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**HENG HUP HOLDINGS LIMITED**

**興合控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1891)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ACQUISITION OF PROPERTIES**

**SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 30 October 2021, the Vendor has entered into the conditional Sale and Purchase Agreement with the Purchaser, an indirect wholly owned subsidiary of the Company pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Properties at a consideration of RM9,300,000 (equivalent to approximately HKD17,391,000).

**LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Besides, the Sia Brothers, being the controlling shareholders of the Company are deemed as connected persons of the Company. The Vendor is wholly owned by the Sia Brothers and hence a connected person of the Company at issuer level pursuant to Rule 14A.07 of the Listing Rules. The entering into of the Sale and Purchase Agreement between the Vendor and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Gram Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. The Sia Brothers and its associates are required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules; (ii) the recommendation of the independent board committee to the Independent Shareholders in relation the Acquisition; (iii) the advice of independent financial adviser to the independent board committee and the Independent Shareholders in relation to the Acquisition; (iv) the valuation report of the Property; and (v) a notice convening the EGM and the proxy form will be despatched to the Shareholders. As additional time is required for the Company to prepare certain information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 19 November 2021.

**Shareholders and potential investors of the Company should note that completion of the transaction contemplated under the Sale and Purchase Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

### **Date**

30 October 2021

### **Parties**

- (i) the Vendor; and
- (ii) the Purchaser.

## **Properties**

Three (3) adjoining parcels of agricultural land held under Title No. HSM 4044, HSM 4045, and HSM 4043, Lot No. PT 10541, PT 10542, and PT 10543 respectively, all in Tempat Bukit Chera, Mukim of Ijuk, District of Kuala Selangor, State of Selangor, Malaysia with the total land area of approximately 2.4282 hectares. The original acquisition cost of the Properties to the Vendor was RM7,845,000 (equivalent to approximately HKD14,670,150).

## **Consideration and payment terms**

The consideration of RM9,300,000 (equivalent to approximately HKD17,391,000) for the Properties is payable by the Purchaser in cash in the following manner:

- (i) RM930,000 (equivalent to approximately HKD1,739,100) representing 10% of the consideration, shall be paid by the Purchaser to the Vendor upon the execution of the Sale and Purchase Agreement; and
- (ii) RM8,370,000 (equivalent to approximately HKD15,651,900) representing 90% of the consideration, shall be paid within three (3) months from the date the Sale and Purchase Agreement shall become unconditional.

The consideration was determined on the basis of normal commercial terms and after arm's length negotiations between the Vendor and the Purchaser with reference to the preliminary valuation of the Properties of RM9,300,000 (equivalent to approximately HKD17,391,000) as of 28 October 2021 conducted by an independent property valuer by making reference to sales evidence as available in the market. The consideration will be funded by bank borrowing and the internal resources of the Group.

## **Conditions Precedent**

The Sale and Purchase Agreement shall take effect upon the satisfaction of the following conditions precedent:—

- (i) the consent from the State Authority for the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (ii) the passing of ordinary resolution(s) by the Shareholders at the EGM to be convened and held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

If any of the conditions precedent set out in the Sale and Purchase Agreement has not been fulfilled within three (3) months from the date of the Sale and Purchase Agreement, subject to any further extension as may be agreed by the Vendor and the Purchaser, the Purchaser will be entitled to terminate the Sale and Purchase Agreement by a written notice to the Vendor.

## **Completion**

The Properties will be delivered to the Purchaser on an "as-is" basis upon completion of the Sale and Purchase Agreement, which will take place within three (3) months from the date the Sale and Purchase Agreement shall become unconditional and the consideration is fully settled by the Purchaser.

## **GENERAL INFORMATION**

### **Information on the Group**

The Company is an investment holding company and its subsidiaries are principally engaged in trading of scrap ferrous metals, used batteries, waste paper and other scraps in Malaysia.

### **Information on the Purchaser**

Heng Hup Metal Sdn. Bhd., a company incorporated and existing under the laws of Malaysia with limited liability and an indirect wholly owned subsidiary of the Company, is principally engaged in trading of scrap ferrous metals, used batteries and other scraps.

### **Information on the Vendor**

5S Unity Properties Sdn. Bhd., a company incorporated and existing under the laws of Malaysia with limited liability, which is directly and wholly owned by the Sia Brothers. As advised by the Vendor, it is an investment holding company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has always strived to extend its overseas portfolio by growing its export business while continue to strengthen its position as the leading player in the local market.

