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Heng Hup Holdings Limited

興合控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1891)

DISCLOSEABLE TRANSACTION

ACQUISITION OF LAND

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 3 December 2020 (after trading hours), the Purchaser and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Purchaser has agreed to acquire and the Vendors have agreed to sell the Land at the consideration of RM13,000,000 (equivalent to approximately HKD24,440,000).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are under 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the circular and Shareholders' approval requirements under Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire, and the Vendors have agreed to sell the Land in accordance with the terms and conditions of the Sale and Purchase Agreement.

The principal terms of the Sale and Purchase Agreement are as follows:

Date

3 December 2020 (after trading hours)

Parties

- Vendors : Lim Chee Keong and Lim Chee Yin, are both citizens of Malaysia.
- Purchaser : Heng Hup Metal Sdn. Bhd., an indirectly wholly owned subsidiary of the Company and is principally engaged in the business of scrap metal trading in Malaysia.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendor and its respective ultimate beneficial owners are Independent Third Parties.

Details of the Land

All that pieces of vacant freehold land held under GRN 58767, Lot 72101 and GRN 58768, Lot 72102, both in Mukim Klang, District of Klang, State of Selangor, Malaysia with the total land area of approximately 4.907 hectares (approximately 528,185.084 square feet).

Consideration and payment terms

The Consideration for the Acquisition is RM13,000,000 (equivalent to approximately HKD24,440,000) was determined after arm's length negotiations and taking into the account the current market conditions, location of the Land, and land price in the surrounding area.

The consideration will be payable by cash instalments in the following manner:

- (i) RM260,000 (equivalent to approximately HKD489,000) being 2% of the Consideration has been paid by the Purchaser to the Vendors' solicitors as earnest deposit prior to the execution of the Sale and Purchase Agreement;
- (ii) RM1,040,000 (equivalent to approximately HKD1,955,000) being 8% of the Consideration has been paid by the Purchaser to the Vendors as deposit as at the date of signing of the Sale and Purchase Agreement,
- (iii) RM11,700,000 (equivalent to approximately HKD21,996,000) being 90% of the Consideration shall be paid by the Purchaser to the Vendors within three (3) months from the date of entering into the Sale and Purchase Agreement.

The Consideration will be funded by bank borrowing and the internal resources of the Group.

Passing of Title and Interest in the Land

The legal and equitable title and interest in the Land shall pass to the Purchaser upon full payment of the Consideration by the Purchaser to the Vendors on the Completion Date.

Delivery of the Land

Pursuant to the Sale and Purchase Agreement, the delivery of the said Land by the Vendors, free from Encumbrances shall take place on the Completion Date.

In the event the Vendors shall fail to deliver the said Land free from Encumbrances on the Completion Date, the Vendors shall pay to the Purchaser an amount equivalent to interest at the rate of eight per centum (8%) per annum calculated on a daily basis as agreed liquidated damages on the Consideration until the complete removal of Encumbrances from the said Land by the Vendors.

INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in trading of scrap ferrous metals, used batteries, waste paper and other scraps in Malaysia.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The District of Klang in the State of Selangor, Malaysia to which the Land is located is a prime industrial area in the country with great prospect for further development. The Land has high level of accessibility to Port Klang, located not more than 20 kilometres away which is often considered as the main gateway by sea into Malaysia.

The Group is constantly exploring ways to expand its business and the Directors believe that the Acquisition will be beneficial to the Company and its Shareholders as a whole as the Land is considered as desirable for the development of the Group's future scrap yards after taking into account of the easily accessible location of the Land to Port Klang.

The export business of the Group has grown exponentially in terms of volume this year. It is the focus of the Group to grow its export business and expand its portfolio in the overseas market moving forward. The Acquisition will help the Group to achieve operational efficiency on its logistic management and serve as a risk management strategy on its plan for market diversification.

The Directors also consider that the terms of the Acquisition are on normal commercial terms, and are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are under 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	acquisition of the Land by the Purchaser from the Vendors
“Board”	the board of Directors of the Company
“Business Day”	any day except any Saturday, any Sunday, or any day which is a federal legal holiday or any day on which banking institutions are authorized or required by law or other governmental action to close in Malaysia
“Company”	Heng Hup Holdings Limited (stock code: 1891), is an investment holding company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Completion Date”	means the date upon the full payment of the Consideration by the Purchaser to the Vendors whereby the completion of the Sale and Purchase Agreement shall take place
“Consideration”	RM13,000,000 (equivalent to approximately HKD24,440,000) being the total consideration payable by the Purchaser to the Vendors in respect of the Acquisition
“Directors”	the directors of the Company
“Encumbrances”	means any mortgage, charge, pledge, lien, assignment, security interest, title retention, preferential right, claim, interest, equity, option, restriction, right to acquire or trust arrangement, caveats, squatters, licensees, temples, altars, stalls, occupants, tenants or other security management or agreement conferring a right to a priority of payment or encumbrance of any kind or any type of preferential arrangement having similar effect on or any agreement or commitment to give or create any of the foregoing in respect of them or any claim by any person to be entitled to any of the foregoing in respect of them
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Parties”	third parties who/which are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“Land”	all that pieces of vacant freehold land held under GRN 58767, Lot 72101 and GRN 58768, Lot 72102, both in Mukim Klang, District of Klang, State of Selangor, Malaysia with the total land area of approximately 4.907 hectares (approximately 528,185.084 square feet)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Heng Hup Metal Sdn. Bhd., a company incorporated under the laws of Malaysia and an indirect wholly owned subsidiary of the Company
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 December 2020 and entered between the Vendors and the Purchaser in relation to the Acquisition
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Lim Chee Keong and Lim Chee Yin are both citizens of Malaysia and Independent Third Parties
“%”	per cent

Unless otherwise specified, the conversion of RM into HKD is based on the exchange rate of RM1.00 to HKD1.88. No representation is made that any amounts in RM and HKD have been or could be converted at the relevant dates at the above rate or other rates or at all.

This announcement is also available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.henghup.com.

By order of the Board
Heng Hup Holdings Limited
Sia Kok Chin
Chairman

Hong Kong, 3 December 2020

As at the date of this announcement, the executive Directors are Mr. Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong; and the independent non-executive Directors are Ms. Sai Shiow Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee.