Heng Hup Holdings Limited
興合控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1891)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

In this announcement, "we", "us", "our" and "Heng Hup" refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board of directors (the "**Board**") of Heng Hup Holdings Limited 興合控股有限公司 (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2024 ("**FYE 2024**"), together with the comparative figures for the financial year ended 31 December 2023 ("**FYE 2023**") as follows:

FINANCIAL HIGHLIGHTS

- Revenue for FYE 2024 amounted to RM1,706.66 million (equivalent to approximately HK$2,960.89 million), representing an increase of approximately 26.7% from RM1,346.98 million (equivalent to approximately HK$2,336.88 million) recorded in FYE 2023.

- Gross profit for FYE 2024 amounted to RM125.96 million (equivalent to approximately HK$218.20 million), representing an increase of approximately 63.4% from RM77.08 million (equivalent to approximately HK$133.73 million) recorded in FYE 2023.

- Profit attributable to owners of the Company for FYE 2024 amounted to RM25.46 million (equivalent to approximately HK$44.08 million), representing an increase of 198.1% from RM8.54 million (equivalent to approximately HK$14.82 million) in FYE 2023.

- The equity attributable to owners of the Group as at 31 December 2024 amounted to RM238.44 million (equivalent to approximately HK$414.14 million), representing an increase of 11.8% from RM213.30 million (equivalent to approximately HK$370.05 million) in 2023.

- The Board had decided not to recommend the payment of final dividend in respect of FYE 2024 (2023: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RM'000	2023 RM'000
Revenue	3	**1,706,659**	1,346,983
Cost of sales	6	**(1,580,695)**	(1,269,904)
Gross profit		**125,964**	77,079
Other income	4	**1,436**	1,605
Other losses, net	5	**(1,214)**	(765)
(Provision)/reversal of provision for loss allowance on trade receivables	11	**(1,883)**	193
Distribution and selling expenses	6	**(55,306)**	(31,683)
Administrative expenses	6	**(31,112)**	(28,552)
Operating profit		**37,885**	17,877
Finance income	7	**445**	666
Finance costs	7	**(5,468)**	(4,194)
Finance costs, net		**(5,023)**	(3,528)
Profit before income tax		**32,862**	14,349
Income tax expense	8	**(11,320)**	(6,111)
Profit and total comprehensive income for the year		**21,542**	8,238
Net profit/(loss) and total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**25,464**	8,540
– Non-controlling interest		**(3,922)**	(302)
Earnings per share attributable to owners of the Company for the year (expressed in sen per share)			
– Basic and diluted earnings per share	10	**2.55**	0.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RM'000	2023 RM'000
ASSETS			
Non-current assets			
Goodwill		**964**	964
Property, plant and equipment		**38,499**	31,828
Intangible asset		**224**	276
Investment properties		**5,824**	5,895
Deposits	*11*	**19,834**	17,636
Right-of-use assets		**23,382**	23,980
Deferred income tax assets		**1,575**	876
		90,302	81,455
Current assets			
Inventories		**56,028**	68,022
Trade and other receivables	*11*	**181,622**	204,024
Current income tax recoverable		**–**	3,319
Pledged bank deposits		**7,331**	5,561
Cash and bank balances		**45,063**	19,725
		290,044	300,651
Total assets		**380,346**	382,106
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**5,206**	5,206
Share premium		**49,306**	49,306
Capital reserve		**29,487**	29,487
Exchange translation reserve		**1**	–
Other reserve		**(325)**	–
Retained earnings		**154,762**	129,298
		238,437	213,297
Non-controlling interest		**(3,784)**	(707)
Total equity		**234,653**	212,590

	Notes	**2024**	2023
		RM'000	*RM'000*
Non-current liabilities			
Borrowings		**16,743**	16,862
Lease liabilities		**2,766**	1,858
Deferred income tax liabilities		**884**	818
		20,393	19,538
Current liabilities			
Trade and other payables	*12*	**60,391**	66,894
Current income tax liabilities		**2,923**	–
Borrowings		**60,182**	81,535
Lease liabilities		**1,804**	1,549
		125,300	149,978
Total liabilities		**145,693**	169,516
Total equity and liabilities		**380,346**	382,106

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated on 12 April 2018 as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

The Company's ultimate holding company is 5S Holdings (BVI) Limited. The ultimate controlling parties of the Group are Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong.

