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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 2026

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2026 amounted to RM658.9 million, representing a decrease of 9.1% from RM725.0 million for the same period ended 30 June 2025.

- Gross profit for the six months ended 30 June 2026 amounted to RM63.7 million, representing an increase of 3.2% from RM61.7 million for the same period ended 30 June 2025.

- Profit attributable to owners of the Company for the six months ended 30 June 2026 amounted to RM1.1 million, representing a decrease of 86.9% from RM8.5 million for the six months ended 30 June 2025.

- The equity attributable to owners of the Company as at 30 June 2026 amounted to RM245.9 million, representing a decrease of 2.8% from RM252.9 million as at 31 December 2025.

- The Board does not declare any dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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 2026, together with the comparative figures for the corresponding period in 2025. 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 2026.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026 and 2025

	Notes	**For the six months ended 30 June** **2026** ***RM'000*** ***(Unaudited)***	2025 *RM'000* *(Unaudited)*
Revenue	4	**658,870**	724,957
Cost of sales	7	**(595,176)**	(663,224)
Gross profit		**63,694**	61,733
Other income	5	**229**	1,064
Other losses, net	6	**(1,709)**	(942)
Distribution and selling expenses	7	**(42,098)**	(31,510)
Administrative expenses	7	**(15,147)**	(15,809)
Operating profit		**4,969**	14,536
Finance income		**388**	345
Finance costs		**(1,869)**	(2,269)
Finance costs, net	8	**(1,481)**	(1,924)
Profit before income tax		**3,488**	12,612
Income tax expenses	9	**(2,658)**	(5,445)
Profit for the period		**830**	7,167
Profit and total comprehensive income for the period attributable to:			
Owner of the company		**1,113**	8,471
Non-controlling interest		**(283)**	(1,304)
		830	7,167
Earnings per share attributable to owners of the Company for the period *(expressed in sen per share)*			
– Basic earnings per share	11	**0.11**	0.85
– Diluted earnings per share	11	**0.11**	0.85

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026 and 31 December 2025

	Notes	**As at 30 June 2026** *RM'000* *(Unaudited)*	As at 31 December 2025 *RM'000* *(Audited)*
ASSETS			
Non-current assets			
Goodwill		**964**	964
Property, plant and equipment		**41,141**	41,250
Intangible asset		**163**	192
Investment properties		**5,718**	5,753
Deposits	12	**31,707**	21,707
Right-of-use assets		**23,714**	22,787
Deferred income tax assets		**2,293**	1,883
		105,700	94,536
Current assets			
Inventories		**54,961**	57,899
Trade and other receivables	12	**178,845**	174,148
Current income tax recoverable		**811**	2,067
Pledged bank deposits		**7,597**	7,509
Cash and bank balances		**41,357**	49,649
		283,571	291,272
Total assets		**389,271**	385,808
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		**(8,598)**	(475)
Retained earnings		**170,455**	169,343
		245,857	252,868
Non-controlling interest		**(2,270)**	(7,329)
Total equity		**243,587**	245,539

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2026 and 31 December 2025

	Notes	**As at 30 June 2026** ***RM'000*** ***(Unaudited)***	As at 31 December 2025 *RM'000* *(Audited)*
Non-current liabilities			
Borrowings		**29,464**	13,815
Lease liabilities		**3,171**	2,314
Deferred income tax liabilities		**1,013**	1,083
		33,648	17,212
Current liabilities			
Trade and other payables	13	**49,164**	48,066
Borrowings		**60,742**	72,998
Lease liabilities		**2,130**	1,993
		112,036	123,057
Total liabilities		**145,684**	140,269
Total equity and liabilities		**389,271**	385,808

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 its subsidiaries (together, the "**Group**") are principally engaged in trading of scrap ferrous metals, used batteries, waste paper, iron-ore, other scraps and provision for logistic services 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 2026 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 2025, 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 Amended standards and annual improvement adopted by the Group

The following amended standards and annual improvement have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2026:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11
Amendments to IFRS 9 and IFRS 7	Amendments to the Contracts Referencing Nature – Dependent Electricity
Amendments to IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Amendments to the disclosures about Uncertainties in the Financial Statements

The adoption of the amended standards and annual improvements does not have any material impact on the Group's financial statements for the current period.

