Heng Hup Holdings Limited
興合控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1891

2026
INTERIM REPORT

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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 AND 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
Ara Damansara
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	
	2026	2025
	RM'000	RM'000
Revenue	**658,870**	724,957
Gross profit	**63,694**	61,733
Profit before interest, tax, depreciation and amortisation	**10,583**	19,904
Depreciation	**(5,614)**	(5,368)
Finance costs, net	**(1,481)**	(1,924)
Profit before income tax	**3,488**	12,612
Income tax expenses	**(2,658)**	(5,445)
Profit for the period	**830**	7,167
Profit and total comprehensive income for the period attributable to:		
Owners of the Company	**1,113**	8,471
Non-controlling interest	**(283)**	(1,304)
	830	7,167

	As at	
	30 June 2026	31 December 2025
	RM'000	RM'000
Total non-current assets	**105,700**	94,536
Total current assets	**283,571**	291,272
Total assets	**389,271**	385,808
Total non-current liabilities	**33,648**	17,212
Total current liabilities	**112,036**	123,057
Total liabilities	**145,684**	140,269
Net current assets	**171,535**	168,215
Equity attributable to owners of our Company	**245,857**	252,868
Non-controlling interest	**(2,270)**	(7,329)
Total equity	**243,587**	245,539

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Board of Directors of the Company ("**Board**") is pleased to present the unaudited interim financial results of the Group 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 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 sale 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's 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 recorded 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.

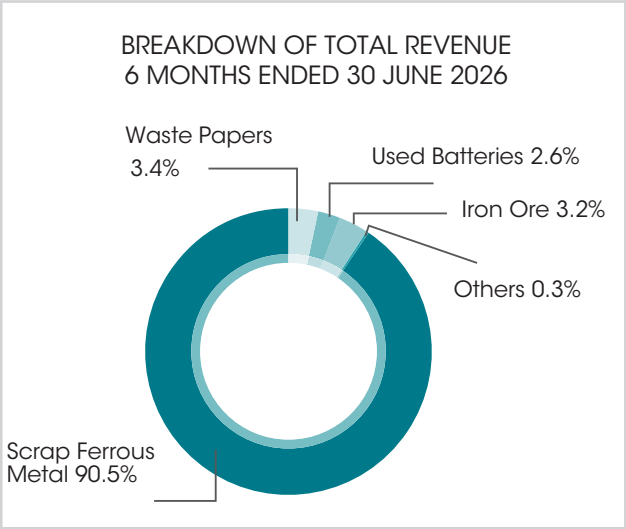
Looking ahead, the Group will continue to focus on maintaining sales volume, strengthening customer relationships and optimising its procurement and product mix to support gross-margin resilience. At the same time, management will place greater emphasis on transportation and logistics efficiency, including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

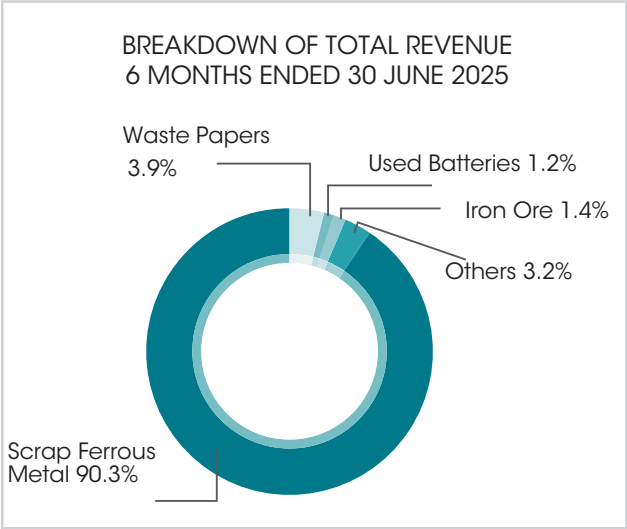
The Group will continue to monitor closely developments in the domestic, regional and global steel and scrap-metal markets and will adjust its procurement and selling strategies accordingly. While near-term profitability remains subject to fluctuations in selling prices and transportation costs, management 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 mainly 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 Reporting 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.

