HHH

Heng Hup Holdings Limited

興合控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1891

INTERIM REPORT 2025

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Datuk Sia Kok Chin (chairman of the Board 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

AUDIT & RISK MANAGEMENT COMMITTEE

Ms. Sai Shiow Yin (Chairlady)
Mr. Puar Chin Jong
Mr. Chu Kheh Wee

REMUNERATION COMMITTEE

Ms. Sai Shiow Yin (Chairlady)
Mr. Puar Chin Jong
Mr. Chu Kheh Wee

NOMINATION COMMITTEE

Datuk Sia Kok Chin (Chairman)
Ms. Sai Shiow Yin
Mr. Chu Kheh Wee

COMPANY SECRETARY

Ms. Tsang Wing Man (ACG HKACG)

AUTHORISED REPRESENTATIVES

Datuk Sia Kok Chin
Mr. Sia Kok Heong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND CORPORATE OFFICE IN MALAYSIA

A-10-09, Oasis Square
Jalan PJU 1A/7A
47301 Petaling Jaya
Selangor
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
No. 248, Queen's Road East
Wanchai
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest
Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Financial Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Hong Leong Bank Berhad
Level 8, Wisma Hong Leong
No. 18, Jalan Perak
50450 Kuala Lumpur
Malaysia

United Overseas Bank (M) Berhad
No. 48, Jalan PJU 5/8
Dataran Sunway, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

STOCK CODE

Hong Kong Stock Exchange 1891

COMPANY WEBSITE

www.henghup.com

FINANCIAL HIGHLIGHTS

The table below sets out the summarised financial information of Heng Hup Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**", "**we**", "**us**" and "**our**"):

	Six months ended 30 June	
	2025	2024
	RM'000	RM'000
Revenue	**724,957**	865,207
Gross profit	**61,733**	61,800
Profit before interest, tax, depreciation and amortisation	**19,904**	23,685
Depreciation	**(5,368)**	(4,788)
Finance costs, net	**(1,924)**	(2,830)
Profit before income tax	**12,612**	16,067
Income tax expenses	**(5,445)**	(5,953)
Profit for the period	**7,167**	10,114
Profit and total comprehensive income for the period attributable to:		
Owners of the Company	**8,471**	11,456
Non-controlling interest	**(1,304)**	(1,342)
	7,167	10,114

	As at	
	30 June	31 December
	2025	2024
	RM'000	RM'000
Total non-current assets	**90,849**	90,302
Total current assets	**289,148**	290,044
Total assets	**379,997**	380,346
Total non-current liabilities	**21,111**	20,393
Total current liabilities	**117,066**	125,300
Total liabilities	**138,177**	145,693
Net current assets	**172,082**	164,744
Equity attributable to owners of our Company	**246,908**	238,437
Non-controlling interest	**(5,088)**	(3,784)
Total equity	**241,820**	234,653

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is recognized as a leading participant in Malaysia's scrap ferrous metal trading sector, a position founded on our unwavering commitment to integrity, which serves as the cornerstone of our business practices. Our dedication to fulfilling our obligations and consistently exceeding customer expectations remains central to our operational strategy. In this regard, 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.

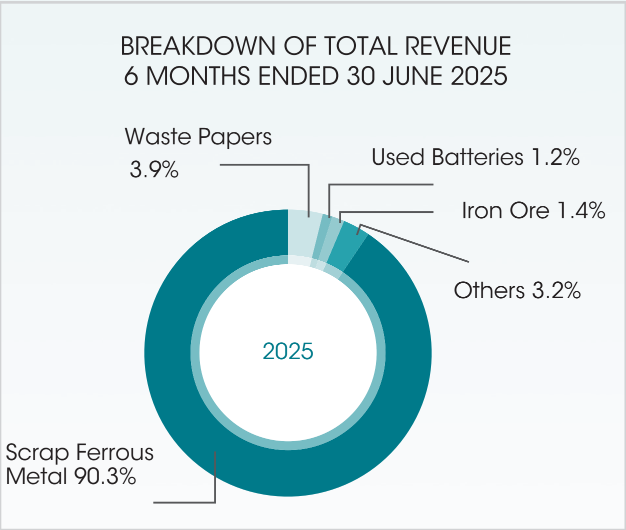
Globally, the market continues to grapple with an oversupply of ferrous materials, particularly from China, together with ongoing market volatility, geopolitical uncertainties and supply chains disruptions, which may further affect market dynamics and trade flows in the coming months.

