



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
2024

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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 & 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

CORPORATE INFORMATION

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	
	2024 RM'000	2023 RM'000
Revenue	865,207	574,808
Gross profit	61,800	29,555
Profit before interest, tax, depreciation and amortisation	23,685	9,282
Depreciation	(4,788)	(3,439)
Finance costs, net	(2,830)	(1,396)
Profit before income tax	16,067	4,447
Income tax expenses	(5,953)	(1,995)
Profit for the period	10,114	2,452
Profit and total comprehensive income for the period attributable to:		
Owners of the Company	11,456	2,452
Non-controlling interest	(1,342)	-
	10,114	2,452

	As at	
	30 June 2024 RM'000	31 December 2023 RM'000
Total non-current assets	84,091	81,455
Total current assets	324,654	300,651
Total assets	408,745	382,106
Total non-current liabilities	21,878	19,538
Total current liabilities	164,163	149,978
Total liabilities	186,041	169,516
Net current assets	160,491	150,673
Equity attributable to owners of our Company	224,753	213,297
Non-controlling interest	2,049	707
Total equity	222,704	212,590

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is recognized as a leading entity in Malaysia's scrap ferrous metal trading sector, a status largely attributed to our unwavering commitment to integrity, which forms the foundation of all our business operations. Our dedication to honouring commitments and consistently meeting customer expectations remains central to our mission.

For the six-months period ended 30 June 2024 ("**1H 2024**"), the Group recorded revenue of RM865.2 million, representing a significant increase of approximately 50.5% compared to RM574.8 million in the corresponding period of 2023 ("**1H 2023**"). This substantial growth in revenue was primarily driven by a robust increase in sales volume, with 471,580 metric tonne of scrap ferrous metal sold during 1H 2024, reflecting an approximately 52.7% rise from 308,891 metric tonne in 1H 2023. The continued strong demand for scrap ferrous metal, sustained since the second half of 2023, was a key contributor to this positive performance. However, it is noteworthy that despite this growth, 1H 2024 presented challenges, as the average prices for scrap ferrous metal were approximately 4.0% lower compared to 1H 2023.

In terms of profitability, the Group achieved a net profit after tax of RM10.1 million, marking a remarkable improvement of approximately 312% compared to the RM2.5 million recorded in 1H 2023. This strong performance was primarily driven by the Group's continuous efforts to enhance procurement and operational efficiency, leading to an improved gross profit margin.

Looking ahead, although the Group has recorded strong profits, this success may be challenged by the turbulent period anticipated for the global steel industry. The industry is expected to face volatile steel prices and a slow recovery in demand due to an ongoing supply-demand imbalance. Despite early signs of stabilization in steel demand, the sector's outlook remains clouded by adverse factors such as geopolitical tensions and US-China trade conflicts. As a result, the current profitability may not be sustainable in the face of these negative market conditions.

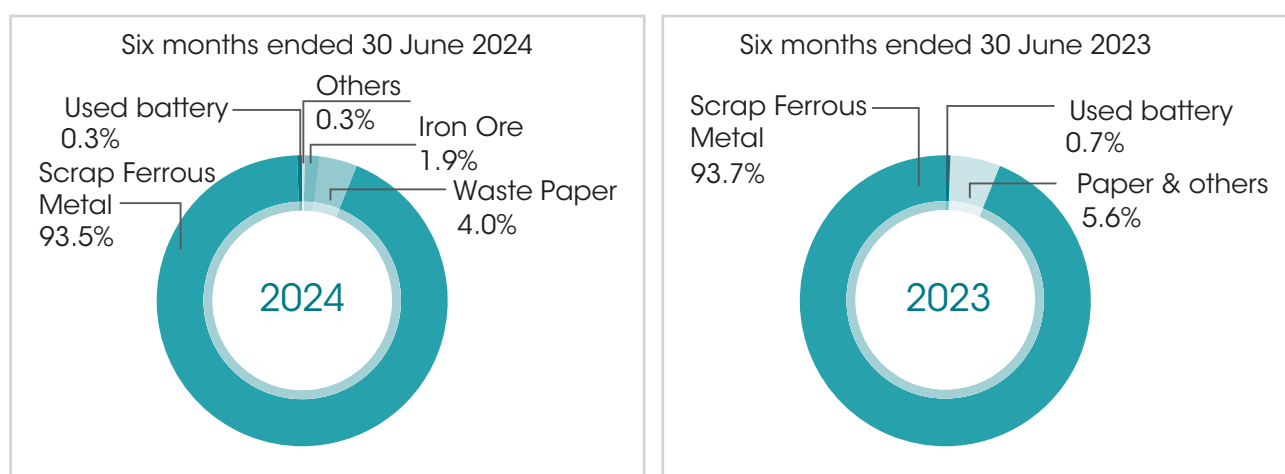
Domestically, the Malaysian steel industry continues to face persistent challenges, including structural overcapacity, weak local demand, and an influx of low-cost imports. In response to these hurdles, Malaysia's Ministry of Investment, Trade, and Industry has established an Independent and Special Committee to assess the industry's short and medium-term outlook and address the overcapacity problem. This initiative aims to provide strategic guidance and alleviate some of the pressures on the local steel market, although significant improvements may take time.

