	HS(D) 217761	743 ⁽¹⁾
PT 71291	HS(D) 217762	743 ⁽¹⁾
PT 71292	HS(D) 217763	749 ⁽¹⁾
PT 71293	HS(D) 217764	912 ⁽¹⁾
State Land		332 ⁽²⁾

Notes:

(1) Based on the five (5) separate Documents of Title at the Registry of Land Titles, Shah Alam on 25 May 2011 contained in the valuation report dated 23 June 2011 prepared by the Valuer.

(2) Based on the valuation report dated 23 June 2011 prepared by the Valuer.

As stated in the valuation report, the layout plan was approved on 11 November 2008 and 3 December 2009 and the building plan for the Kim Crest development was approved by Majlis Perbandaran Subang Jaya on 23 October 2008 and extended on 31 March 2010. The gross development cost is approximately RM5.4 million and the expected gross profit margin is approximately 30%. Kim Crest commenced construction in December 2010 and it is expected to be completed within two (2) years. Construction is currently at approximately 35% completed. Kim Crest is funded from internal funds of Fivestar.

(b) *Serenity @ Kim Crest*

The Serenity @ Kim Crest is the proposed development name for the parcel of residential land of 18,373 square metres approved for thirty (30) 2 1/2-storey semi-detached houses, within the ongoing Taman Puchong Hartamas township, Mukim and District of Petaling, Selangor Darul Ehsan as stated in paragraph (a) above.

Serenity @ Kim Crest is bounded by a drainage reserve on the south-west, Bandar Puteri on the north-east and vacant lands on the remaining sides. The gross development cost of the proposed development is estimated at approximately RM36.5 million with expected gross profit margin of approximately 24%.

Details of the Serenity @ Kim Crest development are set out below:

Location	: HS(D) 217765, Lot PT 71294, Mukim and District of Petaling, Selangor Darul Ehsan
Total land area	: 18,373 square metres (or 197,765 square feet) ⁽¹⁾
Tenure	: Grant-in-perpetuity (freehold) ⁽¹⁾
Category of land use	: Building ⁽¹⁾
Express condition	: Residential building ⁽¹⁾
Registered proprietor	: Fivestar ⁽¹⁾
Existing use	: Vacant land
Net book value	: RM8,031,000 ⁽²⁾
Total market value	: RM12,000,000 ⁽³⁾
Restriction in interest	: Nil ⁽¹⁾
Encumbrances	: Nil ⁽¹⁾

Notes:

(1) *Based on the Document of Title at the Registry of Land Titles, Shah Alam on 25 May 2011 contained in the valuation report dated 23 June 2011 prepared by the Valuer.*

(2) *As at 28 February 2011.*

(3) *As appraised by the Valuer on 31 May 2011 based on its valuation report dated 23 June 2011 using the income and comparison approaches.*

As stated in the valuation report, the layout plan was approved on 11 November 2008 and 3 December 2009. The building plan for Serenity @ Kim Crest development was submitted to the regulatory authority for approval on 25 March 2011. Serenity @ Kim Crest is expected to be funded from bank borrowings and internal funds of Fivestar.

(c) *The Commercial Development*

The property originally comprises two (2) parcels of commercial land which were approved for surrender to the State Government and were subsequently approved for re-alienation together with a strip of government road reserve land ("Road Reserve") measuring a combined land area of approximately 7,825 square metres vide a letter dated 30 November 2010 from the Petaling District Land Office. The alienation premium for the Road Reserve was paid on 26 May 2011. The property is pending the issuance of the individual Document of Title. The property is situated within the ongoing mixed Taman Puchong Hartamas township, Mukim and District of Petaling, Selangor Darul Ehsan as stated in paragraph (a) above.

Fivestar proposes to develop the property into a 13-storey commercial building to be named at a later date. The proposed development is currently in its preliminary design phase, as such, details of the proposed development are not ascertainable at this juncture.

