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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)**

## **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2025 amounted to RM725.0 million, representing a decrease of 16.2% from RM865.2 million for the same period ended 30 June 2024.
- Gross profit for the six months ended 30 June 2025 amounted to RM61.7 million, representing a decrease of 0.2% from RM61.8 million for the same period ended 30 June 2024.
- Profit attributable to owners of the Company for the six months ended 30 June 2025 amounted to RM8.5 million, representing a decrease of 26.0% from RM11.5 million for the six months ended 30 June 2024.
- The equity attributable to owners of the Company as at 30 June 2025 amounted to RM246.9 million, representing a decrease of 3.6% from RM238.4 million as at 31 December 2024.
- The Board does not declare any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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 (the “**Board**”) of directors (the “**Directors**”) of Heng Hup Holdings Limited 興合控股有限公司 (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024. The Board together with the audit and risk management committee (the “**Audit and Risk Management Committee**”) of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 and 2024

		For the six months ended 30 June	
	Notes	2025 <b>RM'000</b> <i>(Unaudited)</i>	2024 <b>RM'000</b> <i>(Unaudited)</i>
Revenue	4	<b>724,957</b>	865,207
Cost of sales	7	<b>(663,224)</b>	(803,407)
Gross profit		<b>61,733</b>	61,800
Other income	5	<b>1,064</b>	577
Other losses, net	6	<b>(942)</b>	(696)
Distribution and selling expenses	7	<b>(31,510)</b>	(26,045)
Administrative expenses	7	<b>(15,809)</b>	(16,739)
Operating profit		<b>14,536</b>	18,897
Finance income		<b>345</b>	217
Finance costs		<b>(2,269)</b>	(3,047)
Finance costs, net	8	<b>(1,924)</b>	(2,830)
Profit before income tax		<b>12,612</b>	16,067
Income tax expenses	9	<b>(5,445)</b>	(5,953)
Profit for the period		<b>7,167</b>	10,114
Profit and total comprehensive income for the period attributable to:			
Owner of the company		<b>8,471</b>	11,456
Non-controlling interest		<b>(1,304)</b>	(1,342)
		<b>7,167</b>	10,114
Earnings per share attributable to owners of the Company for the period (expressed in sen per share)			
– Basic earnings per share	11	<b>0.85</b>	1.15
– Diluted earnings per share	11	<b>0.85</b>	1.15

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 and 31 December 2024

	Notes	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		964	964
Property, plant and equipment		39,115	38,499
Intangible asset		198	224
Investment properties		5,789	5,824
Deposits	12	19,834	19,834
Right-of-use assets		23,533	23,382
Deferred income tax assets		1,416	1,575
		<u>90,849</u>	<u>90,302</u>
<b>Current assets</b>			
Inventories		64,371	56,028
Trade and other receivables	12	182,728	181,622
Pledged bank deposits		7,421	7,331
Cash and bank balances		34,628	45,063
		<u>289,148</u>	<u>290,044</u>
<b>Total assets</b>		<u>379,997</u>	<u>380,346</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		5,206	5,206
Share premium		49,306	49,306
Capital reserve		29,487	29,487
Exchange translation reserve		1	1
Other reserve		(325)	(325)
Retained earnings		163,233	154,762
		<u>246,908</u>	<u>238,437</u>
Non-controlling interest		(5,088)	(3,784)
<b>Total equity</b>		<u>241,820</u>	<u>234,653</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 30 June 2025 and 31 December 2024*

	Notes	As at 30 June 2025 <i>RM'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RM'000</i> <i>(Audited)</i>
<b>Non-current liabilities</b>			
Borrowings		17,703	16,743
Lease liabilities		2,795	2,766
Deferred income tax liabilities		613	884
		<u>21,111</u>	<u>20,393</u>
<b>Current liabilities</b>			
Trade and other payables	13	50,301	60,391
Current income tax liabilities		1,939	2,923
Borrowings		62,724	60,182
Lease liabilities		2,102	1,804
		<u>117,066</u>	<u>125,300</u>
<b>Total liabilities</b>		<u>138,177</u>	<u>145,693</u>
<b>Total equity and liabilities</b>		<u>379,997</u>	<u>380,346</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 the Group is principally engaged in trading of scrap ferrous metals, used batteries, waste paper, iron-ore and other scraps in Malaysia.