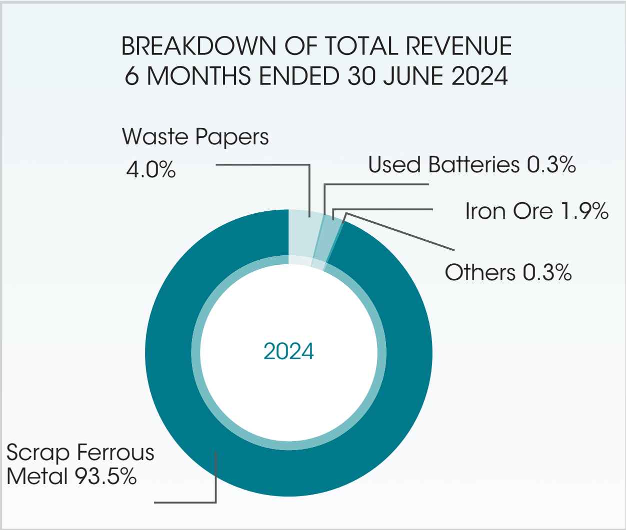
In light of these headwinds, the Group remains focused on enhancing operational efficiency, optimising cost structures, and strengthening procurement and trading strategies to safeguard profitability. Concurrently, the Group will continue to pursue diversification opportunities across both product offerings 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)
434,385	**628,143**	471,580	787,399

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.

Liquidity Ratios	**As at 30 June 2025 (Unaudited)**	As at 31 December 2024 (Audited)
Current ratio	**2.5 times**	2.3 times
Gearing ratio	**0.35 times**	0.35 times

	For the six months ended 30 June	
	2025	2024
Inventories' turnover period	**16 days**	16 days
Trade receivables' turnover period	**41 days**	38 days
Trade payables' turnover period	**8 days**	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
	59,537	54,135

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 exposure if necessary.

The Group's interest rate risk arises primarily from borrowing 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 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 forwarding 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.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SERVICES UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") were as follows:

Long position in our Shares, underlying Shares and Debentures are as below:

Name of Director	Nature of interest	Number and class of Shares (Note 1)	Approximate percentage of shareholding
Datuk Sia Kok Chin	Interest in controlled corporation/interests held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Datuk Sia Keng Leong	Interest in controlled corporation/interests held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Mr. Sia Kok Chong	Interest in controlled corporation/interests held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Mr. Sia Kok Seng	Interest in controlled corporation/interests held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Mr. Sia Kok Heong	Interest in controlled corporation/interests held jointly with another person/beneficial owner	681,680,000 (L)	68.17%

Notes:

(1) As at 30 June 2025, the total number of issued shares was 1,000,000,000 ordinary shares.

(2) The letter "L" denotes the entity's long position in the Shares.

(3) The Sia Brothers entered into a deed of acting in concert confirmation and undertaking dated 20 August 2018. As such, each of the Sia Brothers, being parties to the deed of acting in concert confirmation and undertaking, is deemed under the SFO to be interested in the 441,680,000 Shares collectively held through 5S Holdings BVI Limited ("**5S Holdings**") and the 48,000,000 Shares held by each of the other Sia Brothers. In other words, each of the Sia Brother is interested in the 681,680,000 Shares, among which 441,680,000 shares are held in the capacity as interest in a controlled corporation, 192,000,000 shares are held in the capacity as interests held jointly with another person and 48,000,000 shares are held in the capacity as beneficial owner.

