HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 OCTOBER 2019

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of HPC Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 October 2019 (the "**Financial Year**") together with the corresponding comparative figures (the "**Results Announcement**").

BUSINESS REVIEW

The Group's core business is centered on general construction and civil engineering construction works, with emphasis on design and build projects for industrial and commercial buildings in Singapore. During the Financial Year, the Group has also made significant progress in securing institutional projects such as building international school and high-end corporate offices for large corporations. The Group has also established itself as one of the top builders for building food industrial buildings after completing four food industrial factory building projects. The Group's civil engineering segment also completed many infrastructure projects in Singapore as major labor subcontractor.

With the looming economic slowdown in Singapore affected by the trade rows between the two biggest economies in the world, the construction demand in Singapore has also been greatly affected. Even though the Ministry of Trade and Industry of Singapore (the "**MTI**") reported that the construction sector expanded by 2.9% year-on-year, following the 2.8% expansion in the third quarter of 2019, supported by both public sector and private sector construction works, the construction market in Singapore still remains competitive and challenging with falling tender prices.

As a consequence, the Group's profit margins for general building construction segment saw a further deterioration from 9.9% for the financial year ended 31 October 2018 to 9.6% for the Financial Year. Thanks to the completion of infrastructure projects awarded few years ago, civil engineering segment profit margin increased from 23.7% for the financial year ended 31 October 2018 to 38.4% for the Financial Year.

As a whole, the Group's profit margin has slightly increased from 10.8% for the financial year ended 31 October 2018 to 12.0% for the Financial Year.

FINANCIAL REVIEW

Although demand for the local construction market sentiment has slightly recovered for the Financial Year, competition for local construction works remains intense with competitors competing for whatever contract works that are available, and at times, disregarding cost concern. On profit attributable to owners of the Company, the Group reported a S$1.1 million increment compared with the financial year ended 31 October 2018.

Revenue and Gross Profit

Although revenue for the Group decreased 5.7% compared with the financial year ended 31 October 2018, gross profit for the Group experienced a 1.2% increment compared to the financial year ended 31 October 2018. Correspondingly, there was a decrease in cost of work done by the Group by 7.1% against financial year ended 31 October 2018. General building segment contributed 91.4% and 72.8% of the Group revenue and gross profit respectively, compared with 93.7% and 86.2% for the financial year ended 31 October 2018. Civil engineering segment contributed 8.6% of the Group revenue and 27.2% of the gross profit of the Group compared with 6.3% and 13.8% respectively for the financial year ended 31 October 2018. The reason for the slight shift in weightage from general building segment to civil engineering segment was due to the price competition in the market and that newly awarded projects were mainly from general building segment.

Other Income and Gains

Due to higher sales of scrap materials and government grant received for the Financial Year despite less amount of rental income received, the overall other income is higher compared with the financial year ended 31 October 2018.

For other gains/(losses), the Group recorded a loss of approximately S$71,000 mainly due to realised foreign exchange loss arising from transactions in Hong Kong Dollars related to annual listing fee and consultancy fees paid.

Administrative Expenses

Administrative expenses for the Financial Year is lower than the financial year ended 31 October 2018 by approximately 7.6% mainly as a result of the completion of the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "**SEHK**") on 11 May 2018 (the "**Listing**") despite the higher employee compensation spent compared with the last financial year. The overall effect gives rise to a 7.6% decrement.

Income Tax Expense

Income tax expense increased by approximately 21.0% compared with the financial year ended 31 October 2018 mainly attributed to higher profit before income tax recorded for the Financial Year and lower effective tax rate for the financial year ended 31 October 2018. The lower effective tax rate for the financial year ended 31 October 2018 was due to tax refund relating to tax adjustments made in the previous year of assessment.

Profit Attributable to Owners of the Company

As a result of the above effects, profit attributable to the owners of the Company increased by approximately S$1.1 million compare with the financial year ended 31 October 2018, representing an increment of approximately 8%.

Dividends

In order to maintain competitiveness in the looming market sentiment and ensure sufficient operational liquidity, the Board does not recommend any 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 uses of cash are for payments to subcontractors, suppliers and on manpower needs. The Group has been depending on its internally generated funds to support its working capital needs. With a proven track record in costs management coupled with the local regulation on construction works settlements, the Group does not expect to face any liquidity issues.

Current ratios (defined as total current assets divided by total current liabilities) of the Group are 2.6 and 2.2 as at 31 October 2019 and 31 October 2018, respectively.

Borrowings and Gearing

The Group's borrowings mainly related to a bank loan and shareholders loan for acquisition of land on 7 Kung Chong Road, Singapore 159144 starting from this Financial Year and certain finance lease obligations obtained through the acquisition of motor vehicles.