The Company's ultimate holding company is 5S Holdings (BVI) Limited. The ultimate controlling party 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 (collectively, the "**Sia Brothers**").

These condensed consolidated financial statements are presented in Malaysian Ringgit ("**RM**") unless otherwise stated.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statement of the Group for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standards ("**IAS**") 34 "Interim Financial Reporting" adopted by the International Accounting Standards Board ("**IASB**") and the disclosure requirement 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.

This condensed consolidated interim financial information does not include all the notes of the type normally included in the annual financial statements. Instead, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**").

The preparation of the unaudited condensed consolidated financial statements 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

### 3.1 Adoption of amendments of existing standards

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2025 and have been adopted in the preparation of the condensed consolidated interim financial information:

Amendments to IAS 21

Lack of Exchangeability

The application of the above new amended standards did not have any material impact to the Group's financial positions and performance for the current and prior period and/or on the disclosure set out in these unaudited condensed financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

#### 3.2 New amendments to standards not yet adopted

Several amendments to standards have been issued but not effective for continuing period beginning on or after 1 January 2025 and have not yet been early adopted by the Group in preparing the unaudited condensed consolidated financial statements:

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	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	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company are of the opinion that the adoption of the above amendments to existing standards would not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standard and amendments to existing standards when they become effective.

### 4 REVENUE AND SEGMENT INFORMATION

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

The Group has been operating in a single operating segment, i.e. trading of recycling materials.

The chief operating decision-makers have been identified as the executive directors and senior management led by the Group's chief executive officer. The executive directors and senior management review the Group's internal reporting to assess performance and allocate resources. A management approach has been used for the operating segment reporting.

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

#### 4.1 Revenue by location of goods delivery

During the six months ended 30 June 2025 and 2024, the Group mainly traded in Malaysia and most of the revenue were generated in Malaysia.

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

#### 4.2 Non-current assets

As at 30 June 2025, all non-current assets were all located in Malaysia.

## 5 OTHER INCOME

	For the six months ended 30 June	
	2025	2024
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Compensation received	12	1
Rental income	68	233
Others	984	343
	<u>1,064</u>	<u>577</u>

## 6 OTHER LOSSES, NET

	For the six months ended 30 June	
	2025	2024
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Foreign exchange gains, net	–	184
Write-off of downpayment to suppliers	–	(1,153)
Gain on disposal of property, plant and equipment	–	274
Bad debts written off	–	(1)
Provision for loss allowance on trade receivables	(942)	–
	<u>(942)</u>	<u>(696)</u>

## 7 EXPENSES BY NATURE

	For the six months ended 30 June	
	2025	2024
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cost of trading goods sold	650,596	790,684
Employee benefit expenses	17,583	16,684
Depreciation expenses		
– Property, plant and equipment	4,076	3,619
– Investment properties	35	35
– Right-of-use assets	1,231	1,134
Amortisation expenses		
– Intangible assets	26	15
Auditors' remuneration		
– Audit services	452	482
– Non-audit services	55	56
Transportation costs	23,711	20,253
Lease expenses related to		
– low value assets	470	264
– short term leases	417	61
Upkeep expenses	3,385	3,761
Legal and compliance fees	467	426
Secretarial fees	143	104
Other expenses	7,896	8,613
	<u>710,543</u>	<u>864,191</u>
Total cost of sales, distribution and selling expenses and administrative expenses		

## 8 FINANCE COSTS, NET

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income from bank deposits	<b>345</b>	<b>217</b>
Interest expense on loans	<b>(1,744)</b>	<b>(2,784)</b>
Interest expense on hire purchase liabilities	<b>(194)</b>	<b>(168)</b>
Interest expense on lease liabilities	<b>(115)</b>	<b>(88)</b>
Interest expense on bank overdraft	<b>(2)</b>	<b>(7)</b>
Interest expense on loans from non-controlling shareholders	<b>(214)</b>	<b>-</b>
	<b>(2,269)</b>	<b>(3,047)</b>
Finance costs, net	<b>(1,924)</b>	<b>(2,830)</b>

## 9 INCOME TAX EXPENSES

Malaysian corporate income tax has been provided at the rate of 24% (six months ended 30 June 2024: 24%) of the estimated assessable profit for the six months ended 30 June 2025 and 30 June 2024.