The consolidated financial information is presented in Malaysian Ringgit ("**RM**") unless stated otherwise.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES AND DISCLOSURES

The material accounting policies applied in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial information of the Group has been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial information has been prepared under the historical cost convention.

The preparation of consolidated financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.2 Amended standards adopted by the Group

The Group had applied the following amended standards which are mandatory effective for annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial information:

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	Non-current Liabilities with Covenants
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
IAS 7 (Amendments) and IFRS 7 (Amendments)	Supplier Finance Arrangements

The application of the amended standards in the current period did not have any material impact to the Group's financial positions and performance for the current and prior period, nor on the disclosures set out in this consolidated financial information.

2.3 New standards and amendments to standards not yet adopted by the Group

A number of new standards and amendments to standards have been issued but not effective for annual periods beginning on or after 1 January 2025 and have not been early adopted by the Group in preparing this consolidated financial information:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sales or contribution of Assets between an investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards as and when they become effective. Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 introduces new requirements for presentation within the consolidated statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from profit or loss to operating profit or loss and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the adoption of IFRS 18 is unlikely to have a significant impact on the Group's results of operations and financial position.

The Directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new and amended standards to existing IFRS.

3. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the trading of scrap ferrous metals, used batteries, waste paper, iron ore, other scraps and provision for logistic services.

The chief operating decision-makers are the executive directors and senior management led by the Group's chief executive officer. The executive directors and senior management regard the Group's business as a single operating segment and review the Group's internal reporting to assess performance and allocate resources. The Group uses a management approach for operating segment reporting.

The chief operating decision-makers assess the performance of the operating segment based on a measure of profit before income tax.

Revenue breakdown of the Group is as follows:

	2024	2023
	RM'000	*RM'000*
Trading of recycling materials	**1,694,790**	1,340,769
Logistics services income	**11,869**	6,214
	1,706,659	1,346,983

All revenue is recognised at a point in time upon delivery.

During the FYE 2024 and FYE 2023, the Group mainly traded in Malaysia and the majority of its revenue was generated in Malaysia.

Major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2024	2023
	RM'000	*RM'000*
Customer 1	**1,129,562**	722,142
Customer 2	**163,274**	252,536

4. OTHER INCOME

	2024	2023
	RM'000	*RM'000*
Rental income	**396**	571
Compensation received	**14**	4
Handling fee	**485**	303
Others	**541**	727
	1,436	1,605

5. OTHER LOSSES, NET

	2024	2023
	RM'000	*RM'000*
Other gains		
Gain on disposal of property, plant and equipment	**289**	161
Gain on remeasurement of right-of-use assets	**6**	–
	295	161
Other losses		
Foreign exchange losses, net	**(178)**	(19)
Property, plant and equipment written-off	**(1)**	(88)
Reversal of impairment loss on investment properties	**–**	13
Write-off of bad debts	**(28)**	(31)
Write-off of downpayment to suppliers	**(1,147)**	(801)
Impairment of downpayment to suppliers	**(155)**	–
	(1,509)	(926)
Other losses, net	**(1,214)**	(765)

6. EXPENSES BY NATURE

	2024 *RM'000*	2023 *RM'000*
Cost of trading goods sold	**1,556,104**	1,246,843
Employee benefit expenses	**32,436**	25,868
Depreciation expenses		
– property, plant and equipment	**7,365**	6,007
– right-of-use assets	**2,344**	1,817
– investment properties	**71**	71
Amortisation expenses		
– intangible assets	**52**	105
Auditors' remuneration		
– audit services	**948**	1,190
– non-audit services	**132**	86
Transportation costs	**41,132**	22,520
Lease expenses relating to		
– low value assets	**556**	437
– short term leases	**86**	128
Insurance expenses	**971**	737
Legal and professional fees	**1,072**	788
Petrol and diesel expenses	**2,259**	2,172
Repair and maintenance expenses	**7,412**	5,791
Secretarial fees	**225**	228
Subcontractor labour charge	**400**	707
Utilities expenses	**2,003**	1,465
Other expenses	**11,545**	13,179
Total cost of sales, distribution and selling expenses and administrative expenses	**1,667,113**	1,330,139