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

	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 Reporting 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.

However, for the purpose of corporate consolidation, the Group, through HHM, acquired the remaining 49% equity interest in East China Metallurgy Sdn Bhd ("**ECM**") for a cash consideration of RM490.00, following which ECM became a wholly-owned subsidiary of the Group. The acquisition is not material to the Group and does not result in any material change to the Group's financial position, operations or business activities, but merely represents a change in the Group's corporate structure.

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 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 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.

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 2026, 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 2026, 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 2026, 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 2026 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 2026, 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 2026, 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 2026, 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 2026, 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 2026 was 100,000,000.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 30 June 2026, 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 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 Reporting 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.

FINANCIAL HIGHLIGHTS

A summary of the Group's results, assets and liabilities for the six months ended 30 June 2026 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 2026. As at 30 June 2026, neither the Company nor any of its subsidiaries held any treasury shares.

CHANGES IN DIRECTORS' INFORMATION

As at 30 June 2026, 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 2026 (six months ended 30 June 2025: Nil).

EVENTS OCCURRED SINCE THE END OF THE SIX MONTHS ENDED 30 JUNE 2026

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 2026 up to the date of this report.

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 the six months ended 30 June 2026, 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 2026 and 2025

	Note	For the six months ended 30 June 2026 RM'000 (Unaudited)	2025 RM'000 (Unaudited)
Revenue	3	**658,870**	724,957
Cost of sales	6	**(595,176)**	(663,224)
Gross profit		**63,694**	61,733
Other income	4	**229**	1,064
Other losses, net	5	**(1,709)**	(942)
Distribution and selling expenses	6	**(42,098)**	(31,510)
Administrative expenses	6	**(15,147)**	(15,809)
Operating profit		**4,969**	14,536
Finance income		**388**	345
Finance costs		**(1,869)**	(2,269)
Finance costs, net	7	**(1,481)**	(1,924)
Profit before income tax		**3,488**	12,612
Income tax expense	8	**(2,658)**	(5,445)
Profit for the period		**830**	7,167
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**1,113**	8,471
Non-controlling interest		**(283)**	(1,304)
		830	7,167
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	**0.11**	1.15

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026 and 31 December 2025

	Note	**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	11	**41,141**	41,250
Intangible asset		**163**	192
Investment properties	12	**5,718**	5,753
Deposits	13	**31,707**	21,707
Right of use assets	17	**23,714**	22,787
Deferred income tax assets	18	**2,293**	1,883
		105,700	94,536
Current assets			
Inventories		**54,961**	57,899
Trade and other receivables	13	**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 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		**(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

	Note	**As at 30 June 2026 RM'000 (Unaudited)**	As at 31 December 2025 RM'000 (Audited)
Non-current liabilities			
Borrowings	16	**29,464**	13,815
Lease liabilities	17	**3,171**	2,314
Deferred income tax liabilities	18	**1,013**	1,083
		33,648	17,212
Current liabilities			
Trade and other payables	15	**49,164**	48,066
Borrowings	16	**60,742**	72,998
Lease liabilities	17	**2,130**	1,993
		112,036	123,057
Total liabilities		**145,684**	140,269
Total equity and liabilities		**389,271**	385,808

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026 and 2025

	Attributable to owners of the Company								
	Share capital (Note 14)	**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 2026 (Audited)	**5,206**	**49,306**	**29,487**	**1**	**(475)**	**169,343**	**252,868**	**(7,329)**	**245,539**
Profit and total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**1,113**	**1,113**	**(283)**	**830**
Transactions with owners in their capacity as owners of the Company:									
Transaction with non-controlling interest	**-**	**-**	**-**	**-**	**(8,123)**	**-**	**(8,123)**	**5,342**	**(2,781)**
As at 30 June 2026 (Unaudited)	**5,206**	**49,306**	**29,487**	**1**	**(8,598)**	**170,456**	**245,858**	**(2,270)**	**243,588**