Hence, gearing ratios (defined as total borrowings divided by total equity) of the Group increased from 0.1% as at 31 October 2018 to 11.8% as at 31 October 2019. The Group expects a further increment of the gearing ratio in next financial year by approximately 3-5% due to the expected drawdowns on construction loan of the 7 Kung Chong Road, Singapore 159144 in the year 2020.

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 exposure.

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

Mortgage or Charges on Group's Assets

As at 31 October 2019, the acquired land was mortgaged to secure the Group's bank loan, one of the subsidiary, HPC Builders Pte Ltd. was also charged to the same bank for the same project as additional security. Other than that, only motor vehicles which were acquired via finance leases.

Contingent Liabilities and Financial Guarantees

The Group was involved in a few litigation cases related to workplace injuries and disputes with suppliers in the past. However, all cases were settled as at 31 October 2019, therefore the Group does not expect any contingent liabilities in the foreseeable future.

As at 31 October 2019, saved as disclosed in the section "Mortgage or Charges on Group's assets" there is no financial guarantee granted in favor of third party of the Group.

Capital Expenditure and Capital Commitments

For the financial year ended 31 October 2019, the Group incurred capital expenditures of approximately S$15.8 million mainly due to completion of acquisition of the land at 7 Kung Chong Road, Singapore 159144. The proposed redevelopment construction cost of the land is approximately S$7 million and it is expected to be incurred within the next two financial years.

SIGNIFICANT INVESTMENTS HELD

As at 31 October 2019, the Group did not hold any significant investment.

EMPLOYEE INFORMATION

As at 31 October 2019, the Group had 999 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 amounted to approximately S$29.1 million for the financial year ended 31 October 2019 (2018: approximately S$27.5 million) due to increase in head count and annual salary increment.

Employees of the Group receive training depending on their department and the scope of works. Typically, the human resource department arrange for employees to attend trainings from time to time, especially relating to workplace health and safety.

PROSPECTS

The MTI reported on 21 November 2019, taking into account the performance of the Singapore economy in the first three quarters of 2019 and the outlook for the fourth quarter of 2019, the 2019 GDP growth forecast for Singapore is narrowed from 0.5% to 1.0%.

For 2020, global growth is projected to see modest pickup, led by an improvement in the growth outlook for emerging market and developing economies. However, the growth in several Singapore's key demand markets such as US and China are expected to ease. On balance, given the growth outlook for Singapore's key final demand markets, and the projected recovery in the global electronics cycle in the year ahead, MTI expects growth in the Singapore economy to pick up modestly as compared to 2019.

Taking into account the global and domestic economic environment, the Singapore economy is expected to grow by 0.5% to 2.5% in 2020. Therefore, offering some good news to the Group as hopefully the construction demand will also be picking up accordingly.

Going forward, the Group expects the local construction market in 2020 to remain competitive and demanding. The Group has since been upgrading the capability of our tender and technical departments in order to participate in more Design & Build tenders instead of more competitive Build-Only tenders. The Group has also prepared to participate aggressively in more public tenders from Housing and Development Board, Land Transportation Authority and Port of Singapore Authority (the "**PSA**") who will be tendering out large amounts of tenders for the Mega Port @Tuas project. The Group has already made good progress by securing the prestigious PSA Gateway project in 2019. These efforts shall bear positive results in the year 2020.

Even with such competitive and demanding construction market in Singapore in 2019, the Group has managed to clinch 6 additional projects with total contract sum of approximately S$208.5 million (HK$1,199 million). Since the Financial Year end and up the the date of this announcement, we maintained a healthy Order Book Value of S$442.4 million (HK$2,544 million) going into year 2020.

SHARE OPTION SCHEME

The Group has adopted a share option scheme pursuant to which the Company may grant options to eligible persons. 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 on the date of the Listing.

No options were granted or outstanding for the financial year ended 31 October 2019.

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 during the Financial Year and upon specific enquiry made, all Directors have confirmed that they complied with the Model Code throughout the twelve months ended 31 October 2019.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its shareholders of the Company (the "**Shareholders**") and protecting and enhancing the Shareholders' value through good corporate governance. The Directors recognize 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 Company has adopted and complied with all applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the Financial Year 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**") was established on 19 April 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee has been published on the respective websites of the SEHK and the Company. It comprised of three independent non-executive Directors, namely, Mr. Leung Wai Yip (Chairman), Mr. Zhu Dong and Ms. Ng King Wai Diana.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control procedures and financial reporting matters including the review of the Group's full year financial results for the financial year ended 31 October 2019. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ON THE FINANCIAL RESULTS ANNOUNCEMENT

The consolidated annual results of the Group for the Financial Year have been agreed by the Company's independent auditors, Ernst & Young LLP, Certified Public Accountants, to the amounts set out in the Group's Consolidated Financial Statements and the amounts were found to be in agreement. The work performed by Ernst & Young LLP in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently, no assurance has been expressed by the independent auditors on this announcement.