Details of the Commercial Development are as follows:

Location	: HS(D) 217766 & 217767, Lots PT 71295 & 71296, Mukim and District of Petaling, Selangor Darul Ehsan and Road Reserve
Total land area [^]	: 6,858 square metres (or 73,819 square feet) ⁽¹⁾
Total land area [*]	: 7,825 square metres ⁽²⁾ (or 84,228 square feet)
Tenure	: Grant-in-perpetuity (freehold) ⁽¹⁾
Category of land use	: Building ⁽¹⁾
Express condition	: Commercial building ⁽¹⁾
Registered proprietor	: Fivestar ⁽¹⁾
Existing use	: Vacant land
Net book value	: RM2,162,000 ⁽³⁾
Total market value	: RM9,270,000 ⁽⁴⁾
Restriction in interest	: Nil ⁽¹⁾
Encumbrances	: Nil ⁽¹⁾

Notes:

(i) *Based on the two (2) separate Documents of Title extracted from the Registry of Land Titles, Shah Alam on 25 May 2011 contained in the valuation report dated 23 June 2011 prepared by the Valuer.*

(ii) *Based on the valuation report dated 23 June 2011 prepared by the Valuer.*

(iii) *As at 28 February 2011.*

(iv) *As appraised by the Valuer on 31 May 2011 based on its valuation report dated 23 June 2011 using the comparison approach.*

[^] *Excludes Road Reserve.*

^{*} *Includes Road Reserve.*

2.5.7 Information on the Vendor

Plenitude was incorporated in Malaysia on 1 October 2010 as a private limited company under the Act. As at the date of this announcement, Plenitude has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 1,000 ordinary shares are credited as fully paid-up.

Plenitude is an investment holding company. The Directors and shareholding structure of Plenitude is as follows:-

Name	Interest	<---Direct -->		<-Indirect ->	
		No. of shares	%	No. of shares	%
Raymond Tan	Director / Shareholder	550	55%	450 ^{*1}	45%
Chan Yoke Wah	Director	-	-	450 ^{*1}	45%
Selena Cheow	Director	-	-	-	-
Gerbang Armada Sdn Bhd	Shareholder	450	45%	-	-

Note:

^{*1} Deemed interested by virtue of their substantial interest in Gerbang Armada Sdn Bhd pursuant to Section 6A of the Act.

2.5.8 Original date and cost of investment

The original date and cost of investment in Fivestar by Plenitude are 21 October 2010 and RM30,914,000 respectively.

2.5.9 Option to acquire

Pursuant to the Option Agreement, Ho Hup has been granted with the option to acquire ("Option") the entire equity interest in Kolektra ("Option Shares") from Plenitude for a purchase consideration of not less than RM12,798,500 but shall not be more than the value derived based on the valuation of the assets, status of the projects and resources of Kolektra ("Option Consideration"), to be satisfied by cash on terms set out in the Option Agreement.

2.5.9.1 Basis of arriving at the indicative Option Consideration

The indicative Option Consideration was arrived at on a willing-buyer willing-seller basis, after taking into account, inter-alia, the following:-

- (i) the potential future earnings of Kolektra;
- (ii) the latest audited net tangible assets of Kolektra group as at 31 December 2010 amounting to approximately RM13.81 million; and
- (iii) the historical performance of Kolektra;

A sale and purchase agreement will be entered into between Ho Hup and Plenitude in the event Ho Hup exercises the option to acquire the entire equity interest in Kolektra.

2.5.9.2 Information on Kolektra

Kolektra was incorporated in Malaysia as a private limited company under the Act on 25 February 1988. The authorised share capital of Kolektra is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up. Kolektra is principally a property developer and is the developer of Cheras

Hartamas, an upmarket mixed development of 1,160 units in Cheras, Kuala Lumpur.

Kolektra's wholly-owned subsidiary, Monteray Land Sdn Bhd is currently in negotiation with Majlis Perbandaran Subang Jaya for the development rights to develop a parcel of land in Seksyen 1, Pekan Puchong, Jalan Puchong, Batu 12, Puchong, Mukim of Petaling, District of Petaling, State of Selangor Darul Ehsan measuring approximately 4.26 acres for commercial development on a joint venture basis.