	Attributable to owners of the Company								
	Share capital (Note 14)	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

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 2026 and 2025

	Note	For the six months ended 30 June 2026 RM'000 (Unaudited)	2025 RM'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations	19	**10,930**	322
Tax paid		**(1,882)**	(6,540)
Net cash generated from/(used in) operating activities		**9,048**	(6,218)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,424)**	(407)
Proceeds from disposal of property, plant and equipment		**489**	–
Payment for deposits for acquisition of land		**(10,000)**	–
Interest received		**388**	345
Placement of pledged bank deposits		**(88)**	(90)
Net cash used in investing activities		**(13,635)**	(152)
Cash flows from financing activities			
Interest paid		**(1,829)**	(2,055)
Drawdown of borrowings		**6,077**	1,882
Repayments of borrowings		**(2,684)**	(2,705)
Principal elements of lease payments		**(1,232)**	(1,055)
Acquisition of non-controlling interests		**(2,781)**	–
Repayment from subsidiaries' non-controlling shareholders		**(1,241)**	(127)
Net cash (used in)/generated from in financing activities		**(3,690)**	(4,060)
Net (decrease)/increase in cash and cash equivalents		**(8,277)**	(10,430)
Effect of exchange rate changes		**(15)**	(5)
Cash and cash equivalents at beginning of the period		**49,649**	45,063
Cash and cash equivalents at end of period		**41,357**	34,628
Cash at bank and on hand		**41,357**	34,628
Short-term bank deposits with maturity of three months or less		**–**	–
Cash and bank		**41,357**	34,628
Cash and cash equivalents		**41,357**	34,628

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 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Amended standards and annual improvement adopted by the Company

The following amended standards and annual improvement have been adopted by the Company 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, IFRS9, IFRS10 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, IAS1, 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 Company's financial statements for the current period.

2.3 New standards, amended standards and amended interpretation not yet adopted by the Company

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 Company:

		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

The Company is currently assessing the impact of these new standards, amended standards and amended interpretation on the Company's financial position and performance and plans to adopt these new standards, amended standards and interpretation and annual improvements 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 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.

(b) Non-current assets

As at 30 June 2026, all non-current assets were all located in Malaysia.

4 OTHER INCOME

	For the six months ended 30 June	
	2026	2025
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Compensation received	**5**	12
Rental income	**112**	67
Others	**113**	985
	230	1,064

5 OTHER LOSSES, NET

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

6 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 relating to:		
– low value assets	**245**	470
– short-term lease	**600**	417
Upkeep expenses	**4,084**	3,385
Legal and compliance fees	**638**	467
Secretarial fees	**103**	143
Other expenses	**8,896**	7,896
Total costs of sales, distribution and selling expenses and administrative expenses	**652,422**	710,543

7 FINANCE COSTS, NET

	For the six months ended 30 June 2026 RM'000 (Unaudited)	2025 RM'000 (Unaudited)
Interest income from bank deposits	**388**	345
Interest expense on loans	**(1,545)**	(1,744)
Interest expense on hire purchase liabilities	**(177)**	(194)
Interest expense on lease liabilities	**(104)**	(115)
Interest expense on bank overdraft	**(3)**	(2)
Interest expense on loans from non-controlling shareholders	**(41)**	(214)
Finance costs	**(1,870)**	(2,269)
Finance costs, net	**(1,482)**	(1,924)

8 INCOME TAX EXPENSE

	For the six months ended 30 June 2026 RM'000 (Unaudited)	2025 RM'000 (Unaudited)
Current tax:		
Malaysia corporate income tax	**3,138**	5,556
Under provision in prior year	**–**	–
	3,138	5,556
Deferred income tax	**(480)**	(111)
Income tax expense	**2,658**	5,445

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 2025: 24%) and the Group's tax expense are as follows:

	For the six months ended 30 June	
	2026	2025
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax	**3,487**	12,612
Tax at Malaysia corporate income tax rate	**837**	3,027
Tax effect of expenses not deductible for tax purposes	**769**	1,413
Deferred tax assets not recognised	**1,052**	1,230
Deferred tax adjustments in respect of prior financial years	**-**	(225)
Over provision in prior year	**-**	–
Income tax expense for the period	**2,658**	5,445

9 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).

