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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 2025 (“**FYE 2025**”), together with the comparative figures for the financial year ended 31 December 2024 (“**FYE 2024**”) as follows:

FINANCIAL HIGHLIGHTS

- Revenue for FYE 2025 amounted to RM1,455.43 million (equivalent to approximately HK\$2,789.79 million), representing a decrease of approximately 14.7% from RM1,706.66 million (equivalent to approximately HK\$2,960.89 million) recorded in FYE 2024.
- Gross profit for FYE 2025 amounted to RM123.07 million (equivalent to approximately HK\$235.90 million), representing a decrease of approximately 2.3% from RM125.96 million (equivalent to approximately HK\$218.20 million) recorded in FYE 2024.
- Profit attributable to owners of the Company for FYE 2025 amounted to RM14.58 million (equivalent to approximately HK\$27.95 million), representing a decrease of 42.7% from RM25.46 million (equivalent to approximately HK\$44.08 million) in FYE 2024.
- The equity attributable to owners of the Group as at 31 December 2025 amounted to RM252.87 million (equivalent to approximately HK\$484.70 million), representing an increase of 6.1% from RM238.44 million (equivalent to approximately HK\$414.14 million) in 2024.
- The Board had decided not to recommend the payment of final dividend in respect of FYE 2025 (2024: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
	<i>Notes</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue	3	1,455,434	1,706,659
Cost of sales	6	<u>(1,332,365)</u>	<u>(1,580,695)</u>
Gross profit		123,069	125,964
Other income	4	1,330	1,436
Other gains/(losses), net	5	74	(1,214)
Provision for loss allowance on trade receivables	11	(3,313)	(1,883)
Distribution and selling expenses	6	(69,016)	(55,306)
Administrative expenses	6	<u>(31,611)</u>	<u>(31,112)</u>
Operating profit		20,533	37,885
Finance income	7	1,550	445
Finance costs	7	<u>(4,189)</u>	<u>(5,468)</u>
Finance costs, net		<u>(2,639)</u>	<u>(5,023)</u>
Profit before income tax		17,894	32,862
Income tax expense	8	<u>(7,008)</u>	<u>(11,320)</u>
Profit and total comprehensive income for the year		<u>10,886</u>	<u>21,542</u>
Net profit/(loss) and total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		14,581	25,464
– Non-controlling interest		<u>(3,695)</u>	<u>(3,922)</u>
Earnings per share attributable to owners of the Company for the year (expressed in sen per share)			
– Basic and diluted earnings per share	10	<u>1.46</u>	<u>2.55</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>RM'000</i>	2024 <i>RM'000</i>
ASSETS			
Non-current assets			
Goodwill		964	964
Property, plant and equipment		41,250	38,499
Intangible asset		192	224
Investment properties		5,753	5,824
Deposits	<i>11</i>	21,707	19,834
Right-of-use assets		22,787	23,382
Deferred income tax assets		1,883	1,575
		94,536	90,302
Current assets			
Inventories		57,899	56,028
Trade and other receivables	<i>11</i>	174,148	181,622
Current income tax recoverable		2,067	–
Pledged bank deposits		7,509	7,331
Cash and bank balances		49,649	45,063
		291,272	290,044
Total assets		385,808	380,346
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	1
Other reserve		(475)	(325)
Retained earnings		169,343	154,762
		252,868	238,437
Non-controlling interest		(7,329)	(3,784)
Total equity		245,539	234,653

	<i>Notes</i>	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Non-current liabilities			
Borrowings		13,815	16,743
Lease liabilities		2,314	2,766
Deferred income tax liabilities		1,083	884
		<u>17,212</u>	<u>20,393</u>
Current liabilities			
Trade and other payables	<i>12</i>	48,066	60,391
Current income tax liabilities		–	2,923
Borrowings		72,998	60,182
Lease liabilities		1,993	1,804
		<u>123,057</u>	<u>125,300</u>
Total liabilities		<u>140,269</u>	<u>145,693</u>
Total equity and liabilities		<u>385,808</u>	<u>380,346</u>

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 2025 for the preparation of the Group's consolidated financial information:

IAS 21 and IFRS 1 (Amendments)	Lack of Exchangeability
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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 amended standards and interpretation not yet adopted by the Group

A number of new standards and amended standards and interpretation have been issued but not effective for annual periods beginning on or after 1 January 2026 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 IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvement to IFRS Accounting Standards	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 19	Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	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 and interpretation 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 on 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:

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Trading of recycling materials	1,437,458	1,694,790
Logistics services income	17,976	11,869
	<u>1,455,434</u>	<u>1,706,659</u>

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

During the FYE 2025 and FYE 2024, the Group mainly traded in Malaysia and the majority of its revenue was generated in Malaysia.