Amid these challenging conditions, the Group remains steadfast in its commitment to enhancing operational efficiency and reinforcing its market position. By pursuing strategic initiatives and maintaining a proactive approach to risk management, the Group is well-positioned to navigate current market volatility, seize emerging opportunities, and drive sustainable growth and value creation for its stakeholders.

FINANCIAL REVIEW

Revenue

Revenue of the Group for 1H 2024 was RM865.2 million (1H 2023: RM574.8 million), representing an increase of 50.5% as compared to the 1H 2023. The breakdown of our total revenue by product types for the periods under review are as below:



The substantial increase in revenue was mainly attributable to higher sales volume of scrap ferrous metal. Scrap ferrous metal sales volume recorded at 471,580 tonnes for 1H 2024, represented an increase of approximately 52.7% compared to 308,891 tonnes in 1H 2023. However, average selling price of scrap ferrous metal during 1H 2024 was recorded at RM1,670.00 metric tonne, approximately 4.0% lower as compared than RM1,740.00 per metric tonne in 1H 2023.

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			
2024		2023	
Volume sold (tonnes)	Revenue (RM'000)	Volume sold (tonnes)	Revenue (RM'000)
471,580	787,399	308,891	538,630

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

The Group's gross profit improved by RM32.2 million from RM29.6 million in 1H 2023 to RM61.8 million in 1H 2024, represented an increase of approximately 109.1%. The substantial increase in gross profit was mainly attributable to higher scrap ferrous metal sales volume and lower procurement cost incurred during the period under review.

The Group's gross profit margin has improved to 7.1% for the 1H 2024 as compared to 5.1% in the 1H 2023.

Distribution and Selling Expenses

The Group's distribution and selling expenses have increased substantially by approximately 130.9% at RM26 million for 1H 2024 as compared to RM11.3 million for 1H 2023. The increase was mainly due to higher domestic transportation costs, such as diesel cost, repair and maintenance costs of motor vehicles etc, resulting from the higher sales volume of scrap metal and newly iron-ore trading activities.

Administrative Expenses

The Group's administrative expenses for 1H 2024 and 1H 2023 were recorded as RM16.7 million and RM13.4 million respectively, representing an increase of 24.8%. The increase was mainly attributable to the increase in head count on office and operation personnel and payroll adjustment.

Taxation

Malaysian corporate income tax has been provided at the rate of 24% of the estimated assessable profit. Our effective tax rate for 1H 2024 was 37.1% (1H 2023: 42.8%). The high effective tax rate was mainly attributable to the existence of non-deductible expenditures for tax purposes.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for 1H 2024 was RM11.5 million (1H 2023: RM2.5 million), which is in tandem with the increase 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 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Current ratio	2.0 times
Gearing ratio	0.50 times	0.48 times

	For the six months ended 30 June	
	2024	2023
Inventories' turnover period	16 days	16 days
Trade receivables' turnover period	38 days	38 days
Trade payables' turnover period	10 days	4 days

Working Capital

The inventories' turnover period of the Group remains at 16 days for 1H 2024 as compared to 1H 2023. The Company effectively upheld its logistical efficiency in ensuring timely delivery to customers.