The acquisition of the Properties is in line with the Group's priority to develop a new scrapyard in the State of Selangor, Malaysia for its business expansion. The Board believes that the new scrapyard will help the Group to achieve operational efficiency on its logistic management and serve as a risk management strategy on its plan for market diversification.

The Board are of the view that the terms of the Sale and Purchase Agreement, which have been agreed after arm's length negotiations are on normal commercial terms and such terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Besides, the Sia Brothers, being the controlling shareholders of the Company are deemed as connected persons of the Company. The Vendor is wholly owned by the Sia Brothers and hence a connected person of the Company at issuer level pursuant to Rule 14A.07 of the Listing Rules. The entering into of the Sale and Purchase Agreement between the Vendor and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Gram Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

## **GENERAL**

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. The Sia Brothers and its associates are required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules; (ii) the recommendation of the independent board committee to the Independent Shareholders in relation the Acquisition; (iii) the advice of independent financial adviser to the independent board committee and the Independent Shareholders in relation to the Acquisition; (iv) the valuation report of the Property; and (v) a notice convening the EGM and the proxy form will be despatched to the Shareholders. As additional time is required for the Company to prepare certain information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 19 November 2021.

As the Sia Brothers, all being the executive directors of the Company, owned as to 100% of the Vendor and regarded as having material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and therefore have abstained from voting on the relevant board meeting of the Company.

**Shareholders and potential investors of the Company should note that completion of the transaction contemplated under the Sale and Purchase Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“5S Holdings”	5S Holdings (BVI) Limited, a company incorporated in the BVI with limited liability and one of the controlling shareholders which is directly owned as to 35%, 16.25%, 16.25%, 16.25% and 16.25% by Mr. Sia 4, Mr. Sia 1, Mr. Sia 2, Mr Sia 3 and Mr. Sia 5, respectively
“associate”	has the meaning ascribed to it under the Listing Rules
“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Heng Hup Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1891)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules and for the purpose of this announcement, refers to 5S Holdings and the Sia Brothers or, where the context requires, any one of them
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“Mr. Sia 1”	Datuk Sia Keng Leong, an executive Director and one of the controlling shareholders of the Company
“Mr. Sia 2”	Mr. Sia Kok Chong, an executive Director and one of the controlling shareholders of the Company
“Mr. Sia 3”	Mr. Sia Kok Seng, an executive Director and one of the controlling shareholders of the Company
“Mr. Sia 4”	Datuk Sia Kok Chin, an executive Director, the chairman of the Board, the chief executive officer and one of the controlling shareholders of the Company
“Mr. Sia 5”	Mr. Sia Kok Heong, an executive Director and one of the controlling shareholders of the Company
“Properties”	three (3) adjoining parcels of agricultural land held under Title No. HSM 4044, HSM 4045, and HSM 4043, Lot No. PT 10541, PT 10542, and PT 10543 respectively, all in Tempat Bukit Cherakah, Mukim of Ijuk, District of Kuala Selangor, State of Selangor, Malaysia with the total land area of approximately 2.4282 hectares
“Purchaser”	Heng Hup Metal Sdn. Bhd., a company incorporated and existing under the laws of Malaysia with limited liability and an indirect wholly owned subsidiary of the Company
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the agreement entered into on 30 October 2021 between the Vendor and the Purchaser pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Properties at a consideration of RM9,300,000 (equivalent to approximately HKD17,391,000)
“Share(s)”	the ordinary share(s) in the issued share capital of the Company
“Shareholders”	the shareholders of the Company
“Sia Brothers”	Mr. Sia 1, Mr. Sia 2, Mr. Sia 3, Mr. Sia 4 and Mr. Sia 5
“State Authority”	means any governmental authority of the state, semi or quasi government department, statutory body, agency, regulatory authority or other corporation, for the time being authorised or having liberty and authority to exercise its rights, jurisdiction and/or responsibilities in connection with or affecting the Properties and/or all matters referred to under or arising out of the terms of the Sale and Purchase Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	5S Unity Properties Sdn. Bhd., a company incorporated and existing under the laws of Malaysia with limited liability, which is directly and wholly owned by the Sia Brothers
“%”	per cent

Unless otherwise specified, the conversion of RM into HKD is based on the exchange rate of RM1.00 to HKD1.87. No representation is made that any amounts in RM and HKD have been or could be converted at the relevant dates at the above rate or other rates or at all.

This announcement is also available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.henghup.com](http://www.henghup.com).

By order of the Board  
**Heng Hup Holdings Limited**  
**Datuk Sia Kok Chin**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 October 2021

*As at the date of this announcement, the executive Directors are Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong; and the independent non-executive Directors are Ms. Sai Shiow Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee.*