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

There was no significant event after the Financial Year.

DISCLOSURE ON THE WEBSITES OF THE SEHK AND THE COMPANY

This Results Announcement is published on the website of the SEHK (*http://www.hkexnews.hk*) and on the website of Company (*http://www.hpc.sg*).

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

Singapore, 30 January 2020

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the financial year ended 31 October **2019** ***S$'000***	 2018 *S$'000*
Revenue	*4*	**215,498**	228,630
Cost of sales		**(189,538)**	(203,972)
Gross profit		**25,960**	24,658
Other operating income	*5*	**817**	558
Administrative expenses		**(8,388)**	(9,081)
Operating profit		**18,389**	16,135
Other (loss)/income	*5*	**(71)**	474
Finance income	*6*	**103**	75
Finance costs	*6*	**(14)**	(7)
Profit before tax	*7*	**18,407**	16,677
Income tax expense	*9*	**(3,583)**	(2,962)
Profit for the year, representing total comprehensive income for the year		**14,824**	13,715
Total comprehensive income attributable to:			
Owners of the Company		**14,862**	13,715
Non-controlling interests		**(38)**	–
		14,824	13,715
Profit per share			
– Basic (cents)	*10*	**0.9**	1.0
– Diluted (cents)	*10*	**0.9**	1.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 October	
		Group	
		2019	2018
	Note	***S$'000***	*S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**16,905**	4,794
Intangible assets	*12*	**–**	–
Investment properties	*13*	**5,397**	2,584
Retention receivables	*14*	**–**	5,653
Deferred tax assets	*9*	**60**	106
		22,362	13,137
Current assets			
Trade and retention receivables	*14*	**59,408**	60,283
Other receivables, deposits and prepayment		**2,005**	2,994
Contract assets	*15*	**45,417**	–
Amount due from customers for contract works	*16*	**–**	38,875
Cash and cash equivalents	*17*	**31,186**	23,711
		138,016	125,863
Total assets		**160,378**	139,000
EQUITY AND LIABILITIES			
Current liabilities			
Trade and retention payables	*20*	**34,090**	29,912
Other payables and accruals	*20*	**5,916**	4,172
Provisions	*21*	**39**	–
Contract liabilities	*15*	**7,798**	–
Amount due to customers for contract works	*16*	**–**	20,104
Finance lease liabilities	*23*	**100**	32
Borrowings	*19*	**720**	–
Current income tax payable		**3,434**	2,444
		52,097	56,664
Net current assets		**85,919**	69,199

		As at 31 October	
		Group	
		2019	2018
	Note	***S$'000***	*S$'000*
Non-current liabilities			
Retention payables	*18*	**1,506**	2,698
Other payables	*18*	**2,058**	–
Finance lease liabilities	*23*	**516**	41
Borrowings	*19*	**9,780**	–
		13,860	2,739
Total liabilities		**65,957**	59,403
Equity attributable to owners of the Company			
Share capital	*21*	**2,725**	2,725
Share premium	*21*	**69,777**	69,777
Capital reserves	*22*	**(26,972)**	(26,972)
Retained profits		**48,439**	33,577
		93,969	79,107
Non-controlling interests		**452**	490
Total equity		**94,421**	79,597
Total equity and liabilities		**160,378**	139,000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 October 2019

	Attributable to owners of the Company						
	Share capital *S$'000*	**Share premium** *S$'000*	**Capital reserve** *S$'000*	**Retained profits** *S$'000*	**Total** *S$'000*	**Non-controlling interests** *S$'000*	**Total equity** *S$'000*
Group							
At 1 November 2017	2	45,721	(26,972)	43,712	62,463	–	62,463
Profit for the year, representing total comprehensive income for the year	–	–	–	13,715	13,715	–	13,715
Contributions by and distributions to owners							
Contribution from non-controlling interests	–	–	–	–	–	490	490
Dividends *(Note 24)*	–	–	–	(23,850)	(23,850)	–	(23,850)
Issue of shares pursuant to capitalisation *(Note 21)*	2,041	(2,041)	–	–	–	–	–
Issue of shares pursuant to the share offer in Listing *(Note 21)*	682	30,095	–	–	30,777	–	30,777
Listing expenses related to the issue of new shares *(Note 21)*	–	(3,998)	–	–	(3,998)	–	(3,998)
Total transactions with owners in their capacity as owners	2,723	24,056	–	(23,850)	2,929	490	3,419
At 31 October 2018	2,725	69,777	(26,972)	33,577	79,107	490	79,597
Group							
At 1 November 2018	2,725	69,777	(26,972)	33,577	79,107	490	79,597
Profit for the year, representing total comprehensive income for the year	–	–	–	14,862	14,862	(38)	14,824
At 31 October 2019	2,725	69,777	(26,972)	48,439	93,969	452	94,421

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE GROUP

1.1 General information of the Group

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 (formerly known as Codan 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 "**Listing Business**").