The Group's trade receivables' turnover period remains at 38 days for 1H 2024 as compared to 1H 2023. The Group continues to work closely with our customer to ensure prompt settlement of outstanding sum.

The Group's trade payables' turnover period was 10 days for 1H 2024 as compared to 4 days for 1H 2023. The increase was due to longer payment term made by suppliers.

Liquidity and Financial Resources

As of 30 June 2024, the Group's total equity attributable to owners of the Company amounted to RM224.7 million (as at 31 December 2023: RM213.3 million) including retained earnings of RM140.7 million (as at 31 December 2023: RM129.3 million). The Group's working capital amounted to RM160.5 million (as at 31 December 2023: RM150.7 million) of which cash and bank balances, pledged bank deposits and fixed deposits were RM52.9 million (as at 31 December 2023: RM25.3 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.

Total borrowings of the Group as at 30 June 2024 were RM108.6 million (as at 31 December 2023: RM98.4 million). The borrowings were mainly used to finance the procurement of scrap ferrous metals and capital expenditure.

The Group's gearing ratio as at 30 June 2024 was 0.50 times (as at 31 December 2023: 0.48 times). 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 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Pledge of Assets

As at 30 June 2024, 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 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Property, Plant and Equipment	494	533
Right-of-use assets	18,870	19,017
Investment properties	5,291	5,320
Pledged bank deposits	5,629	5,561
	30,284	30,431

Contingent Liabilities

The Group did not have any significant contingent liability as at 30 June 2024 (as at 31 December 2023: Nil).

Capital Commitments

As at 30 June 2024, the Group has capital commitment to the bank in respect of the acquisition of property, plant and equipment of RM28.6 million (as at 31 December 2023: RM11.8 million).

Risk Management

The Group in its ordinary course of business is exposed to market risk (such as foreign currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

As most of the Group's operation 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.

Since most of the Group's business transactions, assets and liabilities are denominated in RM, the Group has minimal exposure 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, trade and other receivables and amounts due from related parties. 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 whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding looking information, especially the following indicators are incorporated:

- internal credit rating;
- 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 debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of individual debtor;
- significant increases in credit risk on other financial instruments at the individual debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in payment status of debtor in the Group and changes in the operating results of the debtor.

The Group manages credit risk associated with cash and bank depositors 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 applies the simplified approach prescribed by IFRS 9 to provide for expected credit losses for all trade receivables which permits the use of the lifetime expected loss provision. The Group considers the credit risk characteristics, days past due, and forward-looking information to measure the expected credit losses. During the six months ended 30 June 2024, the expected loss rate for trade receivable was 0.6% (1H 2023: 0.9%). The provision for trade receivables for 1H 2024 was nil (1H 2023: Nil).

The Group has no write-off of trade receivables during 1H 2024 and 1H 2023.

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 2024, 86% (as at 31 December 2023: 77%) 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 2024, 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 2024, 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.

DISCLOSURE OF INTERESTS

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%
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 2024, 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 2024 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 2024, 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%

DISCLOSURE OF INTERESTS

Notes:

- (1) As at 30 June 2024, 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 2024, 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 2024, 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 2024 was 100,000,000.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 30 June 2024, 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 2024, the Group had 374 (as at 30 June 2023: 227) employees in Malaysia. For the six months ended 30 June 2024, total staff costs and related expenses of the Group (including the Directors' remuneration) were RM16.7 million (six months ended 30 June 2023: RM11.0 million), representing an increase of 51.8% as compared to the same period in 2023. The higher staff cost and related expenses of the Group (including Directors' remuneration) for the six-month ended 30 June 2024 was mainly attributable to higher head count and salary adjustments during the period under review as compared to the corresponding period in 2023. 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 2024 is set out on page 4 of this interim report. This summary does not form part of the unaudited consolidated financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2024. As at 30 June 2024, neither the Company nor any of its subsidiaries held any treasury shares.

CHANGES IN DIRECTORS' INFORMATION

As at 30 June 2024, 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 2024 (six months ended 30 June 2023: Nil).

