HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 OCTOBER 2021

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of HPC Holdings Limited (the "**Company**" or "**HPC**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 October 2021 (the "**Financial Year**") together with the comparative figures for the corresponding period in 2020 (the "**Previous Period**").

BUSINESS REVIEW

Even it has been almost two years since the first COVID-19 case was reported in Singapore, the impacts of this pandemic (the "**Pandemic**") continue to loom in the construction industry as well as in community of Singapore. Despite the slight recovery from the impact of the COVID-19 Pandemic and the gradual reopening and resumption of economic activities in 2021, the construction sector in Singapore was still facing the same headwinds in light of market uncertainties and disruptions. The Building and Construction Authority (BCA) has projected the total construction demand in 2021 to range between S$23 billions and S$28 billions, up from S$21.3 billions in 2020. This increase is largely attributed to the backlog created during the Pandemic. However, 65% of the overall construction demand for 2021 was contributed by the public sector, of which the Group only had less market share as compared to private sector.

Despite the increase in construction output in 2021, tender pricings for new projects still remained very competitive and challenging in anticipation for the potential construction cost increase between 10%-15%, driven by labour shortages, cost increase in key construction materials, availability of contracting resources and the implementation of the COVID-safe management measures imposed by the relevant authorities. In view of these challenges, HPC only managed to secured 4 projects, namely the Phase 2 of Global Indian International School won through competitive bidding, HDB Home Improvement Project Contract, Kim Seng Huat Single-Storey Warehouse by a repeated client and the Adopt-To-Suit (ATS) for Dyson in Tuas Logistics Hub. The total amount of contract secured was S$151.46 million. With these awards, our order book remains at healthy level at S$316 million as of 31 October 2021, even though there is a slight decrease of S$40 million compared with same period in 2020 (S$356 million).

In 2021, the Group could only complete approximately S$189 million of contract works in the Financial Year compared with S$147 million in Previous Period. Although the recovery of production output was obvious, it was still far away from full recovery to normal capacity as compared with Financial Year 2019 (S$215 million).

Currently, while waiting for the market to return to normalcy, as most of the risk factors have yet been sufficiently exposed, the Group is prepared to actively tendering for new projects in the market segmentation that the Group is specialized. The Group is actively streamlining our resources to tender few potential large scale industrial projects in the pipeline likely to be awarded in the first to the second quarter of 2022. The Group has also aggressively looked into the various grants initiated by the Singapore Government to defray some of the costs in implementing the mandatory safe distancing measures and expanding our capability in digital delivery initiatives in driving our productivity growth, which is very crucial in view of the imminent shortage of workers in construction industry.

FINANCIAL REVIEW

Being an international trade hub, the economy of Singapore has been affected since the Pandemic, with increasing vaccination rate of the population, the economy has been recovering gradually as compared to last year. However, COVID-19 related regulations have been inevitably interruptive to the productivity, and rising labour, materials and other operating cost. Therefore, despite more construction activities were performed by the Group, the financial performance was still recorded a loss for the year ended 31 October 2021 and was almost comparable to the Previous Period.

Revenue and Gross Profit

The Group registered a 27.81% increase in revenue for the Financial Year as compared with the year ended 31 October 2020 from approximately S$147.5 million to approximately S$188.5 million. Revenue increase as a result of more construction activities was gradually resumed in an orderly manner compared with the Previous Period which included a few months total shut down due to the Pandemic.

The gross profit of the Group reduced from approximately S$402 thousand to a loss of S$1.05 million for the Financial Year as compared with the year ended 31 October 2020. Gross profit margin reduced 0.83 percentage points from 0.27% to -0.56%. The decline of the gross profit margin was mainly due to the Pandemic, as prices of materials, labour and logistics have significantly increased and newly award subcontractors would also quote price to cover its other COVID-19 related cost, and most of the on-going projects of the Group during the Financial Year were awarded before the Pandemic.

Other Income

Other Income of the Group for the Financial Year decreased by approximately S$3 million, primarily due to less government subsidies granted from Singapore Government to assist business to defray the cost caused by the Pandemic in consideration of the gradual recovery of the economic.

Administrative Expenses

The Group incurred less administrative expenses for the Financial Year compared with the year ended 31 October 2020. Administrative expenses reduced by approximately S$5.5 million from approximately S$12.9 million to S$7.4 million. The large decrement of the administrative expenses was primarily due to almost no idle period during the Financial Year and no direct idle cost incurred as compared to the Previous Period.

Income Tax Expenses

As a result of the negative operating income in the Financial Year and certain provisions provided for foreseeable loss and doubtful debt, the Group is expected to gain income tax benefit of approximately S$1.2 million.