2.6 Proposed Exemption

In view that upon the completion of the Proposed Revised Acquisition, the shareholdings of Plenitude in Ho Hup does not increase to beyond 33.0%, Plenitude is not required to undertake the Proposed Exemption.

2.7 Proposed Revised Amendments

The Proposed Revised Amendments entail the consequential amendments to the Memorandum & Articles of Association of Ho Hup to facilitate the:

- (a) reduction in the par value of the shares in Ho Hup from RM1.00 per share to RM0.50 per share resulting from the Proposed Par Value Reduction; and
- (b) issuance of RCPS pursuant to the Proposed Revised Scheme of Arrangement with Creditors.

2.8 Proposed Revised Increase in Authorised Share Capital

The present authorised share capital of the Company is RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each. The Proposed Increase in Authorised Share Capital involves the increase in the authorised share capital of Ho Hup from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising Ho Hup Shares and RCPS (the number of Ho Hup Shares and RCPS to be allocated shall be determined in due course) to accommodate the increase in the number of Ho Hup Shares pursuant to the Proposed Revised Rights Issue with Warrants, the issuance of new Ho Hup Shares in the future arising from the conversion of RCPS and exercise of Warrants and the Proposed Revised Acquisition.

3. SALIENT TERMS OF THE AGREEMENTS

3.1 SSA, Restated SSA and 2nd Restated SSA

The salient terms of the SSA as varied by the Restated SSA and 2nd Restated SSA are as follows:-

- (A) The purchase consideration for the sale, purchase and transfer of the all the shares held by the Vendor in Fivestar ("Sale Shares") shall be Ringgit Malaysia Thirty Four Million Five Thousand and Four Hundred (RM34,005,400.00) only to be paid via the issuance of the Revised Consideration Shares.
- (B) The obligations of the Vendor to sell and of the Company to purchase all the Sale Shares upon the terms of the Principal SSA shall be conditional upon the fulfilment of the following conditions within twelve (12) months from the date of the Principal SSA or such further period as may be mutually agreed upon ("the Approval Period"):-

- (i) the approval of Bursa Securities having been obtained in respect of the Proposed Regularisation Exercise to be undertaken by the Company;
- (iii) approval in-principle for the listing of the Revised Consideration Shares being obtained from Bursa Securities and such approval remaining valid and continuing to be in force and effect until the completion of the Principal SSA;
- (iv) the approval of any other relevant authorities having been obtained in respect of the sale and transfer of the Sale Shares from the Vendor to the Company (if applicable);
- (v) the Company being satisfied with the results of a financial and/or legal due diligence which is being carried out on Fivestar;
- (vi) the Company obtaining of the prior approval of its shareholders, prior approval of its creditors and the sanction of the Court for the scheme of arrangement pursuant to Section 176(1) and (10) of the Act;
- (vii) the completion of the sale and purchase of the Sale Shares by the Vendor as the purchaser from Capital Land Sdn Bhd as the vendor and the registration of the Vendor as a member of Fivestar in its register of members;
- (viii) the Company's receipt of the approval of its shareholders for the Proposed Acquisition;
- (ix) the Vendor's receipt of the approval of its shareholders for the disposal of the Sale Shares to the Company, (if required);
- (x) the amendment to the Memorandum & Articles of the Company in order to facilitate the change in the par value of the shares in the Company via cancellation of RM0.50 from the par value of each existing ordinary share of RM1.00 in the Company pursuant to Section 64 of the Act;
- (xi) the Vendor being satisfied with the results of a financial and/or legal due diligence which is being carried out on Ho Hup for the purposes of ensuring that there are no prohibition or restriction in respect of the implementation of the Proposed Regularisation Exercise; and
- (xiii) the Definitive Agreement between the Company and the Vendor being unconditional.

