

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Heng Hup Holdings Limited

興合控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1891)

DISCLOSEABLE TRANSACTION

ACQUISITION OF LAND

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 3 March 2022 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Land at the consideration of RM29,392,981.20 (equivalent to approximately HKD54,762,357.20).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are under 25%, the Acquisition constitutes a disclosable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the circular and Shareholders' approval requirements under Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Land in accordance with the terms and conditions of the Sale and Purchase Agreement, which is free from all Encumbrances.

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

Date

3 March 2022 (after trading hours)

Parties

- Vendor : BONUS ESSENTIAL SDN. BHD. [Company No. 201201017489 (1003001-U)], a company incorporated in Malaysia with its registered address at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Malaysia
- Purchaser : Heng Hup Metal Sdn. Bhd., an indirectly wholly owned subsidiary of the Company and is principally engaged in the business of scrap metal trading in Malaysia or its nominated companies within the Group

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendor and its respective ultimate beneficial owners are Independent Third Parties.

Details of the Land

Two (2) adjoining pieces of vacant land forming part of the master land (hereinafter referred to as the "**Master Land**") held under master title **Geran 338399, Lot 79115, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor** (hereinafter referred to as the "**Master Title**").

The Master Title is endorsed with the category of land use "Tiada" (as Unoccupied) and express condition of "Pertanian" (an agriculture land) and is not subject to any restriction in interest.

The Master Land is to be sub-divided into the following portion of land:

- (i) the sub-divisional portion of the Master Land measuring in area of approximately 3.124 acres (equivalent to approximately 136,081.44 square feet) (hereinafter referred to as the "Medium Industrial Land");
- (ii) the sub-divisional portion of the Master Land measuring in area of approximately 7.185 acres (equivalent to approximately 312,978.60 square feet) (hereinafter referred to as the "Heavy Industrial Land"); and
- (iii) the remaining thereof measuring in aggregate area approximately 96.515 acres (hereinafter referred to as the "Excluded Land").

The Company acquired the Medium Industrial Land and the Heavy Industrial Land which adds up to an aggregate area of approximately 10.309 acres (equivalent to approximately 449,060.04 square feet), which shall be collectively referred to as the "Land".

For clarity purposes, the Excluded Land, deriving from the sub-divisional portion of the Master Land, does not form part of the Land and is thus not a subject matter of this transaction. The Excluded Land is under the legal title of the Vendor.

Conditions Precedent

Pursuant to the Sale and Purchase Agreement, the Acquisition is subject to the conditions precedent as stipulated in the Sale and Purchase Agreement, which is required to be fulfilled within twelve (12) months from the date of the Sales and Purchase Agreement or such other extended period upon the expiry of the conditional period as both parties may mutually agree in writing, as the case may be.

Consideration and Payment Terms

The Consideration for the Acquisition is RM29,392,981.20 (equivalent to approximately HKD54,762,357.20), which was determined after arm's length negotiations and taking into account the current market conditions, location of the Land, and land price in the surrounding area. The average price per square feet of the same land area near by is ranged from RM63.50 per square feet for heavy industrial land and RM55.00 per square feet for medium industrial land.

The Consideration will be subject to adjustment arising from the difference in the area of the Land upon the issuance of the title, derived as follows:–

Land	Land Area	Price Per Square Foot	Consideration
Medium Industrial Land	3.124 acres (equivalent to approximately 136,081.44 square feet)	RM55.00@	RM7,484,479.20
Heavy Industrial Land	7.185 acres (equivalent to approximately 312,978.60 square feet)	RM70.00@	RM21,908,502.00

The Consideration shall be paid in the following manner:–

Item	Tentative Date	Manner of Payment	Percentage	Amount
1	4 March 2022	Upon signing of the Sale and Purchase Agreement	30%	RM8,817,894.36
2	September 2022	Within seven (7) working days from the unconditional date	30%	RM8,817,894.36
3		Within seven (7) working days of the Purchaser's receipt of the certificate signed by the relevant Vendor's engineer or architect evidencing completion of the followings:–		
	May 2023	(a) Earthworks	30%	RM8,817,894.36
	June 2024	(a) Sewerage Reticulation Works	2.5%	RM734,824.53
	June 2024	(c) Water Reticulation Works	2.5%	RM734,824.53
	July 2024	(b) Works for Supply of Utilities Services accompanied by the supporting letters issued by the relevant authority	5%	RM1,469,649.06

The Consideration will be funded by bank borrowing and the internal resources of the Group.