Profit After Tax

As a result of the combined effects mentioned above, the Company recorded a net loss after tax at approximately S$5.0 million, representing a reduction of S$341 thousand, or approximately 7.4% as compared with the Previous Period.

Dividends

The Company did not declare any dividend during the Financial Year and the Board does not recommend any 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 uses of cash are payments to subcontractors, suppliers and manpower cost. The Group had been depending on its internal generated funds to fund its working capital needs in the past, however, with consistently lower interest rate in the current economy, the Group has started to gradually introduce low risk loan financing to the capital structure in order to achieve the optimum cost of capital. With proven track record in costs management coupled with the local regulation on construction works settlements, the Group is not expected to face any liquidity issues.

Current ratios (defined as total current assets divided by total current liabilities) of the Group are 2.4 and 2.2 as at 31 October 2021 and 31 October 2020, respectively.

Borrowings and Gearing

The Group's borrowings relate to certain finance lease obligations obtained through the acquisition of motor vehicles and there were term loans and shareholders loans for land purchase and redevelopment of an industrial building on the land purchased for 7 Kung Chong Project. The Group also obtained the Temporary Bridge Loan (the "**TBL**") of S$5 million initiated by Singapore Government to help local companies' working capital needs in Previous Period, the term of the TBL is five years. The loan was obtained as a buffer to prepare for the uncertainty of the Pandemic. Following the increasing of vaccination rate and the Group had been consistently assessing the situation and it was of the view that the past earning of the Group provided a strong financial base for the Company to steer through the Pandemic, therefore, the TBL was paid off during the Financial Year.

Gearing ratios (defined as total borrowings divided by total equity) of the Group are 14.2% and 20.2% as at 31 October 2021 and 31 October 2020 respectively and the decreasing of gearing ratio was mainly due to the paid off of the above-mentioned TBL term loan.

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 except a few listing compliance transactions in Hong Kong Dollar.

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 2021, the acquired land was mortgaged to secure the Group's bank loan. One of the subsidiaries, HPC Builders Pte Ltd. was also charged to the same bank for the same project as additional security. Other than that, only motor vehicles were acquired via finance leases.

Contingent Liabilities and Financial Guarantees

The Group was involved in a few litigation cases related to workplace injuries which were normally insured with insurance; therefore, the Group does not expect any contingent liabilities in the foreseeable future.

As at 31 October 2021, saved as disclosed in the section "Mortgage or Charges on Group's Assets", there is no financial guarantee granted in favor of the third party of the Group.

Capital Expenditure and Capital Commitments

For the Financial Year, the Group incurred capital expenditures which are mainly on the construction and financing cost of the 7 Kung Chong Project and some construction site equipments.

Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

On 21 August 2020, HPC Builders Pte Ltd., an indirectly wholly-owned subsidiary of the Company, entered into the agreement pursuant to which HPC Builders Pte Ltd. agreed to acquire an aggregate of 100% interest in Aasperon Venture Pte Ltd for a total consideration of S$3.8 million from ex-owner. Upon completion of the transaction, Aasperon Venture Pte Ltd became an indirectly wholly-owned subsidiary. Aasperon Venture Pte Ltd is a Singapore incorporated private limited company, which owns a lease hold industrial land with existing warehouse facility situated at 13 Neythal Road, Singapore 628579. HPC Builders Pte. Ltd. intended to utilize the land to develop a workers' hub with auxiliary facilities to house some of our own foreign workers to defray rising accommodation and transportation cost after COVID-19 outbreak. Part of the development will be also utilized to provide various skill trainings for foreign workers.

On 4 May 2021, The Group disposed 100% of the equity interest in the Aasperon Venture Pte Ltd to an independent third party, at a cash consideration of S$4.2 million plus reimbursement of authorities fees.

EMPLOYEE INFORMATION

As at 31 October 2021, the Group had 861 employees including the 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$27 million (2020: S$26 million) for the Financial Year.

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

During the Pandemic, our employees especially foreign workers were well taken care of, the Group swiftly responded to government arrangement to arrange accommodation, food and living groceries and distribution of personal protection and hygiene products to all the foreign workers in need. Human resource department has followed up closely with foreign employees who are vulnerable and taken immediate action according to Singapore authorities' regulations. As at the date of this announcement, none of our employee's health is seriously affected by the Pandemic.

PROSPECTS

Based on Building Construction and Authority (BCA) insight report, it expects a steady improvement in construction demand over the medium term. The public sector is expected to lead the demand and contribute S$14 billion to S$18 billion per year from 2022 to 2025 with similar proportions of demand coming from building projects and civil engineering works. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by large infrastructure and institutional projects.

The private sector construction demand is expected to improve steadily in the medium term to reach between S$11 billion and S$14 billion per year from 2022 to 2025. This is in anticipation of a gradual recovery of the global economy, contingent on the successful deployment and effectiveness of COVID-19 treatment and vaccines as well as easing of lockdown restrictions.

Given the level of uncertainty in the current construction market, a much wider ranges of tender pricing have also been reflected in some project tenders, in some instances more than 10% over and above last year's price level. It is anticipated that it will take some time for tender prices to stabilize.

The Group foresees further industry consolidation and Singapore's construction supply chain to continue facing challenge, due to demand from the private sector is anticipated with a reduction in the number of land parcels put up for sale in the first quarter of 2021 and industrial developer could pick up later in 2022, as industrial developers may start looking to replenish their land banks. But the good news from Ministry of Transportation and Industries (the "**MTI**") revealed the overall construction industry grew by 18.7% in Year 2021 as compared to a contraction of 35.9% in Year 2020. Therefore, we foresee that the recovery of productivity and demands will speed up the tender price stabilization process, we shall soon drive through the turbulence.

Barring from any resurgence of COVID-19 Pandemic in 2022, the Group is optimistically confident that with the current order book that still can keep most of the existing workforce to be productively employed till the first quarter of 2023, the Group is able to reverse the poor performance in Financial Year 2021 with determination and resilience to emerge stronger in Financial Year 2022.

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 Company's shares listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**") on 11 May 2018.

No share 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 set out in the Appendix 10 of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") as code of conduct regarding directors' securities transactions. Having made specific enquiry, all Directors have confirmed that they have complied with the Model Code throughout the Financial Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to the 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 (which has been re-numbered as code provision C.2.1 since 1 January 2022).

Under then 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 October 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are 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 Mr. Gng Hoon Liang.

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 annual financial results for the Financial Year, particularly addressed the impact of the Pandemic to the Company's operation. The Audit Committee is of the view that the consolidated financial statements for the Financial Year 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 ANNUAL 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 the subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION ON THE WEBSITES OF THE SEHK AND THE COMPANY

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

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

Singapore, 27 January 2022

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 and Mr. Gng Hoon Liang as independent non-executive Directors.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 October 2021

	Note	2021 S$'000	2020 S$'000
Revenue	4	**188,510**	147,494
Cost of sales		**(189,561)**	(147,092)
Gross profit		**(1,051)**	402
Other operating income	5	**4,465**	7,478
Administrative expenses		**(7,471)**	(12,953)
Impairment losses on financial assets			
– trade receivables		**(3,000)**	(550)
Other Gain/Losses	5	**732**	(15)
Finance income	6	**447**	393
Finance costs	6	**(105)**	(87)
(Loss)/profit before tax	7	**(5,983)**	(5,332)
Income tax credit/(expense)	9	**1,020**	710
(Loss)/profit for the year, representing total comprehensive income for the year		**(4,963)**	(4,622)
Total comprehensive income attributable to:			
Owners of the Company		**(4,682)**	(4,569)
Non-controlling interests		**(281)**	(53)
		(4,963)	(4,622)
Earnings per share attributable to owners of the Company			
– Basic (cents)	10	**(0.3)**	(0.3)
– Diluted (cents)	10	**(0.3)**	(0.3)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 October 2021

		Group	
		2021	2020
	Note	***S$'000***	*S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**22,594**	22,099
Intangible assets		**–**	–
Investment properties	*12*	**5,062**	5,229
Trade receivables	*13*	**1,967**	2,931
Deferred tax assets	*9*	**1,851**	600
		29,507	30,859
Current assets			
Trade receivables	*13*	**45,229**	43,736
Other receivables, deposits and prepayments		**2,667**	2,998
Contract assets	*14*	**40,758**	31,480
Cash and cash equivalents	*15*	**30,799**	63,002
		119,453	141,216
Total assets		**148,960**	172,075
EQUITY AND LIABILITIES			
Current liabilities			
Trade and retention payables	*16*	**28,724**	33,824
Other payables and accruals	*16*	**5,640**	6,575
Provisions		**6,113**	2,112
Contract liabilities	*14*	**7,783**	19,791
Lease liabilities	*17*	**101**	175
Borrowings	*18*	**720**	1,676
Current income tax payable		**364**	765
		49,445	64,918
Net current assets		**70,008**	76,298

	Note	Group 2021 S$'000	2020 S$'000
Non-current liabilities			
Retention payables	*16*	**3,469**	1,035
Other payables	*16*	**2,524**	2,058
Lease liabilities	*17*	**346**	1,161
Borrowings	*18*	**8,340**	13,104
		14,679	17,358
Total liabilities		**64,124**	82,276
Equity attributable to owners of the Company			
Share capital	*20*	**2,725**	2,725
Share premium	*20*	**69,777**	69,777
Capital reserves	*21*	**(26,972)**	(26,972)
Retained profits		**39,188**	43,870
		84,718	89,400
Non-controlling interests		**118**	399
Total equity		**84,836**	89,799
Total equity and liabilities		**148,960**	172,075

