HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 OCTOBER 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of HPC Holdings Limited (the "**Company**") hereby announces the annual results and audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 October 2018 (the "**Financial Year**") together with the corresponding comparative figures for the financial year ended 31 October 2017.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**SEHK**") on 11 May 2018 (the "**Listing**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the financial year ended 31 October	
		2018	2017
	Note	***S$'000***	*S$'000*
Revenue	*4*	**228,630**	201,075
Cost of sales	*6*	**(203,972)**	(161,277)
Gross profit		**24,658**	39,798
Other income	*4*	**558**	1,140
Other gains/(losses), net	*5*	**474**	(40)
Administrative expenses	*6*	**(9,081)**	(7,390)
Operating profit		**16,609**	33,508
Finance income	*8*	**75**	220
Finance costs	*8*	**(7)**	(7)
Finance income, net		**68**	213
Profit before income tax		**16,677**	33,721
Income tax expenses	*9*	**(2,962)**	(6,397)
Profit and total comprehensive income		**13,715**	27,324
Profit and total comprehensive income is attributable to:			
– Owners of the Company		**13,715**	27,324
– Non-controlling interests		**–**	–
		13,715	27,324
Earnings per share for profit attributable to owners of the Company			
Basic and diluted earnings per share (expressed in S cents per share)	*10*	**1.0**	2.3

CONSOLIDATED BALANCE SHEET

		As at 31 October	
		2018	2017
	Note	***S$'000***	*S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**4,794**	4,663
Retention receivables	*13*	**5,653**	10,123
Investment property	*14*	**2,584**	2,675
Intangible assets	*15*	**–**	2,204
Deferred income tax assets	*21*	**106**	–
		13,137	19,665
Current assets			
Trade and retention receivables	*13*	**60,283**	51,121
Other receivables, deposits and prepayments	*13*	**2,994**	977
Amounts due from customers for contract works	*16*	**38,875**	24,211
Cash and cash equivalents	*17*	**23,711**	27,792
		125,863	104,101
Total assets		**139,000**	123,766
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*22*	**2,725**	2
Share premium	*22*	**69,777**	45,721
Capital reserves	*23*	**(26,972)**	(26,972)
Retained profits		**33,577**	43,712
Capital and reserves attributable to owners of the Company		**79,107**	62,463
Non-controlling interests		**490**	–
Total equity		**79,597**	62,463
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	*18*	**41**	74
Retention payables	*19*	**2,698**	2,902
Deferred income tax liabilities	*21*	**–**	400
		2,739	3,376

		As at 31 October	
		2018	2017
	Note	***S$'000***	*S$'000*
Current liabilities			
Trade and retention payables	*19*	**29,912**	31,617
Other payables and accruals	*19*	**4,172**	3,791
Amounts due to customers for contract works	*16*	**20,104**	15,372
Finance lease liabilities	*18*	**32**	62
Current income tax payables		**2,444**	7,085
		56,664	57,927
Total liabilities		**59,403**	61,303
Total equity and liabilities		**139,000**	123,766

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital *S$'000*	**Share premium** *S$'000*	**Capital reserves** *S$'000*	**Retained profits** *S$'000*	**Total** *S$'000*	**Non-controlling interests** *S$'000*	**Total equity** *S$'000*
Balance at 1 November 2016	2	45,721	(26,972)	36,388	55,139	–	55,139
Comprehensive income							
Profit for the year	–	–	–	27,324	27,324	–	27,324
Total comprehensive income	–	–	–	27,324	27,324	–	27,324
Transactions with owners							
Dividends *(Note 24)*	–	–	–	(20,000)	(20,000)	–	(20,000)
Total transactions with owners, recognised directly in equity	–	–	–	(20,000)	(20,000)	–	(20,000)
Balance at 31 October 2017	2	45,721	(26,972)	43,712	62,463	–	62,463
Balance at 1 November 2017	2	45,721	(26,972)	43,712	62,463	–	62,463
Comprehensive income							
Profit for the year	–	–	–	13,715	13,715	–	13,715
Total comprehensive income	–	–	–	13,715	13,715	–	13,715
Transactions with owners							
Contribution from non-controlling interests	–	–	–	–	–	490	490
Dividends *(Note 24)*	–	–	–	(23,850)	(23,850)	–	(23,850)
Issue of shares pursuant to capitalisation *(Note 22)*	2,041	(2,041)	–	–	–	–	–
Issue of shares pursuant to the share offer in Listing *(Note 22)*	682	30,095	–	–	30,777	–	30,777
Listing expenses related to the issue of new shares *(Note 22)*	–	(3,998)	–	–	(3,998)	–	(3,998)
Total transactions with owners, recognised directly in equity	2,723	24,056	–	(23,850)	2,929	490	3,419
Balance at 31 October 2018	2,725	69,777	(26,972)	33,577	79,107	490	79,597

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE GROUP

HPC Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 13 October 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The address of the Company's registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and its subsidiaries are principally engaged in civil engineering and general building construction including major upgrading works in Singapore (the "**Business**"). The ultimate holding companies of the Company are Creative Value Investments Limited and Tower Point Global Limited. The ultimate controlling parties of the Group are Mr. Wang Yingde ("**Mr. Wang**") and Mr. Shi Jianhua ("**Mr. Shi**").