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies and explanatory notes below. The financial statements are presented in the Company's functional currency, Singapore Dollars (SGD or S$) and all values are rounded to the nearest thousand (S$'000), except when otherwise indicated.

2.2 New accounting standards effective on 1 November 2018

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 November 2018. Except for the adoption of IFRS 9 and IFRS 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

The Group adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on 1 November 2018. The nature of the changes in these financial reporting standards are described below:

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classification and measurement of financial assets and impairment of financial assets.

Classification and measurement

IFRS 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as at 1 November 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 November 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under IFRS 9. There is no significant impact arising from measurement of these instruments under IFRS 9.

Impairment

IFRS 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

As the Group has rigorous counterparty selection and monitors closely the credit risks arising from the financial assets, the changes of this standard did not have a material impact on the financial statements for the year ended 31 October 2019.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 November 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 November 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

In prior reporting periods, the Group accounted for revenue from construction contracts over the period of the contracts when the outcome of construction contracts can be estimated reliably and by reference to the stage of completion of the contract activities at the end of the reporting periods. The stage of completion is measured by reference to actual costs as a percentage of total estimated costs.

Under IFRS 15, revenue from construction contracts is recognised over time as the Group satisfies the performance obligation over time, by reference to contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract (input method for measuring progress).

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

To comply with the presentation requirements under IFRS 15, amount due from customers for contract work of S$38,875,000 and amount due to customer for contract work of S$20,104,000 as at 1 November 2018 were reclassified to contract assets and contract liabilities accordingly.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
IFRS 16 *Leases*	1 January 2019
IFRS INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IAS 12 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*	1 January 2019
Amendments to IAS 23 *Borrowing Costs Eligible for Capitalisation*	1 January 2019
Amendments to IFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements 2015-2017 Cycle	1 January 2019
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3. SEGMENT INFORMATION

Business segments

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 Group is organised into two reportable segments, namely:

(a) General building construction: Relates to the design and build projects of warehouses and other industrial or commercial buildings; and

(b) Civil engineering: Relates to the construction of public infrastructures such as train stations, tunnel, railway and express way.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's executive directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to other entities that operate within these industries.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment information provided to the Group's executive director for the reportable segments for the year ended 31 October 2019 and 2018 are as follows:

	General building construction *S$'000*	**Civil engineering** *S$'000*	**Total** *S$'000*
2019			
Total segment revenue	**197,058**	**18,440**	**215,498**
Gross profit	**18,887**	**7,073**	**25,960**
Depreciation	**122**	**–**	**122**
Segment assets	**99,893**	**5,180**	**105,073**
Segment assets include:			
Additions in:			
– Property, plant and equipment	**248**	**–**	**248**
Segment liabilities	**42,668**	**2,031**	**44,699**

	General building construction S$'000	Civil engineering S$'000	Total S$'000
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

Reconciliations

(i) Segment profits

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

	2019 ***S$'000***	2018 *S$'000*
Gross profit for reportable segments	**25,960**	24,658
Other income	**746**	1,032
Administrative expenses	**(8,388)**	(9,081)
Finance income	**103**	75
Finance costs	**(14)**	(7)
Profit before income tax	**18,407**	16,677

(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:

	2019 ***S$'000***	2018 *S$'000*
Segment assets for reportable segments	**105,073**	104,969
Unallocated:		
Property, plant and equipment	**16,657**	4,636
Investment properties	**5,397**	2,584
Deferred income tax assets	**60**	106
Other receivables, deposits and prepayments	**2,005**	2,994
Cash and cash equivalents	**31,186**	23,711
	160,378	139,000

(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:

	2019	2018
	S$'000	*S$'000*
Segment liabilities for reportable segments	**44,699**	52,714
Unallocated:		
Finance lease liabilities	**616**	73
Other payables and accruals	**6,708**	4,172
Borrowings	**10,500**	–
Current income tax payable	**3,434**	2,444
	65,957	59,403

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:

	2019	2018
	S$'000	*S$'000*
Customer A	**45,852**	44,822
Customer B	**28,263**	42,965
Customer C	**25,776**	40,795
Customer D	**24,602**	35,999

These revenues are attributable to the general building construction segment.

4. REVENUE

	2019	2018
	S$'000	*S$'000*
Revenue from contracts with customers		
Construction contract revenue	**215,498**	228,630

Revenue from contracts with customers are derived from Singapore and are recognised over time.