3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

3.2 New standards, amended standards and amended interpretation not yet adopted by the Group

The following new standards, amended standards and amended interpretation have been issued but are not effective for the financial year beginning on 1 January 2026 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
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 IAS 21	Amendments to Translation to a Hyperinflationary Presentation Currency	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
IFRS 20	Regulatory Assets and Regulatory Liabilities	1 January 2029
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 Group is currently assessing the impact of these new standards, amended standards and amended interpretation on the Group's financial position and performance and plans to adopt these new standards, amended standards and interpretation and annual improvements 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 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 REVENUE AND SEGMENT INFORMATION (CONTINUED)

4.1 Revenue by location of goods delivery

During the six months ended 30 June 2026 and 2025, 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 2026, all non-current assets were all located in Malaysia.

5 OTHER INCOME

	For the six months ended 30 June	
	2026	2025
	RM'000	*RM'000*
	(Unaudited)	*(Unaudited)*
Compensation received	**5**	12
Rental income	**112**	68
Others	**112**	984
	229	1,064

6 OTHER LOSSES, NET

	For the six months ended 30 June	
	2026	2025
	RM'000	*RM'000*
	(Unaudited)	*(Unaudited)*
Foreign exchange loss, net	**(11)**	–
Gain on disposal of property, plant and equipment	**207**	–
Provision for loss allowance on trade receivables	**(2,000)**	(942)
Gain on remeasurement of ROU	**94**	–
Write-back of downpayment to suppliers	**1**	–
	(1,709)	(942)

7 EXPENSES BY NATURE

	For the six months ended 30 June	
	2026	2025
	RM'000	*RM'000*
	(Unaudited)	*(Unaudited)*
Cost of trading goods sold	**580,873**	650,596
Employee benefit expenses	**16,501**	17,583
Depreciation expenses		
– Property, plant and equipment	**4,251**	4,076
– Investment properties	**35**	35
– Right-of-use assets	**1,299**	1,231
Amortisation expenses		
– Intangible assets	**29**	26
Auditors' remuneration		
– Audit services	**441**	452
– Non-audit services	**38**	55
Transportation costs	**34,389**	23,711
Lease expenses related to		
– low value assets	**245**	470
– short term leases	**600**	417
Upkeep expenses	**4,084**	3,385
Legal and compliance fees	**638**	467
Secretarial fees	**103**	143
Other expenses	**8,895**	7,896
Total cost of sales, distribution and selling expenses and administrative expenses	**652,421**	710,543

8 FINANCE COSTS, NET

	For the six months ended 30 June	
	2026	2025
	RM'000	*RM'000*
	(Unaudited)	*(Unaudited)*
Interest income from bank deposits	**388**	345
Interest expense on bank borrowings	**(1,545)**	(1,744)
Interest expense on hire purchase liabilities	**(177)**	(194)
Interest expense on lease liabilities	**(103)**	(115)
Interest expense on bank overdraft	**(3)**	(2)
Interest expense on loans from non-controlling shareholders	**(41)**	(214)
	(1,869)	(2,269)
Finance costs, net	**(1,481)**	(1,924)

9 INCOME TAX EXPENSES

Malaysian corporate income tax has been provided at the rate of 24% (six months ended 30 June 2025: 24%) of the estimated assessable profit for the six months ended 30 June 2026 and 30 June 2025.

	For the six months ended 30 June	
	2026	2025
	RM'000	*RM'000*
	(Unaudited)	*(Unaudited)*
Current tax:		
Malaysian corporate income tax	**3,138**	5,556
Deferred income tax	**(480)**	(111)
Income tax expenses	**2,658**	5,445

10 INTERIM DIVIDEND

The Board does not declare the payment of any dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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.

	For the six months ended 30 June	
	2026	2025
	RM'000	*RM'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit for the periods attributable to owners of the Company	**1,113**	8,471
Number of shares:		
Weighted average number of shares in issue	**1,000,000,000**	1,000,000,000
Basic earning per share (expressed in sen per share)	**0.11**	0.85

As at 30 June 2026 and 30 June 2025, the Company has no outstanding potentially dilutive shares.

