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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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****Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders****Gram Capital Limited**  
**嘉林資本有限公司**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 13 to 14 of this circular. A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 23 of this circular.

A notice convening the EGM to be held at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong on Wednesday, 15 December 2021 at 10:00 a.m. is set out on pages 32 to 33 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

The following precautionary measures will be taken by the Company for the EGM to prevent the spread of the COVID-19 epidemic: (i) compulsory temperature checks; (ii) compulsory wearing of surgical face masks; and (iii) no provision of refreshments and/or souvenirs. Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. Shareholders are encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

29 November 2021

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, the following expressions 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
“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)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules and for the purpose of this circular, 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 and held at 10:00 a.m. on Wednesday, 15 December 2021 at 40th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and transactions contemplated thereunder, or any adjournment thereof
“Group”	the Company and its subsidiaries
“Henry Butcher”	Henry Butcher Malaysia (Sel) Sdn Bhd, an independent property valuer
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder
“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
“Latest Practicable Date”	25 November 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“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

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## DEFINITIONS

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“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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

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## DEFINITIONS

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In this circular, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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.

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## LETTER FROM THE BOARD

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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)**

**Board of Directors**

***Executive Directors:***

Datuk Sia Kok Chin  
*(Chairman and Chief Executive Officer)*  
Datuk Sia Keng Leong  
Mr. Sia Kok Chong  
Mr. Sia Kok Seng  
Mr. Sia Kok Heong

***Independent Non-Executive Directors:***

Ms. Sai Shiow Yin  
Mr. Puar Chin Jong  
Mr. Chu Kheh We

***Registered office:***

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

***Principal Place of Business  
in Hong Kong:***

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East, Wanchai  
Hong Kong

29 November 2021

*To the Shareholders*

Dear Sir or Madam,

#### **DISCLOSABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTIES**

Reference is made to the announcement of the Company dated 30 October 2021 (the "Announcement") in relation to the Acquisition.

The purpose of this circular is to provide you with, among other things, (i) the 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 to the Acquisition; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) the valuation report prepared by Henry Butcher; (v) general information of the Group; and (vi) a notice of the EGM.

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## LETTER FROM THE BOARD

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### SALE AND PURCHASE AGREEMENT

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

#### **Date**

30 October 2021

#### **Parties**

- (a) the Vendor; and
- (b) the Purchaser.

#### **Subject Matter**

On 30 October 2021, the Vendor, a direct and wholly owned company of the Sia Brothers, has entered into the conditional Sale and Purchase Agreement with the Purchaser, an indirect and 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).

#### **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. 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:

- (a) 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
- (b) 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.



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## LETTER FROM THE BOARD

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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 Henry Butcher 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.

The Board makes reference to the valuation report prepared by Henry Butcher whereby, in arriving at its opinion of value based on as is where is basis, Henry Butcher took into consideration amongst others, certain transactions (as set out under the valuation report) (the "**Comparable Transactions**") which it extracted from the Malaysian Department of Property Valuation and Services. The Board notes that the Comparable Transactions were conducted in 2019.

The Board understands that there was no recent transaction of similar properties recorded within the vicinity of the Properties in the past 18 months. In the absence of actual transaction, Henry Butcher has relied on the asking price for the market activities in relation to vacant lands and/or potential lands for development as a source of valuation and Henry Butcher noted that the asking price of such properties within the vicinity has remained consistent throughout the years since 2019.

The Board also refers to the internal searches conducted by the Company on the leading and most common used portal for market activities involving properties in Malaysia. The Board notes that there is one (1) agriculture land (the "**Comparable Land**") located in the nearest proximity of the Properties currently available for sale. The asking price of the Comparable Land as at the Latest Practicable Date is RM2,100,000, calculated at RM32.14 per square foot (*Note 1*). In the meantime, the Board notes that only the lands located at the better location fronting onto the main road of an already developed industrial park and other existing infrastructures will have a higher asking price compared to the Comparable Land. Given the reasons above, the Board is of the view that the asking price for the Comparable Land is sufficient to reflect that the actual transaction price of the Comparable Transactions in 2019 is still relevant to the current market and compatible with the valuation of the Properties as set out in the valuation report prepared by Henry Butcher.