Disaggregation of revenue

	2019	2018
	S$'000	*S$'000*
By project sector		
Public sector	**28,805**	66,541
Private sector	**186,693**	162,089
	215,498	228,630

5. OTHER OPERATING INCOME AND OTHER (LOSS)/INCOME

	2019	2018
	S$'000	*S$'000*
Government grants*	**200**	77
Sales of scrap materials	**376**	275
Rental income	**37**	99
Others	**204**	107
Other operating income	**817**	558
Net foreign exchange (loss)/gain	**(61)**	462
(Loss)/gain on disposal of plant and equipment	**(10)**	12
Other (loss)/income	**(71)**	474

* Government grants were received by certain subsidiaries in connection with employment of Singaporean workers under Special Employment Credit and mechanisation credit given by the Building and Construction Authority. There were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE INCOME AND COSTS

	2019	2018
	S$'000	*S$'000*
Finance income:		
– Bank interest	**103**	75
Finance costs:		
– Interest expense on finance lease liabilities	**(14)**	(7)

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	2019	2018
	S$'000	*S$'000*
Auditors' remuneration:		
– auditor of the Company	**140**	270
– non-audit services	**–**	20
Employee compensation *(Note 9)*	**29,050**	27,452
Materials, sub-contractors and other construction costs	**162,247**	177,652
Depreciation of property, plant and equipment	**596**	611
Depreciation of investment properties	**193**	91
Amortisation of intangible assets	**–**	2,204
Operating lease rentals	**179**	124
Entertainment and transportation	**315**	341
Professional fees	**919**	487
Listing expenses	**–**	2,882
Allowance for doubtful receivables	**–**	600
Provision for onerous contract	**39**	–
Write off/(back) of trade and other receivables	**43**	(161)

8. EMPLOYEE COMPENSATION

	2019	2018
	S$'000	*S$'000*
Wages and salaries (including directors' emoluments)	**27,896**	26,385
Defined contribution plans	**1,154**	1,067
	29,050	27,452

Five highest paid individuals

For the years ended 31 October 2019 and 2018, the five individuals whose emoluments were the highest in the Group include 2 directors (2018: 2), whose emoluments are reflected in the analysis in Note 29. The emoluments paid/payable to the remaining individuals, during the years ended 31 October 2019 and 2018 are as follows:

	2019	2018
	S$'000	*S$'000*
Wages and salaries	**550**	526
Bonuses	**244**	331
Defined contribution plans	**51**	48
	845	905

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

	2019	2018
Number of individuals		
Emolument band		
Nil to HK$1,000,000 (S$179,333)	**–**	–
HK$1,000,001 (S$179,333) to HK$2,000,000 (S$358,667)	**3**	2
HK$2,000,001 (S$358,667) and above	**–**	1

9. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 October 2019 and 2018 are:

	2019	2018
	S$'000	*S$'000*
Current income tax		
Current year	**3,356**	3,882
Under/(over) provision in respect of previous years	**182**	(414)
Deferred income tax		
Origination and reversal of temporary difference	**(29)**	(506)
Under/(over) provision in respect of previous years	**74**	–
Income tax expense recognised in profit or loss	**3,583**	2,962

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 October 2019 and 2018 is as follows:

	2019	2018
	S$'000	*S$'000*
Profit before tax	**18,407**	16,677
Tax at applicable corporate tax rate of 17% (2018: 17%)	**3,129**	2,835
Adjustments:		
– Non-deductible expenses	**274**	613
– Statutory stepped income exemption	**(52)**	(52)
– Under/(over) provision in respect of previous years	**256**	(414)
– Tax rebate	**(24)**	(20)
Income tax expense recognised in profit or loss	**3,583**	2,962

(c) Deferred tax assets/(liabilities)

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

	2019	2018
	S$'000	*S$'000*
Deferred tax assets	**131**	131
Deferred tax liabilities	**(71)**	(25)
Deferred tax assets, net	**60**	106

Deferred tax assets

	2019	2018
	S$'000	*S$'000*
At beginning of the financial year	**131**	–
Credited to profit or loss	**–**	131
At end of the financial year	**131**	131

The deferred tax assets were recognised on the elimination of unrealised profits from intercompany transactions between subsidiaries.

Deferred tax liabilities

	2019	2018
	S$'000	*S$'000*
At beginning of the financial year	**(25)**	(400)
(Expensed)/credited to profit or loss	**(46)**	375
At end of the financial year	**(71)**	(25)

The deferred tax liabilities were recognised as a result of difference in depreciation for tax purpose (2018: on the intangible assets as a result of the acquisition of DHC Construction Pte. Ltd.)

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

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.