Major customers

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

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Customer 1	930,303	1,129,562
Customer 2	166,615	163,274
	<u>1,096,918</u>	<u>1,292,836</u>

4. OTHER INCOME

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Rental income	23	396
Compensation received	41	14
Handling fee	638	485
Others	628	541
	<u>1,330</u>	<u>1,436</u>

5. OTHER GAINS/(LOSSES), NET

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Other gains		
Gain on disposal of property, plant and equipment	253	289
Gain on remeasurement of right-of-use assets	25	6
Write-back of downpayment to suppliers	4	–
	<u>282</u>	<u>295</u>
Other losses		
Foreign exchange losses, net	(100)	(178)
Property, plant and equipment written-off	–	(1)
Write-off of bad debts	–	(28)
Write-off of downpayment to suppliers	(4)	(1,147)
Impairment of downpayment to suppliers	(104)	(155)
	<u>(208)</u>	<u>(1,509)</u>
Other gains/(losses), net	<u>74</u>	<u>(1,214)</u>

6. EXPENSES BY NATURE

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Cost of trading goods sold	1,302,117	1,556,104
Employee benefit expenses	32,361	32,436
Depreciation expenses		
– property, plant and equipment	8,547	7,365
– right-of-use assets	2,530	2,344
– investment properties	71	71
Amortisation expenses		
– intangible assets	57	52
Auditors' remuneration		
– audit services	893	948
– non-audit services	104	132
Transportation costs	52,845	41,132
Lease expenses relating to		
– low value assets	527	556
– short term leases	69	86
Insurance expenses	1,057	971
Legal and professional fees	726	1,072
Petrol and diesel expenses	1,766	2,259
Repair and maintenance expenses	7,844	7,412
Secretarial fees	212	225
Subcontractor labour charge	340	400
Utilities expenses	1,305	2,003
Impairment loss of property, plant and equipment	1,429	–
Other expenses	18,192	11,545
	<u>1,432,992</u>	<u>1,667,113</u>
Total cost of sales, distribution and selling expenses and administrative expenses	<u>1,432,992</u>	<u>1,667,113</u>

7. FINANCE COSTS, NET

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Interest income from bank deposits	<u>1,550</u>	<u>445</u>
Interest expense on bank borrowings	(3,486)	(4,379)
Interest expense on hire purchase liabilities	(404)	(278)
Interest expense on lease liabilities	(215)	(262)
Interest expense on bank overdraft	(8)	(8)
Interest expense on loans from subsidiaries' non-controlling shareholders	(76)	(541)
Finance costs	<u>(4,189)</u>	<u>(5,468)</u>
Finance costs, net	<u>(2,639)</u>	<u>(5,023)</u>

8. INCOME TAX EXPENSE

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

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Malaysian corporate income tax		
– current	8,116	12,279
– over provision in prior year	(999)	(326)
	7,117	11,953
Deferred income tax	(109)	(633)
Income tax expense	7,008	11,320

9. DIVIDENDS

At the forthcoming Annual General Meeting, no dividend will be declared for FYE 2025 (2024: 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.

	2025	2024
Earnings:		
Profit for the years attributable to the owners of the Company (RM'000)	14,581	25,464
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)	1.46	2.55

As at 31 December 2025 and 31 December 2024, the Company has no outstanding potential dilutive shares, hence there was no diluted earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
<u>Non-current</u>		
Deposits for acquisition of land*	<u>21,707</u>	<u>19,834</u>
<u>Current</u>		
Trade receivables	154,856	167,883
Less: provision for loss allowance	<u>(6,160)</u>	<u>(2,922)</u>
	148,696	164,961
Downpayment to suppliers	17,591	9,679
Other receivables	1,526	631
Deposits and prepayments	6,238	6,253
Other tax receivables	<u>97</u>	<u>98</u>
	<u>174,148</u>	<u>181,622</u>
	<u>195,855</u>	<u>201,456</u>

*Deposits for acquisition of land:

The Group has entered into a series of sale and purchase agreements between March 2022 and December 2025 in relation to the proposed acquisition of eight (8) parcels of land in Malaysia (the “**Acquisitions**”), comprising vacant, industrial, freehold and leasehold lands, for an aggregate purchase consideration of approximately RM61.6 million. Refundable deposits have been paid by the Group in accordance with the terms of the respective agreements. Completion of the Acquisitions is subject to the fulfilment (or, where applicable, waiver) of the conditions precedent as set out in the respective agreements, including, where applicable, the obtaining of relevant regulatory approvals. As at the date of this announcement, none of the Acquisitions have been completed.