The shares of the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 May 2018 (the "**Listing**"). Prior to the incorporation of the Company and the completion of the group reorganisation (the "**Reorganisation**"), the Business was carried out by HPC Builders Pte. Ltd. ("**HPC Builders**"). HPC Builders was controlled by Mr. Wang and Mr. Shi. In preparing for the Listing, the Reorganisation was undertaken pursuant to which the Company became the holding company of its subsidiaries now comprising the Group.

The consolidated financial statements are presented in thousands of Singapore dollars ("**S$'000**") unless otherwise stated.

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The principal accounting policies applied in the preparation of the 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 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and has been prepared under the historical cost convention.

The preparation of the 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.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 November 2017.

Amendments to IAS 7	Statement of Cash Flows – Disclosure Initiative
Amendments to IAs 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle

The Group has not early adopted the following new and revised IFRSs or amendments to IFRS which would take effect from financial periods beginning on or after 1 November 2018.

Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture[4]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle except for amendment to IFRS 12[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
IFRS 9	Financial Instruments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
IFRS 15	Revenue from Contracts with Customers and related Amendments[1]
Amendments to IFRS 15	Clarifications to IFRS 15[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

IFRS 9 "Financial instruments" replaces the whole of IAS 39.

IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("**OCI**") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12 month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the year ended 31 October 2018 and 2017, all of the Group's financial assets and financial liabilities were carried at amortised costs with no significant impairment on the financial assets. The implementation of IFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

IFRS 15 "Revenue from Contracts with Customers" – This new standard replaces the previous revenue standards: IAS 18 "*Revenue*" and IAS 11 "*Construction Contracts*", and the related Interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

(5) Recognise revenue when performance obligation is satisfied.

The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset liability" approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management has performed a preliminary assessment. After assessment, the Group will use input method in measuring the percentage of completion when applying IFRS 15. When applying input method, the Group would consider if there is any adjustment required for uninstalled materials, to ensure that the input method meets the objective of measuring progress towards complete satisfaction of a performance obligation. With reference to the past practice, the directors of the Company expect that the Group will not hold significant amount of uninstalled materials based on the existing operating model. Thus, the financial impact of the uninstalled materials in the application of IFRS 15 will be considered as insignificant. It is expected that the application of input method and the implementation of IFRS 15 as a whole would not result in any significant impact on the Group's financial position and result of operations. Meanwhile, there will be additional disclosure requirement under IFRS 15 upon its adoption. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

IFRS 16 "Leases" – The Group is a lessee of its office buildings which are currently classified as operating leases. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheets. Instead, all long-term leases must be recognised in the balance sheets in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the annual period beginning on 1 November 2019, and the initial application of the standard is not expected to have a significant impact on the Group's financial position and results of operations.

Other than those analysed above, management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

3 SEGMENT INFORMATION

The executive directors of the Group are the Group's chief operating decision-makers. Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions, allocate resources and assess performance. The executive directors consider the business from business segment perspective. The executive directors have identified two main reportable segments namely general building construction and civil engineering. General building construction relates mainly to the design and build projects of warehouses and other industrial or commercial buildings. Civil engineering related mainly to the construction of train stations and expressways.

Segment performance is evaluated based on reportable segment results, which is a measure of gross profit.

The segment information for the reportable segments are as follows:

	General building construction *S$'000*	**Civil engineering** *S$'000*	**Total** *S$'000*
31 October 2018			
Total segment revenue	**214,303**	**14,327**	**228,630**
Gross profit	**21,258**	**3,400**	**24,658**
Depreciation	**143**	**–**	**143**
Amortisation of intangible assets	**1,899**	**305**	**2,204**
Segment assets	**102,257**	**2,712**	**104,969**
Segment assets include:			
Additions in:			
– property, plant and equipment	**102**	**–**	**102**
Segment liabilities	**51,613**	**1,101**	**52,714**

	General building construction *S$'000*	Civil engineering *S$'000*	Total *S$'000*
31 October 2017			
Total segment revenue	193,841	7,234	201,075
Gross profit	37,300	2,498	39,798
Depreciation	434	–	434
Amortisation of intangible assets	1,899	305	2,204
Segment assets	85,510	2,348	87,858
Segment assets include:			
Additions in:			
– property, plant and equipment	41	–	41
Segment liabilities	49,866	25	49,891

Reconciliations

(i) *Segment profits*

A reconciliation of gross profit to profit before income tax is as follows:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Gross profit for reportable segments	**24,658**	39,798
Other income	**558**	1,140
Other gains/(losses), net	**474**	(40)
Administrative expenses	**(9,081)**	(7,390)
Finance income	**75**	220
Finance costs	**(7)**	(7)
Profit before income tax	**16,677**	33,721

(ii) *Segment assets*

The amounts reported to the executive directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Segment assets exclude unallocated head office assets as these assets are managed on a group basis.