Having considered the advice from Henry Butcher and the internal searches conducted by the Company as elaborated above, the Board concludes that the valuation of the Properties with reference to the transactions in 2019 is fair and reasonable.

*Note:*

1. The asking price of the Comparable Land as at the Latest Practicable Date is RM2,100,000, calculated at RM32.14 per square foot. Please refer to the hyperlink below for more information of the Comparable Land.
  - (a) [https://www.propertyguru.com.my/commercial-property/puncak-alam-puncak-alam-for-sale-by-anson-lee-33164796?utm\\_campaign=my-pg-site-share-other-na-disih-clink&utm\\_medium=organic&utm\\_source=pg](https://www.propertyguru.com.my/commercial-property/puncak-alam-puncak-alam-for-sale-by-anson-lee-33164796?utm_campaign=my-pg-site-share-other-na-disih-clink&utm_medium=organic&utm_source=pg)

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## LETTER FROM THE BOARD

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### Conditions Precedent

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

- (a) the consent from the State Authority for the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (b) 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.

### FINANCIAL EFFECTS OF THE ACQUISITION

Immediately upon completion of the Acquisition and assuming the consideration is intended to be satisfied by (i) internal resources of the Group in the amount of approximately RM1,400,000; and (ii) external financing in the amount of approximately RM7,900,000, the financial effects of the Acquisition to the Group are: (i) an increase of asset arising from the Properties amounting to RM9,300,000; and (ii) an increase of net debts by RM9,300,000 calculated by a decrease in cash on hand and an increase in debt. Save as the abovementioned, the Directors consider that the Acquisition will not have any other material effect on the total assets, total liabilities and earnings of the Group.

### INFORMATION ON PARTIES

#### The Group

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

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## LETTER FROM THE BOARD

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### **The Vendor**

The Vendor is 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.

### **The Purchaser**

The Purchaser is a company incorporated and existing under the laws of Malaysia with limited liability, which is indirectly and wholly owned subsidiary of the Company. The Purchaser is engaged in the trading of scrap ferrous metals, used batteries and other scraps.

### **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 is in line with the Group's priority to develop a new scrapyards in the State of Selangor, Malaysia for its business expansion. The Board believes that the new scrapyards 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.

### **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.

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 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.

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## LETTER FROM THE BOARD

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Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this respect.

### GENERAL

As at the Latest Practicable Date, 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.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

### EGM

The voting at the EGM will be taken by a poll. The Company will make an announcement of the poll results in accordance with the relevant requirements under the Listing Rules as soon as possible. Any Shareholder who has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder shall abstain from voting on the resolution in relation thereto to be proposed at the EGM.

The Sia Brothers have entered into a deed of acting in concert confirmation and undertaking dated 20 August 2018. As such, each of the Sia Brothers, being parties to the deed of acting in concert confirmation and undertaking, is deemed under the SFO to be interested in the 510,000,000 Shares collectively held through 5S Holdings and the 48,000,000 Shares held by each of the other Sia Brothers.

As at the Latest Practicable Date, the Sia Brothers held 750,000,000 Shares (representing 75% of the existing issued share capital of the Company) among which 510,000,000 shares are held in the capacity as interest in a controlled corporation, 192,000,000 shares are held in the capacity as interests held jointly with another person and 48,000,000 shares are held in the capacity as beneficial owner. The Sia Brothers are the controlling shareholders of the Company and collectively, they are able to exercise control over the voting right of 750,000,000 Shares.

The Sia Brothers have material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder as described above and as such, the Sia Brothers and their associates are required to abstain from voting on the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

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## LETTER FROM THE BOARD

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Save as disclosed above and to the best of the Directors' knowledge, as at the Latest Practicable Date, no other Shareholder had any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and no other Shareholder is required to abstain from voting at the EGM on the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

A notice for convening the EGM to be held at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong on Wednesday, 15 December 2021 at 10:00 a.m. is set out on pages 32 to 33 of this circular. A form of proxy for the EGM is also enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person.

### **CLOSURE OF REGISTER OF MEMBERS**

In order to determine members who are entitled to attend the EGM on Wednesday, 15 December 2021, the transfer books and register of members will be closed from Tuesday, 14 December 2021 to Wednesday, 15 December 2021, both days inclusive, during which period no share transfers can be registered.

In order to be eligible to attend and vote at the EGM, all registered holders of shares of the Company should ensure that all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4.30 p.m. on Monday, 13 December 2021.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

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. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution for approving the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the appendices to this circular and the notice of the EGM.

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



**HENG HUP HOLDINGS LIMITED**

**興合控股有限公司**

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

**(Stock Code: 1891)**

29 November 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF PROPERTIES**

We refer to the circular dated 29 November 2021 (the “Circular”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in the Circular. Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of Gram Capital, together with the principal factors and reasons Gram Capital has taken into consideration, are set out on pages 15 to 23 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from Gram Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, the advice of Gram Capital and the relevant information contained in the Letter from the Board, we consider that (i) the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Sale and Purchase Agreement are also fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,  
The Independent Board Committee of  
**Heng Hup Holdings Limited**

**Ms. Sai Shiow Yin**  
Independent Non-Executive Director

**Mr. Puar Chin Jong**  
Independent Non-Executive Director

**Mr. Chu Kheh Wee**  
Independent Non-Executive Director



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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

29 November 2021

*To: The Independent Board Committee and the Independent Shareholders of Heng Hup Holdings Limited*

Dear Sir/Madam,

### DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTIES

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 29 November 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, on 30 October 2021, the Vendor 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) (the “**Consideration**”).

With reference to the Board Letter, the Acquisition constitutes discloseable and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Ms. Sai Shioh Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee, being all of the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the terms of the Acquisition are on normal commercial terms and are fair and reasonable; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of the business of the Company; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Acquisition at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

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## LETTER FROM GRAM CAPITAL

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### INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Acquisition. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the Properties, and we have been furnished with the valuation report on the Properties (the "**Valuation Report**") as set out in Appendix I to the Circular as prepared by Henry Butcher. Since we are not experts in the valuation of land and property, we have relied solely upon the Valuation Report for the value of the Properties.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM GRAM CAPITAL

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendor or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

#### Information on the Group

With reference to the Board Letter, 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.

Set out below are the financial information of the Group for the two years ended 31 December 2020 as extracted from the Company's annual report for the year ended 31 December 2020 (the "2020 Annual Report") and for the six months ended 30 June 2021 as extracted from the Company's interim report for the six months ended 30 June 2021 (the "2021 Interim Report"):

	For the six months ended 30 June 2021 <i>(unaudited)</i> RM'000	For the year ended 31 December 2020 <i>(audited)</i> RM'000	For the year ended 31 December 2019 <i>(audited)</i> RM'000	Change from 2019 to 2020 %
Revenue	773,731	868,312	990,604	(12.35)
Gross profit	46,934	48,986	50,352	(2.71)
Net profit and total comprehensive income for the year/period attributable to the owners of the Company	16,241	8,392	6,672	25.78

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## LETTER FROM GRAM CAPITAL

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With reference to the 2020 Annual Report, the Malaysian economy experienced the full impact of the COVID-19 pandemic from the second quarter of FY2020. Despite extreme challenges, the Group quickly adjusted and maintained focus on disciplining cost control and cash-flow to ensure sustainability.

As illustrated in the above table, the Group's revenue amounted to approximately RM868 million for the year ended 31 December 2020 ("FY2020"), representing a decrease of approximately 12.35% as compared to that for the year ended 31 December 2019 ("FY2019"). There was also a slight decrease in the Group's gross profit for FY2020 as compared to that for FY2019. Despite the aforesaid decreases in the Group's revenue and gross profit, the net profit and total comprehensive income attributable to the owners of the Company increased by approximately 25.78% from FY2019 to FY2020. With reference to the 2020 Annual Report and as advised by the Directors, such improvement was mainly due to (i) increased scrap ferrous metal prices and that the Group was able to secure scrap ferrous metal supplies at a better pricing; (ii) better gross profit margin from export sales; and (iii) increase in other income.

With reference to the 2021 Interim Report, the six months ended 30 June 2021 ("1H2021") was a very productive and yet challenging period for the Group. The global economy is slowly getting back to normal even though the COVID-19 pandemic remains a major threat around the globe. As the global economy is slowly recovering around the world, the supply and demand of the steel product has steadily pushed up the steel price since December 2020. The Group's revenue, gross profit and net profit and total comprehensive income attributable to the owners of the Company amounted to approximately RM774 million, RM47 million and RM16 million for 1H2021, representing increases of approximately 132.96%, 137.86% and 946.46% respectively as compared with those for the corresponding period in 2020.

With reference to the 2021 Interim Report, the COVID-19 pandemic is expected to remain a challenge throughout the remainder of 2021. However, steel consumption and demand for steel products remain strong, thus the scrap metal price has not been affected. The Group will continue to leverage off on its core competitive advantages and continue to strengthen its market leading position in the Malaysian scrap ferrous metal trading industry, by expanding its supplier and customer bases and increasing its business volume of scrap ferrous metals in both local and export markets.

### **Information on the Vendor**

With reference to the Board Letter, the Vendor is an investment holding company incorporated and existing under the laws of Malaysia with limited liability, which is directly and wholly owned by the Sia Brothers. The Vendor is a connected person of the Company.

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## LETTER FROM GRAM CAPITAL

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### **Information on the Properties**

With reference to the Board Letter, the Properties are three 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 Tempatan Bukit Cherakah, Mukim of Ijuk, District of Kuala Selangor, State of Selangor, Malaysia with the total land area of approximately 2.4282 hectares.

### **Reasons for and benefits of the Acquisition**

With reference to the Board Letter, 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.

As illustrated under the section headed "Information on the Group" above, the Group's financial performance was improved in 1H2021 as compared to that for the corresponding period in 2020. According to the 2021 Interim Report, sales volume of the scrap ferrous metal for 1H2021 was 417,584 tonnes, representing an increase of approximately 61.6% as compared to that for the corresponding period in 2020.

Having considered the Group's business expansion and development strategy to increase its business volume of scrap ferrous metals, we concur with the Directors that although the Acquisition is not conducted under the ordinary and usual course of the business of the Company, it is in the interests of the Company and its Shareholders as a whole.

### **Principal terms of the Sale and Purchase Agreement**

Summarised below are the principal terms for the Sale and Purchase Agreement, details of which are set out under the section headed "SALE AND PURCHASE AGREEMENT" of the Board Letter.

***Date:***

30 October 2021

***Parties:***

The Vendor and the Purchaser

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## LETTER FROM GRAM CAPITAL

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### *The Properties:*

Three 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 Cheraiah, Mukim of Ijuk, District of Kuala Selangor, State of Selangor, Malaysia with the total land area of approximately 2.4282 hectares.

### *Consideration:*

With reference to the Board Letter, the consideration of RM9,300,000 (equivalent to approximately HKD17,391,000) (the “**Consideration**”) for the Properties is payable by the Purchaser in cash. 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 at 28 October 2021 conducted by Henry Butcher 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.

### *The Valuation Report*

With reference to the Valuation Report, the market value of the Properties (on as is where is basis) as at 28 October 2021 was RM9,300,000 (equivalent to approximately HKD17,391,000) (the “**Valuation**”). Details of the Valuation Report are set out in Appendix I to the Circular.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of Henry Butcher with the Company; (ii) Henry Butcher’s qualification in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by Henry Butcher for preparing the Valuation Report. From the mandate letter and other relevant information provided by Henry Butcher and based on our interview with them, we were satisfied with the terms of engagement of Henry Butcher as well as their qualification for preparation of the Valuation Report. Henry Butcher also confirmed that they are independent to the Group and the Vendor.