Interests in associated corporation were as below:

Name of Director	Associated corporation	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Datuk Sia Kok Chin	5S Holdings	Beneficial owner	7,000	35.00%
Datuk Sia Keng Leong	5S Holdings	Beneficial owner	3,250	16.25%
Mr. Sia Kok Chong	5S Holdings	Beneficial owner	3,250	16.25%
Mr. Sia Kok Seng	5S Holdings	Beneficial owner	3,250	16.25%
Mr. Sia Kok Heong	5S Holdings	Beneficial owner	3,250	16.25%

Save as disclosed above, as at 30 June 2025, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2025 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING

As at 30 June 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of interest	Number and class of Shares (Ordinary shares)	Approximate percentage of shareholding (Note 1)
5S Holdings	Beneficial owner	441,680,000 (L)	44.17%
Ms. Koo Lee Ching	Interest of spouse	681,680,000 (L) (Note 3)	68.17%
Ms. Loh Hui Mei	Interest of spouse	681,680,000 (L) (Note 4)	68.17%
Ms. Peong Ai Teen	Interest of spouse	681,680,000 (L) (Note 5)	68.17%
Ms. Yang Mei Feng	Interest of spouse	681,680,000 (L) (Note 6)	68.17%
Ms. Juan Sook Fong	Interest of spouse	681,680,000 (L) (Note 7)	68.17%

Notes:

(1) As at 30 June 2025, the total number of issued shares was 1,000,000,000 ordinary shares.

(2) The letter "L" denotes the entity's long position in the Shares.

(3) Ms. Koo Lee Ching is the spouse of Datuk Sia Kok Chin. As such, Ms. Koo Lee Ching is deemed under the SFO to be interested in the Shares in which Datuk Sia Kok Chin is interested.

(4) Ms. Loh Hui Mei is the spouse of Datuk Sia Keng Leong. As such, Ms. Loh Hui Mei is deemed under the SFO to be interested in the Shares in which Datuk Sia Keng Leong is interested.

(5) Ms. Peong Ai Teen is the spouse of Mr. Sia Kok Chong. As such, Ms. Peong Ai Teen is deemed under the SFO to be interested in the Shares in which Mr. Sia Kok Chong is interested.

(6) Ms. Yang Mei Feng is the spouse of Mr. Sia Kok Seng. As such, Ms. Yang Mei Feng is deemed under the SFO to be interested in the Shares in which Mr. Sia Kok Seng is interested.

(7) Ms. Juan Sook Fong is the spouse of Mr. Sia Kok Heong. As such, Ms. Juan Sook Fong is deemed under the SFO to be interested in the Shares in which Mr. Sia Kok Heong is interested.

Save as disclosed above, and as at 30 June 2025, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of our shareholders passed on 19 February 2019.

No share option has been granted under the Share Option Scheme since its adoption. Accordingly, as at 30 June 2025, there was no share option exercised, cancelled, lapsed or outstanding under the Share Option Scheme.

The number of options available for grant under the Share Option Scheme as at the beginning and the end of the six-months ended 30 June 2025 was 100,000,000.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 30 June 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 BY DIRECTORS

The Company has adopted "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.

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.

FINANCIAL HIGHLIGHTS

A summary of the Group's results, assets and liabilities for the six months ended 30 June 2025 is set out on page 4 of this interim report. This summary does not form part of the unaudited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 30 June 2025, neither the Company nor any of its subsidiaries held any treasury shares.

CHANGES IN DIRECTORS' INFORMATION

As at 30 June 2025, there was no change in the information of the Company's directors.

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).

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit & 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 the six months ended 30 June 2025, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

PUBLICATION OF INTERIM REPORT

This interim report is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.henghup.com).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 and 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 and 31 December 2024

	Note	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
ASSETS			
Non-current assets			
Goodwill		**964**	964
Property, plant and equipment	11	**39,115**	38,499
Intangible asset		**198**	224
Investment properties	12	**5,789**	5,824
Deposits	13	**19,834**	19,834
Right of use assets	17	**23,533**	23,382
Deferred income tax assets	18	**1,416**	1,575
		90,849	90,302
Current assets			
Inventories		**64,371**	56,028
Trade and other receivables	13	**182,728**	181,622
Pledged bank deposits		**7,421**	7,331
Cash and bank balances		**34,628**	45,063
		289,148	290,044
Total assets		**379,997**	380,346
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	14	**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
		246,908	238,437
Non-controlling interest		**(5,088)**	(3,784)
Total equity		**241,820**	234,653