Segment assets are reconciled to total assets as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Segment assets for reportable segments	**104,969**	87,858
Unallocated:		
Property, plant and equipment	**4,636**	4,464
Investment property	**2,584**	2,675
Deferred income tax assets	**106**	–
Other receivables, deposits and prepayments	**2,994**	977
Cash and cash equivalents	**23,711**	27,792
	139,000	123,766

(iii) Segment liabilities

The amounts reported to the executive directors with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment liabilities exclude unallocated head office liabilities as these liabilities are managed on a group basis.

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Segment liabilities for reportable segments	**52,714**	49,891
Unallocated:		
Finance lease liabilities	**73**	136
Other payables and accruals	**4,172**	3,791
Deferred income tax liabilities	**–**	400
Current income tax payables	**2,444**	7,085
	59,403	61,303

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis is presented.

Revenues derived from external customers which amount to 10 per cent or more of the Group's revenues are as follows:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Customer A	**44,822**	31,306
Customer B	**42,965**	964
Customer C	**40,795**	21,586
Customer D	**35,999**	–
Customer E	**3,288**	48,938
Customer F	**2,353**	29,399
Customer G	**5,853**	20,865

These revenues are attributable to the general building construction segment.

4 REVENUE AND OTHER INCOME

The Group's revenue and other income recognised during the years ended 31 October 2018 and 2017 are as follows:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Revenue:		
Construction contract revenue	**228,630**	201,075

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Other income:		
Government grants	**77**	297
Sales of scrap materials	**275**	647
Rental income	**99**	129
Others	**107**	67
	558	1,140

5 OTHER GAINS/(LOSSES), NET

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Foreign exchange gain/(loss), net	**462**	(30)
Gain/(loss) on disposal of plant and equipment	**12**	(10)
	474	(40)

6 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Materials, sub-contractors and other construction costs	**177,652**	138,383
Liquidated damages *	**–**	510
Auditors' remuneration		
– Audit services	**270**	59
– Non-audit services	**20**	–
Depreciation		
– Property, plant and equipment *(Note 11)*	**611**	762
– Investment property *(Note 14)*	**91**	76
Amortisation of intangible assets *(Note 15)*	**2,204**	2,204
Employee compensation *(Note 7)*	**27,452**	23,157
Operating lease rentals	**124**	113
Entertainment and transportation	**341**	242
Professional fees	**487**	155
Listing expenses	**2,882**	2,791
Allowance for doubtful receivables	**600**	–
Write back of trade and other receivables	**(161)**	(271)
Others	**480**	486
Total cost of sales and administrative expenses	**213,053**	168,667

* Liquidated damages relate to one-off compensation for a construction contract due to delay in the progress for construction works.

The write back of trade and other receivables was recognised as administrative expenses in profit or loss.

7 EMPLOYEE COMPENSATION

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Wages and salaries (including directors' emoluments)	**26,385**	22,313
Defined contribution plans	**1,067**	844
	27,452	23,157

Five highest paid individuals

For the years ended 31 October 2018 and 2017, the five individuals whose emoluments were the highest in the Group include 2 directors (2017: 2). The emoluments paid/payable to the remaining individuals, during the years ended 31 October 2018 and 2017 are as follows:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Wages and salaries	**857**	636
Defined contribution plans	**48**	42
	905	678

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Emolument band		
Nil to HK$1,000,000 (S$179,333)	**–**	1
HK$1,000,001 (S$179,333) to HK$2,000,000 (S$358,667)	**2**	2
HK$2,000,001 (S$358,667) and above	**1**	–

8 FINANCE INCOME AND COSTS

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Interest income:		
– Bank interest income	**75**	220
Finance income	**75**	220
Interest expenses:		
– Finance lease liabilities	**(7)**	(7)
Finance costs	**(7)**	(7)
Finance income, net	**68**	213

9 INCOME TAX EXPENSES

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Tax expense attributable to profit before income tax is made up of:		
– Current income tax	**3,882**	6,516
– (Over)/under provision in prior years	**(414)**	256
	3,468	6,772
Deferred income tax	**(506)**	(375)
Income tax expenses	**2,962**	6,397

The income tax expense differs from the amount that would arise using the Singapore standard rate of income tax of 17% as follows:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Profit before income tax	**16,677**	33,721
Tax calculated at a tax rate of 17% (2017: 17%)	**2,835**	5,733
Effects of:		
Expenses not deductible for tax purposes	**688**	624
Tax incentives	**–**	(40)
Statutory stepped income exemption	**(52)**	(52)
Utilisation of capital allowances	**(75)**	(104)
(Over)/under provision in prior years	**(414)**	256
Tax rebate	**(20)**	(20)
	2,962	6,397

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issues of share in connection with the Reorganisation completed on 27 October 2016 and the capitalisation shares (Note 22) were deemed to have been in issue since 1 November 2016. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The fully diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary share.