The Valuation Report was prepared by Henry Butcher by adopting comparison approach. With reference to the Valuation Report, only one method (i.e. comparison approach) was adopted in valuing the Properties as in Henry Butcher’s opinion, comparison approach is the most appropriate method of valuation to assess the market value of the Properties as they consisting of three adjoining parcels of land without any development order and no detailed development proposal was drawn up for the Properties.

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## LETTER FROM GRAM CAPITAL

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The residual method is essentially a means of valuing land/property by reference to its development potential by deducting costs and developer's profit from its estimated completed development value. The formulation of a reasonable hypothetical development scheme which produces the optimum value of the property being assessed is essential for all residual method. As there is no development order and detailed development proposal drawn up for the Properties, it is impractical for Henry Butcher to adopt residual method. As such, Henry Butcher did not adopt residual method in arriving at the market value of the Properties.

Having considered that, among the two commonly adopted valuation approaches (i.e. comparison approach and residual method), comparison approach is the most appropriate method of valuation to assess the market value of the Properties in Henry Butcher's opinion and the residual method is impractical as illustrated above, we did not cross-check the Valuation with other valuation approach.

We further reviewed and enquired into Henry Butcher on the methodology adopted and the basis and assumptions adopted in the Valuation Report in order for us to understand the Valuation Report.

With reference to the Valuation Report, in arriving at its opinion of value based on as is where is basis, Henry Butcher took into consideration amongst others, certain transactions (as set out under the Valuation Report) (the "**Comparable Transactions**") which it extracted from the Malaysian Department of Property Valuation and Services. We understood that such transactions were conducted in 2019.

With reference to the Valuation Report, there was no recent transaction of similar properties recorded within the vicinity of the Properties in the past 18 months. Nevertheless, Henry Butcher is of the view that the valuation is fair since the asking price for the market activities in relation to vacant lands and/or potential lands for development within the vicinity have remain consistent throughout the years since 2019.

With reference to the Board Letter, the Board also refers to the internal searches conducted by the Company on the leading and most common used portal (the "**Portal**") for market activities involving properties in Malaysia. The Board notes that there is one agriculture land (the "**Comparable Land**") located in the nearest proximity of the Properties currently available for sale. The asking price of the Comparable Land as at the Latest Practicable Date was RM2.1 million, calculated at RM32.14 per square foot (the "**PSF Asking Price**"). In the meantime, the Board notes that only the lands located at the better location fronting onto the main road of an already developed industrial park and other existing infrastructures will have a higher asking price compared to the Comparable Land. Given the reasons above, the Board is of the view that the asking price for the Comparable Land is sufficient to reflect that the actual transaction price of the Comparable Transactions in 2019 is still relevant to the current market and compatible with the Valuation.

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## LETTER FROM GRAM CAPITAL

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For our due diligence purpose, we checked the information of the Comparable Land from the Portal ([https://www.propertyguru.com.my/commercial-property/puncak-alam-puncak-alam-for-sale-by-anson-lee-33164796?utm\\_campaign=my-pg-site-share-other-na-disih-clink&utm\\_medium=organic&utm\\_source=pg](https://www.propertyguru.com.my/commercial-property/puncak-alam-puncak-alam-for-sale-by-anson-lee-33164796?utm_campaign=my-pg-site-share-other-na-disih-clink&utm_medium=organic&utm_source=pg)) and noted that:

- (i) The Portal is hosted by PropertyGuru Group which was, according to the Portal, a property technology company founded in 2007 and its success is firmly rooted in solving a very big consumer pain-point – making finding a home a straightforward and transparent process for everyone involved. With this focus at PropertyGuru Group’s core, it is now the leading proptech company in five markets across South East Asia.
- (ii) The PSF Asking Price was RM32.14 for the Comparable Land, which was within the land value (per square foot) range and adjusted land value (per square foot) range of the Comparable Transactions.

Having considered the above and that (i) the Comparable Transactions are the latest transactions that Henry Butcher could find; and (ii) Henry Butcher made appropriate adjustments to the land value of the Comparable Transactions and adopted the best comparable transaction among them according to Henry Butcher’s expertise and experience, we do not doubt the adoption of the Comparable Transactions under the Valuation Report.