	2019	2018
	S$'000	*S$'000*
Profit for the year attributable to owners of the Company	**14,824**	13,715

	No. of shares	
	2019	2018
Weighted average number of ordinary shares on issue applicable to basic earnings per share (in thousands)	**1,600,000**	1,390,685
Basic and diluted earnings per share (S cents)	**0.9**	1.0

11. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Motor vehicles	Plant and equipment	Leasehold improvement	Buildings on freehold land	Leasehold land and building under construction	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Cost:								
At 1 November 2017	625	144	2,171	1,611	25	3,067	–	7,643
Additions	107	19	497	102	31	–	–	756
Disposals	–	–	(131)	–	–	–	–	(131)
At 31 October 2018 and 1 November 2018	732	163	2,537	1,713	56	3,067	–	8,268
Additions	141	13	1,060	248	4	–	14,312	15,778
Disposals	–	–	(92)	(80)	–	–	–	(172)
Reclassified as investment property *(Note 13)*	–	–	–	–	–	(3,067)	–	(3,067)
At 31 October 2019	873	176	3,505	1,881	60	–	14,312	20,807
Accumulated depreciation:								
At 1 November 2017	482	98	963	1,412	25	–	–	2,980
Depreciation for the year	112	24	261	143	10	61	–	611
Disposals	–	–	(117)	–	–	–	–	(117)
At 31 October 2018 and 1 November 2018	594	122	1,107	1,555	35	61	–	3,474
Depreciation for the year	94	27	343	122	10	–	–	596
Reclassified as investment property *(Note 13)*	–	–	–	–	–	(61)	–	(61)
Disposals	–	–	(27)	(80)	–	–	–	(107)
At 31 October 2019	688	149	1,423	1,597	45	–	–	3,902
Net carrying amount:								
At 31 October 2018	138	41	1,430	158	21	3,006	–	4,794
At 31 October 2019	185	27	2,082	284	15	–	14,312	16,905

Capitalisation of borrowing costs

The Group's leasehold land and building include borrowing costs arising from bank loan borrowed specifically for the purpose of the construction of the leasehold building. During the financial year, the borrowing costs capitalised as cost of leasehold land and building amounted to S$152,000. The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.95% per annum, which is the effective interest rate of the specific borrowing (Note 19).

Assets held under finance lease

The carrying amounts of the motor vehicles held under finance leases were S$1,073,000 and S$553,000 as at 31 October 2019 and 2018 respectively.

Assets pledged as security

The Group's leasehold land and building with a carrying amount of S$14,312,000 are mortgaged to secure the Group's bank loan (Note 19).

Reclassification to investment property

The Group reclassified the building on freehold land with a carrying value of S$3,006,000 to investment property due to the commencement of rental to a third party during the year.

12. 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:

	2019 ***S$'000***	2018 *S$'000*
At beginning of financial year	**–**	2,204
Amortisation *(Note 7)*	**–**	(2,204)
At end of financial year	**–**	–

13. INVESTMENT PROPERTIES

	Freehold strata property unit ***S$'000***	**Leasehold strata property unit** ***S$'000***	**Total** ***S$'000***
Cost:			
At 1 November 2017, 31 October 2018 and 1 November 2018	–	2,751	2,751
Reclassified from property, plant and equipment *(Note 11)*	3,067	–	3,067
At 31 October 2019	3,067	2,751	5,818
Accumulated depreciation:			
At 1 November 2017	–	76	76
Depreciation of the year	–	91	91
At 31 October 2018 and 1 November 2018	–	167	167
Reclassified from property, plant and equipment *(Note 11)*	61	–	61
Depreciation for the year	61	132	193
At 31 October 2019	122	299	421
Net carrying amount:			
At 31 October 2018	–	2,584	2,584
At 31 October 2019	2,945	2,452	5,397

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

Location	Description/existing use	Tenure
#01-08, Loyang Enterprise Building Singapore	Industrial unit	26 years
211 Henderson Road, #02-01	Industrial unit	Freehold

	2019	2018
	S$'000	*S$'000*
Rental income	**37**	99

Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Valuation is made annually for impairment assessment purposes based on the property's highest-and-best use using the income and discounted cash flow methods. The fair value of the investment property as at the balance sheet date as determined by the independent professional valuer, is as follows:

	2019	2018
	S$'000	*S$'000*
#01-08, Loyang Enterprise Building Singapore	**2,600**	2,600
211 Henderson Road, #02-01	**3,400**	–

The fair values of the investment properties are determined by independent professional valuer, A Star Valuer Pte Ltd. The valuation is based on direct comparative approach after taking into consideration of recent sale of comparable properties, floor area, floor level, tenure and prevailing market conditions.

