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Ho Hup Moves A Step Closer To Exiting PN17

KUALA LUMPUR: Ho Hup CONSTRUCTION Bhd is inching its way out of PN17 after the settlement of a secured loan of RM75 million due to Insas Credit & Leasing Sdn Bhd.

In a filing with Bursa Malaysia yesterday, Ho Hup announced that Pioneer Haven Sdn Bhd (PHSB), a wholly owned subsidiary of MALTON BHD, had made the full payment to Insas.

Insas is the sole secured creditor of Ho Hup and Bukit Jalil Development Sdn Bhd (BJD), a 70% subsidiary of Ho Hup that owns 60 acres of prime land in Bukit Jalil.

Following a lengthy boardroom and court room battle, PHSB and BJD entered into an agreement to jointly develop 50 acres of the land. In return, BJD would receive 18% of the gross development value of the project.

In accordance with the supplemental agreement by BJD and PHSB on July 3, 2012, PHSB agreed to settle the amount due to Insas on behalf of BJD and Ho Hup.

“The payment made by PHSB shall be treated as an advance of part of BJD’s entitlement of the 18% gross development value of five-sixths of the land to be developed by PHSB, subject to a minimum value of entitlement of RM220 million,” Ho Hup said in the filing.

PHSB paid a sum of RM75,762,295.02 on Dec 28, 2012, comprising the principal sum of RM75 million and the interest, being the full settlement of the redemption sum to Insas on behalf of Ho Hup and BJD.

Apart from the debt settlement with Insas, PHSB will also assist BJD to secure financing of up to RM20 million to fund the development of its (BJD’s) share of the land of about 10 acres.

The repayment of the Insas loan is a major step towards Ho Hup regularising its financial position and exiting the PN17 list. Ho Hup rose five sen to 70 sen yesterday.