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:

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
0 – 30 days	98,775	107,435
31 – 60 days	13,752	22,089
61 – 120 days	11,360	31,975
Over 120 days	<u>30,969</u>	<u>6,384</u>
	<u>154,856</u>	<u>167,883</u>

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

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
– Ringgit Malaysia (RM)	154,118	167,070
– United States Dollar (USD)	738	813
	<u>154,856</u>	<u>167,883</u>

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

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
At 1 January	2,922	1,039
Provision for loss allowance	3,313	1,883
Currency exchange translation	(75)	–
At 31 December	<u>6,160</u>	<u>2,922</u>

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

12. TRADE AND OTHER PAYABLES

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
Trade payables	22,132	31,375
Accrued payroll liabilities	7,905	8,132
Loans from subsidiaries' non-controlling shareholders (<i>Note</i>)	7,851	8,037
Other payables and accruals	10,178	12,847
	<u>48,066</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:

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
– Ringgit Malaysia (RM)	21,625	30,868
– United States Dollar (USD)	507	507
	<u>22,132</u>	<u>31,375</u>

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

	2025 <i>RM'000</i>	2024 <i>RM'000</i>
0 – 30 days	17,785	26,231
31 – 60 days	151	451
61 – 120 days	4,176	687
Over 120 days	20	4,006
	<u>22,132</u>	<u>31,375</u>

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

BUSINESS REVIEW

The Group continues to maintain its position as a key participant in Malaysia's scrap ferrous metal trading sector. Guided by our longstanding commitment to integrity and reliability in all business dealings, the Group remains focused on meeting customers' needs while adapting to evolving market conditions.

For the FYE 2025, the Group recorded revenue of RM1.46 billion, reflecting a decrease of approximately 14.7% from RM1.71 billion in the FYE 2024. The decline in revenue was primarily driven by a reduction in sales volume of scrap ferrous metal, arising from subdued market demand and sustained price volatility within the global steel industry.

Despite the decline in revenue, the Group recorded a gross profit of RM123.07 million in FYE 2025, representing a marginal decrease of approximately 2.3% compared to RM125.96 million in FYE 2024. The Group's gross profit margin, however, improved by approximately 1.08 percentage points which was mainly attributable to the Group's procurement strategy and cost management. These measures helped mitigate the impact of market price volatility during the financial year and reflect the Group's ability to preserve margin quality despite a challenging revenue environment.

The Group recorded a profit after tax of RM10.89 million in FYE 2025, representing a decrease of approximately 49.4% compared to RM21.54 million in FYE 2024. The decline in profitability was mainly due to higher operating costs, particularly transportation expenses. These costs were driven by elevated logistics expenditure, including higher fuel prices and freight-related charges, which exerted notable pressure on overall operating margins.

The global steel industry continues to operate in a challenging and evolving environment. Key industry issues include supply-demand imbalances, fluctuations in raw material prices, and increasing regulatory and environmental expectations relating to sustainable production and recycling practices. These factors continue to contribute to volatility in steel and scrap metal prices and may influence market demand in the near term.

In light of the prevailing operating environment, the Group remains focused on strengthening its core business operations and enhancing operational resilience. The Group will continue to refine its procurement strategies, improve operational efficiency and productivity, and optimize logistics planning to better manage transportation costs. In addition, the Group will remain attentive to market developments and sustainability trends to ensure that its business operations remain competitive and aligned with evolving industry requirements.

Looking ahead, the Group will continue to exercise prudent financial and operational management while remaining vigilant in navigating market uncertainties. The Group remains committed to pursuing sustainable profitability and delivering long-term value to its stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

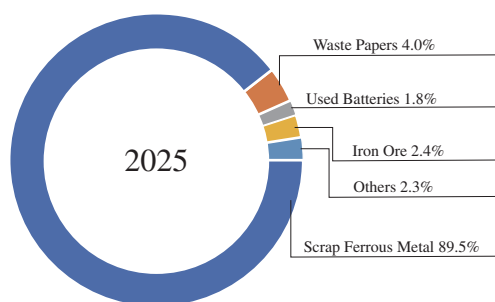
Revenue

The Group recorded total revenue of RM1,455.43 million for FYE 2025 representing a decrease of approximately 14.7% compared to revenue of RM1,706.66 million in FYE 2024.