This valuation methods take into consideration significant inputs such as growth rate, capitalisation rate, terminal yield rate, discount rate and recent market transactions for similar properties in the same locations. In arriving at the estimates of market value, the valuers have used their market knowledge and professional judgment and not only relied on historical transactional comparable. The most significant input in this valuation approach is the selling price per square meter. The fair value did not result in material additional depreciation to be charged.

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

14. TRADE AND RETENTION RECEIVABLES

	2019	2018
	S$'000	*S$'000*
Current		
Trade receivables	**55,936**	49,159
Allowance for doubtful receivables	**(600)**	(600)
	55,336	48,559
Retention receivables	**4,072**	11,724
	59,408	60,283
Non-current		
Retention receivables	**–**	5,653

The carrying amounts of current trade and retention receivables approximate their fair values. The fair values of non-current retention 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:

	2018
Borrowing rates	5.32%
Retention receivables (S$'000)	5,245

Trade receivables

Trade receivables are non-interest bearing and are generally on 35 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of the trade receivables, based on invoice date, is as follows:

	2019	2018
	S$'000	*S$'000*
– Less than 3 months	**26,194**	39,864
– 3 to 6 months	**10,661**	7,119
– Over 6 months to 1 year	**12,670**	175
– More than 1 year	**6,411**	2,001
	55,936	49,159

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.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to S$35,818,000 as at 31 October 2019 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	2019	2018
	S$'000	*S$'000*
Trade receivables past due but not impaired:		
– Past due less than 3 months	**8,700**	24,727
– Past due 3 to 6 months	**12,158**	4,652
– Past due more than 6 months to 1 year	**10,383**	175
– Past due more than 1 year	**4,577**	1,998
	35,818	31,552

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2018 *S$'000*
Trade receivables – nominal amounts	3,354
Less: Allowance for impairment	(600)
	2,754
Movement in allowance accounts:	
At 1 November	–
Charge for the year	600
At 31 October	600

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of receivables and contract assets computed based on lifetime ECL are as follows:

		2019	
	Trade and retention receivables ***S$'000***	**Contract assets** ***S$'000***	**Total** ***S$'000***
Movement in allowance accounts:			
At 1 November	**600**	**–**	**600**
Charge for the year	**–**	**–**	**–**
At 31 October	**600**	**–**	**600**

Retention receivables

Retention receivables were not yet past due as at 31 October 2019 and 2018 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.

15. CONTRACT ASSETS/LIABILITIES

Information about contract assets and contract liabilities from contracts with customers are disclosed as follows:

	2019
	S$'000
Construction contracts:	
Contract assets	**45,417**
Contract liabilities	**7,798**

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date arising from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Included within contract assets is an amount of S$17,664,000 which relate to amounts withheld (up to 5% of the contract sum) under contractual terms from amount receivables from customers as the construction work progresses. The monies are generally released from the customers upon the certification of completion of work and/or finalisation of contract accounts, which is typically 12 to 18 months after the physical completion of the project.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers from construction contracts. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	2019
	S$'000
Contract asset reclassified to receivables	**(21,049)**
Right to consideration for work completed but not yet billed	**27,591**

(ii) Significant changes in contract liabilities are explained as follows:

	2019
	S$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**14,290**
Advance received from customers	**(1,984)**

(iii) Unsatisfied performance obligations

	2019
	S$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 October	
Construction contracts	**307,986**

Management expects that the transaction price allocated to the unsatisfied performance obligations as of 31 October 2019 may be recognised as revenue during the next three financial years. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal. As permitted under IFRS 15, the aggregate transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

16. AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	2018
	S$'000
Contract costs incurred plus recognised profits less recognised losses	966,155
Less: progress billings	(947,384)
At 31 October	18,771
Analysed for reporting purposes as:	
Amounts due from customers for contract works	38,875
Amounts due to customers for contract works	(20,104)
	18,771

17. CASH AND CASH EQUIVALENTS

	2019	2018
	S$'000	*S$'000*
Cash at banks	**22,785**	13,339
Short-term bank deposits	**8,401**	10,372
Cash and cash equivalents in the consolidated statement of cash flows	**31,186**	23,711

The carrying amounts of cash and cash equivalents denominated in United States Dollars and Hong Kong Dollars amounted to S$1,002,000 (2018: S$1,125,000) and S$737,000 (2018: S$1,362,000), respectively. The remaining balances are denominated in Singapore Dollars.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of not more than three months depending on the immediate cash requirement of the Group and earn interests at respective short-term deposit rates.

18. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	2019	2018
	S$'000	*S$'000*
Current		
Trade payables	**14,477**	12,680
Retention payables	**9,772**	7,839
Accrued construction costs	**9,841**	9,393
	34,090	29,912
Deposits	**230**	255
Accrued expenses	**2,760**	2,185
Goods and services tax payables	**301**	733
Amount due to non-controlling shareholders	**–**	296
Other payables	**2,625**	703
	5,916	4,172
Non-current		
Retention payables	**1,506**	2,698
Amount due to non-controlling shareholders	**2,058**	–

The carrying amounts of current trade, retention and other payables approximate their fair values.