(C) Other terms include the following:-

- (i) In the event that the relevant authorities including but not limited to Bursa Securities and/or SC impose condition(s) which unfavourably affects any of the parties and where the condition imposed results in a reduction in the purchase consideration, the parties agree that where the adjustment is not more than five percent (5%) from the purchase consideration, it shall not be a cause for the rescission or termination of the agreement and that the purchase consideration the number of Revised Consideration Shares to be issued shall be adjusted accordingly.
- (ii) The Vendor warrants to the Company that it shall obtain the approval from the Controller of Housing appointed under Section 4 of the Housing Development (Control and Licensing) Act 1966 for the sale and purchase of the Sale Shares notwithstanding the expiry of the Approval Period.

3.2 Definitive Agreement and Supplemental Definitive Agreement

The salient terms of the Definitive Agreement as varied by the Supplemental Definitive Agreement are as follows:-

- (i) The Proposed Regularisation Exercise shall be conditional upon the following conditions precedent being fulfilled within the period of twelve (12) months from the date of the Principal SSA or such further period as may be mutually agreed upon ("CP Fulfillment Deadline"):-
 - (a) The approval of the following authorities: -
 - the approval of Bursa Securities for the:
 - (a) Proposed Regularisation Exercise
 - (b) approval-in-principle for the listing of and quotation for the securities to be issued pursuant to the Proposed Regularisation Exercise on the Main Market of Bursa Securities; and
 - if required, the approval of any other relevant authorities in Malaysia or elsewhere;
 - (b) The approval of the shareholders of Ho Hup at a general meeting for the Proposed Regularisation Exercise;
 - (c) The sanction and confirmation of the Court, for the Proposed Par Value Reduction and the Proposed Revised Scheme of Arrangement with Creditors which shall be obtained after the approval by the shareholders of Ho Hup;
 - (d) Plenitude being reasonably satisfied that the results of the due diligence on Ho Hup whereby the results of the due diligence on Ho Hup do not reveal or identify any prohibition or restriction in respect of the implementation of the Proposed Regularisation Exercise;
 - (e) If required, the written approval of other third party(ies) for the Proposed Regularisation Exercise;
 - (f) the approval of Plenitude's shareholders (if required) for the execution of the Definitive Agreement;
 - (g) the Principal SSA as varied by the Restated SSA and 2nd Restated SSA being unconditional;
 - (h) the execution of all agreements and documents required for purposes of the Proposed Regularisation Exercise; and
 - (i) the approval of the creditors of Ho Hup for the Proposed Revised Scheme of Arrangement with Creditors.
- (ii) In the event the conditions precedent above have not been fulfilled by the CP Fulfillment Deadline, the Definitive Agreement shall be deemed to be terminated and shall be null and void and of no effect, and none of the parties shall have any claim against the other, save and except in respect of any antecedent breach.

3.3 Option Agreement

The salient terms of the Option Agreement are as follows:-

- (i) The Option granted may be exercised by Ho Hup at any time during the period of nine (9) months commencing from the date of the Option Agreement or such extended period as may be agreed upon by the parties by serving upon Plenitude, the exercise notice. Upon the exercise of the Option, Ho Hup shall pay a sum equivalent to three percent (3%) of the Option Consideration to Plenitude as an earnest deposit for the purchase of the Option Shares. The earnest deposit shall be refunded to Ho Hup if the parties fail to execute a sale and purchase agreement for Plenitude to sell the Option Shares and Ho Hup to purchase the Option Shares.
- (ii) The Agreement shall be conditional upon:-
 - (a) the approval of the shareholders of Ho Hup (if required);
 - (b) the approval of the shareholders of Plenitude;
 - (c) Ho Hup being satisfied with the results and findings of a due diligence in respect of Kolektra and its assets to be carried out by Ho Hup and/or its advisers within sixty (60) days from the date Ho Hup exercises the option; or such other period as may be agreed by the parties;
 - (d) the completion of the Proposed Regularisation Exercise; and
 - (e) the completion of the valuation on Kolektra and its assets conducted by a valuer appointed by Ho Hup within sixty (60) days from the date Ho Hup exercises the option or such other period as may be agreed by the parties.

