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## **HPC HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1742)**

### **PROFIT UPDATE**

This announcement is made by HPC Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform potential investors and shareholders of the Company that, due to the COVID-19 Omicron variant continue disturbing the global and local economic (the “**Pandemic**”) in year 2022, but gradual relaxing of social restrictions in Singapore has brought positive recovery force to many of the labor-intensive industries, such as construction industry. Therefore, in consistent with the local social and economic trend, based on preliminary assessment of information currently available to the Group, the Group expects to record a significant decrease in profit attributable to owners of the Company for the six months ended 30 April 2022 as compared to the unaudited results for the six months ended 30 April 2021 (the “**Reduction of Profit**”), and also expect to record a reduction of loss attributable to the owners of the Company as compared with the audited result for the year ended 31 October 2021(the “**Reduction of Loss**”).

The Reduction of Profit was approximately S\$5.6 million, from approximately S\$4.7 million profit to approximately S\$0.9 million loss.

The Reduction of Loss was approximately S\$3.8 million, from approximately S\$4.7 million loss to approximately S\$0.9 million loss.

The expected Reduction of Profit and Reduction of Loss were mainly due to, among other things, the following reasons:

1. In the first half year of 2021, the first wave of the Pandemic had been well controlled in Singapore, economic and social activities had been recovering quickly, the market manifested the optimism and construction price was expected to remain stable. However, the resurgence of the Covid-19 Pandemic in Singapore and Malaysia caused by Delta variant started from June 2021 till December 2021 had shattered the market confidence, and the impact is still on going. This macro social economic situation had inevitably caused the construction cost kept increasing due to loss of productivities caused by shortage of manpower and tighten of Covid safe measurements, increased logistic cost and materials prices in the second half year of 2021, which significantly affected the Group’s second half year performance in the financial year ended 31 October 2021;

2. In responding to the Pandemic, the implementation of Movement Control Order (the “MCO”) by Malaysia Government had been tighten in June 2021, despite presumed sufficient exposures of the risks had been contemplated in the early stage of this regulatory changes by the Group. The direct impacts were under-estimated when the time came to August 2021, the gradual resumption of social and economic activities in different states of Malaysian limited the productivities and on-time delivery capacities of some vendors in our materials supply chain. The situation had directly affected one of our major on-going project progresses and project costs due to other resources had been placed into the project.
3. A S\$3.88 million provisions for onerous contract was provided in consideration of the above-mentioned factors.
4. Singapore Government announced the country to go into “Transition Phase” from 22 November 2021 to 25 April 2022, whilst more and more COVID-19 restrictions were relaxed, therefore, the productivity of the Company has been gradually recovered follow by the relaxing of restrictions during this six months period ended 30 April 2022.
5. An additional S\$3.0 million of impairment loss on trade receivables was recognise in consideration of the overall impacts of the Pandemic to the Company’s trade receivables.

Notwithstanding the above, the Board is of the view that the financial position of the Group remains sound as sufficient reserve and liquidity are maintained.

Potential investors and shareholders of the Company are advised to note that the information contained in this announcement is only based on the preliminary assessment of the Board with reference to the information currently available to the Group and the unaudited consolidated management accounts of the Group for the six months ended 30 April 2022, which are still subject to review by the audit committee of the Company and auditor of the Company; thus, may be subject to further adjustment. The interim results of the Group for the six months ended 30 April 2022 is expected to be published by end of June 2022.

**Potential investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Singapore, 24 June 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.*