EVENTS OCCURRED SINCE THE END OF THE SIX MONTHS ENDED 30 JUNE 2024

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 2024 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 2024, 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 2024 and 2023

	Note	For the six months ended 30 June 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Revenue	3	865,207	574,808
Cost of sales	6	(803,407)	(545,253)
Gross profit		61,800	29,555
Other income	4	577	923
Other gain/(losses), net	5	(696)	56
Distribution and selling expenses	6	(26,045)	(11,282)
Administrative expenses	6	(16,739)	(13,409)
Operating profit		18,897	5,843
Finance income		217	232
Finance costs		(3,047)	(1,628)
Finance costs, net	7	(2,830)	(1,396)
Share of results of an associate		-	-
Profit before income tax		16,067	4,447
Income tax expense	8	(5,953)	(1,995)
Profit for the period		10,114	2,452
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		11,456	2,452
Non-controlling interest		(1,342)	-
		10,114	2,452
Earning per share attributable to the owners of the Company for the period (<i>express in sen per share</i>)			
– Basic and diluted earnings per share	10	1.15	0.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 and 31 December 2023

	Note	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
ASSETS			
Non-current assets			
Goodwill		964	964
Property, plant and equipment	11	33,609	31,828
Intangible asset		250	276
Investment properties	12	5,860	5,895
Deposits	13	17,636	17,636
Right of use assets	17	25,084	23,980
Deferred income tax assets	18	688	876
		84,091	81,455
Current assets			
Inventories		69,721	68,022
Trade and other receivables	13	202,052	204,024
Current income tax recoverable		-	3,319
Pledge bank deposits		5,629	5,561
Cash and bank balances		47,252	19,725
		324,654	300,651
Total assets		408,745	382,106
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
Retained earnings		140,754	129,298
		224,753	213,297
Non-controlling interest		(2,049)	(707)
Total equity		222,704	212,590

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2024 and 31 December 2023

	Note	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Non-current liabilities			
Borrowings	16	19,187	16,862
Lease liabilities	17	1,858	1,858
Deferred income tax liabilities	18	833	818
		21,878	19,538
Current liabilities			
Trade and other payables	15	72,194	66,894
Current income tax liabilities		971	–
Borrowings	16	89,449	81,535
Lease liabilities	17	1,549	1,549
		164,163	149,978
Total liabilities		186,041	169,516
Total equity and liabilities		408,745	382,106

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 and 2023

	Attributable to owners of the Company							
	Share capital (Note 15) RM'000	Share premium RM'000	Capital Reserve RM'000	Foreign translation reserve RM'000	Retained earnings RM'000	Total equity RM'000	Non-controlling interest RM'000	Total equity RM'000
	As at 1 January 2024 (Audited)	5,206	49,306	29,487	-	129,298	213,297	(707)
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

	Attributable to owners of the Company							
	Share capital (Note 15) RM'000	Share premium RM'000	Capital Reserve RM'000	Foreign translation reserve RM'000	Retained earnings RM'000	Total equity RM'000	Non-controlling interest RM'000	Total equity RM'000
	As at 1 January 2023 (Audited)	5,206	49,306	29,487	-	120,758	204,757	(977)
Profit and total comprehensive income for the period	-	-	-	-	2,452	2,452	2	2,454
As at 30 June 2023 (Unaudited)	5,206	49,306	29,487	-	123,210	207,209	(975)	206,234

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 2024 and 2023

	Note	For the six months ended 30 June 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations	19	27,457	(192)
Tax paid		(1,461)	(3,333)
Net cash generated from/(used) in operating activities		25,996	(3,525)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,774)	(3,525)
Proceeds from disposal of property, plant and equipment		278	260
Interest received		217	232
Placement of pledge bank deposits		(68)	(57)
Additions in right-of-use assets		(2,237)	(183)
Net cash used in investing activities		(5,584)	(3,273)
Cash flows from financing activities			
Interest paid		(3,047)	(1,628)
Drawdown of borrowings		10,130	24,568
Repayments of borrowings		(1,523)	(1,509)
Principal elements of lease payments		-	(417)
Loan from directors		1,555	-
Net cash generated from in financing activities		7,115	21,014
Net increase in cash and cash equivalents		27,527	14,216
Effect of exchange rate changes		-	15
Cash and cash equivalents at beginning of the period		19,725	25,217
Cash and cash equivalents at end of period		47,252	39,448
Cash at bank and on hand		45,643	32,486
Short-term bank deposits with maturity of three months or less		1,609	6,962
Cash and bank		47,252	39,448
Cash and cash equivalents		47,252	39,448