	Year ended 31 October	
	2018	2017
Profit attributable to the owners of the Company (S$'000)	**13,715**	27,324
Weighted average number of ordinary shares in issue (in thousands)	**1,390,685**	1,200,000
Basic and diluted earnings per share (S cents)	**1.0**	2.3

11 PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture & fittings	Motor vehicles	Plant & equipment	Leasehold improvement	Building on freehold land	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Balance at 31 October 2018							
Opening net book amount	143	46	1,208	199	–	3,067	4,663
Additions	107	19	497	102	31	–	756
Disposal							
– cost	–	–	(131)	–	–	–	(131)
– accumulated depreciation	–	–	117	–	–	–	117
Depreciation	(112)	(24)	(261)	(143)	(10)	(61)	(611)
Closing net book amount	138	41	1,430	158	21	3,006	4,794
Balance at 31 October 2018							
Cost	732	163	2,537	1,713	56	3,067	8,268
Accumulated depreciation	(594)	(122)	(1,107)	(1,555)	(35)	(61)	(3,474)
Net book amount	138	41	1,430	158	21	3,006	4,794
Balance at 31 October 2017							
Opening net book amount	135	19	1,140	592	2	–	1,888
Transfer	–	–	–	–	–	3,067	3,067
Additions	87	38	401	41	–	–	567
Disposal							
– cost	–	–	(240)	–	–	–	(240)
– accumulated depreciation	–	–	143	–	–	–	143
Depreciation	(79)	(11)	(236)	(434)	(2)	–	(762)
Closing net book amount	143	46	1,208	199	–	3,067	4,663
Balance at 31 October 2017							
Cost	625	144	2,171	1,611	25	3,067	7,643
Accumulated depreciation	(482)	(98)	(963)	(1,412)	(25)	–	(2,980)
Net book amount	143	46	1,208	199	–	3,067	4,663

Included within additions are motor vehicles acquired under finance leases amounting to nil and S$136,000 as at 31 October 2018 and 2017, respectively. The carrying amounts of the motor vehicles held under finance leases were S$553,000 and S$646,000 as at 31 October 2018 and 2017, respectively.

12 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables *S$'000*
31 October 2018	
Assets as per consolidated balance sheets	
Trade and retention receivables, other receivables and deposits excluding prepayments	**68,658**
Amounts due from customers for contract works	**38,875**
Cash and cash equivalents	**23,711**
Total	**131,244**

	Financial liabilities at amortised cost *S$'000*
31 October 2018	
Liabilities as per consolidated balance sheets	
Trade and retention payables, other payables and accruals	**36,782**
Finance lease liabilities	**73**
Total	**36,855**

	Loans and receivables *S$'000*
31 October 2017	
Assets as per consolidated balance sheets	
Trade and retention receivables, other receivables and deposits excluding prepayments	62,221
Amounts due from customers for contract works	24,211
Cash and cash equivalents	27,792
Total	114,224

	Financial liabilities at amortised cost *S$'000*
31 October 2017	
Liabilities as per consolidated balance sheets	
Trade and retention payables, other payables and accruals	38,310
Finance lease liabilities	136
Total	38,446

13 TRADE AND RETENTION RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Current portion		
Trade receivables *(Note (a))*		
– Related parties	**–**	409
– Non-related parties	**49,159**	37,172
Allowance for doubtful receivables	**(600)**	–
	48,559	37,581
Retention receivables *(Note (b))*		
– Non-related parties	**11,724**	13,540
	60,283	51,121
Other receivables, deposits and prepayments:		
– Prepayments	**272**	–
– Deposits	**1,835**	572
Other receivables		
– Related parties	**45**	45
– Non-related parties	**842**	360
	2,994	977
Non-current portion		
Retention receivables *(Note (b))*		
– Non-related parties	**5,653**	10,123

The carrying amounts of the trade and retention receivables, other receivables, deposits and prepayments are denominated in Singapore Dollars.

The carrying amounts of current trade and retention receivables, other receivables, deposits and prepayments approximate their fair values. The fair values of non-current retention receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values of non-current retention receivables and the market borrowing rates used are as follows:

	As at 31 October	
	2018	2017
Borrowing rates	**5.32%**	5.29%
Retention receivables (S$'000)	**5,245**	9,098

(a) Trade receivables

The Group's credit terms to trade debtors other than retention receivables are generally 35 days. The ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Less than 3 months	**39,864**	24,545
3 to 6 months	**7,119**	8,268
6 months to 1 year	**175**	984
More than 1 year	**2,001**	3,784
	49,159	37,581

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Except for an allowance of S$600,000 made in the financial year ended 31 October 2018, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group did not hold any collateral over these balances.

As at 31 October 2018 and 2017, trade receivables of approximately S$31,552,000 and S$26,951,000 were past due but not impaired. The age analysis of trade receivables past due but not impaired is as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Overdue:		
Less than 3 months	**24,727**	20,351
3 to 6 months	**4,652**	1,836
6 months to 1 year	**175**	1,411
More than 1 year	**1,998**	3,353
	31,552	26,951

Movements in the allowance for doubtful receivables are as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Beginning of financial year	**–**	–
Allowance for doubtful receivables	**600**	–
End of financial year	**600**	–

(b) Retention receivables

Retention receivables were not yet past due as at 31 October 2018 and 2017 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

14 INVESTMENT PROPERTY

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Beginning of financial year	**2,675**	–
Transfer	**–**	2,751
Depreciation *(Note 6)*	**(91)**	(76)
End of financial year	**2,584**	2,675

At the balance sheet date, the details of the Group's investment property are as follows:

Location	**Description/existing use**	**Tenure**
#01-08, Loyang Enterprise Building Singapore	Industrial unit	30 years

The following amounts are recognised in the statement of comprehensive income:

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Rental income	**99**	129

As at 31 October 2018, the fair value of the investment property was S$2,600,000 (2017: S$2,600,000) based on valuation using the sales comparison approach carried out by independent professional valuers, A* Valuer Property Consultants Pte Ltd, after taking into consideration of recent sale of comparable properties, prevailing market conditions and other factors considered to be appropriate by the directors of the Company. The most significant input in this valuation approach is the selling price per square meter.

This fair value is within Level 3 of the fair value hierarchy.

Commitments

Operating lease commitment – where the Group is a lessor

The investment property is leased to a non-related party under non-cancellable operating lease.

The future minimum lease receivables under non-cancellable operating lease contracted for at the balance sheet date but not recognised as receivables, are as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Within one year	**–**	148
Within two to five years	**–**	76
	–	224

At the balance sheet date, the lease has been terminated and the investment property is currently vacant.

15 INTANGIBLE ASSETS

Intangible assets represented customer related open construction contracts as a result of the acquisition of DHC Construction Pte. Ltd. on 27 October 2016.

Movement in intangible assets is as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Beginning of financial year	**2,204**	4,408
Amortisation *(Note 6)*	**(2,204)**	(2,204)
End of financial year	**–**	2,204

16 AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Contract costs incurred plus recognised profits less recognised losses	**966,155**	1,043,000
Less: progress billings	**(947,384)**	(1,034,161)
Balance at end of year	**18,771**	8,839
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**38,875**	24,211
Amounts due to customers for contract works	**(20,104)**	(15,372)
	18,771	8,839

17 CASH AND CASH EQUIVALENTS

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Cash at banks	**13,339**	20,339
Short-term bank deposits	**10,372**	7,453
	23,711	27,792

The carrying amounts of cash and cash equivalents denominated in United States Dollars and Hong Kong Dollars amounted to S$1,125,000 (2017: S$1,136,000) and S$1,362,000 (2017: S$201,000), respectively. The remaining balances are denominated in Singapore Dollars.

18 FINANCE LEASE LIABILITIES

The Group leases motor vehicles from non-related parties under finance leases.

	Minimum lease payments As at 31 October	
	2018	2017
	S$'000	*S$'000*
Within one year	**36**	70
Between one and five years	**48**	84
	84	154
Less: future finance charges	**(11)**	(18)
Present value of finance lease liabilities	**73**	136

The present value of finance leases are analysed as follows:

	Present value of minimum lease payments As at 31 October	
	2018	2017
	S$'000	*S$'000*
Within one year	**32**	62
Between one and five years	**41**	74
	73	136

19 TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Current portion		
Trade payables *(Note (a))*	**12,680**	14,847
Retention payables *(Note (b))*	**7,839**	4,599
Accrued construction costs	**9,393**	12,171
	29,912	31,617
Other payables and accruals *(Note (c))*	**4,172**	3,791
Non-current portion		
Retention payables *(Note (b))*	**2,698**	2,902

The carrying amounts of current trade, retention and other payables approximate their fair values. The fair values of non-current retention payables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values of non-current retention payables and the market borrowing rates used are as follows:

	As at 31 October	
	2018	2017
Borrowing rates	**5.32%**	5.29%
Retention payables (S$'000)	**2,468**	2,603

(a) Trade payables

As at 31 October 2018 and 2017, the ageing analysis of the trade payables, based on invoice date, is as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Less than 3 months	**11,124**	11,587
3 to 6 months	**91**	140
6 months to 1 year	**90**	1,826
More than 1 year	**1,375**	1,294
	12,680	14,847

The average credit period granted by the subcontractors and suppliers approximate 35 days.

(b) Retention payables

Retention payables were not yet past due as at 31 October 2018 and 2017 and will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

(c) Other payables and accruals

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Deposits	**255**	360
Accrued expenses	**2,185**	1,336
Goods and services tax payables	**733**	1,246
Amount due to directors *(Note)*	**296**	–
Other payables	**703**	849
	4,172	3,791

Note: Amount due to directors pertains to advances made by directors for a subsidiary, Regal Haus Pte. Ltd. for upfront payments to acquire a property. The amount due to directors is interest free and expected to be repaid within one year from 31 October 2018.