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2025 and 31 December 2024

	Note	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Non-current liabilities			
Borrowings	16	**17,703**	16,743
Lease liabilities	17	**2,795**	2,766
Deferred income tax liabilities	18	**613**	884
		21,111	20,393
Current liabilities			
Trade and other payables	15	**50,301**	60,391
Current income tax liabilities		**1,939**	2,923
Borrowings	16	**62,724**	60,182
Lease liabilities	17	**2,102**	1,804
		117,066	125,300
Total liabilities		**138,177**	145,693
Total equity and liabilities		**379,997**	380,346

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 and 2024

	Attributable to owners of the Company								
	Share capital (Note 15)	**Share premium**	**Capital Reserve**	**Foreign translation reserve**	**Other reserve**	**Retained earnings**	**Total equity**	**Non-controlling interest**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
As at 1 January 2025 (Audited)	**5,206**	**49,306**	**29,487**	**1**	**(325)**	**154,762**	**238,437**	**(3,784)**	**234,653**
Profit and total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**8,471**	**8,471**	**(1,304)**	**7,167**
As at 30 June 2025 (Unaudited)	**5,206**	**49,306**	**29,487**	**1**	**(325)**	**163,233**	**246,908**	**(5,088)**	**241,820**

	Attributable to owners of the Company							
	Share capital (Note 15)	Share premium	Capital Reserve	Foreign translation reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024 (Audited)	5,206	49,306	29,487	–	129,298	213,297	(707)	212,590
Profit and total comprehensive income for the period	–	–	–	–	11,456	11,456	(1,342)	10,114
As at 30 June 2024 (Unaudited)	5,206	49,306	29,487	–	140,754	224,753	(2,049)	222,704

Note:

(a) Capital reserve represents the difference between the fair value of shares issued and the aggregate value of the retained earnings and reserves of subsidiaries acquired pursuant to the reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025 and 2024

	Note	For the six months ended 30 June 2025 RM'000 (Unaudited)	2024 RM'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations	19	**322**	27,457
Tax paid		**(6,540)**	(1,461)
Net cash (used in)/generated from operating activities		**(6,218)**	25,996
Cash flows from investing activities			
Purchase of property, plant and equipment		**(407)**	(3,774)
Proceeds from disposal of property, plant and equipment		**–**	278
Interest received		**345**	217
Placement of pledged bank deposits		**(90)**	(68)
Additions in right-of-use assets		**–**	(2,237)
Net cash used in investing activities		**(152)**	(5,584)
Cash flows from financing activities			
Interest paid		**(2,055)**	(3,047)
Drawdown of borrowings		**1,882**	10,130
Repayments of borrowings		**(2,705)**	(1,523)
Principal elements of lease payments		**(1,055)**	–
(Repayment)/Loan from subsidiaries' non-controlling shareholders		**(127)**	1,555
Net cash (used in)/generated from in financing activities		**(4,060)**	7,115
Net (decrease)/increase in cash and cash equivalents		**(10,430)**	27,527
Effect of exchange rate changes		**(5)**	–
Cash and cash equivalents at beginning of the period		**45,063**	19,725
Cash and cash equivalents at end of period		**34,628**	47,252
Cash at bank and on hand		**34,628**	45,643
Short-term bank deposits with maturity of three months or less		**–**	1,609
Cash and bank		**34,628**	47,252
Cash and cash equivalents		**34,628**	47,252

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

Heng Hup Holdings Limited (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 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.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 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.

2.3 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.

3 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 servicers.

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 assess the performance of the operating segment based on a measure of profit before income tax.

(a) 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.