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 October 2021

	Attributable to owners of the Company					Non-	
	Share capital	**Share premium**	**Capital reserves**	**Retained profits**	**Total**	**controlling interests**	**Total equity**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Group							
At 1 November 2019	2,725	69,777	(26,972)	48,439	93,969	452	94,421
Loss for the year, representing total comprehensive income for the year	–	–	–	(4,569)	(4,569)	(53)	(4,622)
At 31 October 2020	2,725	69,777	(26,972)	43,870	89,400	399	89,799
At 1 November 2020	**2,725**	**69,777**	**(26,972)**	**43,870**	**89,400**	**399**	**89,799**
Loss for the year, representing total comprehensive income for the year	**–**	**–**	**–**	**(4,682)**	**(4,682)**	**(281)**	**(4,963)**
At 31 October 2021	**2,725**	**69,777**	**(26,972)**	**39,305**	**84,835**	**118**	**84,836**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 October 2021

1. CORPORATE INFORMATION

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 Island and is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Block 165, Bukit Merah Central, #08-3687, Singapore 150165.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2020

The accounting policies adopted are consistent with those of the previous financial year except that in the current year the Group has adopted all the new and revised standards that are effective for annual financial period beginning on or after 1 November 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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**
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020
Amendments to IFRS 16 *COVID-19-Related Rent Concession*	1 June 2020
Amendments to IAS 16 *Property, Plant and Equipment*	1 January 2022
Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020	1 January 2022
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023

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

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 operating 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 gross profit, as included in the internal management reports that are reviewed by the Group's executive directors. Segment gross 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 operating segments are on an arm's length basis in a manner similar to transactions with third parties. There are no transfers between operating segments included in segment revenue, expenses and results.

Capital expenditure comprises additions to property, plant and equipment and intangible assets. Group financing (including finance costs), income taxes and investment properties are managed on a group basis and are not allocated to operating segments.

The segment information provided to the Group's executive director for the reportable segments for the year ended 31 October 2021 and 2020 are as follows:

	General building construction *S$'000*	Civil engineering *S$'000*	Total *S$'000*
2021			
Total segment revenue to external customers	**180,843**	**7,667**	**188,510**
Gross profit	**(3,451)**	**(2,400)**	**(1,051)**
Segment assets	**85,081**	**906**	**85,987**
Segment liabilities	**44,033**	**2,056**	**46,089**
2020			
Total segment revenue to external customers	140,718	6,776	147,494
Gross profit	213	189	402
Segment assets	74,616	3,531	78,147
Segment liabilities	53,636	3,126	56,762

Reconciliations

(i) *Segment profits*

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

	2021 ***S$'000***	2020 *S$'000*
Gross profit for reportable segments	**(1,051)**	402
Other operating income	**4,465**	7,478
Other gain/expenses	**732**	(15)
Impairment losses on financial assets	**(3,000)**	(550)
Administrative expenses	**(7,471)**	(12,953)
Finance income	**447**	393
Finance costs	**(105)**	(87)
Profit before income tax	**(5,983)**	(5,332)

(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:

	2021	2020
	S$'000	*S$'000*
Segment assets for reportable segments	**85,987**	78,147
Unallocated:		
Property, plant and equipment	**22,594**	22,099
Investment properties	**5,062**	5,229
Deferred income tax assets	**1,851**	600
Other receivables, deposits and prepayments	**2,667**	2,998
Cash and cash equivalents	**30,799**	63,002
	148,960	172,075

(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:

	2021	2020
	S$'000	*S$'000*
Segment liabilities for reportable segments	**46,089**	56,762
Unallocated:		
Lease liabilities	**447**	1,336
Other payables and accruals	**8,164**	8,633
Borrowings	**9,060**	14,780
Current income tax payable	**364**	765
	64,124	82,276

All of the Group's activities are carried out in Singapore and all of the Group's assets 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:

	2021	2020
	S$'000	*S$'000*
Customer A	**53,542**	32,019
Customer B	**32,956**	31,494
Customer C	**19,871**	22,191

These revenues are attributable to the general building construction segment.