During our discussion with Henry Butcher, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report.

Having considered (i) the Consideration equals to the Valuation; and (ii) our independent work performed on the Valuation Report as set out above, we are of the view that the Consideration is fair and reasonable.

Taking into account the principal terms of the Sale and Purchase Agreement as set out above, we consider that the terms of the Acquisition are fair and reasonable.



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## LETTER FROM GRAM CAPITAL

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### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Acquisition are on normal commercial terms and are fair and reasonable; and (ii) although the Acquisition is conducted in the ordinary and usual course of the business of the Company, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

\* *For identification purpose only*

*Set out below is the text of a letter and valuation report prepared for incorporation in this circular received from Henry Butcher, an independent property valuer, in connection with its opinion of market value of the Properties as at 28 October 2021.*



**HENRY BUTCHER MALAYSIA GROUP**  
*International Asset Consultants*

No. 36-1, 2 & 3  
Jalan SS 15/4D  
47500 Subang Jaya  
Selangor, Malaysia

29 November 2021

Heng Hup Holdings Limited  
The Board of Directors  
No. 264, Jalan Satu A  
Kampung Baru Subang  
40150 Shah Alam  
Selangor Darul Ehsan  
Malaysia

Dear Sirs,

**VALUATION OF THREE (3) ADJOINING PARCELS OF AGRICULTURAL LAND HELD UNDER TITLE NO. HSM 4044, HSM 4045 & HSM 4043, LOT NO. PT 10541, PT 10542 & PT 10543 RESPECTIVELY, ALL IN MUKIM OF IJUK, DISTRICT OF KUALA SELANGOR, STATE OF SELANGOR**

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#### **INSTRUCTION, PURPOSE AND VALUATION DATE**

In accordance with your instruction for us to value the Subject Property held by 5S Unity Properties Sdn. Bhd., we confirmed that we have inspected the Subject Property, made relevant enquiries and obtained such further information as we considered necessary to provide you with our opinion of values of such Subject Property as at 28 October 2021 (the “**Valuation Date**”).

#### **SUBJECT PROPERTY**

The Subject Property comprises three (3) adjoining parcels of agricultural land held under Title Nos. HSM 4044, HSM 4045 & HSM 4043, Lot Nos. PT 10541, PT 10542 & PT 10543 respectively, all in Mukim of Ijuk, District of Kuala Selangor, State of Selangor.

**DEFINITION OF MARKET VALUE**

The term “Market Value” as used herein is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**BASIS OF VALUATION**

We confirm that we have valued the Subject Property in accordance with the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited, International Valuation Standards published by the IVSC and RICS Valuation-Global Standards of the Royal Institution of Chartered Surveyors (RICS).

We have adopted the Comparison Approach only in formulating our opinion of the current Market Value of the Subject Property.

**METHOD OF VALUATION**

We have only adopted only one (1) method in valuing the Subject Property. In our opinion, the Comparison Approach is the most appropriate method of valuation to assess the market value of the Subject Property as the Subject Property consisting of three (3) adjoining parcels of agricultural land without any development order and no detailed development proposal has been drawn up for the Subject Property. As such, we do not adopt Residual Method in arriving at the market value of the Subject Property.

The Comparison Approach is the market approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value. In arriving at our opinion of value based on “As Is Where Is” Basis, we have taken into consideration amongst others, the following transactions which we extracted from the Malaysian Department of Property Valuation and Services (JPPH):–

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Property</b>	HSM 2962, PT 3666, Mukim of Ijuk, District of Kuala Selangor	HSM 2864, PT 3614, Mukim of Ijuk, District of Kuala Selangor	HSM 2544, PT 3623, Mukim of Ijuk, District of Kuala Selangor
<b>Land Area</b>	2.9900 acres (130,243 square feet)	2.8911 acres (125,938 square feet)	3.0394 acres (132,396 square feet)