4. RATIONALE FOR THE PROPOSED VARIATIONS

On 7 June 2011 and 20 June 2011, the Company had announced that the Court had on the same day declared null and void the Joint Development Agreement on BJDSB's 60 acre land in Bukit Jalil, dated 16 March 2010 ("JDA") entered into between BJDSB, a 70% subsidiary of Ho Hup and Pioneer Haven Sdn Bhd ("PHSB"), a wholly-owned subsidiary of Malton Berhad.

Ho Hup intends to fully leverage on the development of the land (known as One Jalil Development) to restructure the Company's debts and regularise its operations and financial condition on the basis that the full development rights of the freehold land owned by BJDSB, held under title Geran 42277, Lot No. 36101, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan measuring approximately 243,000 square meters reverts back to BJDSB.

In view of the above, Ho Hup has decided to undertake a modified plan by way of proposing a larger rights issue with warrants. Ho Hup is also acquiring only Fivestar, thereby giving all shareholders the opportunity to participate in the corporate turnaround of Ho Hup. The Proposed Variations will enable Ho Hup to proceed with the modified plan.

5. EFFECTS OF THE PROPOSED REGULARISATION EXERCISE

The Proposed Revised Amendments and Proposed Revised Increase in Authorised Share Capital will not have any effect on the share capital, substantial shareholder's shareholdings, earnings per share, net asset per share and gearing and dividends of the Company.

5.1 Share capital

The effects of the Proposed Regularisation Exercise on the issued and paid-up share capital of the Company are shown below:-

	No. of Ho Hup Shares '000	Par Value RM	RM '000
Existing as at 31 December 2010	102,000	1.00	102,000
After the Proposed Par Value Reduction	102,000	0.50	51,000
To be issued pursuant to the Proposed Revised Rights Issue with Warrants	204,001	0.50	102,000
After the Proposed Revised Rights Issue with Warrants	306,001	0.50	153,000
To be issued pursuant to the Proposed Revised Acquisition	68,011	0.50	34,005
After the Proposed Revised Acquisition	374,012	0.50	187,006
To be issued assuming full exercise of Warrants	163,201	0.50	81,600
After the full exercise of Warrants	537,213	0.50	268,606
To be issued assuming full conversion* of RCPS pursuant to the Proposed Revised Scheme of Arrangement with Creditors	111,877	0.50	55,938
Total enlarged issued and paid-up share capital	649,090	0.50	324,545

Notes:

* Net of redemption, assuming redemption is RM14,000,000.

5.2 Substantial shareholders

The effects of the Proposed Par Value Reduction, Proposed Revised Rights Issue with Warrants, the Proposed Revised Acquisition and assuming full exercise of the Warrants and full conversion of the RCPS pursuant to the Proposed Revised Scheme of Arrangement with Creditors on the shareholdings of the substantial shareholders of Ho Hup are shown below:-