4. REVENUE

	2021	2020
	S$'000	*S$'000*
Revenue from contracts with customers		
Construction contract revenue	**188,510**	147,494

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

Disaggregation of revenue

	2021	2020
	S$'000	*S$'000*
By project sector		
Public sector	**48,770**	16,097
Private sector	**139,740**	131,397
	188,510	147,494

5. OTHER OPERATING INCOME AND OTHER EXPENSES

	2021	2020
	S$'000	*S$'000*
Government grants*	**3,865**	6,873
Sales of scrap materials	**395**	378
Rental income from investment properties	**180**	157
Others	**25**	70
Other operating income	**4,465**	7,478
Net foreign exchange gain/(loss)	**(15)**	30
Loss on disposal of property, plant and equipment	**(15)**	(45)
Loss/gain on disposal of subsidiary	**762**	–
Other loss	**732**	(15)

* Government grants were received by certain subsidiaries in connection with employment of Singaporean workers under Job Support Scheme, Jobs Growth Incentive, Foreign Worker Levy Rebate, BCA COVID-19 Prolongation Cost subsidy (2020: Job Support Scheme, Foreign Worker Levy Rebate, BCA COVID-Safe firm-based Support). There were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE INCOME AND COSTS

	2021	2020
	S$'000	*S$'000*
Finance income:		
– Bank interest	**144**	161
– Interest income from loan receivable *(Note 15)*	**303**	232
Total finance income	**447**	393

	2021	2020
	S$'000	*S$'000*
Finance costs:		
Interest expense on:		
– Borrowings	**(423)**	(239)
– Lease liabilities	**(16)**	(17)
	(439)	(256)
Less: interest expense capitalised in property, plant and equipment *(Note 12)*	**334**	169
Total finance costs	**(105)**	(87)

7. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	2021	2020
	S$'000	*S$'000*
Auditors' remuneration:		
– auditor of the Company	**160**	160
Employee compensation *(Note 8)*	**27,424**	26,094
Materials, sub-contractors and other construction costs	**163,249**	123,273
Work stoppages related costs	**4**	7,387
Depreciation of property, plant and equipment	**1,535**	823
Depreciation of investment properties	**167**	168
Operating lease rentals	**143**	235
Entertainment and transportation	**109**	242
Professional fees	**214**	384
Provision for onerous contract	**4,001**	2,112
Write (back)/off of trade receivables	**–**	(43)

8. EMPLOYEE COMPENSATION

	2021	2020
	S$'000	*S$'000*
Wages and salaries (including directors' emoluments)	**26,281**	24,930
Defined contribution plans	**1,143**	1,164
	27,424	26,094

Five highest paid individuals

For the years ended 31 October 2021 and 2020, the five individuals whose emoluments were the highest in the Group include 2 directors (2020: 2). The emoluments paid/payable to the remaining individuals, during the years ended 31 October 2021 and 2020 are as follows:

	2021	2020
	S$'000	*S$'000*
Wages and salaries	**583**	1,307
Bonuses	**97**	163
Defined contribution plans	**36**	81
	716	1,551

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

	2021	2020
Number of individuals		
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**	3
HK$2,000,001 (S$358,667) and above	**–**	–

9. INCOME TAX (CREDIT)/EXPENSE

(a) Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 October 2021 and 2020 are:

	2021	2020
	S$'000	*S$'000*
Current income tax		
Current year	**221**	–
(Over)/under provision in respect of previous years	**10**	(170)
Deferred income tax		
Origination and reversal of temporary difference	**(1,251)**	(545)
Under provision in respect of previous years	**–**	5
Income tax (credit)/expense recognised in profit or loss	**(1,020)**	(710)

(b) Relationship between tax (credit)/expense and accounting (loss)/profit

A reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 October 2021 and 2020 is as follows:

	2021	2020
	S$'000	*S$'000*
(Loss)/profit before tax	**(5,983)**	(5,332)
Tax at applicable corporate tax rate of 17% (2020: 17%)	**(1,017)**	(906)
Adjustments:		
– Non-deductible expenses	**367**	325
– Statutory stepped income exemption	**(390)**	(275)
– (Over)/under provision in respect of previous years	**10**	(170)
– Tax rebate	**–**	(30)
Effect of partial tax exemption	**(17)**	–
Utilisation of tax loss previously not recognised	**(191)**	–
– Deferred tax assets (recognised)/not recognised	**218**	430
– Others	**(366)**	(84)
Income tax (credit)/expense recognised in profit or loss	**(1,020)**	(710)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$2,688,000 (2020: S$2,529,000) that are available for offset against future taxable profits of the Company in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provision of the tax legislation of the country in which the Company operate.

(c) Deferred tax assets/(liabilities)

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

	2021	2020
	S$'000	*S$'000*
Deferred tax assets	**1,851**	600
Deferred tax liabilities	**–**	–
Deferred tax assets, net	**1,851**	600

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the (loss)/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 diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary share.

