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HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1742)

CONNECTED TRANSACTION TENANCY AGREEMENT

TENANCY AGREEMENT

On 1 February 2023 (after trading hours), Regal Haus (an indirect non-wholly-owned subsidiary of the Company and a connected subsidiary) (as landlord) and HPC Builders (an indirect wholly-owned subsidiary of the Company) (as tenant) entered into the Tenancy Agreement in relation to the Premise to be used as the Company's office for a term of 14 months commencing from 1 February 2023 to 30 April 2024.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Regal Haus is owned as to 51% by the Company, 26.95% by Mr. Wang and 22.05% by Mr. Shi, respectively. Each of Mr. Wang and Mr. Shi is an executive Director and a controlling shareholder of the Company. As Regal Haus is a connected subsidiary thus a connected person of the Company under the Listing Rules.

In accordance with HKFRS 16 "Leases", the Company is required to recognize the tenancy of the Premise as right-of-use assets. Hence, the entering into of the Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. As such, the transaction contemplated under the Tenancy Agreement constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) (other than profits ratio) in respect of the value of the right-of-use assets of the Premise recognized by the Company under the Tenancy Agreement is less than 25% and the total consideration is less than HK\$10,000,000, the transaction contemplated under Tenancy Agreement are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board announces that on 1 February 2023 (after trading hours), Regal Haus (an indirect non-wholly-owned subsidiary of the Company and a connected subsidiary) (as landlord) and HPC Builders (an indirect wholly-owned subsidiary of the Company) (as tenant) entered into the Tenancy Agreement in relation to the Premise to be used as the Company's office for a term of 14 months commencing from 1 February 2023 to 30 April 2024.

TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are set out below:

Date	:	1 February 2023
Parties	:	Regal Haus, as landlord; and HPC Builders, as tenant
Premise	:	a premise located at Level 4 to Level 7, 7 Kung Chong Road, HPC Building, Singapore 159144
Term	:	14 months commencing from 1 February 2023 to 30 April 2024 (both days inclusive)
Rent	:	S\$110,000 per month The rental was determined after arm's length negotiations between the parties with reference to the rental of the Premise appraised by one report prepared by an independent property valuer and the prevailing market rental prices of comparable properties in the vicinity.
Other fees	:	HPC Builders shall be responsible for settlement of (i) the utility charges (including water (if any), electricity, gas and other utilities) based on its actual usage; and (ii) all applicable taxes, other imposition of levies, fees or charges and other outgoings on water, sewerage, sanitation, electricity, gas, telephone and other services as may be imposed or charged by any governmental statutory or tax authority.
Payment	:	Rental shall be payable monthly in advance and clear of all deductions on the first day of each calendar month.

Other terms : *Security deposit*

HPC Builders (as tenant) is required to pay to Regal Haus (as landlord) sum of S\$220,000 upon the execution of the Tenancy Agreement as security deposit. Such deposit shall be forfeited by Regal Haus absolutely if HPC Builders failed to perform and observe the covenants, conditions, stipulations and agreements during the whole term of the Tenancy Agreement.

Regal Haus shall repay such deposit, without interest to HPC Builders within 14 days after HPC Builders have duly delivered to Regal Haus vacant possession of the Premise if HPC Builders have duly performed and observed all the covenants, conditions, stipulations and agreements during the whole term of the Tenancy Agreement.

Renewal

HPC Builders is entitled to renew the Tenancy Agreement for a further term of not less than one year from the expiration of the Tenancy Agreement by providing Regal Haus with not less than three calendar months written request prior to the expiration of the Tenancy Agreement provided that the rental fees for the renewed term could be mutually agreed by the parties.

Rent free fitting period

HPC Builders is entitled to a rent free fitting period from 1 February 2023 to 28 February 2023.

RIGHT-OF-USE ASSETS UNDER THE TENANCY AGREEMENT

The value of the right-of-use assets recognized by the Group under the Tenancy Agreement amounts to approximately S\$1,581,000, which is the present value of security deposit plus total rent payable for the entire 14 months term of the Tenancy Agreement in accordance with HKFRS 16.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

As previously disclosed in the announcements of the Company dated 13 July 2018 and 7 May 2019, respectively, Regal Haus intended to re-develop the Property into a commercial building, upon completion of which, part of the redeveloped commercial building would be leased to the Group as its offices (the “**Plan**”). The Tenancy Agreement between Regal Haus and HPC Builders is a step to implement the Plan. In addition, considering that the current offices spaces occupied by the Group are scattered over four rented units of offices in an office block and have reached their limits as a result of expanding workforce of the Group, the Board considers that consolidating the office spaces used by the Group would increase administrative efficiency of the Group.

The Directors (including the independent non-executive Directors), having made all reasonable and due inquiries, are of the view that the Tenancy Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the Tenancy Agreement and the transaction contemplated thereunder are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Each of Mr. Wang and Mr. Shi is considered to have an interest in the transaction contemplated under the Tenancy Agreement, and had abstained from voting on the relevant Board resolution in relation to the Tenancy Agreement. Save for the above, no other Directors has a material interest in the transaction contemplated under the Tenancy Agreement, and was required to abstain or had abstained from, voting on the relevant Board resolutions in relation to the Tenancy Agreement.

INFORMATION OF THE PARTIES

The Company

The Company was incorporated in the Cayman Islands with limited liability. The Company is an investment holding company holding the interest of other subsidiaries of the Group, which are principally engaged in the 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.

The landlord

Regal Haus is a private limited company incorporated in Singapore and an indirect non-wholly-owned subsidiary of the Company. It is an investment holding company.

The tenant

HPC Builders 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.

IMPLICATIONS UNDER THE LISTING RULES

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In accordance with HKFRS 16 "Leases", the Company is required to recognize the tenancy of the Premises as right-of-use assets. Hence, the entering into of the Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. As such, the transaction contemplated under the Tenancy Agreement constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) (other than profits ratio) in respect of the value of the right-of-use assets of the Premise recognized by the Company under the Tenancy Agreement is less than 25% and the total consideration is less than HK\$10,000,000, the transaction contemplated under Tenancy Agreement are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“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
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HPC Builders”	HPC Builders Pte. Ltd., a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shi”	Mr. Shi Jianhua, the chief operations officer, an executive Director and a controlling shareholder of the Company
“Mr. Wang”	Mr. Wang Yingde, the chairman, the chief executive officer, an executive Director and a controlling shareholder of the Company
“Premise”	a premise located at Level 4 to Level 7, 7 Kung Chong Road, HPC Building, Singapore 159144
“Property”	a property located at 7 Kung Chong Road, Singapore 159144

“Regal Haus”	Regal Haus Pte. Ltd., a private limited company incorporated in Singapore which is owned as to 51% by the Company, 26.95% by Mr. Wang and 22.05% by Mr. Shi, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore Dollar, the lawful currency of Singapore
“Tenancy Agreement”	the tenancy agreement dated 1 February 2023, entered into between Regal Haus and HPC Builders in relation to the Premise
“%”	per cent

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

Singapore, 1 February 2023

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.