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 and other scraps 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 consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS 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 New standard and amendments to existing standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 and have been adopted in the preparation of the condensed consolidated interim financial information:

Amendments to IAS 1	Classification of Liabilities as Current or Non – current and Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease on Sale and Leaseback
Amendments to IAS 7	Supplier Finance Arrangements

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 disclosures set out in these unaudited condensed consolidated financial statements.

2.3 New standards and amendments to standards and interpretations not yet adopted

Several amendments to standards have been issued but not effective for continuing period beginning on or after 1 January 2024 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 IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	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 above new standards, new interpretation and amended standards are not expected to have any significant impact on the consolidated financial statements of the Group.

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 2024 and 2023, 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 2024, all non-current assets were all located in Malaysia.

4 OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Compensation received	1	3
Rental income	233	275
Others	343	645
	577	923

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 OTHER (LOSSES)/GAINS, NET

	For the six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Foreign exchange gain, net	184	73
Write-off of downpayment to suppliers	(1,153)	-
Gain/(Loss) on disposal of property, plant and equipment	274	(17)
Bad debts written off	(1)	-
	(696)	56

6 EXPENSES BY NATURE

	For the six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Cost of trading goods sold	790,684	537,908
Employee benefit expenses	16,684	10,998
Depreciation expenses		
– Property, plant and equipment	3,619	2,669
– Investment properties	35	35
– Right of use assets	1,134	734
Amortisation expenses		
– Intangible assets	15	82
Auditors' remuneration		
– Audit services	482	591
– Non-audit services	56	39
Transportation costs	20,253	7,830
Lease expenses relating to:		
– low value assets	264	102
– short-term lease	61	55
Upkeep expenses	3,761	2,664
Legal and compliance fees	426	481
Secretarial fees	104	114
Other expenses	8,613	5,642
Total costs of sales, distribution and selling expenses and administrative expenses	864,191	569,944

7 FINANCE COSTS, NET

	For the six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Interest income from bank deposits	217	232
Interest expense on loans	(2,784)	(1,455)
Interest expense on hire purchase liabilities	(168)	(129)
Interest expense on lease liabilities	(88)	(35)
Interest expense on bank overdraft	(7)	(9)
Finance costs	(3,047)	(1,628)
Finance costs, net	(2,830)	(1,396)

8 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Current tax:		
Malaysia corporate income tax	5,781	1,614
Under provision in prior year	(30)	-
	5,751	1,614
Deferred income tax	202	381
	5,953	1,995

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2023: 24%) and the Group's tax expense are as follows:

	For the six months ended 30 June 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Profit before tax	16,067	4,447
Tax at Malaysia corporate income tax rate	3,856	1,067
Tax effect of expenses not deductible for tax purposes	1,477	1,082
Effect of temporary differences not taken up in prior year	632	(139)
Effect of difference tax rate	-	(15)
Over provision in prior year	(12)	-
Income tax expense for the period	5,953	1,995

9 INTERIM DIVIDEND

The Board does not declare the payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company	11,456	2,452
Number of shares:		
Weighted average number of shares in use	1,000,000,000	1,000,000,000
Basic earnings per share (<i>expressed in sen per share</i>)	1.15	0.25

As at 30 June 2024 and 30 June 2023, the Company has no outstanding potentially dilutive shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired and disposed property, plant and equipment with aggregate cost of RM5,400,911 and RM787,878, respectively. (six months ended 30 June 2023: RM3,525,247 and RM251,500, respectively).

12 INVESTMENT PROPERTIES

There were no additional investment properties acquired by the Group during the six months ended 30 June 2024 under review. (six months ended 30 June 2023: RM nil). No investment properties were disposed during the six months ended 30 June 2024 (six months ended 30 June 2023: RM nil).