20 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 October 2018:

Name of entities	Principal activities	Country of operation/ incorporation	Particulars of share capital	Effective interest held as at	
				2018	2017
				%	%
Directly owned:					
HPC Investments Limited	Investment holding	British Virgin Islands	US$1	**100%**	100%
DHC Investments Limited	Investment holding	British Virgin Islands	US$1	**100%**	100%
Indirectly owned:					
HPC Builders Pte. Ltd.	General contractors	Singapore	S$15,000,000	**100%**	100%
DHC Construction Pte. Ltd.	General contractors	Singapore	S$3,000,000	**100%**	100%
Regal Haus Pte. Ltd.	Engineering design and consultancy services	Singapore	S$510,000	**51%** ***(Note)***	–

Note: On 13 July 2018, the Group acquired 51% equity interest in a dormant company, Regal Haus Pte. Ltd.. The Directors are of the view that the non-controlling interests of 49% in the subsidiary are not material to the Group.

21 DEFERRED INCOME TAX BALANCES

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Deferred income tax assets:		
Recoverable after more than 12 months	**131**	–
Deferred income tax liabilities:		
Recoverable after more than 12 months	**(25)**	(400)
Deferred income tax assets/(liabilities) (net)	**106**	(400)

(a) Deferred income tax assets

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Beginning of financial year	**–**	–
Credited to income statement *(Note 9)*	**131**	–
End of financial year	**131**	–

The deferred income tax assets were recognised on the combination of intercompany transactions between subsidiaries.

(b) Deferred income tax liabilities

	As at 31 October	
	2018	2017
	S$'000	*S$'000*
Beginning of financial year	**(400)**	(775)
Credited to income statement *(Note 9)*	**375**	375
End of financial year	**(25)**	(400)

The deferred income tax liabilities were recognised on the intangible assets as a result of the acquisition of DHC Construction Pte. Ltd..

22 SHARE CAPITAL AND SHARE PREMIUM

The Company was incorporated on 13 October 2016 in the Cayman Islands.

Authorised ordinary shares

	Number of shares issued	**Share capital**
	'000	*HK$'000*
As at 1 November 2016 and 1 November 2017	38,000	380
Increase in authorised shares *(Note (a))*	9,962,000	99,620
As at 31 October 2018	10,000,000	100,000

Ordinary shares

	Number of shares issued and fully paid	**Share capital**	**Share premium**
	'000	*S$'000*	*S$'000*
As at 1 November 2016 and 1 November 2017	1,000	2	45,721
Issue of shares pursuant to capitalisation *(Note (b))*	1,199,000	2,041	(2,041)
Issue of shares pursuant to the share offer in Listing *(Note (c))*	400,000	682	30,095
Listing expenses related to the issue of new shares *(Note (c))*	–	–	(3,998)
	1,599,000	2,723	24,056
As at 31 October 2018	1,600,000	2,725	69,777

(a) Pursuant to a written resolution of the Company's shareholders passed on 19 April 2018, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each by the creation of an additional 9,962,000,000 shares of HK$0.01 each.

(b) Pursuant to the written resolution of the Company's shareholders passed on 19 April 2018, 1,199,000,000 ordinary shares were issued at par value by way of capitalisation of HK$11,990,000 (equivalent to approximately S$2,041,000) from the Company's share premium account.

(c) On 11 May 2018, in connection with the Listing, the Company issued 400,000,000 shares at the price of HK$0.45 per share for a total of HK$180,000,000 (equivalent to approximately S$30,095,000), with issuance costs amounted to HK$23,912,000 (equivalent to approximately S$3,998,000) being charged to the Company's share premium accounts.

23 CAPITAL RESERVES

Reserves of the Group prior to completion of the Reorganisation, represents the share capital of HPC Builders. Reserves of the Group on completion of the Reorganisation represents the difference between the cost of investment of HPC Builders, capital contribution from shareholder and the share capital of HPC Builders.

24 DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 31 October 2018.

	Year ended 31 October	
	2018	2017
	S$'000	*S$'000*
Interim dividends	**23,850**	20,000

Prior to the successful Listing, the Company declared interim dividends of S$13,850,000 and S$10,000,000 on 3 April 2018 and 17 April 2018, respectively, which were paid to the then shareholders of the Company.

Dividends of S$20,000,000 were declared and paid to the then shareholders of the Company for the year ended 31 October 2017.

The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

BUSINESS REVIEW

The Group is principally engaged in general building and civil engineering construction works in Singapore. In Singapore, the Group provides construction works as main contractor as well as subcontractor for both the public and private sectors. The Group's main contractor works primarily relate to design and build projects for commercial and industrial buildings such as logistics and warehouses facilities, factories, offices, workshops and car parks whilst the Group's subcontractor works mainly relate to upgrading of government-built flats and construction of train stations, schools, factories and highways.

Amid the gloomy outlook on global economy, demand for construction of warehouses in Singapore remained weak and competitive. Contractors had also competed aggressively for dwindling construction demand by slashing down tender prices even when prices for construction material and labour cost are on a rising trend. The Ministry of Trade and Industry (the "**MTI**") of Singapore reported on 2 January 2019 that based on advance estimates, the construction sector had contracted by 2.2% on a year-on-year basis in the fourth quarter of 2018, extending the 2.5% decline in the third quarter of 2018. The contraction was primarily due to weakness in public sector construction activities.

