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# Ho Hup board confident of prevailing at meeting

THE board of Ho Hup Construction Co Bhd, embroiled in a tussle with some of its substantial holders, say they could prevail at a shareholders' meeting on Thursday as they have made progress to turn around the company.

Financially strained Ho Hup has been struggling, having been served 23 winding-up petitions over a five-year period for failing to pay RM5.1 million. It has debts of RM110 million in addition to late delivery charges of RM23 million.

The board, led by Ho Hup deputy executive chairman Datuk Vincent Lye Ek Seang and group managing director Lim Ching Choy, has restructured loans and resolved problems with creditors and buyers.

According to Lim, Ho Hup expects to settle the payments with the respective parties in installments over the next two to three years.

"If we didn't do all these fast enough, Ho Hup would have been under water. We may not be here today," Lim told Business Times in an interview in Bukit Jalil, Kuala Lumpur, last week.

Ho Hup has built 225 houses in Jalil Suteru that were abandoned since 2006. Some 205 units have been handed over to buyers, Lim said.

It also launched last week 20 semi-detached homes in Jalil Suteru worth RM30 million. Almost all the units have been sold.

"The RM30 million will help us achieve our next target," Lim said, without elaborating.

Ho Hup has secured RM125 million in financing from Sabah Development Bank (SDB) for its RM2 billion integrated Jalil Green City project in Bukit Jalil.

"With the launch of Jalil City, we will be on a better financial footing.

**'Ho Hup expects to settle the payments with the respective parties in installments over the next two to three years.'**

Lim Ching Choy  
Group MD of Ho Hup

We will get the ball rolling for the project through the money secured. Following that, the project will be self-funded and we will be moving ahead with generating income," Lim said.

Ho Hup is also bidding for new building, construction and road infrastructure development projects in Peninsular Malaysia worth more than RM500 million to replenish its order book, Lim said.

"To me, Ho Hup needs to move forward. What we have done in the past nine months are the first steps to return the company to the black," Lim said.

Ho Hup former managing director Datuk Low Tuck Choy had



called for the meeting to replace Lim and Lye as well as five other board members with six new directors.

Low claimed that the revamp plan submitted last October by the current board was not in the best interest of the company's minority shareholders.

"Shareholders should vote for a team that is working for them to

enhance shareholders' value and manage the company professionally, to create a strong brand and raise market capitalisation.

"The vote for the right management is important for Ho Hup to move forward and get out of the Practice Note 17 (PN17) category," Lim said.

Lim said SDB, UOB, AmInvestment Bank and Maybank have in-

dicated their support for Ho Hup under the current team.

Ho Hup has also been in the red since 2006. In fiscal 2008, its net loss was RM56.2 million. For the nine months to September 30 2009, it posted a net loss of RM23.8 million.

The 50-year-old company was declared a PN17 company in July 2008.

## Shareholders set to endorse 60pc capital reduction plan

HO HUP Construction Co Bhd is confident its revised revamp plan, aimed at helping the company escape its Practice Note 17 status, will receive full support from shareholders.

Under the revised plan, Ho Hup is proposing a 60 per cent capital reduction as opposed to 95 per cent proposed last October to substantially resolve the company's accumulated losses of RM110 million.

Managing director Lim Ching Choy said the lower capital reduction comes with the option to leverage on the company's 24ha landbank in Bukit Jalil, Kuala Lumpur.

That land has been earmarked for Jalil Green City, a RM2 billion mixed development project.

Lim said shareholders can either vote for the capital reduction plan or for the company to leverage on its core landbank to address the accumulated losses. Both options are set to help the company.

The revised plan calls for a proposed reduction of the existing issued and paid-up share capital of the company by 60 per cent of the par value. Then, five shares of 40 sen apiece would be consolidated into



Low has also called for a special meeting on Thursday to remove seven of eight existing Ho Hup directors

two shares.

The new plan will see a private placement of 10 million shares to parties not related to the company's existing shareholders, and a rights issue of 30 million to existing

shareholders.

The revised plan was introduced after taking into account shareholders' concern, Lim told Business Times in an interview in Kuala Lumpur.

The surge in the share price was also among the key factors that prompted Lim and his team to rethink their capital reduction proposal.

Ho Hup former managing director Datuk Low Tuck Choy had said the initial plan was not in the best interest of minority shareholders. Low, through Low Chee & Sons Sdn Bhd, holds 27 per cent of Ho Hup.

Low is trying to block the revamp plan and proposed another scheme to raise RM25.5 million from the sale of a renounceable one-for-one rights issue of 25.5 million irredeemable convertible preference shares (ICPS) with two warrants for each ICPS subscribed.

Low has also called for a special meeting on Thursday to remove seven of eight existing Ho Hup directors, including Lim and Ho Hup deputy executive chairman Datuk Vincent Lye Ek Seang.

While Low is not offering himself to be re-elected, he has proposed six appointees. He has said his younger brother, currently Ho Hup non-executive director Low Teik Kein, would remain on board as Low Chee & Sons' representative.

On Low's plan, Lim said that it would not fulfil the basic fundamental requirements to lift the PN17 status of Ho Hup.

Lim said this was because the amount of funding to be raised is insufficient for Ho Hup's debt management and working capital especially for the development of Jalil Green City.

## TM's HSBB access rates

FOR the "TM reveals HSBB access rates" story that appeared on January 30, we wish to clarify that the one time fee TM charges service providers to activate Internet ports are between RM100 and RM200, and not RM52-RM55.

The RM52-RM55 charge is the

monthly recurring port charge. Besides, on a monthly basis, it also charges service providers between RM50 and RM550 per megabit per second (Mbps) for bandwidth subscription. The different charges are for different types of usage.

The error is regretted.