Amount due to non-controlling shareholders

The current portion pertains to advances made by the non-controlling shareholders for upfront payment to acquire a property by a subsidiary, Regal Haus Pte. Ltd. ("RH"). This advance is repayable on demand.

The non-current portion pertains to loans from the non-controlling shareholders for the acquisition and redevelopment cost incurred by RH. This loan is interest free and are expected to be repaid in 2022.

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:

	2019	2018
Borrowing rates	**5.30%**	5.32%
Retention payables (S$'000)	**1,308**	2,468
Borrowing rates	**2.95%**	–
Amount due to non-controlling shareholders (S$'000)	**1,886**	–

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

	2019	2018
	S$'000	*S$'000*
– Less than 3 months	**13,562**	11,124
– 3 to 6 months	**37**	91
– Over 6 months to 1 year	**73**	90
– More than 1 year	**805**	1,375
	14,477	12,680

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

Retention payables were not yet past due as at 31 October 2019 and 2018 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.

19. BORROWINGS

	Maturity	**2019**	2018
		S$'000	*S$'000*
Current			
SGD loan	2034	**720**	–
Non-current			
SGD loan	2034	**9,780**	–

SGD loan

This loan is repayable over 180 monthly instalments commencing on 10 June 2019 and is interest bearing at 1% per annum above the bank's cost of funds in the first year and interest bearing at 1.2% per annum above the bank's cost of funds in the second year onwards.

The loan is secured by first mortgage over certain properties (Note 11) of the Group, corporate guarantee provided by a wholly-owned subsidiary of the Group, HPC Builders Pte. Ltd. and personal guarantees provided by the executive directors of the Group.

The loan includes a financial covenant which requires the Group to maintain a security margin, defined as a percentage of outstanding borrowings over gross development value of the secured property, of less than 80%.

20. INVESTMENT IN SUBSIDIARIES

(a) Composition of the Group

Name of company (Country of incorporation)	Principal activities	Particulars of share capital	Percentage of equity held by the Group 2019 %	2018 %
Held by the Company				
HPC Investments Limited (British Virgin Islands)	Investment holding	US$1	**100**	100
DHC Investments Limited (British Virgin Islands)	Investment holding	US$1	**100**	100
Held through HPC Investments Limited				
HPC Builders Pte. Ltd. (Singapore)	General contractors	S$15,000,000	**100**	100
Held through DHC Investments Limited				
DHC Construction Pte. Ltd. (Singapore)	General contractors	S$3,000,000	**100**	100
Held through HPC Builders Pte. Ltd.				
[1] Regal Haus Pte. Ltd. (Singapore)	Investment Holding & Engineering design and consultancy services	S$510,000	**51**	51

[1] 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 for both the year ended 31 October 2018 and 31 October 2019.

21. SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares

	Number of shares *'000*	Share capital *HK$'000*
As at 1 November 2017, 31 October 2018, 1 November 2018 and 31 October 2019	10,000,000	100,000

Ordinary shares

	Number of shares issued and fully paid *'000*	Share capital *S$'000*	Share premium *S$'000*
At 1 November 2017	1,000	2	45,721
Issue of shares pursuant to capitalisation (a)	1,199,000	2,041	(2,041)
Issue of shares pursuant to the share offer in Listing (b)	400,000	682	30,095
Listing expenses related to the issue of new shares *(Note (b))*	–	–	(3,998)
At 31 October 2018, 1 November 2018 and 31 October 2019	1,600,000	2,725	69,777

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(a) 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.

(b) 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.

22. 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.

23. COMMITMENTS

Operating lease commitments – 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:

	2019 ***S$'000***	2018 *S$'000*
Within one year	**188**	–
Two to five years	**246**	–
	434	–

Finance lease commitments

The Group has finance leases for certain items of motor vehicles.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Future minimum lease payments 2019 *S$'000*	**Present value of minimum lease payments 2019** *S$'000*	Future minimum lease payments 2018 *S$'000*	Present value of minimum lease payments 2018 *S$'000*
Within one year	**118**	**100**	36	32
Between two and five years	**462**	**394**	48	41
More than five years	**143**	**122**	–	–
Total minimum lease payments	**723**	**616**	84	73
Less: Amounts representing finance charges	**(107)**	**–**	(11)	–
Present value of minimum lease payments	**616**	**616**	73	73

24. DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 31 October 2019.

	2019 *S$'000*	2018 *S$'000*
Declared and paid during the financial year:		
Dividends on ordinary shares		
– Interim dividends	**–**	23,850

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.

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.