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Type</b>	Vacant Agricultural Land	Vacant Agricultural Land	Vacant Industrial Land
<b>Tenure</b>	Leasehold 99 years expiring August 12, 2096	Leasehold 99 years expiring August 07, 2096	Leasehold 99 years expiring July 27, 2096
<b>Date of Transaction</b>	December 04, 2019	July 15, 2019	July 08, 2019
<b>Consideration</b>	RM4,558,516.00	RM3,903,985.00	RM9,929,491.00
<b>Land Value (psf)</b>	RM35.00 psf	RM31.00 psf	RM75.00 psf
<b>Adjusted Land Value (psf)</b>	RM35.70 psf	RM30.07 psf	RM42.75 psf
<b>Remarks on Adjusted Value</b>	Adjustment was made on location, visibility, dual frontage, size and category of land use.		

We have adopted RM36.00 per square foot (derived from Comparable 1) to derive at the market value of Subject Property based on the following facts:–

- (a) We are of the opinion that Comparable 1 is the best comparable as it is located near to the Subject Property and has the least adjustments made.
- (b) Comparable 2 is located near to Subject Property but it has dual frontage. Therefore, more adjustments are needed to be made, reducing the accuracy of value indicated by Comparable 2.
- (c) Comparable 3 is an industrial land which is located at a better location with better visibility than the Subject Property. Therefore, more adjustments are needed to be made, reducing the accuracy of value indicated by Comparable 3.

There was no recent transaction of similar properties recorded within the vicinity of the Subject Property in the past eighteen (18) months. Nevertheless, we are of the view that the valuation is fair since the asking price for the market activities in relation to vacant lands and/or potential lands for development within the vicinity have remain consistent throughout the years since 2019.

**SOURCE OF INFORMATION/TITLE INVESTIGATION**

We were provided by the Company with copies of documents in relation to the title and we have also conducted land search at the respective land office of the local government authority to verify the ownership of the Subject Property.

**SITE INSPECTION**

The Subject Property was inspected by our valuers namely Mr. Derrick Lau and Ms Kelly Ng on October 28, 2021. Both Mr. Derrick Lau and Ms. Kelly Ng have a total of 20 years' experience in property valuation in Malaysia.

**OTHER DISCLOSURE**

We hereby confirm that Henry Butcher Malaysia (Sel) Sdn. Bhd. and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We enclose herewith our valuation report for your attention.

Yours faithfully,

For and on behalf of

**HENRY BUTCHER MALAYSIA (SEL) SDN. BHD.**

**DATIN Sr GOH HOOI YAN**

*MRISM, MRICS, APEPS, ICVS, MBVAM*

*Registered Valuer (V-441)*

*Director*

*Note:* Datin Sr Goh Hooi Yan is a member of Royal Institution of Chartered Surveyors, Royal Institution of Surveyors Malaysia and Association of Valuers & Property Consultants in Private Practice Malaysia, and a Fellow of Cambridge Commonwealth Trust. She has more than twenty five (25) years professional experience in property valuation in Malaysia. She has sufficient and current knowledge of the market, and the skills and understanding to undertake property valuation in Malaysia competently.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the above Directors in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company and to the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:

### Long position in the Shares, underlying shares and debentures of the Company or any other Associated Corporation

<u>Director</u>	<u>Company concerned</u>	<u>Nature of interests</u>	<u>Class and number of securities held</u>	<u>Percentage of interests in the company concerned</u>
Datuk Sia Kok Chin	Company	Interest in controlled corporation/Interests held jointly with another person/ Beneficial owner	750,000,000 ordinary shares (Note 1)	75%
Datuk Sia Keng Leong	Company	Interest in controlled corporation/Interests held jointly with another person/ Beneficial owner	750,000,000 ordinary shares (Note 1)	75%