13 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Non-current		
Deposits for acquisition of freehold land *	17,636	17,636
Current		
Trade receivables	179,863	187,006
Less: Provision for loss allowance	(1,039)	(1,039)
	178,824	185,967
Other receivables	3,506	2,201
Deposits and prepayments	8,613	5,128
Down payment to suppliers	11,011	10,630
Other tax receivables	98	98
	202,052	204,024
Total trade and other receivables	219,688	221,660

* 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 RM17,636,000. 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.

13 TRADE AND OTHER RECEIVABLES (Continued)

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 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
0 – 30 days	97,424	139,127
31 – 60 days	20,021	16,261
61 – 120 days	25,081	29,671
Over 120 days	37,337	1,947
	179,863	187,006

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

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group grouped the trade receivables based on shared credit risk characteristic, open market credit rating and the days past due and the historical loss rate is also adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables to measure the expected credit losses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 TRADE AND OTHER RECEIVABLES (Continued)

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

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
At 1 January	1,039	1,232
Provision for loss allowance	-	(193)
At 30 June/31 December	1,039	1,039

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

14 SHARE CAPITAL

	As at June 2024		As at 31 December 2023	
	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 relating to the initial public offering	-	-	-	-
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 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Trade payables	44,948	43,391
Accrued payroll liabilities	9,031	8,642
Loans from directors (Note)	7,207	5,652
Other payables and accruals	11,008	9,209
	72,194	66,894

Note: The loans from directors are unsecured, repayable on demand at mutually agreed interest rates.

The carrying amounts of the Group's trade payables are denominated in the RM.

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

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
0 - 30 days	35,203	37,735
31 - 60 days	2,564	1,634
61 - 120 days	1,667	2,669
Over 120 days	5,514	1,353
	44,948	43,391

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

16 BORROWINGS

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Non-current		
Bank borrowings		
– Term loans (Note a)	15,813	13,983
Hire purchase liabilities (Note b)	3,374	2,879
	19,187	16,862
Current		
Bank borrowings		
– Term loans (Note a)	3,330	3,017
– Bankers acceptance facilities (Note c)	84,363	77,057
	87,693	80,074
Hire purchase liabilities (Note b)	1,756	1,461
	89,449	81,535
Total borrowings	108,636	98,397

All borrowings are denominated in 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 RM30.3 million as at 30 June 2024 (as at 31 December 2023: RM30.4 million).

As at 30 June 2024, the Group had aggregate banking facilities of approximately RM325.9 million (as at 31 December 2023: RM308.2 million). Unused facilities amounted to approximately RM214.6 million as at 30 June 2024 (as at 31 December 2023: RM207.3 million).

16 BORROWINGS (Continued)

(a) Term loans

Term loans mature at various dates up to 2031.

As at 30 June 2024 and 31 December 2023, the Group's term loans were repayable as follows:

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Within 1 year	3,330	3,017
Between 1 and 2 years	3,147	3,028
Between 2 and 5 years	5,672	5,562
Over 5 years	6,994	5,393
	15,813	13,983
	19,143	17,000

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

	As at 30 June 2024 % (p.a.) (Unaudited)	As at 31 December 2023 % (p.a.) (Audited)
Interest rates	4.70 - 6.89	5.13 - 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 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Gross hire purchase liabilities - minimum lease payments		
Not more than 1 year	1,985	1,665
Later than 1 year and not later than 5 years	3,603	3,068
	5,588	4,733
Future finance charges on hire purchase	(458)	(393)
	5,130	4,340
Total present value of hire purchase is as follow:		
Not later than 1 year	1,756	1,461
Later than 1 year but not later than 5 years	3,374	2,879
	5,130	4,340

(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 2024 % (p.a.) (Unaudited)	As at 31 December 2023 % (p.a.) (Audited)
Interest rates	3.00 - 5.07	4.25 - 5.06

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 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Right of use ("ROU") assets		
Leasehold lands	24,866	23,762
Leasehold property	218	218
	25,084	23,980
Lease liabilities		
Non-current portion	1,858	1,858
Current portion	1,549	1,549
	3,407	3,407