7. FINANCE COSTS, NET

	2024 *RM'000*	2023 *RM'000*
Interest income from bank deposits	**445**	666
Interest expense on bank borrowings	**(4,379)**	(3,773)
Interest expense on hire purchase liabilities	**(278)**	(260)
Interest expense on lease liabilities	**(262)**	(96)
Interest expense on bank overdraft	**(8)**	(16)
Interest expense on loans from subsidiaries' non-controlling shareholders	**(541)**	(49)
Finance costs	**(5,468)**	(4,194)
Finance costs, net	**(5,023)**	(3,528)

8. INCOME TAX EXPENSE

Malaysian corporate income tax has been provided at the rate of 24% (2023: 24%) of the estimated assessable profit for the FYE 2024 and FYE 2023.

	2024	2023
	RM'000	*RM'000*
Malaysian corporate income tax		
– current	**12,279**	5,823
– over provision in prior year	**(326)**	(102)
	11,953	5,721
Deferred income tax	**(633)**	390
Income tax expense	**11,320**	6,111

9. DIVIDENDS

At the forthcoming Annual General Meeting, no dividend will be declared for FYE 2024 (2023: Nil).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares issued during the respective financial year. Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares issued during the respective financial year adjusted for the dilutive effects of all potential ordinary shares.

	2024	2023
Earnings:		
Profit for the years attributable to the owners of the Company (RM'000)	**25,464**	8,540
Number of shares:		
Weighted average number of shares issued	**1,000,000,000**	1,000,000,000
Basic and diluted earnings per share (expressed in sen)	**2.55**	0.85

As at 31 December 2024 and 31 December 2023, the Company has no outstanding potential dilutive shares, hence there was no diluted earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2024 *RM'000*	2023 *RM'000*
Non-current		
Deposits for acquisition of land*	**19,834**	17,636
Current		
Trade receivables	**167,883**	187,006
Less: provision for loss allowance	**(2,922)**	(1,039)
	164,961	185,967
Downpayment to suppliers	**9,679**	10,630
Other receivables	**631**	2,201
Deposits and prepayments	**6,253**	5,128
Other tax receivables	**98**	98
	181,622	204,024
	201,456	221,660

Deposits for acquisition of land:

(1) On 3 March 2022, the Group entered into a sales and purchase agreement to acquire two (2) adjoining pieces of vacant land in Malaysia for a purchase consideration of RM29,392,981 and paid a refundable deposit of RM17,636,000. The completion of the said acquisition is subject to the fulfilment of the terms and conditions stated in this agreement. The said acquisition has yet to be completed as at the date of this announcement.

(2) On 30 April 2024, the Group entered into a sales and purchase agreement to acquire one (1) piece of industrial vacant land in Malaysia for a purchase consideration of RM3,059,496 and paid a refundable deposit of RM460,511. The completion of the said acquisition is subject to the fulfilment of the terms and conditions stated in this agreement. The said acquisition has yet to be completed as at the date of this announcement. On the same date, the Group has also entered into another sales and purchase agreement to acquire one (1) piece of industrial land with a unit of open shed warehouse and a single storey office in Malaysia for a purchase consideration of RM10,440,504 and paid a refundable deposit of RM1,571,489. The completion of the said acquisition is subject to the fulfilment of the terms and conditions stated in this agreement. The said acquisition has yet to be completed as at the date of this announcement.

(3) On 5 September 2024, the Group entered into a sales and purchase agreement to acquire two (2) pieces of industrial freehold land in Malaysia for a purchase consideration of RM1,660,670 and paid a refundable deposit of RM166,067. The completion of the said acquisition is subject to the fulfilment of the terms and conditions stated in this agreement. The said acquisition has yet to be completed as at the date of this announcement.