	Existing as at 21 June 2011				After the Proposed Par Value Reduction				After the Proposed Revised Rights Issue With Warrants*			
	<---Direct -->		<--Indirect-->		<--Direct --->		<--Indirect-->		<---Direct -->		<--Indirect-->	
	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%
Formis Holdings Berhad	21,000 [#]	20.59	-	-	21,000	20.59	-	-	63,000	20.59	-	-
Extreme System Sdn Bhd	7,506 [#]	7.36	-	-	7,506	7.36	-	-	22,519	7.36	-	-
Datin Viannie Damit @ Undikai ⁽¹⁾	-	-	7,506 [#]	7.36	-	-	7,506	7.36	-	-	22,519	7.36
Dato' Low Tuck Choy ⁽³⁾	2,608	2.56	25,163	24.67	2,608	2.56	25,163	24.67	7,823	2.56	75,488	24.67
Low Teik Kien ⁽³⁾	699	0.68	25,163	24.67	699	0.68	25,163	24.67	2,096	0.68	75,488	24.67
Low Chee & Sons Sdn Bhd	23,113	22.66	-	-	23,113	22.66	-	-	69,338	22.66	-	-
Toh Hong Hooi ⁽¹⁾	-	-	7,506 [#]	7.36	-	-	7,506	7.36	-	-	22,519	7.36
Lim Tow Fuh ⁽¹⁾	-	-	7,506 [#]	7.36	-	-	7,506	7.36	-	-	22,519	7.36
Tan Mei Lian ⁽¹⁾	-	-	7,506 [#]	7.36	-	-	7,506	7.36	-	-	22,519	7.36
Low Lai Yoong ⁽⁴⁾	871	0.85	23,478	23.02	871	0.85	23,478	23.02	2,612	0.85	70,434	23.02
Plenitude	-	-	-	-	-	-	-	-	-	-	-	-
Raymond Tan ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-
Chan Yoke Wah ⁽⁶⁾	-	-	-	-	-	-	-	-	-	-	-	-
Gerbang Armada Sdn Bhd ⁽⁷⁾	-	-	-	-	-	-	-	-	-	-	-	-
Formis Resources Berhad ⁽⁸⁾	-	-	21,000 [#]	20.59	-	-	21,000	20.59	-	-	63,000	20.59
TMN ⁽⁹⁾	-	-	21,000 [#]	20.59	-	-	21,000	20.59	-	-	63,000	20.59

	After the Proposed Revised Acquisition				Assuming after full exercise of Warrants				Assuming after full conversion of RCPS [^]			
	<---Direct -->		<---Indirect-->		<---Direct --->		<---Indirect-->		<---Direct -->		<---Indirect-->	
	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%	No. of Ho Hup Shares '000	%
Formis Holdings Berhad	63,000	16.84	-	-	96,600	17.98	-	-	96,600	14.88	-	-
Extreme System Sdn Bhd	22,519	6.02	-	-	34,529	6.43	-	-	34,529	5.32	-	-
Datin Viannie Damit @ Undikai ⁽¹⁾	-	-	22,519	6.02	-	-	34,529	6.43	-	-	34,529	5.32
Dato' Low Tuck Choy ⁽³⁾	7,823	2.09	75,488	20.18	11,995	2.23	115,748	21.55	11,995	1.85	115,748	17.83
Low Teik Kien ⁽³⁾	2,096	0.56	75,488	20.18	3,214	0.60	115,748	21.55	3,214	0.50	115,748	17.83
Low Chee & Sons Sdn Bhd	69,338	18.54	-	-	106,318	19.79	-	-	106,318	16.38	-	-
Toh Hong Hooi ⁽¹⁾	-	-	22,519	6.02	-	-	34,529	6.43	-	-	34,529	5.32
Lim Tow Fuh ⁽¹⁾	-	-	22,519	6.02	-	-	34,529	6.43	-	-	34,529	5.32
Tan Mei Lian ⁽¹⁾	-	-	22,519	6.02	-	-	34,529	6.43	-	-	34,529	5.32
Low Lai Yoong ⁽⁴⁾	2,612	0.70	70,434	18.83	4,004	0.75	107,999	20.10	4,004	0.75	107,999	20.10
Plenitude	68,011	18.18	-	-	68,011	12.66	-	-	68,011	10.04	-	-
Raymond Tan ⁽⁵⁾	-	-	68,011	18.18	-	-	68,011	12.66	-	-	68,011	10.48
Chan Yoke Wah ⁽⁶⁾	-	-	68,011	18.18	-	-	68,011	12.66	-	-	68,011	10.48
Gerbang Armada Sdn Bhd ⁽⁷⁾	-	-	68,011	18.18	-	-	68,011	12.66	-	-	68,011	10.48
Ho Hup Unsecured Creditors	-	-	-	-	-	-	-	-	111,877	17.24	-	-
Formis Resources Berhad ⁽⁸⁾	-	-	63,000	16.84	-	-	96,600	17.98	-	-	96,600	14.88
TMN ⁽⁹⁾	-	-	63,000	16.84	-	-	96,600	17.98	-	-	96,600	14.88