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

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
At 1 January	23,980	21,359
Addition to the ROU assets during the financial year	2,237	3,021
Effect on acquisition of a subsidiary – leasehold property	-	1,417
Depreciation charge	(1,134)	(1,817)
	25,084	23,980

As at 30 June 2024, leasehold lands with a net book value of approximately RM18.9 million (2023: RM 19.2 million) were pledged to the bank to secure the banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 LEASES (Continued)

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

	For the six months ended 30 June 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Depreciation expense of ROU assets	734	1,817
Interest expense (included in finance cost)	35	96
Expenses relating to leases of low-value assets (included in distribution and selling expenses and administrative expenses)	102	437
Expenses relating to leases of short-term lease (including in cost of sales)	55	128

(iv) The Group leases vacant leasehold lands as the scrap yards. Lease contracts are typically made for fixed periods of 2 to 4 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 26 to 81 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 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Deferred income tax assets	688	876
Deferred income tax liabilities	(833)	(818)
	(145)	58

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 DEFERRED INCOME TAX ASSETS/(LIABILITIES) (Continued)

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 2023 (Audited)	(1,973)	2,445	-	472
Effect on acquisition of a subsidiary (Charged)/Credited to the consolidated statements of comprehensive income	(69)	-	45	(24)
	(663)	95	178	(390)
At 31 December 2023 (Audited)	(2,705)	2,540	223	58
(Charged)/Credited to the consolidated statements of comprehensive income (Note 8)	(183)	(20)	-	(203)
At 30 June 2024 (Unaudited)	(2,888)	2,520	223	(145)

19 CASH USED IN OPERATIONS

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

	For the six months ended 30 June 2024 RM'000 (Unaudited)	2023 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before income tax	16,067	4,447
Adjustment for:		
Finance costs	3,047	1,628
Finance income	(217)	(232)
Downpayment to suppliers written off	1,153	-
Depreciation expense	4,789	3,439
Amortisation expense	26	82
(Gain)/Loss on disposal of property, plant and equipment	(274)	17
Bad debt written off	1	-
Gain on foreign exchange – unrealised	-	(14)
	24,592	9,367
Changes in working capital		
(Increase)/ Decrease in inventories	(1,699)	3,515
Decrease/(Increase) in trade and other receivables	819	(24,260)
Increase in trade and other payables	3,745	11,186
	27,457	(192)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 CASH USED IN OPERATIONS (Continued)

	Bank borrowings RM'000	Hire purchase Liabilities RM'000	Lease Liabilities RM'000	Total RM'000
At 1 January 2023	48,215	4,072	1,898	54,185
Addition/Proceeds				
- Cash	47,037	-	-	47,037
- Non-cash	-	1,761	3,021	4,782
Repayments	(5,033)	(1,753)	(1,608)	(8,394)
Other non-cash movement	3,838	260	96	4,194
At 31 December 2023	94,057	4,340	3,407	101,804
At 1 January 2024	94,057	4,340	3,407	101,804
Addition/Proceeds				
- Cash	10,130	-	-	10,130
- Non-cash	-	1,632	-	1,632
Repayments	(3,472)	(1,010)	(88)	(4,570)
Other non-cash movement	2,791	168	88	3,047
At 30 June 2024	103,506	5,130	3,407	112,043

20 CAPITAL COMMITMENTS

The Group had capital expenditure contracted for but not yet provided as follows:

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Capital expenditure contracted for but not provided in respect of:		
- purchase of 2 adjoining pieces of vacant land	28,576	11,757

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 2024 under review (six months ended 30 June 2023: Nil).

(b) Year-end balances

	As at 30 June 2024 RM'000 (Unaudited)	As at 31 December 2023 RM'000 (Audited)
Loans from directors (Note)	7,207	(5,652)

Note: The loans from directors are unsecured, repayable on demand at mutually agreed interest rates.

22 SUBSEQUENT EVENTS

Other than as disclosed elsewhere in this report, the Board is not aware of any significant event affecting the Group and requiring disclosures that took place subsequent to 30 June 2024 up to the date of this report.