Consequently, the Group's operations were greatly affected with declining profit margins and expected number of projects to be awarded to the Group being significantly lesser. Profit margins for general building construction segment almost halved from 19.2% for the financial year ended 31 October 2017 to 9.9% for the Financial Year whereas profit margins for civil engineering segment contracted from 34.5% for the financial year ended 31 October 2017 to 23.7% for the Financial Year. Civil engineering segment profit margin was lower mainly due to lesser costs savings achieved compared with previous year.

As a whole, the Group's profit margin has fallen from 19.8% for the financial year ended 31 October 2017 to 10.8% for the Financial Year.

FINANCIAL REVIEW

Demand for the local construction market remained subdued for the Financial Year. Due to diminishing demand for construction works, competitions for local construction works have become more intense with competitors competing for whatever contract works that are available. On profit attributable to owners of the Company, the Group reported a decline of 49.8% compared with the financial year ended 31 October 2017.

Revenue and Gross Profit

Although revenue for the Group had increased 13.7% as compared to the financial year ended 31 October 2017, cost of sales had increased 26.5% correspondingly, resulting in a 38.0% decline in gross profit. The Group incurred higher cost of sales mainly due to the relatively higher number of smaller size projects undertaken by the Group during the Financial Year.

Other Income and Other Gains/(Losses), net

Lower sales of scrap materials and government grant received for the Financial Year contributed to the decline in other income compared with the financial year ended 31 October 2017.

For other gains/(losses) net, the Group recorded a gain of approximately S$462,000 mainly due to the foreign currency revaluation gain following the receipt of Listing proceeds in Hong Kong dollars.

Administrative Expenses

Administrative expenses for the Financial Year is higher than the financial year ended 31 October 2017 by approximately 22.9% mainly as a result from more recruitment of employees following higher number of smaller size projects undertaken by the Group coupled with the yearly increment allocated for existing employees. In addition, an allowance of doubtful debts of S$600,000 has been made in respect of certain outstanding trade receivables that are facing collectivity issues.

Income Tax Expense

Income tax expense declined more than half of financial year ended 31 October 2017 mainly attributed to lower profit recorded.

Profit Attributable to Owners of the Company

As a result of the lower gross profit, profit attributable to the owners of the Company declined by 49.8%.

Dividends

The Board does not recommend final dividend to be distributed for the Financial Year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Liquidity

The Group's business operations depend on the sufficiency of working capital and effective cost management, in particular, competitive prices from subcontractors and suppliers as well as effective management of foreign workforce. The Group's primary usage of cash relates to payment to subcontractors, suppliers and on manpower needs. The Group has been depending on its internally generated fund to support its working capital needs. With proven track record in costs management coupled with the local regulation on construction works settlements, the Group does not expect any liquidity issues.

Current ratios (defined as total current assets divided by total current liabilities) of the Group are 2.2 and 1.8 as at 31 October 2018 and 31 October 2017, respectively.

Borrowings and Gearing

The Group's borrowings relate to certain finance lease obligations obtained through the acquisition of motor vehicles.

Gearing ratios (defined as total borrowings divided by total equity) of the Group are 0.1% and 0.2% as at 31 October 2018 and 31 October 2017, respectively and is not expected to be material in the foreseeable future.

Foreign Exchange Exposure

Most of the Group's income and expenditures are denominated in Singapore dollars, being the functional currency of the Group, and hence, the Group does not have any material foreign exchange exposures other than the net proceeds received from the Listing exercise on 11 May 2018.

As the Group's foreign exchange exposure from its operations is minimal, the Group does not use any hedging facilities. All foreign transactions are entered into at spot rate.

Charges on Group's Assets

As at 31 October 2018, none of the Group's assets were charged with any parties or financial institutions other than the motor vehicles owned by the Group of which were acquired via finance leases.

Contingent Liabilities and Financial Guarantees

As at 31 October 2018, the Group was involved in a few litigation cases related to workplace injuries and disputes with suppliers in the past. However, the Group did not expect material contingent liabilities to arise from these litigations.

For the Financial Year, the Group was not involved in any major litigation cases.

As at 31 October 2018, there is no financial guarantee granted in favour of third parties of the Group.

Capital Expenditure and Capital Commitments

For the Financial Year, the Group incurred capital expenditures of approximately S$0.8 million.

Following the acquisition of a controlling interest in Regal Haus Pte. Ltd. ("**Regal Haus**") in July 2018, the Group is in the midst of finalising the acquisition of a property to be re-developed into the Group's office building. The total budget for the re-development project, including the cost of acquisition of property and other re-development costs, is currently expected to amount to approximately S$21 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group acquired a 51% interest in Regal Haus for a total consideration of S$510,000 in July 2018 with an intention to re-develop a property to be acquired by it into a commercial building, with part of which to be used as the Group's office. Except for the acquisition of Regal Haus, the Group had no other material acquisition or disposals of subsidiaries, associates and joint ventures during the Financial Year.

SIGNIFICANT INVESTMENTS HELD

As at 31 October 2018, the Group did not hold any significant investment.