<u>Director</u>	<u>Company concerned</u>	<u>Nature of interests</u>	<u>Class and number of securities held</u>	<u>Percentage of interests in the company concerned</u>
Mr. Sia Kok Chong	Company	Interest in controlled corporation/Interests held jointly with another person/ Beneficial owner	750,000,000 ordinary shares (Note 1)	75%
Mr. Sia Kok Seng	Company	Interest in controlled corporation/Interests held jointly with another person/ Beneficial owner	750,000,000 ordinary shares (Note 1)	75%
Mr. Sia Kok Heong	Company	Interest in controlled corporation/Interests held jointly with another person/ Beneficial owner	750,000,000 ordinary shares (Note 1)	75%

*Note:*

1. The Sia Brothers entered into a deed of acting in concert confirmation and undertaking dated 20 August 2018. As such, each of the Sia Brothers, being parties to the deed of acting in concert confirmation and undertaking, is deemed under the SFO to be interested in the 510,000,000 Shares collectively held through 5S Holdings and the 48,000,000 Shares held by each of the other Sia Brothers. In other words, each of the Sia Brothers is interested in the 750,000,000 Shares, among which 510,000,000 shares are held in the capacity as interest in a controlled corporation, 192,000,000 shares are held in the capacity as interests held jointly with another person and 48,000,000 shares are held in the capacity as beneficial owner.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which have been since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to or by any member of the Group, or are proposed to be acquired or disposed of by or leased to or by any member of the Group.

## 5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or the controlling Shareholders or their respective associates had interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

## 6. LITIGATION AND CLAIMS

As at the Latest Practicable Date, there was no litigation or claim of material importance pending or threatened against any member of the Group.

## 7. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have been named in this circular:

<b>Name</b>	<b>Qualifications</b>
Gram Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Henry Butcher	an independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report (as the case may be) and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding, either directly or indirectly, in any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020 (the date to which the latest published audited accounts of the Company were made up).



The letter from Gram Capital dated 29 November 2021 set out on pages 15 to 23 in this circular and the valuation report from Henry Butcher dated 29 November 2021 set out in Appendix I to this circular, were given for incorporation in this circular.

#### **8. NO MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

#### **9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.henghup.com](http://www.henghup.com)) for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Board dated 29 November 2021, the text of which is set out on pages 5 to 12 of this circular;
- (c) the letter from the Independent Board Committee dated 29 November 2021, the text of which is set out on pages 13 to 14 of this circular;
- (d) the letter from Gram Capital dated 29 November 2021, the text of which is set out on pages 15 to 23 of this circular;
- (e) the valuation report of Henry Butcher dated 29 November 2021, the text of which is set out in Appendix I to this circular;
- (f) the letter of consent from Gram Capital dated 29 November 2021 referred to in the above paragraph headed "7. Experts and Consents" in this appendix;
- (g) the letter of consent from Henry Butcher dated 29 November 2021 referred to in the above paragraph headed "7. Experts and Consents" in this appendix; and
- (h) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of Heng Hup Holdings Limited (the “Company”) will be held at 40th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong on Wednesday, 15 December 2021 at 10.00 a.m. for the purposes of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. **“THAT:**

- (a) the sale and purchase agreement date 30 October 2021 entered into between 5S Unity Properties Sdn. Bhd. and Heng Hup Metal Sdn. Bhd. (the “Sale and Purchase Agreement”), and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and
- (b) any director(s) of the Company be and is/are hereby authorised, for and on behalf of the Company, to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with (i) the implementations and completion of the Sale and Purchase Agreement and transactions contemplated thereunder; and/or (ii) any amendment, variation or modification of the Sale and Purchase Agreement and the transactions contemplated thereunder upon such terms and conditions as the board of directors of the Company may think fit.”

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

Hong Kong, 29 November 2021

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Principal place of business in Hong Kong:**

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East, Wanchai  
Hong Kong

**Registered office:**

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*As at the date of this notice, 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.*

*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
3. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
5. In order to determine members who are entitled to attend the EGM to be held on Wednesday, 15 December 2021, the transfer books and register of members will be closed from Tuesday, 14 December 2021 to Wednesday, 15 December 2021, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the EGM, all registered holders of the shares of the Company should ensure that all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4.30 p.m. on Monday, 13 December 2021.
6. All the resolution at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.