Notes:-

- # As at 28 June 2011, Formis Holdings Berhad had announced that it had acquired 21,000,000 ordinary shares of RM1.00 each in Ho Hup from Extreme System Sdn Bhd.
- * Assuming all shareholders subscribe for their full entitlement under the Proposed Revised Rights Issue with Warrants.
- (1) Deemed interest by virtue of his/her substantial shareholdings in Extreme System Sdn Bhd.
- (3) Deemed interest by virtue of his shareholdings in Low Chee & Sons Sdn Bhd and Low Chee Estate.
- (4) Deemed interest by virtue of her shareholdings in Low Chee & Sons Sdn Bhd and APT Avenue Sdn Bhd.
- (5) Deemed interest by virtue of his substantial shareholdings in Gerbang Armada Sdn Bhd and Plenitude.
- (6) Deemed interest by virtue of his/her substantial shareholdings in Gerbang Armada Sdn Bhd.
- (7) Deemed interest by virtue of its substantial shareholdings in Plenitude.
- (8) Deemed interest by virtue of its shareholdings in wholly-owned subsidiary, Formis Resources Berhad.
- (9) Deemed interest by virtue of his substantial shareholdings in Formis Resources Berhad.
- TMN: Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas
- ^ Net of redemption, assuming redemption is RM14,000,000.

5.3 Earnings

The Proposed Regularisation Exercise is expected to contribute positively to the future earnings and put Ho Hup Group back onto stronger financial footing.

5.4 Net assets ("NA") and gearing

Based on the audited consolidated financial statements of the Ho Hup Group as at 31 December 2010, the proforma effects of the Proposed Par Value Reduction, Proposed Revised Rights Issue with Warrants, the Proposed Revised Acquisition and assuming full exercise of the Warrants and full conversion of the RCPS pursuant to the Proposed Revised Scheme of Arrangement with Creditors on the consolidated NA and gearing of the Ho Hup Group are shown below:-

	Audited as at 31 December 2010 RM'000	After the Proposed Par Value Reduction RM'000	After the Proposed Revised Rights Issue with Warrants[@] RM'000	After the Proposed Scheme of Arrangement with Creditors RM'000	After the Proposed Revised Acquisition RM'000	After the redemption of RCPS RM'000	Assuming full exercise of Warrants RM'000	Assuming full conversion of RCPS[^] RM'000
Share capital	102,000	51,000	153,000	153,000	187,006	187,006	268,606	324,545
Share premium	-	-	-	54,819	54,819	54,819	54,819	-
RCPS	-	-	-	1,199	1,199	1,199	1,199	-
Foreign reserves	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853
Accumulated losses	(135,965)	(84,965)	(84,965)	(84,965)	(87,465)*	(87,465)	(87,465)	(87,465)
Shareholders' equity/ (Capital deficiency)	(29,112)	(29,112)	72,888	128,906	160,412	160,332	242,012	241,933
Par value per ordinary share (RM)	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50
No. of shares NA/(Net liabilities) per share (RM)	102,000 (0.29)	102,000 (0.29)	306,001 0.24	306,001 0.42	374,012 0.43	374,012 0.43	537,213 0.45	649,090 0.37
Borrowings	84,671	84,671	84,671	90,083	91,157	77,157	77,157	77,157
Gearing (times)	(2.91)	(2.91)	1.16	0.70	0.57	0.48	0.32	0.32

Notes:

* After deducting estimated expenses of RM2,500,000.

^ Net of redemption, assuming redemption is RM14,000,000.

@ As the exercise price of the Warrants have not yet been determined at this juncture, the fair value effects of the Warrants have not been included.