Information of the Parties

The Vendor is a company incorporated under the laws of Malaysia. As advised by the Vendor, the Vendor is a property developer, and is principally engaged in the business of property development in Malaysia.

The Purchaser is a company incorporated under the laws of Malaysia. It is an indirect wholly owned subsidiary of the Company and is principally engaged in the business of scrap metal trading in Malaysia.

Passing of Title and Interest in the Land

Pursuant to the Sale and Purchase Agreement, the legal and equitable title and interest in the Land shall pass by the Vendor to the Purchaser upon full payment of the Consideration by the Purchaser to the Vendor on the Completion Date.

Delivery of the Land

Pursuant to the Sale and Purchase Agreement, the delivery of the said Land by the Vendor, free from Encumbrances shall take place on the Completion Date.

INFORMATION OF 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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The location of the Land was chosen due to its strategic location in a rapid developing industrial and housing area with ready access to utility supply (gas, electricity & water) as well as close proximity to the West Coast Highway interchange in Banting. The Land has good accessibility to Port Klang, located not more than 40 kilometres away which is often considered as the main gateway by sea into Malaysia.

The Land is considered as desirable location for the Group's future diversification plan as the Group intends to expand its facilities in the near future to cater for other different business segment of metal related businesses.

The Company considered that the Consideration is deemed to be fair and reasonable after taking into consideration of the transaction price around the same land area from year 2019 to year 2020. The Company has made the above assumptions based on the current statistical information as at the date of this announcement.

The Group is constantly exploring ways to expand its business and the Company's management team believe that the Acquisition will be beneficial to the Company and its shareholders and the Board considers that the terms of the Acquisition are on normal commercial terms, and are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are under 25%, the Acquisition constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the circular and Shareholders' approval requirements under Listing Rules.

DEFINITIONS

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

“Acquisition”	acquisition of the Land by the Purchaser from the Vendor
“Board”	the board of Directors of the Company
“Business Day”	any day except any Saturday, any Sunday, or any day which is a federal legal holiday or any day on which banking institutions are authorized or required by law or other governmental action to close in Malaysia
“Company”	Heng Hup Holdings Limited (stock code: 1891), a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	Within seven (7) business days from the date of payment of the Consideration in full, whereby the completion of the Sale and Purchase Agreement shall take place
“Consideration”	RM29,392,981.20 (equivalent to approximately HKD54,762,357.20) being the total consideration payable by the Purchaser to the Vendor in respect of the Acquisition
“Directors”	directors of the Company
“Encumbrances”	including charges, caveats, liens, claims, easement, trust, conflicting interests, equities, restraints and prohibitory orders, etc.
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Parties”	third parties who/which are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“Land”	Two (2) adjoining pieces vacant land forming part of the master title held under Geran 338399, Lot 79115, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor (hereinafter referred to as the “ Master Title ”) (hereinafter referred to as the “ Master Land ”) with an aggregate area of approximately 10.309 acres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Heng Hup Metal Sdn. Bhd., a company incorporated under the laws of Malaysia and an indirect wholly owned subsidiary of the Company or its nominated companies within the Group

“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 March 2022 and entered between the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Bonus Essential Sdn. Bhd. (Company No. 201201017489 (1003001-U), a company incorporated in Malaysia
“%”	per cent

Unless otherwise specified, the conversion of RM into HKD is based on the exchange rate of RM1.00 to HKD1.86. 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 and on the website of the Company at www.henghup.com.

By order of the Board
Heng Hup Holdings Limited
Datuk Sia Kok Chin
Chairman

Hong Kong, 4 March 2022

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.