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	
	2026	2025
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company	**1,112**	8,471
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)*	**0.11**	0.85

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

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired and disposed property, plant and equipment with aggregate cost of RM4,424,000 and RM647,000, respectively. (six months ended 30 June 2025: RM4,730,578 and RM39,200, respectively).

12 INVESTMENT PROPERTIES

There were no additional investment properties acquired by the Group during the six months ended 30 June 2026 under review. (six months ended 30 June 2025: RM nil). No investment properties were disposed during the six months ended 30 June 2026 (six months ended 30 June 2025: RM nil).

13 TRADE AND OTHER RECEIVABLES

	As at 30 June 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (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	148,695
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

13 TRADE AND OTHER RECEIVABLES *(Continued)*

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 Interim Report, 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 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (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

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 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

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 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)
As at 30 June/31 December	**8,163**	6,160

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 2026		As at 31 December 2025	
	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 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 subsidiaries' non-controlling shareholders (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.

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 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	**19,470**	17,785
31 – 60 days	**597**	151
61 – 120 days	**1,708**	4,176
Over 120 days	**(631)**	20
	21,144	22,132

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 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Non-current		
Bank borrowings		
– Term loans (Note a)	**27,013**	10,701
Hire purchase liabilities (Note b)	**2,451**	3,114
	29,464	13,815
Current		
Bank borrowings		
– Term loans (Note a)	**2,942**	3,099
– Bankers acceptance facilities (Note c)	**54,525**	66,084
	57,467	69,183
Hire purchase liabilities (Note b)	**3,275**	3,815
	60,742	72,998
Total borrowings	**90,206**	86,813

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 RM58.2 million as at 30 June 2026 (as at 31 December 2025: RM57.4 million).

As at 30 June 2026, the Group had aggregate banking facilities of approximately RM340.3 million (as at 31 December 2025: RM340.3 million). Unused facilities amounted to approximately RM235.9 million as at 30 June 2026 (as at 31 December 2025: RM241.9 million).

16 BORROWINGS *(Continued)*

(a) Term loans

Term loans mature at various dates up to 2031.

As at 30 June 2026 and 31 December 2025, the Group's term loans were repayable as follows:

	As at 30 June 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Within 1 year	**2,942**	3,099
Between 1 and 2 years	**2,758**	2,785
Between 2 and 5 years	**8,380**	3,387
Over 5 years	**15,875**	4,529
	27,013	10,701
	29,955	13,800

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

	As at 30 June 2026 % (p.a.) (Unaudited)	As at 31 December 2025 % (p.a.) (Audited)
Interest rates	**4.45 – 6.64**	4.45 – 6.64

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 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Gross hire purchase liabilities – minimum lease payments		
Not more than 1 year	**3,629**	4,272
Later than 1 year and not later than 5 years	**2,614**	3,351
	6,243	7,623
Future finance charges on hire purchase	**(517)**	(694)
	5,726	6,929
Total present value of hire purchase is as follow:		
Not later than 1 year	**3,275**	3,815
Later than 1 year but not later than 5 years	**2,451**	3,114
	5,726	6,929

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 100% of the documentary invoice values.

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

	As at 30 June 2026 % (p.a.) (Unaudited)	As at 31 December 2025 % (p.a.) (Audited)
Interest rates	**2.76 – 3.86**	3.08 – 4.09

The carrying amounts of the bankers acceptance facilities approximate their fair values.