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
Malaysian corporate income tax	<b>5,556</b>	<b>5,781</b>
Under provision in prior year	<b>-</b>	<b>(30)</b>
	<b>5,556</b>	<b>5,751</b>
Deferred income tax	<b>(111)</b>	<b>202</b>
Income tax expenses	<b>5,445</b>	<b>5,953</b>

## 10 INTERIM DIVIDEND

The Board does not declare the payment of any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).



## 11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the current interim period by the weighted average number of ordinary shares in issue during the respective periods. Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company for the current interim period by the weighted average number of ordinary shares issued during the respective periods adjusted for the dilutive effects of all potential ordinary shares.

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit for the periods attributable to owners of the Company	<b>8,471</b>	11,456
<b>Number of shares:</b>		
Weighted average number of shares in issue	<b>1,000,000,000</b>	1,000,000,000
Basic earning per share (expressed in sen per share)	<b>0.85</b>	1.15

As at 30 June 2025 and 30 June 2024, the Company has no outstanding potentially dilutive shares.

## 12 TRADE AND OTHER RECEIVABLES

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current</b>		
Deposits for acquisition of freehold land	<b>19,834</b>	19,834
<b>Current</b>		
Trade receivables	<b>159,058</b>	167,883
Less: Provision for loss allowance	<b>(3,864)</b>	(2,922)
	<b>155,194</b>	164,961
Downpayment to suppliers	<b>20,570</b>	9,679
Other receivables	<b>1,034</b>	631
Deposits and repayments	<b>5,832</b>	6,253
Other tax receivables	<b>98</b>	98
	<b>182,728</b>	181,622
Total trade and other receivables	<b>202,562</b>	201,456

## 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Deposits for acquisition of freehold land:

- (1) On 3 March 2022, the Group entered into Sales and Purchase Agreement (the “**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 RM17,635,788. The completion of the said acquisition is subject to the fulfillment of the terms and conditions stated in the Agreement. The said acquisition has yet to be completed as at the financial period under review and up to 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 ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
0 – 30 days	88,755	107,435
31 – 60 days	14,121	22,089
61 – 120 days	43,023	31,975
Over 120 days	13,159	6,384
	<u>159,058</u>	<u>167,883</u>

The carrying amounts of the Group’s trade receivables are denominated in the following currencies.

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
– Ringgit Malaysia (RM)	158,291	167,070
– United States Dollar (USD)	767	813
	<u>159,058</u>	<u>167,883</u>

Movement for provision of loss allowance for trade receivables are as follows:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
As at 1 January	2,922	1,039
Provision for loss allowance	942	1,883
	<u>3,864</u>	<u>2,922</u>

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

### 13 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Trade payables	24,351	31,375
Accrued payroll liabilities	6,932	8,132
Loans from directors (Note)	8,124	8,037
Other payables and accruals	10,894	12,847
	<u>50,301</u>	<u>60,391</u>

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.

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
– Ringgit Malaysia (RM)	24,351	30,868
– United States Dollar (USD)	–	507
	<u>24,351</u>	<u>31,375</u>

The ageing analysis of the trade payables based on invoice date was as follows:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
0 – 30 days	19,155	26,231
31 – 60 days	873	451
61 – 120 days	411	687
Over 120 days	3,912	4,006
	<u>24,351</u>	<u>31,375</u>

The carrying amounts of the trade and other payables are denominated in RM and approximate to their fair values.

## BUSINESS REVIEW AND PROSPECTS

The Board is pleased to present the Group's unaudited interim financial results for the six months period ended 30 June 2025 ("1H 2025").

For 1H 2025, the Group recorded revenue of RM725.0 million, representing a decline of 16.2% compared to RM865.2 million in the corresponding period of 2024. This was primarily due to lower sales volume and declining average selling prices of scrap ferrous metal driven by prevailing industry trends.

Sales volume of scrap ferrous metal decreased by approximately 7.9% from 471,580 metric tonnes in 1H 2024 to 434,385 metric tonnes in 1H 2025. This decline reflects weaker domestic demand, particularly from downstream steel manufacturers, amid a slowdown in infrastructure and construction activity in Malaysia. The softer demand environment was further compounded by cautious purchasing sentiment among industrial consumers, who continued to adopt a wait-and-see approach in response to ongoing price volatility.