12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2026	As at 31 December 2025
	RM'000	*RM'000*
	(Unaudited)	*(Audited)*
Non-current		
Deposits for acquisition of freehold land	**31,707**	21,707
Current		
Trade receivables	**157,114**	154,856
Less: Provision for loss allowance	**(8,163)**	(6,160)
	148,951	148,696
Downpayment to suppliers	**17,380**	17,591
Other receivables	**1,664**	1,526
Deposits and prepayments	**10,753**	6,238
Other tax receivables	**97**	97
	178,845	174,148
Total trade and other receivables	**210,552**	195,855

Deposits for acquisition of freehold 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 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 ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2026	As at 31 December 2025
	RM'000	*RM'000*
	(Unaudited)	*(Audited)*
0 – 30 days	**88,454**	98,775
31 – 60 days	**14,844**	13,752
61 – 120 days	**8,949**	11,360
Over 120 days	**44,867**	30,969
	157,114	154,856

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

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

	As at 30 June 2026 *RM'000* *(Unaudited)*	As at 31 December 2025 *RM'000* *(Audited)*
– Ringgit Malaysia (RM)	**156,373**	154,118
– United States Dollar (USD)	**741**	738
	157,114	154,856

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

	As at 30 June 2026 *RM'000* *(Unaudited)*	As at 31 December 2025 *RM'000* *(Audited)*
As at 1 January	**6,160**	2,922
Provision for loss allowance	**2,000**	3,313
Currency exchange translation	**3**	(75)
	8,163	6,160

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 2026 *RM'000* *(Unaudited)*	As at 31 December 2025 *RM'000* *(Audited)*
Trade payables	**21,144**	22,132
Accrued payroll liabilities	**7,244**	7,905
Loans from directors (*Note)*	**6,651**	7,851
Other payables and accruals	**14,125**	10,178
	49,164	48,066

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.

13 TRADE AND OTHER PAYABLES (CONTINUED)

	As at 30 June 2026 ***RM'000*** ***(Unaudited)***	As at 31 December 2025 *RM'000* *(Audited)*
– Ringgit Malaysia (RM)	**19,964**	21,625
– United States Dollar (USD)	**1,180**	507
	21,144	22,132

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

	As at 30 June 2026 ***RM'000*** ***(Unaudited)***	As at 31 December 2025 *RM'000* *(Audited)*
0 – 30 days	**19,471**	17,785
31 – 60 days	**597**	151
61 – 120 days	**1,708**	4,176
Over 120 days	**(632)**	20
	21,144	22,132

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 ended 30 June 2026 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2025.

The Group recorded revenue of RM658.9 million for the Reporting Period, representing a decrease of RM66.1 million, or 9.1%, from RM725.0 million for the corresponding period in 2025. The decrease was mainly attributable to a reduction in both sales volume and average selling price of scrap metal. Scrap-metal sales volume decreased by 3.5% from 434,385 tonnes to 419,375 tonnes, while the average selling price of scrap metal decreased by 5.2% from RM1,446 per tonne to RM1,371 per tonne, reflecting the softer pricing environment and market conditions prevailing in the domestic scrap-metal industry during the Reporting Period.

Notwithstanding the decrease in revenue, gross profit increased by RM2.0 million, or 3.2%, to RM63.7 million, and gross profit margin expanded from 8.5% to 9.7%. Cost of sales, decreased by RM68.0 million, or 10.3%, to RM595.2 million, representing a proportionately greater reduction than the decline in revenue. This was mainly attributable to lower cost of scrap metal procured during the Reporting Period, together with the Group's disciplined procurement and pricing strategies, which enabled the Group to improves its gross profit margin notwithstanding the softer selling-price environment.

However, the improvement in gross profit was more than offset by the substantial increase in distribution and selling expenses, which rose by RM10.6 million, or 33.6%, to RM42.1 million. The increase was principally attributable to higher transportation and logistics costs in Malaysia, amid changes in the prevailing fuel subsidy and quota arrangements. Notably, distribution and selling expenses increased notwithstanding the lower sales volume during the Reporting Period, underscoring the extent of the cost pressure faced by the Group.

The increase in distribution and selling expenses resulted in a significant reduction in profit before income tax for the Reporting Period. Together with a higher effective tax rate, this resulted in profit after tax decreasing by RM6.3 million, or 88.4%, to RM0.8 million, Profit attributable to owners of the Company decreased by RM7.4 million, or 86.9%, to RM1.1 million, with the difference between profit after tax and profit attributable to owners of the Company reflecting losses attributable to non-controlling interests during the Reporting Period.

Overall, the Group maintained resilience at the gross-profit level during the Reporting Period notwithstanding the lower sales volume and average selling price. The significant increase in transportation and logistics costs, however, placed considerable pressure on operating profitability.