The Group generally grants credit terms ranging from 0 to 90 days to customers upon the approval of management according to the credit quality of individual customers. The aging analysis of the trade receivables based on invoice date is as follows:

	2024 *RM'000*	2023 *RM'000*
0 – 30 days	**107,435**	139,127
31 – 60 days	**22,089**	16,261
61 – 120 days	**31,975**	29,671
Over 120 days	**6,384**	1,947
	167,883	187,006

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2024	2023
	RM'000	*RM'000*
– Ringgit Malaysia (RM)	**167,070**	187,006
– United States Dollar (USD)	**813**	–
	167,883	187,006

Movement for provision of loss allowance on trade receivables is as follows:

	2024	2023
	RM'000	*RM'000*
At 1 January	**1,039**	1,232
Provision/(reversal of provision) for loss allowance	**1,883**	(193)
At 31 December	**2,922**	1,039

The carrying amounts of other receivables are denominated in RM and approximate their fair values.

12. TRADE AND OTHER PAYABLES

	2024	2023
	RM'000	*RM'000*
Trade payables	**31,375**	43,391
Accrued payroll liabilities	**8,132**	8,642
Loans from subsidiaries' non-controlling shareholders *(Note)*	**8,037**	5,652
Other payables and accruals	**12,847**	9,209
	60,391	66,894

Note: The loans from subsidiaries' non-controlling shareholders are unsecured, repayable on demand at mutually agreed interest rates.

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2024	2023
	RM'000	*RM'000*
– Ringgit Malaysia (RM)	**30,868**	43,391
– United States Dollar (USD)	**507**	–
	31,375	43,391

The aging analysis of the trade payables based on invoice date is as follows:

	2024	2023
	RM'000	*RM'000*
0 – 30 days	**26,231**	37,735
31 – 60 days	**451**	1,634
61 – 120 days	**687**	2,669
Over 120 days	**4,006**	1,353
	31,375	43,391

The carrying amounts of the trade and other payables approximate their fair values.

BUSINESS REVIEW

The Group remains a key player in Malaysia's scrap ferrous metal trading sector, driven by a steadfast commitment to integrity, which underpins all our business interactions. We remain committed to fulfilling our obligations and meeting our customers' needs. We are pleased to announce the Group's financial results for the FYE 2024.

For FYE 2024, the Group recorded revenue of RM1.71 billion, representing an increase of approximately 26.7% compared to RM1.35 billion in the FYE 2023. This increase in revenue was primarily driven by higher sales volume of scrap ferrous metal, which remains the Group's key revenue contributor.

The Group's sales volume of scrap ferrous metal reached 949,634 tonnes in FYE 2024, an increase of approximately 30.9% from 725,577 tonnes in FYE 2023. The average trading price of scrap ferrous metal reduced by approximately 4.6% from RM1,711.00 per tonne in FYE 2023 to RM1,633.00 per tonne in FYE 2024. The increase in sales volume was primarily driven by the government's focus on rail system expansion and recycling initiatives, increased demand from the automotive and construction sectors. However, despite these positive developments, the Group anticipates challenges in 2025, particularly with regard to overcapacity issues and environmental pressures.

The Group recorded a profit after tax of RM21.54 million in FYE 2024, a significant improvement of approximately 161% compared to RM8.24 million in FYE 2023. This improvement was largely attributable to a reduction in the cost of scrap ferrous metals, while significantly bolstered profitability despite the volatile in scrap ferrous metal selling prices. Furthermore, higher demand for scrap ferrous metals contributed to increased sales volume, further expanding the Group's margins compared to FYE 2023.

The steel industry continues to undergo significant changes while navigating a challenging global market landscape. The key issues facing the steel industry include overcapacity and the imperative for green transformation. Addressing these challenges require collaboration among industry stakeholders to develop sustainable solutions. Steel prices are expected to remain volatile due to fluctuations in raw material prices and demand shifts. While the steel industry presents growth opportunities, competition, sustainability requirements, and evolving market dynamics must be addressed to maintain a competitive position.