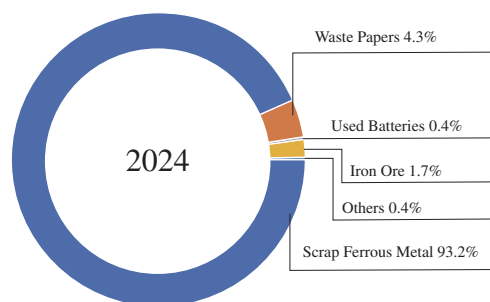
The decline in the Group's revenue in FYE 2025 was mainly attributable to a decrease in the sales volume of scrap ferrous metal. The sales volume of scrap ferrous metal for FYE 2025 reached 899,833 tonnes, representing a decrease of approximately 5.2% as compared to 949,634 tonnes recorded in FYE 2024.

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

BREAKDOWN OF TOTAL REVENUE
FYE 2025



BREAKDOWN OF TOTAL REVENUE
FYE 2024



Gross Profit

The Group's gross profit decreased by RM2.89 million from RM125.96 million in FYE 2024 to RM123.07 million in FYE 2025, mainly due to lower revenue recorded during the financial year. Nevertheless, the Group recorded an improvement in gross profit margin, attributable to enhanced procurement efficiency and tighter cost control in scrap purchases, which reduced the cost of sales relative to revenue.

Other income

Other income decreased from RM1.44 million in FYE 2024 to RM1.33 million in FYE 2025, mainly due to reduce in rental and other income.

Other losses

Our Group's other losses amounted to RM0.21 million for FYE 2025, representing a decrease in loss of RM1.30 million compared to FYE 2024. The decrease was mainly attributable to a decrease in written-off of downpayment to suppliers.

Provision for loss allowance on trade receivables

Our Group's provision for loss allowance on trade receivables amounted to RM3.31 million for FYE 2025, representing an increase in the provision of RM1.43 million. The increase was mainly attributable to the increase in credit risk from certain customers during the year.

Distribution and Selling Expenses

Distribution and selling expenses increased from RM55.31 million in FYE 2024 to RM69.02 million in FYE 2025, representing an increase of approximately 24.8%. The increase was mainly attributable to higher transportation charges incurred during the financial year.

Administrative Expenses

The Group recorded administrative expenses of RM31.61 million for FYE 2025, representing a slight increase of approximately 1.6% compared to RM31.11 million for FYE 2024. The increase was mainly attributable to higher insurance expenses and the impairment losses of the property, plant and equipment during the financial year.

Taxation

Malaysian corporate income tax has been provided at the rate of 24% (FYE 2024: 24%) of the estimated assessable profit. Income tax expenses decreased from RM11.32 million in FYE 2024 to RM7.01 million in FYE 2025. The effective tax rate for FYE 2025 was 39.2% (FYE 2024: 34.5%).

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for FYE 2025 was RM14.58 million (FYE 2024: RM25.46 million), representing a decrease of approximately 42.7%. The decrease was mainly attributable to higher operating costs, particularly distribution and transportation expenses incurred during the year.

Key Financial Ratios

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

Liquidity Ratios	As at 31 December	
	2025	2024
Current ratio	2.4 times	2.3 times
Gearing ratio	0.37 times	0.35 times

	For the year ended 31 December	
	2025	2024
Inventories' turnover period	16 days	14 days
Trade receivables' turnover period	40 days	38 days
Trade payables' turnover period	7 days	9 days

Liquidity and Financial Resources

As of FYE 2025, the Group's total equity attributable to owners amounted to RM252.87 million (FYE 2024: RM238.44 million) including retained earnings of RM169.34 million (FYE 2024: RM154.76 million). The Group's net current assets amounted to RM168.22 million (FYE 2024: RM164.74 million) of which cash and bank balances and pledged bank deposits were RM57.16 million in total (FYE 2024: RM52.39 million).

Taking into accounts the cash and cash equivalents on hand and banking facilities available, the Group has adequate financial resources to meet its working capital requirements as well as to fund its budgeted expansion plans in the forthcoming financial year. The Board will continue to adopt 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 of FYE 2025 were RM86.81 million (FYE 2024: RM76.93 million). The borrowings were principally utilised for the procurement of scrap ferrous metals and capital expenditure. The increase in borrowings was mainly due to the drawdown of additional bank loans during the financial year.

The Group's gearing ratio for FYE 2025 was 0.37 times (FYE 2024: 0.35 times), calculated based on total debts divided by total equity as at the end of the respective financial year. The slight increase was mainly attributable to higher bank borrowings during the financial year.

Future Plans for Material Investments and Capital Assets

As of FYE 2025, the Group has no plans for material investments or acquisitions of capital assets save for the capital commitments disclosed.