On the global front, persistent oversupply in major exporting countries, particularly China, continued to exert downward pressure on international scrap prices. The over supply, combined with subdued global steel production, created a more competitive pricing environment and constrained export opportunities across the region. As a result, the average selling price of scrap ferrous metal declined by approximately 13.4% from RM1,670.00 per metric tonnes in 1H 2024 to RM1,446.00 per metric tonnes in 1H 2025. These combined domestic and global factors contributed to the overall decline in revenue for the period under review.

The Group recorded a net profit after tax of RM7.2 million for 1H 2025, representing a decrease of approximately 29.1% compared to RM10.1 million in the corresponding period of 2024. The lower profitability was primarily attributable to the reduction in revenue and continued pressure on gross margins arising from lower average selling prices of scrap ferrous metal.

Looking ahead, the Group anticipates that market conditions will remain challenging for the remainder of FY2025, influenced by both domestic and global factors affecting the scrap metal industry. While certain macroeconomic indicators point to signs of stabilisation, the sector continues to experience pricing pressure and demand uncertainty. In Malaysia, scrap metal demand is expected to remain subdued in the near term, reflecting the ongoing slowdown in construction and infrastructure activity, as well as more cautious procurement strategies among downstream steel manufacturers. Nevertheless, the gradual rollout of selected public infrastructure projects and industrial initiatives under the National Energy Transition Roadmap (NETR) and New Industrial Master Plan (NIMP 2030) is expected to provide some support to a modest recovery in scrap consumption toward the latter part of the year.

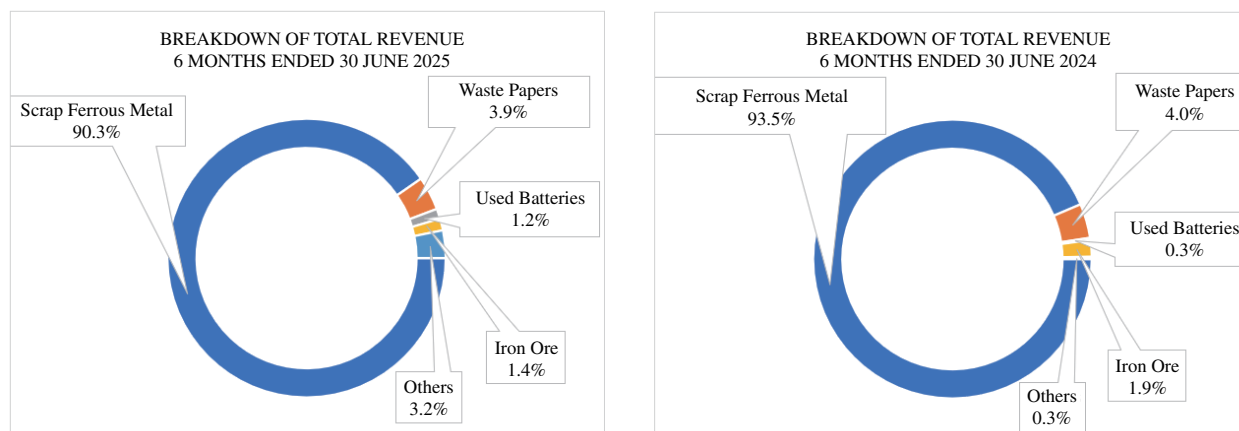
Globally, the market continues to grapple with an oversupply of ferrous materials, particularly from China, together with ongoing market volatility, geopolitical uncertainties and supply chains disruptions, which may further affect market dynamics and trade flows in the coming months.

In light of these headwinds, the Group remains focused on enhancing operational efficiency, optimising cost structures, and strengthening procurement and trading strategies to safeguard profitability. Concurrently, the Group will continue to pursue diversification opportunities across both product offerings and geographic markets in order to mitigate exposure to price and volume volatility, while positioning the business for sustainable long-term growth.

## Financial Review

### Revenue

The Group recorded revenue of RM725.0 million for 1H 2025, compared to RM865.2 million in 1H 2024, representing a decline of 16.2%. The decrease was primarily driven by softer market demand and lower average selling prices during the period. The breakdown of our total revenue by product types for the periods under review are as below:



The decline in revenue was primarily attributable to a reduction in the sales volume of scrap ferrous metal. For 1H 2025, the Group recorded a sales volume of 434,385 metric tonnes, representing a decrease of approximately 7.9% compared to 471,580 metric tonnes in 1H 2024. In addition, the average selling price of scrap ferrous metal declined by approximately 13.4%, from RM1,670.00 per metric tonnes in 1H 2024 to RM1,446.00 per metric tonnes in 1H 2025.