(b) Non-current assets

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

4 OTHER INCOME

	For the six months ended 30 June	
	2025	2024
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Compensation received	**12**	1
Rental income	**67**	233
Others	**985**	343
	1,064	577

5 OTHER LOSSES, NET

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

6 EXPENSES BY NATURE

	For the six months ended 30 June 2025 RM'000 (Unaudited)	2024 RM'000 (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 relating to:		
– low value assets	**470**	264
– short-term lease	**417**	61
Upkeep expenses	**3,385**	3,761
Legal and compliance fees	**467**	426
Secretarial fees	**143**	104
Other expenses	**7,896**	8,613
Total costs of sales, distribution and selling expenses and administrative expenses	**710,543**	864,191

7 FINANCE COSTS, NET

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

8 INCOME TAX EXPENSE

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

8 INCOME TAX EXPENSE *(Continued)*

The reconciliations from the tax amount at the Malaysian corporate income tax rate of 24% (six months ended 30 June 2024: 24%) and the Group's tax expense are as follows:

	For the six months ended 30 June	
	2025	2024
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax	**12,612**	16,067
Tax at Malaysia corporate income tax rate	**3,027**	3,856
Tax effect of expenses not deductible for tax purposes	**1,413**	1,477
Deferred tax assets not recognised	**1,230**	632
Deferred tax adjustments in respect of prior financial years	**(225)**	–
Over provision in prior year	**–**	(12)
Income tax expense for the period	**5,445**	5,953

9 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).

10 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 issued during the respective period. Diluted earnings per share is calculated by dividing the profit for the period 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	
	2025	2024
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company	**8,471**	11,456
Number of shares:		
Weighted average number of shares in issue	**1,000,000,000**	1,000,000,000
Basic and diluted earnings per share *(expressed in sen per share)*	**0.85**	1.15

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

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired and disposed property, plant and equipment with aggregate cost of RM4,730,578 and RM39,200, respectively. (six months ended 30 June 2024: RM5,400,911 and RM787,878, respectively).

12 INVESTMENT PROPERTIES

There were no additional investment properties acquired by the Group during the six months ended 30 June 2025 under review. (six months ended 30 June 2024: RM nil). No investment properties were disposed during the six months ended 30 June 2025 (six months ended 30 June 2024: RM nil).

13 TRADE AND OTHER RECEIVABLES

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

13 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 fulfilment 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 report.

(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 report.

(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 report.

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
	159,058	167,883

13 TRADE AND OTHER RECEIVABLES *(Continued)*

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
	159,058	167,883

The Group considers the probability of default upon initial recognition of 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 forwarding 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.

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)
At 1 January	**2,922**	1,039
Provision for loss allowance	**942**	1,883
At 30 June/31 December	**3,864**	2,922

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

14 SHARE CAPITAL

	As at June 2025		As at 31 December 2024	
	Number of shares in thousand	Share capital RM'000	Number of shares in thousand	Share capital RM'000
Authorised:				
At beginning of the period (Audited)	2,000,000	10,406	2,000,000	10,406
At the end of the period	2,000,000	10,406	2,000,000	10,406
At beginning of the year	1,000,000	5,206	1,000,000	5,206
Issuance of ordinary shares	–	–	–	–
At the end of the period	1,000,000	5,206	1,000,000	5,206

15 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 subsidiaries' non-controlling shareholders (Note)	8,124	8,037
Other payables and accruals	10,894	12,847
	50,301	60,391

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

15 TRADE AND OTHER PAYABLES *(Continued)*

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
	24,351	31,375

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
	24,351	31,375

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

16 BORROWINGS

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Non-current		
Bank borrowings		
– Term loans (Note a)	**12,245**	13,801
Hire purchase liabilities (Note b)	**5,458**	2,942
	17,703	16,743
Current		
Bank borrowings		
– Term loans (Note a)	**3,108**	3,100
– Bankers acceptance facilities (Note c)	**57,157**	55,275
	60,265	58,375
Hire purchase liabilities (Note b)	**2,459**	1,807
	62,724	60,182
Total borrowings	**80,427**	76,925

All borrowings are denominated in Ringgit Malaysia (RM).

Certain bank borrowings are secured by property, plant and equipment, right-of-use assets, investment properties and pledged bank deposits of the Group of RM59.5 million as at 30 June 2025 (as at 31 December 2024: RM54.1 million).

As at 30 June 2025, the Group had aggregate banking facilities of approximately RM337.5 million (as at 31 December 2024: RM337.5 million). Unused facilities amounted to approximately RM249.9 million as at 30 June 2025 (as at 31 December 2024: RM256.2 million).

16 BORROWINGS *(Continued)*

(a) Term loans

Term loans mature at various dates up to 2031.