In response to these trends, the Group remains focused on several strategic initiatives, including addressing environmental concerns, and adapting to changing global demand. Moving forward, the Group shall continue to solidify our core business and growing sustainable profits through sharper focus on refining purchase strategy, improving operational efficiency and productivity, as well as ensuring efficient logistic solution and robust financial management.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

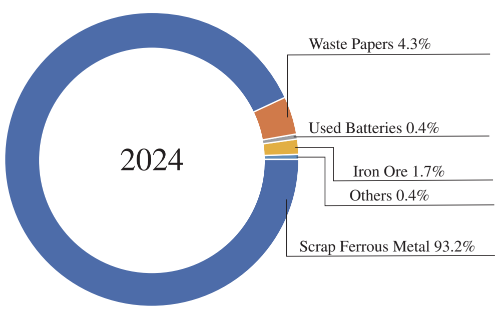
Revenue

The Group recorded a total revenue of RM1,706.66 million for FYE 2024 representing an increase of approximately 26.7% as compared to revenue of RM1,346.98 million in FYE 2023.

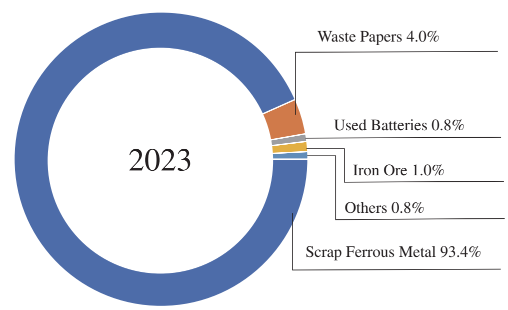
The increase in the Group's revenue in FYE 2024 was mainly attributable to the increase in sales volume of scrap ferrous metal. The sales volume of scrap ferrous metal for the Group in FYE 2024 reached 949,634 tonnes, approximately 30.9% higher than 725,577 tonnes in FYE 2023.

The breakdown of the total revenue of our Group by product types for the years is as follows:

BREAKDOWN OF TOTAL REVENUE
FYE 2024



BREAKDOWN OF TOTAL REVENUE
FYE 2023



Gross Profit

The Group's gross profit improved by RM48.88 million from RM77.08 million in FYE 2023 to RM125.96 million in FYE 2024. The increase was mainly attributable to the higher sales volume and lower procurement cost incurred which resulted in higher gross profit margin for scrap ferrous metal during FYE 2024.

Other income

Other income decreased from RM1.61 million for FYE 2023 to RM1.44 million for FYE 2024, mainly due to reduce in rental and other miscellaneous income.

Other losses, net

Our Group's other net losses were RM1.21 million for FYE 2024, which represented a higher net loss of RM0.45 million compared to FYE 2023. The increase was mainly due to higher write-off of downpayment to suppliers during FYE 2024.

Distribution and Selling Expenses

In view of the higher sales volume recorded for FYE 2024, the Group recorded a higher distribution and selling expenses of RM55.31 million as compared to RM31.68 million for FYE 2023, represented a increase of approximately 74.6%.

Administrative Expenses

The Group recorded its administrative expenses of RM31.11 million for FYE 2024, represented an increase of approximately 9.0% compared to RM28.55 million for FYE 2023. The increase was mainly due to additional headcounts, the increase in executive directors' remuneration, staff salary and related expenditures.

Taxation

Malaysian corporate income tax has been provided at the rate of 24% (2023: 24%) of the estimated assessable profit. Our income tax expenses increased from RM6.11 million for FYE 2023 to RM11.32 million for FYE 2024. Our effective tax rate for FYE 2024 was 34.5% (2023: 42.6%).

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for FYE 2024 was RM25.46 million (2023: RM8.54 million), which is in tandem with the increase in profit before income tax.

Key Financial Ratios

The following table sets forth certain of our financial ratios as at the dates indicated.