17 LEASES

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

	As at 30 June 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Right of use ("ROU") assets		
Leasehold lands	**22,783**	22,195
Leasehold property	**931**	592
	23,714	22,787
Lease liabilities		
Non-current portion	**3,171**	2,314
Current portion	**2,130**	1,993
	5,301	4,307

17 LEASES *(Continued)*

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

	As at 30 June 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
As at 1 January	**22,787**	23,382
Addition to the ROU assets during the financial year	**2,226**	1,935
Depreciation charge	**(1,299)**	(2,530)
	23,714	22,787

As at 30 June 2026, leasehold lands with a net book value of approximately RM18.5 million (As at 31 December 2025: RM18.6 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 2026 RM'000 (Unaudited)	2025 RM'000 (Unaudited)
Depreciation expense of ROU assets	**1,299**	1,231
Interest expense (included in finance cost)	**104**	115
Expenses relating to leases of low-value assets (included in distribution and selling expenses and administrative expenses)	**245**	470
Expenses relating to leases of short-term lease (including in cost of sales)	**600**	417

(iv) The Group leases vacant leasehold lands as the scrap yards. Lease contracts are typically made for fixed periods of 2 to 3 years (2025: 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 23 to 78 years (2025: 24 to 79 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 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Deferred income tax assets	**2,293**	1,883
Deferred income tax liabilities	**(1,013)**	(1,083)
	1,280	800

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**
As at 1 January 2025 (Audited)	(2,887)	3,015	563	691
Effect on acquisition of a subsidiary	–	–	–	–
(Charged)/Credited to the consolidated statements of comprehensive income	(78)	622	(435)	109
As at 31 December 2025 (Audited)	(2,965)	3,637	128	800
(Charged)/Credited to the consolidated statements of comprehensive income (Note 8)	492	(32)	20	480
As at 30 June 2026 (Unaudited)	**(2,473)**	**3,605**	**148**	**1,280**

19 CASH GENERATED FROM OPERATIONS

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

	For the six months ended 30 June	
	2026	2025
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	**3,487**	12,612
Adjustment for:		
Finance costs	**1,870**	2,269
Finance income	**(388)**	(345)
Provision for loss allowance on trade receivables	**2,000**	942
Write-back of downpayment to suppliers	**(1)**	–
Depreciation expense	**5,585**	5,342
Amortisation expense	**29**	26
Gain on disposal of property, plant and equipment	**(207)**	–
Loss on foreign exchange – unrealised	**18**	5
	12,393	20,851
Changes in working capital		
Decrease/(Increase) in inventories	**2,938**	(8,343)
Increase in trade and other receivables	**(6,699)**	(2,048)
Increase/(Decrease) in trade and other payables	**2,298**	(10,138)
	10,930	322

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
As at 1 January 2025	72,176	4,749	4,570	8,037	89,532
Addition/Proceeds					
– Cash	10,809	–	–	–	10,809
– Non-cash	–	4,652	1,935	–	6,587
Repayments	(6,595)	(2,876)	(2,413)	(262)	(12,146)
Other non-cash movement (Finance cost)	3,494	404	215	76	4,189
As at 31 December 2025	79,884	6,929	4,307	7,851	98,971
As at 1 January 2026	**79,884**	**6,929**	**4,307**	**7,851**	**98,971**
Addition/Proceeds					
– Cash	**6,077**	**-**	**-**	**-**	**6,077**
– Non-cash	**-**	**-**	**2,226**	**-**	**2,226**
Repayments	**(3,029)**	**(1,380)**	**(1,336)**	**(1,241)**	**(6,986)**
Other non-cash movement (Finance cost)	**1,548**	**177**	**104**	**41**	**1,870**
As at 30 June 2026	**84,480**	**5,726**	**5,301**	**6,651**	**102,158**

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 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Property, plant and equipment and right-of-use assets	**29,200**	39,200

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 2026 under review (six months ended 30 June 2025: Nil).

(b) Transactions

	As at 30 June 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Interest expense on loans from subsidiaries' non-controlling shareholders (Note a)	**41**	76

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 2026 RM'000 (Unaudited)	As at 31 December 2025 RM'000 (Audited)
Loans from subsidiaries' non-controlling shareholders (Note a)	**6,651**	7,851

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

22 SUBSEQUENT EVENTS

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 2026 and up to the date of this report.