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HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

DISCLOSEABLE TRANSACTION DISPOSAL OF AN INVESTMENT PROPERTY

THE DISPOSAL

The board (the “**Board**”) of directors (the “**Directors**”) of HPC Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), is pleased to announce that on 9 May 2022, the Purchaser has accepted the terms of an Option To Purchase offered by the Vendor, an indirect wholly-owned subsidiary of the Company, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, an Investment Property owned by the Vendor, with its registered address at 56 Loyang Way, #01-08 Loyang Enterprise Building, Singapore 508775, at a cash consideration of S\$1.85 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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The principal terms of the Option To Purchase are set out as follows:

Date:	25 April 2022
Vendor:	HPC Builders Pte. Ltd., an indirect wholly-owned subsidiary of the Company
Purchaser:	Hup Leong Hardware Industry Co., a partnership business registered in Singapore whose business is manufacturing of basic iron and steel
The Investment Property:	the property locates at 56 Loyang Way, #01-08 Loyang Enterprise Building, Singapore 508775, owned by the Vendor
Option Expiry Date:	shall be accepted by Purchaser until 4.00 p.m. on the 9 May 2022.
Consideration:	S\$1,850,000 (equivalent approximately HK\$10,730,000) in total, Or S\$218.47 per square feet. The Consideration was determined after arm's length negotiations based on normal commercial terms among the parties.
Payment terms:	S\$18,500, represents 1% of the consideration, being the option fee was paid on 25 April 2022. S\$74,000, represents 4% of the consideration was paid upon exercising of the Option, on 9 May 2022. balance S\$1,757,500, subject to prevailing Goods & Services Tax and a deduction of 1.5% agent fee will be disbursed upon completion date.
Completion:	the sale and purchase shall be completed at the office of Vendor's solicitor, or at such other place as the Vendor's solicitor may direct, on 1 August 2022 or such earlier date that the Vendor and the Purchaser may agree.

INFORMATION OF THE INVESTMENT PROPERTY

The property is an industrial workshop located at the east of Singapore, the Vendor acquired the property from developer pursuant to a sales and purchase agreement on 1 September 2016, with a consideration of S\$2,669,680. Due to the location and design, this property was not suitable for the Company's own usage and therefore, it was intended to be used as investment property since the completion of the acquisition.

Rental incomes from leasing of the Investment Property for the two financial years ended 31 October 2020 and 31 October 2021 were approximately S\$85,000 and S\$93,800 respectively.

The net profit before tax attributable to the Investment Property for the two financial years ended 31 October 2020 and 31 October 2021 were approximately S\$66,600 and S\$75,360 respectively. The unaudited carrying value of the Property as at the date of this announcement was approximately S\$2.2 million.

INFORMATION ON THE VENDOR & THE PURCHASER

The Vendor, HPC Builders Pte Ltd, is a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company that providing construction contractor services in both general building works and civil engineering works.

The Purchaser, Hup Leong Hardware Industry Co., a partnership business registered in Singapore whose business is manufacturing of basic iron and steel since 1979.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and verification with Accounting and Corporate Regulatory Authority of Singapore, the Purchaser and its ultimate beneficial owners are Independent Third Parties of the Vendor.

FINANCIAL IMPACT OF THE DISPOSAL

Based on (i) the carrying value of Investment Property in the Vendor's management accounts as at 30 April 2022 of approximately S\$2.2 million and (ii) the consideration under the Option To Purchase, it is expected that the Company will record a loss in respect of the Disposal. The net proceeds from the Disposal are expected to be approximately S\$1.8 million, which are expected to be applied towards funding the Group's operating activities in its ordinary course of business.

REASONS FOR THE DISPOSAL

The Group is principally engaged in provision of general building and civil engineering works in the construction industry in Singapore, and many of the Group's past projects were industrial developments. Therefore, the directors consistently follow the property market of Singapore and undertake strategic reviews of the Group's asset from time to time with a view to maximize returns or minimise losses to the Shareholders in responding on-going market situation. The directors have taken into consideration of the below factors:

- i) There were still many balance units of this industrial building in the market after its completion on year 2016. Hence the Vendor had engaged a few property agents to test the market since August 2021 with an initial marketing price of S\$2.2 million, However, despite the marketing price has kept reducing, and the Group also engaged auction to sell, there were only two potential buyers expressed their interest.
- ii) The price of completed transactions in the past one year of the same industrial building ranged from S\$107 to S\$207 per square feet.
- iii) As of the date of the announcement, the balancing useful years of this property is approximately 21 years and 4 months, due to the leasehold nature, without major economic boom, the value of this property is depreciating every day.

Based on the above three main factors, the Directors consider that the Option To Purchase is entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole to prevent further loss.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	HPC Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Option To Purchase
“Consideration”	the consideration for the Disposal of the Investment Property pursuant to the terms of the Option To Purchase
“Directors”	the directors of the Company
“Disposal”	the disposal of the Investment Property
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong Dollar
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
“Investment Property”	the property with its registered address at 56 Loyang Way, #01-08 Loyang Enterprise Building, Singapore 508775, owned by the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Option To Purchase”	the option with terms set up and offered by the Vendor to the Purchaser on 25 April 2022, pursuant to which the Purchaser has right to acquire the Investment Property by 9 May 2022
“Purchaser”	Hup Leong Hardware Industry Co., a partnership business registered in Singapore whose business is manufacturing of basic iron and steel
“Vendor”	HPC Builders Pte Ltd., a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“%”	percent
“S\$”	Singapore Dollar

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

Singapore, 10 May 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.