	2021	2020
	S$'000	*S$'000*
(Loss)/profit for the year attributable to owners of the Company	**(4,682)**	(4,569)

	No. of shares	
	2021	2020
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share (in thousands)	**1,600,000**	1,600,000
Basic and diluted earnings per share (cents)	**(0.3)**	(0.3)

11. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Motor vehicles	Plant and equipment	Leasehold improvements	Leasehold land and building under construction	Leasehold land and building	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Cost:								
At 1 November 2019	873	176	3,505	1,881	60	14,312	–	20,807
Additions	140	3	566	299	–	1,048	4,585	6,641
Disposals	–	–	(913)	–	–	–	–	(913)
At 31 October 2020 and 1 November 2020	**1,013**	**179**	**3,158**	**2,180**	**60**	**15,360**	**4,585**	**26,535**
Additions	**208**	**776**	**–**	**166**	**–**	**5,257**	**–**	**6,407**
Disposals	**–**	**–**	**(450)**	**(79)**	**–**	**–**	**(4,585)**	**(5,114)**
At 31 October 2021	**1,221**	**955**	**2,708**	**2,267**	**60**	**20,617**	**–**	**27,828**
Accumulated depreciation:								
At 1 November 2019	688	149	1,423	1,597	45	–	–	3,902
Depreciation for the year	129	19	340	225	11	–	99	823
Disposals	–	–	(289)	–	–	–	–	(289)
At 31 October 2020 and 1 November 2020	**817**	**168**	**1,474**	**1,822**	**56**	**–**	**99**	**4,436**
Depreciation for the year	**155**	**188**	**280**	**233**	**2**	**408**	**269**	**1,535**
Disposals	**–**	**–**	**(290)**	**(79)**	**–**	**–**	**(368)**	**(737)**
At 31 October 2021	**972**	**356**	**1,465**	**1,976**	**58**	**408**	**–**	**5,234**
Net carrying amount:								
At 31 October 2020	196	11	1,684	358	4	15,360	4,486	22,099
At 31 October 2021	**249**	**599**	**1,243**	**291**	**2**	**20,210**	**–**	**22,594**

Capitalisation of borrowing costs

The Group's leasehold land and building under construction 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 under construction amounted to S$334,000 (2020: S$169,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.75% (2020: 1.75% to 2.95%) per annum, which is the effective interest rate of the specific borrowing (Note 18).

Assets pledged as security

The Group's leasehold land and leasehold building under construction with a carrying amount of S$20,210,000 (2020: S$15,360,000) are mortgaged to secure the Group's bank loan (Note 18).

12. INVESTMENT PROPERTIES

	Freehold strata property unit *S$'000*	Leasehold strata property unit *S$'000*	Total *S$'000*
Cost:			
At 1 November 2019, 31 October 2020 and 1 November 2020	3,067	2,751	5,818
At 31 October 2021	**3,067**	**2,751**	**5,818**
Accumulated depreciation:			
At 1 November 2019	122	299	421
Depreciation of the year	62	106	168
At 31 October 2020 and 1 November 2020	**184**	**405**	**589**
Depreciation for the year	**61**	**106**	**167**
At 31 October 2021	**245**	**511**	**756**
Net carrying amount:			
At 31 October 2020	2,883	2,346	5,229
At 31 October 2021	**2,822**	**2,240**	**5,062**

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

	2021 *S$'000*	2020 *S$'000*
Rental income from investment properties	**180**	157

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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

	2021	2020
	S$'000	*S$'000*
#01-08, Loyang Enterprise Building Singapore	**2,200**	2,500
211 Henderson Road, #02-01	**3,600**	3,500

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, which involve certain estimates.

This valuation method takes into consideration significant inputs such as recent sales of comparable properties in the vicinity, floor area, floor level, tenure and prevailing market conditions. 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.

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

13. TRADE RECEIVABLES

	2021	2020
	S$'000	*S$'000*
Non-current		
– Loan receivable**	**–**	2,931
Current		
– Trade receivables*	**45,931**	41,285
– Loan receivable**	**3,448**	3,601
	49,379	44,886
Allowance for impairment	**(4,150)**	(1,150)
	45,229	43,736

* Included in trade receivables is retention receivables of S$2,115,000 and S$2,664,000 as at 31 October 2021 and 2020 respectively. Retention receivables will be settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention sums vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

** A subsidiary of the Group entered into an agreement with a customer on 20 March 2020 to restructure trade receivables of S$6,300,000 into a loan that bears interest at 6% per annum. This loan is repayable over four instalments commencing on 31 December 2020 and ending on 31 December 2021.

The carrying amounts of current trade receivables approximate their fair values. The fair values of non-current loan receivable are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy.