As at 30 June 2025 and 31 December 2024, the Group's term loans were repayable as follows:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Within 1 year	**3,108**	3,100
Between 1 and 2 years	**2,951**	3,105
Between 2 and 5 years	**4,249**	5,140
Over 5 years	**5,045**	5,556
	12,245	13,801
	15,353	16,901

The effective interest rates of term loans at the reporting dates are as follows:

	As at 30 June 2025 % (p.a.) (Unaudited)	As at 31 December 2024 % (p.a.) (Audited)
Interest rates	**4.70 – 6.89**	4.70 – 6.89

The carrying amounts of the term loans approximate their fair values.

16 BORROWINGS *(Continued)*

(b) Hire purchase liabilities

The Group has various items of plant and machinery and motor vehicles acquired under hire purchase agreement. The rights to the assets will revert to the financier only in the event of a default of the terms under these agreements.

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Gross hire purchase liabilities – minimum lease payments		
Not more than 1 year	**2,832**	2,014
Later than 1 year and not later than 5 years	**5,942**	3,137
	8,774	5,151
Future finance charges on hire purchase	**(857)**	(402)
	7,917	4,749
Total present value of hire purchase is as follow:		
Not later than 1 year	**2,459**	1,807
Later than 1 year but not later than 5 years	**5,458**	2,942
	7,917	4,749

16 BORROWINGS *(Continued)*

(c) Bankers acceptance facilities

Bankers acceptance facilities mature within 60 days.

Bankers acceptance facilities are utilised by the Group to finance sales and purchase of goods to selected customers and suppliers approved by the bank up to 80% of the documentary invoice values.

The effective interest rates of bankers acceptance loans at the reporting dates are as follows:

	As at 30 June 2025 % (p.a.) (Unaudited)	As at 31 December 2024 % (p.a.) (Audited)
Interest rates	**3.34 – 4.55**	4.40 – 4.66

The carrying amounts of the trust receipt facilities approximate their fair values.

17 LEASES

(i) Amounts recognised in the consolidated statement of financial position:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Right of use ("ROU") assets		
Leasehold lands	**22,870**	22,645
Leasehold property	**663**	737
	23,533	23,382
Lease liabilities		
Non-current portion	**2,795**	2,766
Current portion	**2,102**	1,804
	4,897	4,570

17 LEASES *(Continued)*

(ii) Movement of the carrying value of ROU assets:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
At 1 January	23,382	23,980
Addition to the ROU assets during the financial year	1,382	3,145
Effect on acquisition of a subsidiary – leasehold property	–	–
Depreciation charge	(1,231)	(2,344)
Reclassification of ROU assets to property, plant and equipment	–	(1,399)
	23,533	23,382

As at 30 June 2025, leasehold lands with a net book value of approximately RM18.6 million (2024: RM 18.7 million) were pledged to the bank to secure the banking facilities granted to the Group.

(iii) Amounts recognised in the consolidated statement of comprehensive income:

	For the six months ended 30 June 2025 RM'000 (Unaudited)	2024 RM'000 (Unaudited)
Depreciation expense of ROU assets	1,231	2,344
Interest expense (included in finance cost)	115	262
Expenses relating to leases of low-value assets (included in distribution and selling expenses and administrative expenses)	470	556
Expenses relating to leases of short-term lease (including in cost of sales)	417	86

(iv) The Group leases vacant leasehold lands as the scrap yards. Lease contracts are typically made for fixed periods of 2 to 3 years (2024: 2 to 3 years) but may have extension options. The unexpired lease periods of the leasehold land of the Group which were included under right-of-use assets ranges from 24 to 79 years (2024: 25 to 80 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

18 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Deferred income tax assets	**1,416**	1,575
Deferred income tax liabilities	**(613)**	(884)
	803	691

The movement in deferred income tax assets during the period/year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation RM'000	**Provisions RM'000**	**Unabsorbed losses RM'000**	**Total RM'000**
At 1 January 2024 (Audited)	(2,705)	2,540	223	58
Effect on acquisition of a subsidiary	–	–	–	–
(Charged)/Credited to the consolidated statements of comprehensive income	(182)	475	340	633
At 31 December 2024 (Audited)	(2,887)	3,015	563	691
(Charged)/Credited to the consolidated statements of comprehensive income (Note 8)	76	623	(587)	112
At 30 June 2025 (Unaudited)	**(2,811)**	**3,638**	**(24)**	**803**