	As at 31 December	
Liquidity Ratios	**2024**	2023
Current ratio	**2.3 times**	2.0 times
Gearing ratio	**0.35 times**	0.48 times

	For the year ended 31 December	
	2024	2023
Inventories' turnover period	**14 days**	17 days
Trade receivables' turnover period	**38 days**	40 days
Trade payables' turnover period	**9 days**	8 days

Liquidity and Financial Resources

As at 31 December 2024, the Group's total equity attributable to owners amounted to RM238.44 million (2023: RM213.30 million) including retained earnings of RM154.76 million (2023: RM129.30 million). The Group's net current assets amounted to RM164.74 million (2023: RM150.67 million) of which cash and bank balances and pledged bank deposits were RM52.39 million in total (2023: RM25.29 million).

Taking into accounts the cash and cash equivalents on hand and banking facilities available, the Group has adequate financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year. The Board will continue to follow a prudent treasury policy in managing its cash and bank balances and maintain a strong and healthy liquidity to ensure that the Group is well positioned to achieve its business objectives and strategies.

Total borrowings of the Group as at 31 December 2024 were RM76.93 million (2023: RM98.40 million). The borrowings were essentially for procurement of scrap ferrous metals and capital expenditure. The decrease of borrowings was mainly due to the repayment of bank loans.

The Group's gearing ratio as at 31 December 2024 was 0.35 times (2023: 0.48 times). Gearing ratio is calculated based on total debts divided by total equity as at the end of the year. The decrease in gearing ratio was mainly attributable to the reduction in the Group's bank borrowings.

Future Plans for Material Investments and Capital Assets

As of 31 December 2024, the Group has no plans for material investments or capital assets save for the capital commitments disclosed.

Pledge of Assets

As at 31 December 2024 and 31 December 2023, the Group had pledged the following assets to banks in order to secure certain bank borrowings and general banking facilities granted to the Group:

	2024	2023
	RM'000	*RM'000*
Property, plant and equipment	**5,183**	533
Right-of-use assets	**18,723**	19,017
Investment properties	**5,262**	5,320
Deposit for acquisition of land	**17,636**	17,636
Pledged bank deposits	**7,331**	5,561
	54,135	48,067

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2024 (2023: Nil).

Capital Commitments

As at 31 December 2024, the Group has capital commitment of RM28.56 million (2023: RM11.76 million) for the acquisition of property, plant and equipment and right-of-use assets.

Risk Management

The Group is exposed to market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk in its ordinary course of business. The management monitors and manages these risks to implement appropriate measures in a timely and effective manner.

As most of the Group's operating subsidiaries are located in Malaysia and conduct their transactions in Malaysia Ringgit (RM), which is also the functional and presentation currency, the Group is not significantly exposed to foreign currency risk.

While the Group currently does not have a foreign currency hedging policy for foreign currency transactions, assets and liabilities, the management closely monitors foreign currency exposure and may consider hedging significant exposures if necessary.

The Group's interest rate risk arises primarily from borrowings obtained at variable rates, which expose the Group to cash flow interest rate risk.

The credit risk of the Group mainly arises from cash and bank balances, pledged bank deposits and trade and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group considers the probability of default upon initial recognition of an asset and assesses whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. In determining whether there is a significant increase in credit risk, the Group compares the risk of a default as at the date of initial recognition and considers available reasonable and supportive forward-looking information. The Group incorporates the following indicators in its assessment:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and/or
- actual or expected significant changes in the operating results and credit risks of the customers.

The Group manages credit risk associated with cash and bank balances and pledged bank deposits by only transacting with reputable commercial banks that are considered high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions, and the expected credit loss of cash at banks is close to zero.

The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. Management applied significant judgement in performing assessment of expected credit losses for trade receivables which takes into account the proxy external default rating of the customers, past repayment or default histories and ongoing business relationship with them. The loss rates are then adjusted to reflect forward-looking information affecting the ability of the customers to settle the receivables. As at 31 December 2024, the expected loss rate for trade receivables was 1.7% (2023: 0.6%). The provision for trade receivables as at 31 December 2024 was RM2.92 million (2023: RM1.04 million).

The bad debts written off during FYE 2024 amounted to RM0.028 million (2023: RM0.031 million).