EMPLOYEE INFORMATION

As at 31 October 2018, the Group had 929 employees including foreign workers.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are typically employed on one year basis depending on the period of their work permits and subject to renewal based on their performance and are remunerated according to their work skills.

Total staff costs including Directors' emoluments for the Financial Year amounted to approximately S$27.5 million (2017: approximately S$23.2 million).

Employees of the Group receive training depending on their respective duties and the department they belong to. The human resource department of the Company arrange for employees to attend trainings from time to time, especially relating to workplace health and safety.

PROSPECTS

MTI of Singapore reported on 2 January 2019 that based on advance estimates, the Singapore economy grew by 2.2% on a year-on-year basis in the fourth quarter of 2018, easing slightly from the 2.3% growth in the third quarter of 2018. On a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy expanded at a slower pace of 1.6% in the fourth quarter of 2018 compared to the 3.5% growth in the third quarter of 2018. For 2018 as a whole, the Singapore economy grew by 3.3%.

Notwithstanding the above, the construction sector contracted by 2.2% on a year-on-year basis in the fourth quarter of 2018, extending the declining trend as recorded in the third quarter of 2018 of 2.5%. The contraction was primarily due to weakness in public sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew at a weaker pace of 1.1% compared to the 3.3% growth in the third quarter of 2018.

Although the government reported that construction demand in Singapore has improved compared with the last three years, the improvement is mainly due to increase in demand for construction of infrastructures and institutionals such as healthcare and educational works. Public construction demand contributed approximately 60.0% or approximately S$18.4 billion of the projected demand for 2018 with mainly civil engineering projects, whilst private sector demand was at approximately S$12.1 billion, supported by redevelopment of collective-sale sites. The government has brought forward approximately S$1.4 billion in public projects to start between 2017 and early 2018 in order to ride out the downturn.

Going forward, the Group expects the Singapore construction market to remain volatile, especially given that Singapore's economy is fairly exposed to the health of global economy. With the impending trade wars coupled with uncertainties in certain major economies around the world, the potential risks for the coming year cannot be taken lightly. The Group will persist in increasing its participation in new project tenders in different sectors to include corporate offices, institutional buildings and civil engineering works in order to secure more projects and to remain competitive and actively involved in the local construction market. The Group will explore the opportunity of expanding its geographical presence into regional markets in the coming year. Our tender and contract departments have been strengthened by recruiting more experienced staff to allow for such expansion to ensure our tender prices are prudently competitive and operations are profitable. Barring unexpected circumstances, the Group is confident to sail through the challenging 2019 market and remains profitable.

As a sign of our initial success, since the end of the Financial Year and up to the date of this announcement, the Group managed to clinch 4 new projects with total contract sum of approximately S$166.4 million.

SHARE OPTION SCHEME

The Group has adopted a share option scheme pursuant to which the Company may grant options to eligible participants. The maximum number of shares which may be issued upon exercise of all options to be granted under the scheme and any other schemes of the Group shall not in aggregate exceed 160,000,000, being 10% of the shares in issue as at the Listing date.

No options were granted or outstanding for the Financial Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in the Appendix 10 to the Listing Rules as code of conduct regarding directors' securities transactions upon Listing and upon specific enquiry made, all Directors have confirmed that they complied with the Model Code from the date of Listing up to the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its shareholders (the "**Shareholders**") of the Company and protecting and enhancing the Shareholders' value through good corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") were not applicable to the Company for the period from 1 November 2017 to 10 May 2018 being the date immediately before the Listing date. The Company has adopted and complied with the code provisions, where applicable, during the period from Listing date to 31 October 2018 with the exception of code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive shall be separated and shall not be performed by the same individual. Mr. Wang Yingde currently holds both positions. Throughout the business history, Mr. Wang Yingde has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including independent non-executive Directors) consider that Mr. Wang Yingde is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed with the management, the accounting principles and practices adopted by the Group and discussed the internal control procedures, auditing and financial reporting matters including the review of the Group's full year financial results for the Financial Year. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements and sufficient disclosures have been made.

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

During the Financial Year, neither the Company nor any of its subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE FINANCIAL YEAR

On 13 December 2018, approval was obtained from JTC Corporation in respect of the purchase of a property located at 7 and 9 Kung Chong Road, Singapore 159144 at a consideration of S$13,500,000.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the financial year ended 31 October 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the Financial Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DISCLOSURE ON THE WEBSITES OF THE SEHK AND THE COMPANY

This annual results announcement is published on the website of the SEHK (*http://www.hkexnews.hk*) and on the website of Company (*http://www.hpc.sg*). The annual report for the Financial Year containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
HPC Holdings Limited
Wang Yingde
Chairman & Chief Executive Officer

Singapore, 28 January 2019

As at the date of this announcement, the Board comprises Mr. Wang Yingde and Mr. Shi Jianhua as executive Directors; and Mr. Zhu Dong, Mr. Leung Wai Yip, Ms. Ng King Wai Diana and Mr. Ong Toon Lian as independent non-executive Directors.