5.5 Dividends

Any potential effect of the Proposed Regularisation Exercise on the dividends to be declared for the future financial years will be dependent on the dividend rate to be determined after taking into consideration the future financial performance of the Ho Hup Group.

6. CONDITIONS OF THE PROPOSED REGULARISATION EXERCISE

The Proposed Regularisation Exercise is subject to and conditional upon approvals from, amongst others, the following:-

- (i) Bursa Securities, for the:
 - (a) Proposed Proposed Regularisation Exercise; and
 - (b) approval-in-principle for the listing of and quotation for the securities to be issued pursuant to the Proposed Regularisation Exercise on the Main Market of Bursa Securities;
- (ii) the shareholders of Ho Hup;
- (iii) the sanction and confirmation of the Court for the Proposed Par Value Reduction and Proposed Revised Scheme of Arrangement with Creditors pursuant to Sections 64 and 176, respectively of the Act;
- (iv) the creditors at a court convened meeting; and
- (v) other relevant parties/authorities, if any.

The Proposed Par Value Reduction, Proposed Revised Rights Issue with Warrants, Proposed Revised Acquisition, Proposed Revised Amendments and Proposed Revised Increase in Authorised Share Capital are inter-conditional upon one another.

The Proposed Par Value Reduction, Proposed Revised Rights Issue with Warrants, Proposed Revised Acquisition, Proposed Revised Amendments and Proposed Revised Increase in Authorised Share Capital are conditional upon the Proposed Revised Scheme of Arrangement with Creditors, whilst the Proposed Revised Scheme of Arrangement with Creditors is not conditional upon the Proposed Par Value Reduction, Proposed Revised Rights Issue with Warrants, Proposed Revised Acquisition, Proposed Revised Amendments and Proposed Revised Increase in Authorised Share Capital.

The option to acquire Kolektra is conditional upon the Proposed Regularisation Exercise.

The Proposed Regularisation Exercise is not conditional upon any other corporate proposals being undertaken by Ho Hup, if any.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors or major shareholders of Ho Hup and any persons connected with them have any interest, direct or indirect in the Proposed Regularisation Exercise, save for their interests as shareholders, which will also be made available to all other shareholders of Ho Hup.

8. DIRECTORS' STATEMENT

Having considered all aspects of the Proposed Regularisation Exercise, the Directors of Ho Hup are of the opinion that the Proposed Regularisation Exercise is in the best interest of Ho Hup.

9. ESTIMATED TIME FRAME FOR SUBMISSION AND COMPLETION

The submission of the application to the relevant authorities for the Proposed Regularisation Exercise is targeted to be made during the 2nd quarter of 2011.

Barring unforeseen circumstances, the Proposed Regularisation Exercise is expected to be completed within 12 months from the date of this announcement.

The tentative timeline in relation to the implementation of the Proposed Regularisation Exercise is as follows: -

Date	Events
October 2011	<ul style="list-style-type: none">▪ Extraordinary general meeting of shareholders to approve the Proposed Regularisation Exercise▪ Scheme Creditors' court convened meeting to approve the Proposed Revised Scheme of Arrangement with Creditors
October 2011	<ul style="list-style-type: none">▪ Court sanction for the Proposed Par value Reduction and Proposed Revised Scheme of Arrangement with Creditors▪ Announcement of book closure date for the Proposed Revised Rights Issue with Warrants
November 2011	<ul style="list-style-type: none">▪ Public release of the Abridged Prospectus and Rights Subscription Form▪ Issuance of Rights Shares, Revised Consideration Shares, RCPS and Warrants
December 2011	Listing of and quotation for the Rights Shares, Revised Consideration Shares, RCPS and Warrants on Bursa Securities

10. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed Regularisation Exercise, the option to acquire Kolektra and the disposal of land to Bayu Melati Sdn Bhd, there are no other proposals which have been announced but pending implementation.

11. DOCUMENTS FOR INSPECTION

The 2nd Restated SSA, Supplemental Definitive Agreement and Option Agreement may be inspected at the registered office of Ho Hup at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 30 June 2011.