The Group has a significant concentration of credit risk from customers for scrap ferrous metals such as steel mills and ferrous metal trading companies. As at 31 December 2024, 66% (2023: 77%) of its total trade receivables were due from the two largest customer of the Group. As our Group is one of the few approved scraps metal providers to the steel mill customers and based on the past repayment history and forward-looking estimates, the Board believe that the credit risk inherent in the Group's outstanding trade receivables from this group of customers is low.

Our Group monitors the outstanding debts from its customers individually due to the concentration of credit risk. Based on historical repayment trend, there is no correlation between the risk of default occurring and the collection past-due status as long as there is no significant change in the credit rating of the customers. Historically, our Group's loss arising from risk of default and time value of money is negligible.

The Group's finance monitors the Group's liquidity position to ensure it has sufficient cash to meet operational needs, taking into consideration the Group's debt financing plans, covenant compliance, and if applicable external regulatory or legal requirements, such as currency restrictions.

EVENTS OCCURRED SINCE THE END OF FYE 2024

The Board is not aware of any significant events that have occurred subsequent to FYE 2024 and up to the date of this announcement that would require disclosure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 371 individuals in Malaysia, an increase from 323 in 2023. The total staff costs and related expenses, including the Directors' remuneration, for FYE 2024 was RM32.44 million, representing an increase of 25.4% as compared to RM25.87 million in FYE 2023. The higher staff cost and related expenses of the Group for FYE 2024 was mainly attributable to additional headcounts, the increase in executive directors' remuneration, staff salary and related expenditures.

The Group's remuneration policy for employees includes basic salaries, allowances, bonuses and other employee benefits, which are determined based on their experience, qualifications and general market conditions. The Board sets the emolument policy for employees based on their merit, qualification and competence. The Group regularly provides training to its employees to enhance their skills and knowledge.

PRE-EMPTIVE RIGHTS

The articles of association of the Company, as well as the laws of Cayman Islands, do not provide for any provisions of pre-emptive rights that would require the Company to offer new shares on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FYE 2024.

DIVIDENDS

The Board has decided not to recommend the payment of final dividend in respect of FYE 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR 2025 AGM

The annual general meeting of the Company will be held on Saturday, 14 June 2025 ("**2025 AGM**"). The register of members of the Company will be closed from Tuesday, 10 June 2025 to Saturday, 14 June 2025, both days inclusive. During this period, no share transfer will be processed. In order to determine shareholders' eligibility to attend and vote at the 2025 AGM, shareholders must lodge transfer documents and relevant share certificates for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 pm on Monday, 9 June 2025.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company acknowledges the significance of good corporate governance in enhancing its management and safeguarding the interests of the shareholders. For FYE 2024, the Company has been in compliance to the code provisions outlined in the Corporate Governance Code as detailed in Appendix C1 of the Listing Rules, with the exception of deviation from the code provision C.2.1. The chairman of the Board (the "**Chairman**") and Chief Executive Officer (the "**CEO**"), Datuk Sia Kok Chin, has led the Group since 2001. The Board believes that vesting both positions in Datuk Sia Kok Chin is advantageous to the Group's management and business development, providing consistent and strong leadership. The Board will continue to evaluate and consider splitting the roles of the Chairman and CEO when appropriate, taking into account the Group's overall circumstances.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Board and the Group's senior management who, because of their office or employment, are likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year under review. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit and Risk Management Committee of the Company consisting of Ms. Sai Shiow Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee have reviewed the consolidated financial information for FYE 2024, including accounting principles and practices adopted by the Group. The Audit and Risk Management Committee has also discussed internal controls and financial reporting matters with the management of the Company.

The figures in respect of the preliminary announcement of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for FYE 2024 have been agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. Consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.henghup.com). The printed version of the annual report of the Company for FYE 2024 will be despatched to the shareholders of the Company upon request and published on the aforesaid websites on or before 30 April 2025.

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

Hong Kong, 27 March 2025

As at the date of this announcement, the Directors are:

Executive Directors
Datuk Sia Kok Chin
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 Wee