The Group's revenue and volume from the sales of scrap ferrous metal during the period under review are as follows:

Six months period ended 30 June			
2025		2024	
Volume sold (metric tonnes)	Revenue (RM'000)	Volume sold (metric tonnes)	Revenue (RM'000)
<b>434,385</b>	<b>628,143</b>	<b>471,580</b>	<b>787,399</b>

### Gross Profit

The Group's gross profit declined marginally by RM0.1 million, from RM61.8 million in 1H 2024 to RM61.7 million in 1H 2025, representing a decrease of approximately 0.1%. Notwithstanding the slight reduction in gross profit, the Group's gross profit margin improved to 8.5% in 1H 2025, compared to 7.1% in 1H 2024, supported by enhanced operational efficiency and improved cost management.

### ***Distribution and Selling Expenses***

For 1H 2025, the Group's distribution and selling expenses increased to RM31.5 million, compared to RM26.0 million in 1H 2024, representing an increase of approximately 20.9%. The increase was mainly attributable to higher logistics and transportation costs, driven by increased reliance on third-party freight services amid rising fuel prices and ongoing volatility in regional logistics markets.

### ***Administrative Expenses***

The Group's administrative expenses amounted to RM15.8 million in 1H 2025, compared to RM16.7 million in 1H 2024, representing a decrease of approximately 5.6%. The reduction was mainly due to the Group's ongoing cost optimisation initiatives, which included tighter control over general overheads.

### ***Taxation***

Malaysian corporate income tax has been provided at the rate of 24% of the estimated assessable profit. Our effective tax rate for 1H 2025 was 43.2% (1H 2024: 37.1%). The higher effective tax rate for the period is mainly due to the non-recognition of deferred tax assets in respect of unutilized tax losses, as the recoverability of these losses is not considered probable at this time.

### ***Profit Attributable to Owners of the Company***

The Group's profit attributable to owners of the Company for 1H 2025 was RM8.5 million (1H 2024: RM11.5 million), which is in tandem with the decrease in profit before tax.

### ***Key Financial Ratios***

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

	<b>As at 30 June 2025 (Unaudited)</b>	<b>As at 31 December 2024 (Audited)</b>
<b>Liquidity Ratios</b>		
Current ratio	<b>2.5 times</b>	2.3 times
Gearing ratio (times)	<b>0.35</b>	0.35
	<b>For the six months ended 30 June 2025</b>	<b>2024</b>
Inventories' turnover period	<b>16 days</b>	16 days
Trade receivables' turnover period	<b>41 days</b>	38 days
Trade payables' turnover period	<b>8 days</b>	10 days

## ***Working Capital***

The inventories' turnover period for the Group remains at 16 days for 1H 2025 as compared to 1H 2024. The Company effectively upheld its logistical efficiency in ensuring timely delivery to customers.

The trade receivables' turnover period increased slightly to 41 days in 1H 2025, compared to 38 days in 1H 2024. The Group has maintained close communication with customers and continues to implement strategies to ensure the timely settlement of outstanding receivables.

The trade payables' turnover period decreased to 8 days in 1H 2025, compared to 10 days in 1H 2024. This reduction was driven by improved payment terms negotiated with suppliers, which have allowed the Group to shorten its payables period.

## ***Liquidity and Financial Resources***

As of 30 June 2025, the Group's total equity attributable to owners of the Company amounted to RM246.9 million (as at 31 December 2024: RM238.4 million) including retained earnings of RM163.2 million (as at 31 December 2024: RM154.8 million). The Group's working capital amounted to RM172.1 million (as at 31 December 2024: RM164.7 million) of which cash and bank balances, pledged bank deposits and fixed deposits were RM42.0 million (as at 31 December 2024: RM52.4 million).

Taking into account the cash and bank balances and banking facilities available to us, the Group has adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans for the next 12 months. 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. Overall, the Group's financial position remains healthy, with growing equity, improving working capital, and adequate liquidity for day-to-day operations. Nonetheless, continued monitoring of cash flows and any significant investments or expenditures will be essential in maintaining this stability.

Total borrowings of the Group as at 30 June 2025 were RM80.4 million (as at 31 December 2024: RM76.9 million). The borrowings were mainly used to finance the procurement of scrap ferrous metals and capital expenditure.