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:

	2021	2020
	S$'000	*S$'000*
– Less than 3 months	**19,709**	24,825
– 3 to 6 months	**969**	149
– Over 6 months to one year	**9,104**	6,160
– More than 1 year	**19,597**	16,683
	49,379	47,817

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$4,150,000 (2020: S$1,150,000), 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$27,951,940 (2020: S$22,643,000) as at 31 October 2021 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:

	2021	2020
	S$'000	*S$'000*
Trade receivables past due but not impaired:		
– Past due less than 3 months	**6,911**	2,361
– Past due 3 to 6 months	**4,040**	1,344
– Past due more than 6 months to 1 year	**5,671**	6,121
– Past due more than 1 year	**11,330**	12,817
	27,952	22,643

Expected credit losses

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

	Trade receivables	**Contract assets**	**Total**
	S$'000	*S$'000*	*S$'000*
Movement in allowance accounts:			
At 1 November 2019	600	–	600
Charge for the year	550	–	550
At 31 October 2020	**1,150**	**–**	**1,150**
Charge for the year	**3,000**	**–**	**3,000**
At 31 October 2021	**4,150**	**–**	**4,150**

14. CONTRACT ASSETS/LIABILITIES

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

	2021	2020
	S$'000	*S$'000*
Construction contracts:		
Contract assets	**40,758**	31,480
Contract liabilities	**7,783**	19,791

Contract assets primarily relates 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$28,071,200.00 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. As these amounts are expected to be realised in the normal operating cycle, they are classified as current assets.

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:

	2021	2020
	S$'000	*S$'000*
Contract assets reclassified to receivables	**(15,157)**	(19,138)
Right to consideration for work completed but not yet billed	**24,434**	5,201

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

	2021	2020
	S$'000	*S$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(3,093)**	(4,691)
Advance received from customers	**15,101**	16,684

(iii) Unsatisfied performance obligations

	2021	2020
	S$'000	*S$'000*
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at 31 October		
Construction contracts		
Within one year	**123,736**	80,873
More than one year	**191,860**	275,291
	315,596	356,164

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, is not disclosed.

15. CASH AND CASH EQUIVALENTS

	2021	2020
	S$'000	*S$'000*
Cash at banks	**15,709**	46,962
Short-term bank deposits	**15,090**	16,040
Cash and cash equivalents in the consolidated statement of cash flows	**30,799**	63,002

The carrying amounts of cash and cash equivalents denominated in United States Dollars and Hong Kong Dollars amounted to S$600,624 (2020: S$726,000) and S$180,543 (2020: S$397,000), 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.

16. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	2021	2020
	S$'000	*S$'000*
Current		
Trade payables	**9,594**	12,669
Retention payables	**10,131**	12,429
Accrued construction costs	**8,999**	8,726
	28,724	33,824
Deposits	**154**	196
Accrued expenses	**1,053**	2,094
Goods and services tax payables	**279**	198
Other payables	**4,154**	3,447
Deferred grant income	**–**	640
	5,640	6,575
Non-current		
Retention payables	**3,469**	1,035
Amount due to non-controlling shareholders	**2,524**	2,058

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

Amount due to non-controlling shareholders

The non-current portion pertains to loans from the non-controlling shareholders for the acquisition of the leasehold land and building under construction incurred by Regal Haus. 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:

	2021	2020
Borrowing rates	**1.75%**	2.25%
Retention payables *(S$'000)*	**3,410**	1,004
Borrowing rates	**1.75%**	2.39%
Amount due to non-controlling shareholders *(S$'000)*	**2,459**	1,982

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

	2021	2020
	S$'000	*S$'000*
– Less than 3 months	**8,290**	11,929
– 3 to 6 months	**476**	15
– Over 6 months to 1 year	**89**	84
– More than 1 year	**739**	641
	9,594	12,669

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

Retention payables were not yet past due as at 31 October 2021 and 2020 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.

17. LEASES

The Group has lease contract relating to land and motor vehicles. The Group also has certain leases of office premise with lease term of 12 months or less. The Group applies the "short-term lease" recognition exemptions for these leases.

Carrying amount of right-of-use assets classified within property, plant and equipment

	Motor vehicles	**Leasehold land**	**Total**
	S$'000	*S$'000*	*S$'000*
As at 1 November 2019	1,073	–	1,073
Additions	566	785	1,351
Disposals	(520)	–	(520)
Depreciation	(120)	(17)	(137)
As at 31 October 2020	**999**	**768**	**1,767**
Additions	**–**	**–**	**–**
Disposals	**–**	**(768)**	**(768)**
Depreciation	**(120)**	**–**	**(120)**
As at 31 October 2021	**879**	**–**	**879**

Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 18.