Pledge of Assets

As of FYE 2025 and FYE 2024, the Group had pledged the following assets to licensed financial institutions in order to secure certain bank borrowings and general banking facilities granted to the Group:

	2025 RM'000	2024 <i>RM'000</i>
Property, plant and equipment	8,622	5,183
Right-of-use assets	18,429	18,723
Investment properties	5,204	5,262
Deposit for acquisition of land	17,636	17,636
Pledged bank deposits	7,509	7,331
	<u>57,400</u>	<u>54,135</u>

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2025 (2024: Nil).

Capital Commitments

As of FYE 2025, the Group has capital commitment of RM39.20 million (FYE 2024: RM28.56 million) for the acquisition of property, plant and equipment and right-of-use assets.

Risk Management

The Group is exposed to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in the ordinary course of its business. Management monitors and manages these risks to ensure that appropriate measures are implemented in a timely and effective manner.

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

While the Group currently does not have a formal foreign currency hedging policy for foreign currency transactions, assets and liabilities, the management closely monitors foreign currency exposure and may consider hedging significant exposures where 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 financial assets represent the Group's maximum exposure to credit risk.

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 a significant increase in credit risk has occurred, the Group compares the risk of a default as at the date of initial recognition against current conditions, and takes into considerations 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 transacting exclusively with reputable commercial banks that are considered to 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 held at banks is considered to be close to zero.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. Management applied significant judgement in assessing expected credit losses for trade receivables, taking into account the proxy external default rating of customers, past repayment and default histories and ongoing business relationship. The loss rates are further adjusted to reflect forward-looking information that may affect the ability of customers to settle the receivables. As at 31 December 2025, the expected loss rate for trade receivables was 4.0% (2024: 1.7%), and the provision for trade receivables was RM6.16 million (FYE 2024: RM2.92 million).

The Group did not have any bad debts written off as at 31 December 2025. (FYE 2024: RM0.028 million).

The Group has a significant concentration of credit risk from customers in the scrap ferrous metals sectors, including steel mills and ferrous metal trading companies. As at 31 December 2025, 63% (2024: 66%) of the Group's total trade receivables were due from its two largest trade receivables. As our Group is one of a limited number of approved scraps metal providers to its steel mill customers and based on the past repayment history and forward-looking estimates, the Board is of the view that the credit risk inherent in the Group's outstanding trade receivables from this customers group remains low.

Our Group monitors the outstanding debts from its customers on an individual basis given the concentration of credit risk. Based on historical repayment trends, there is no discernible correlation between the risk of default occurring and collection past-due status, provided there is no significant change in the credit rating of the customers. Historically, losses arising from default risk and the time value of money have been negligible.

The Group's finance function monitors the Group's liquidity position to ensure that sufficient cash is maintained to meet operational needs, having regard to the Group's debt financing plans, covenant compliance, and where applicable, external regulatory or legal requirements, such as currency restrictions.

EVENTS OCCURRED SINCE THE END OF FYE 2025

The Board is not aware of any significant events that have occurred subsequent to the FYE 2025 and up to the date of this announcement that would require disclosure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, our Group employed 380 individuals in Malaysia, an increase from 371 employees as at 31 December 2024. The total staff costs and related expenses, including Directors' remuneration, amounted to RM32.36 million for FYE 2025, representing a marginal decrease of approximately 0.2% compared to RM32.44 million in FYE 2024. The increase in headcount during the financial year was primarily attributable to additional hires to support operational growth, alongside adjustments to executive directors' remuneration and general staff salaries and related expenditures.

The Group's remuneration policy encompasses basic salaries, allowances, bonuses and other employee benefits, which are determined based on the relevant employee's experience, qualifications and prevailing market conditions. The Board sets the emolument policy for employees based on merit, qualification and competence. The Group regularly provides training and development opportunities 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 2025.

DIVIDENDS

The Board has decided not to recommend the payment of final dividend in respect of FYE 2025 (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR 2026 AGM

The annual general meeting of the Company will be held on Saturday, 13 June 2026 (“**2026 AGM**”). The register of members of the Company will be closed from Tuesday, 9 June 2026 to Saturday, 13 June 2026, both days inclusive. During this period, no share transfer will be processed. In order to determine shareholders' eligibility to attend and vote at the 2026 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, 8 June 2026.

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 2025, 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 2025, 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 2025 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 2025 will be despatched to the shareholders of the Company upon request and published on the aforesaid websites on or before 30 April 2026.

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

Hong Kong, 31 March 2026

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