19 CASH GENERATED FROM OPERATIONS

Reconciliation from profit before income tax to cash used in operations:

	For the six months ended 30 June 2025 RM'000 (Unaudited)	2024 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before income tax	**12,612**	16,067
Adjustment for:		
Finance costs	**2,269**	3,047
Finance income	**(345)**	(217)
Provision for loss allowance on trade receivables	**942**	–
Write-off of downpayment to suppliers	**–**	1,153
Depreciation expense	**5,342**	4,789
Amortisation expense	**26**	26
Gain on disposal of property, plant and equipment	**–**	(274)
Bad debt written off	**–**	1
Loss on foreign exchange – unrealised	**5**	–
	20,851	24,592
Changes in working capital		
Increase in inventories	**(8,343)**	(1,699)
(Increase)/Decrease in trade and other receivables	**(2,048)**	819
(Decrease)/Increase in trade and other payables	**(10,138)**	3,745
	322	27,457

This section sets out an analysis of reconciliation of liabilities from financing activities for each of the periods presented.

19 CASH USED IN OPERATIONS *(Continued)*

	Bank borrowings RM'000	Hire purchase Liabilities RM'000	Lease Liabilities RM'000	Loans from non-controlling shareholders RM'000	Total RM'000
At 1 January 2024	94,057	4,340	3,407	5,652	107,456
Addition/Proceeds					
– Cash	1,500	–	–	1,844	3,344
– Non-cash	–	2,152	3,145	–	5,297
Repayments	(27,768)	(2,021)	(2,244)	–	(32,033)
Other non-cash movement (Finance cost)	4,387	278	262	541	5,468
At 31 December 2024	72,176	4,749	4,570	8,037	89,532
At 1 January 2025	**72,176**	**4,749**	**4,570**	**8,037**	**89,532**
Addition/Proceeds					
– Cash	**–**	**4,325**	**–**	**(127)**	**4,198**
– Non-cash	**–**	**–**	**1,382**	**–**	**1,382**
Repayments	**(1,412)**	**(1,351)**	**(1,170)**	**–**	**(3,933)**
Other non-cash movement (Finance cost)	**1,746**	**194**	**115**	**214**	**2,269**
At 30 June 2025	**72,510**	**7,917**	**4,897**	**8,124**	**93,448**

20 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Property, plant and equipment and right-of-use assets	**26,511**	28,558

21 RELATED PARTY TRANSACTIONS

The Group is controlled by 5S Holdings (BVI) Limited which owns 68.17% of the Company's shares. The remaining 31.83% of shares are widely held. The ultimate controlling parties of the Group are the five directors of the Company namely, Datuk Sia Kok Chin, Datuk Sia Keng Leong, Sia Kok Seng, Sia Kok Heong and Sia Kok Chong.

(a) Significant related party transactions

There were no significant related party transactions during the six months ended 30 June 2025 under review (six months ended 30 June 2024: Nil).

(b) Transactions

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Interest expense on loans from subsidiaries' non-controlling shareholders (Note a)	**214**	541

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

(c) Year-end balances

	As at 30 June 2025 RM'000 (Unaudited)	As at 31 December 2024 RM'000 (Audited)
Loans from subsidiaries' non-controlling shareholders (Note a)	**8,124**	(8,037)

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

22 SUBSEQUENT EVENTS

On 1 August 2025, the non-controlling interest shareholder of Keat Paper Sdn. Bhd. transferred 333 ordinary shares of RM1.00 each to Heng Hup Paper (Melaka) Sdn. Bhd., a wholly owned subsidiary of Heng Hup Holdings (Malaysia) Sdn. Bhd. Following this transaction, Keat Paper Sdn. Bhd. became a wholly owned subsidiary of the Group with effect from that date.

Save for the event disclosed above and those disclosed elsewhere in this report, the Board is not aware of any significant events subsequent to 30 June 2025 and up to the date of this report.