Amounts recognised in statement of comprehensive income

	2021	2020
	S$'000	*S$'000*
Depreciation of right-of-use assets	**120**	137
Interest expense on lease liabilities	**16**	17
Expenses relating to short term leases (included in other expenses)	**143**	235
	279	389

Total cash outflow

The Group had total cash outflows for leases of S$117,468 (2020: S$407,000) and non-cash additions to right-of-use assets and lease liabilities of S$0 (2020: S$785,000) in 2021. The Group had not acquired motor vehicles in the year ended 31 October 2021 (2020: S$566,000).

18. BORROWINGS

	Maturity	**2021**	2020
		S$'000	*S$'000*
Current			
SGD bank loan	2035	**720**	720
SGD bridging loan	2025	**–**	956
		720	1,676
Non-current			
SGD bank loan	2035	**8,340**	9,060
SGD bridging loan	2025	**–**	4,044
		8,340	13,104

SGD bank loan

The loan which matures on 2035 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 property (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% upon the Group obtaining Temporary Occupation Permit on the secured property.

SGD bridging loan

The loan which matures on 2025 is repayable over 60 monthly instalments commencing on 23 November 2020 and is interest bearing at 2.25% per annum. The loan is secured by a corporate guarantee provided by the Company. The Company paid off all the outstanding loan in July 2021.

Changes in liabilities arising from financing activities

	1 November 2020 *S$'000*	Cash inflows *S$'000*	Cash outflows *S$'000*	Others* *S$'000*	31 October 2021 *S$'000*
Borrowings					
– Current	**1,676**	**–**	**(1,676)**	**720**	**720**
– Non-current	**13,104**	**–**	**(4,044)**	**(720)**	**8,340**
Lease liabilities					
– Current	**175**	**–**	**(101)**	**27**	**101**
– Non-current	**1,161**	**–**	**(714)**	**(815)**	**346**
Amount owing to non-controlling shareholders (non-current)	**2,058**	**466**	**–**	**–**	**2,524**
	18,174	**466**	**(5,821)**	**(788)**	**12,031**

	1 November 2019 *S$'000*	Cash inflows *S$'000*	Cash outflows *S$'000*	New leases *S$'000*	Others* *S$'000*	31 October 2020 *S$'000*
Borrowings						
– Current	720	956	(720)	–	720	1,676
– Non-current	9,780	4,044	–	–	(720)	13,104
Lease liabilities						
– Current	100	–	(101)	75	101	175
– Non-current	516	–	(306)	1,052	(101)	1,161
Amount owing to non-controlling shareholders (non-current)	2,058	–	–	–	–	2,058
	13,174	5,000	(1,127)	1,127	–	18,174

* Pertains to reclassification between current and non-current

19. 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 2021 %	2020 %
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 and engineering design and consultancy services	S$510,000	**51**	51
Aasperon Venture Pte. Ltd.	Investment holding	S$1,300,000	**–**	100

(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 2019 and 31 October 2020.

(b) Acquisition of leasehold land and building

On 21 August 2020 (the "**acquisition date**"), a wholly-owned subsidiary of the Group, HPC Builders Pte. Ltd. ("**HPCB**"), acquired 100% equity interest in Aasperon Venture Pte. Ltd. ("**AV**"), a company incorporated in Singapore. AV does not have any operations as at the date of acquisition except for an existing land lease arrangement with JTC Corporation ("**JTC**"). Under the lease agreement, AV is required to make monthly land lease payments to JTC. The lease payment amount is subject to annual market rental review and adjustment by the lessor but capped to a 5% increase compared to last preceding rent. Details on the associated lease liability and right-of-use asset on the land lease are disclosed in Note 20. The identifiable asset of AV as at the acquisition date is the leasehold building which has a fair value of S$3,800,000 at the date of acquisition. Total cash consideration paid for the acquisition is S$3,800,000.

The transaction was accounted for as an asset acquisition.

20. SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares

	Number of shares *'000*	Share capital *HK$'000*
As at 1 November 2019, 31 October 2020, 1 November 2020 and 31 October 2021	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 2019, 31 October 2020, 1 November 2020 and 31 October 2021	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.

21. CAPITAL RESERVES

Capital reserve of the Group includes:

– Capital contribution by a shareholder arising from the acquisition of a subsidiary, DHC Construction Pte. Ltd. during the financial year ended 31 October 2017; and

– The difference between the consideration paid for the acquisition of HPC Builders Pte. Ltd. (HPCB) and the share capital of HPCB arising from the reorganisation exercise undertaken by the Group during the financial year ended 31 October 2017.

22. 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:

	2021	2020
	S$'000	*S$'000*
Within one year	**191**	188
Two to five years	**316**	58
	507	246

23. DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 31 October 2021.