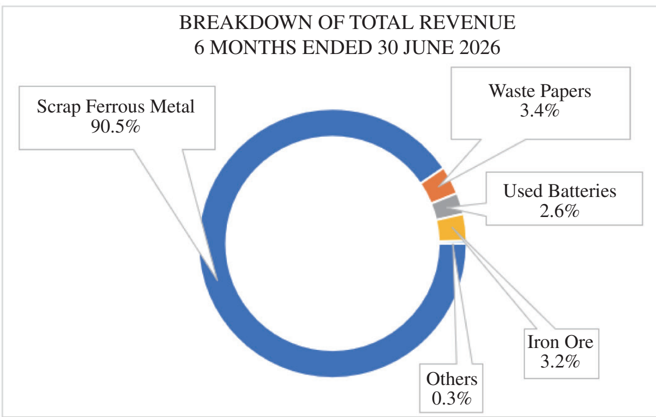
Looking ahead, the Group will continue to focus on maintaining sales volume, strengthening customer relationships and optimising its procurement and product mix to support gross-margin resilience. At the same time, management will place greater emphasis on transportation and logistics efficiency, including optimising delivery arrangements, route planning and vehicle utilisation, with a view to mitigate the impact of elevated transportation costs on operating profitability.

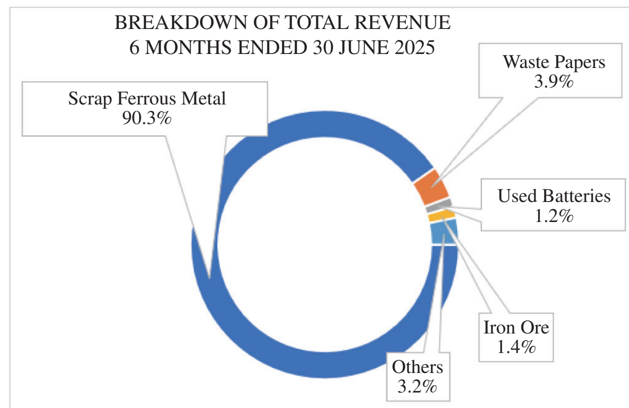
The Group will continue to monitor closely developments in the domestic, regional and global steel and scrap-metal markets and will adjust its procurement and selling strategies accordingly. While near-term profitability remains subject to fluctuations in selling prices and transportation costs, management remains focused on improving operational efficiency, protecting margins and pursuing sustainable growth in the domestic market.

Financial Review

Revenue

The Group recorded revenue of RM658.9 million for 1H 2026, compared to RM725.0 million in 1H 2025, representing a decline of 9.1%. The decrease was primarily attributable to lower selling prices for scrap metal. The breakdown of our total revenue by product types for the periods under review are as below:





The decrease in revenue was primarily attributable to lower scrap-metal sales volume and lower average selling prices. For 1H 2026, the Group recorded a sales volume of 419,375 metric tonnes, representing a decline of approximately 3.5% compared to 434,385 metric tonnes in 1H 2025. In addition, the average selling price of scrap ferrous metal declined by approximately 5.2%, from RM1,446.00 per metric tonnes in 1H 2025 to RM1,371.00 per metric tonnes in 1H 2026.

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			
2026		2025	
Volume sold *(metric tonnes)*	**Revenue *(RM'000)***	Volume sold *(metric tonnes)*	Revenue *(RM'000)*
419,375	**574,894**	434,385	628,143

Gross Profit

The Group's gross profit increased by RM2.0 million, from RM61.7 million in 1H 2025 to RM63.7 million in 1H 2026, representing an increase of approximately 3.2%. Additionally, the Group's gross profit margin improved to 9.7% in 1H 2026, compared to 8.5% in 1H 2025. The improvement in gross profit margin was mainly attributable to a proportionately greater reduction in cost of sales compared with the decline in revenue.

Distribution and Selling Expenses

For 1H 2026, the Group's distribution and selling expenses increased to RM42.1 million, compared to RM31.5 million in 1H 2025, representing an increase of approximately 33.6%. The increase was primarily attributable to the prevailing transportation cost environment in Malaysia, including changes in fuel subsidy and quota arrangements.

Administrative Expenses

Administrative expenses decreased by RM0.7 million, or 4.2%, to RM15.1 million for 1H 2026, mainly due to lower provisions for staff and Directors' bonuses and performance during the period.

Taxation

Malaysian corporate income tax has been provided at the rate of 24% of the estimated assessable profit. Our effective tax rate for 1H 2026 was 76.2% (1H 2025: 43.2%). The higher effective tax rate for the period is mainly attributable to tax losses incurred by certain subsidiaries that could not be offset against the taxable profits of other subsidiaries within the Group.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for 1H 2026 was RM1.1 million (1H 2025: RM8.5 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.