The Group's gearing ratio remained stable at 0.35 times for 1H 2025, compared to 1H 2024, indicating a consistent level of financial leverage used by the Group to finance its operations and growth. Gearing ratio is calculated based on total interest-bearing debts divided by total equity as at the end of the period.

## ***Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures***

During the first six months ended 30 June 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

## ***Pledge of Assets***

As at 30 June 2025, the Group has pledged the following assets to banks to secure certain bank borrowings and general banking facilities granted to the Group:



	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Property, Plant and Equipment	10,671	5,183
Right-of-use assets	18,576	18,723
Investment properties	5,233	5,262
Deposit for acquisition of land	17,636	17,636
Pledged bank deposits	7,421	7,331
	<u>59,537</u>	<u>54,135</u>

### ***Contingent Liabilities***

The Group did not have any significant contingent liability as at 30 June 2025 (as at 31 December 2024: Nil).

### ***Capital Commitments***

As at 30 June 2025, the Group has capital commitment to the bank in respect of the acquisition of property, plant and equipment of RM26.5 million (as at 31 December 2024: RM28.6 million).

### ***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. During the six months ended 30 June 2025, the expected loss rate for trade receivables was 2.4% (31 December 2024: 1.7%). The provision for trade receivables for 1H 2025 was RM3.87 million (31 December 2024: RM2.92 million).

The Group has no write-off of trade receivables during 1H 2025 and 1H 2024.

The Group has significant concentration of credit risk from customers for scrap ferrous metals such as steel mills and ferrous metal trading companies. As at 30 June 2025, 84% (as at 31 December 2024: 66%) of its total trade receivables was due from this group of customers. As the Group is one of the few approved scrap metal providers to the steel mill customers and based on the past repayment history and forward-looking estimates, the Directors 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 of past-due status as long as there is no significant change in the credit rating of the customers. Historically, the Group's loss arising from risk of default and time value of money is negligible.

Cash flow forecasting is performed by the operating entities of the Group and aggregated by Group finance. The Group finance monitors rolling forecasts of our Group's liquidity requirements 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 requirements, such as currency restrictions.

## **EVENTS OCCURRED SINCE THE END OF THE SIX MONTHS ENDED 30 JUNE 2025**

Saved as disclosed in this announcement, the Board is not aware of any significant event affecting the Group and requires disclosures that took place subsequent to 30 June 2025 up to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2025, the Group had 354 (as at 30 June 2024: 374) employees in Malaysia. For the six months ended 30 June 2025, total staff costs and related expenses of the Group (including the Directors' remuneration) were RM17.6 million (1H 2024: RM16.7 million), representing an increase of 5.4% as compared to the same period in 2024. The higher staff cost and related expenses of the Group (including Directors' remuneration) for 1H 2025 was mainly attributable to salary adjustments during the period under review as compared to the corresponding period in 2024. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees include basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board based on their merit, qualification and competence. We provide regular training for our employees to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige 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 the six months ended 30 June 2025. As at 1H 2025, neither the Company nor any of its subsidiaries held any treasury shares.

## **INTERIM DIVIDEND**

The Board does not declare the payment of any dividend for 1H 2025 (1H 2024: Nil).

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and permitted under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") are held by the public at all times throughout 1H 2025 and as of the date of this announcement.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions to the Code of Corporate Governance (the “**Corporate Governance Code**”) contained in Appendix C1 to the Listing Rules to ensure that the Company’s business activities and decision-making processes are regulated in a proper and prudent manner, except for the deviation from the code provision C.2.1 of the Corporate Governance Code. Datuk Sia Kok Chin, as the chairman of the Board and the chief executive officer, has been managing our business since 2001. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer in Datuk Sia Kok Chin is beneficial to the management and business development of the Group and will provide strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by considering the circumstances of the Group as a whole. During the period under review, the Company has fully complied with the Corporate Governance Code apart from the deviation above.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is 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 period 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 period under review.

## AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit and Risk Management Committee of the Company (being Ms. Sai Shiow Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee) has reviewed with management the condensed consolidated financial information for 1H 2025, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is 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)). The interim report of the Company for 1H 2025 will be published on the aforesaid websites in due course.

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

Hong Kong, 30 August 2025

As at the date of this announcement, the directors of the Company are:

### ***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 Wee