	As at 30 June 2026 ***(Unaudited)***	As at 31 December 2025 *(Audited)*
Liquidity Ratios		
Current ratio	**2.5 times**	2.4 times
Gearing ratio (times)	**0.39**	0.37

	For the six months ended 30 June	
	2026	2025
Inventories' turnover period	**17 days**	16 days
Trade receivables' turnover period	**43 days**	41 days
Trade payables' turnover period	**7 days**	8 days

Working Capital

The inventories' turnover period increased slightly from 16 days in 1H 2025 to 17 days in 1H 2026, reflecting a marginal increase in the average inventory holding period. The Group continues to manage inventory levels prudently with reference to prevailing market conditions and customer requirements.

The trade receivables' turnover period increased from 41 days to 43 days, indicating a moderate increase in the average collection period. The Group continues to closely monitor the aging profile and recoverability of trade receivables and maintain appropriate credit control and collection measures.

The trade payables' turnover period decreased slightly from 8 days in 1H 2025 to 7 days in 1H 2026, indicating a marginally shorter settlement period with suppliers.

Liquidity and Financial Resources

As of 30 June 2026, the Group's total equity attributable to owners of the Company amounted to RM245.9 million (as at 31 December 2025: RM252.9 million) including retained earnings of RM170.5 million (as at 31 December 2025: RM169.3 million). The Group's working capital amounted to RM171.5 million (as at 31 December 2025: RM168.2 million) of which cash and bank balances, pledged bank deposits and fixed deposits were RM49.0 million (as at 31 December 2025: RM57.2 million).

Taking into account the Group's cash and bank balances and available banking facilities, the Group maintains adequate liquidity and financial resources to meet its working capital requirements and support its ongoing operations and planned business initiatives. Although cash and bank balances decreased during the period, the Group maintained a sound liquidity position, supported by its positive net current assets and banking facilities. The Group's gearing ratio increased marginally from 0.37 times as at 31 December 2025 to 0.39 times as at 30 June 2026, reflecting a modest increase in leverage during the period. Despite the slight increase, the Group maintained a moderate gearing level and continues to have a sound capital base to support its ongoing operations and working capital requirements. The Board will continue to adopt a prudent treasury policy in managing cash resources, working capital and financing arrangements, with particular focus on receivables collection and cash conversion. Overall, the Group's financial position remains sound, and management will continue to closely monitor cash flows, working capital requirements and significant investments to ensure sufficient financial resources are maintained to support the Group's business objectives and strategies.

Total borrowings of the Group as at 30 June 2026 were RM90.2 million (as at 31 December 2025: RM86.8 million). The borrowings were mainly used to finance the procurement of scrap ferrous metals and capital expenditure.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

During the first six months ended 30 June 2026, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Pledge of Assets

As at 30 June 2026, 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 2026 ***RM'000*** ***(Unaudited)***	As at 31 December 2025 *RM'000* *(Audited)*
Property, plant and equipment	**7,528**	8,622
Right-of-use assets	**18,282**	18,429
Investment properties	**5,175**	5,204
Deposit for acquisition of land	**27,636**	17,636
Pledged bank deposits	**7,597**	7,509
	66,218	57,400

Contingent Liabilities

The Group did not have any significant contingent liability as at 30 June 2026 (as at 31 December 2025: Nil).

Capital Commitments

As at 30 June 2026, the Group has capital commitment to the bank in respect of the acquisition of property, plant and equipment of RM29.2 million (as at 31 December 2025: RM39.2 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 2026, the expected loss rate for trade receivables was 5.2% (31 December 2025: 4.0%). The provision for trade receivables for 1H 2026 was RM8.16 million (31 December 2025: RM6.16 million).

The Group has no write-off of trade receivables during 1H 2026 and 1H 2025.

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 2026, 52% (as at 31 December 2025: 63%) 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 2026

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 2026 up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had 355 employees in Malaysia, broadly unchanged from 354 employees as at 30 June 2025. Despite the stable headcount, total staff costs and related expenses decreased by 6.2% to RM16.5 million, mainly reflecting lower staff and Directors' bonus provisions during the period. This indicates that the decrease in staff costs was primarily attributable to lower variable remuneration and related provisions rather than a reduction in the Group's workforce. 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 2026. As at 1H 2026, 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 2026 (1H 2025: 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 2026 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 2026, 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) and the Company's website (www.henghup.com). The interim report of the Company for 1H 2026 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, 29 August 2026

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