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 2024

The board (the "**Board**") of directors (the "**Directors**") of HPC Holdings Limited (the "**Company**" or "**HPC**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 October 2024 (the "**Financial Year**") together with the comparative figures for the corresponding period in 2023 (the "**Previous Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, Singapore's construction market remains highly competitive, for both government and private sector. One of the major challenges that the construction industry faced was the continued rising in building materials and subcontractor prices. This price inflation were largely driven by global economic factors and local regulations, such as tighten in foreign labor policy. As a result, project bidding prices were on an upward trend, and construction costs were increased substantially throughout the Financial Year.

In response to the prevailing market headwinds, the Group adopted a more prudent approach to its tender procedures and pricing strategy in 2024. Given the intense competition in the bidding process, we focused on ensuring that our tender submissions were not only competitive but also sustainable, allowing us to maintain a healthy margins while securing projects in an increasingly challenging market environment.

Despite these challenges, the Group successfully secured six new projects in 2024, demonstrating our ability to remain agile and responsive in a competitive landscape. These projects include: (1) A 5-Storey Block with 2 Basement Floors for Management Development Institute of Singapore (a Commercial School), awarded in May 2024; (2) Structure Works for Wuxi XDC Singapore Tuas Project, awarded in August 2024; (3) Multi-User 5-Storey Integrated Construction and Prefabrication Hub (ICPH), awarded in October 2024; (4) MEP, Fit-Out, Infrastructure, and Landscape for Wuxi XDC Singapore Tuas Project, awarded in November 2024; (5) 9-Storey Ramp-Up Food Factory Development with Roof top Heavy Vehicle Parking Lots, awarded in November 2024; and (6) 9-Storey Single-User Business 1 White Industrial Development with Warehouse, Ancillary Storage, etc., awarded in December 2024.

In total, the Group has successfully secured new projects in 2024 with a combined contract sum of S$461.51 million. This achievement reflects our ability to navigate the competitive landscape, adapt to market demands, and continue to grow our portfolio despite the challenges presented by both external economic factors and the competitive nature of the construction sector.

However, despite strong market expansion, most of the new project only came in at the last two months of year 2024, which were after our financial year end, therefore no contribution to the current financial year results. During the second half of 2024, the Group successfully completed the Global Indian International School and obtained The Building and Construction Authority (BCA) Temporary Occupation Certificate (TOP) in September 2024. Currently, the Group is managing ten ongoing projects, including six newly awarded projects in 2024.

FINANCIAL REVIEW

With less ongoing projects carried out activities during the Financial Year discussed in the above paragraph, the Group recorded a slump in the financial results as compared to the Previous Period.

Revenue and Gross Profit

The Group recorded a drop of approximately 41.3% in revenue from approximately S$289.2 million for the Previous Period to approximately S$169.8 million for the Financial Year. Revenue decreased by approximately S$119.4 million as a result of less on-going projects awarded during the Financial Year, much less construction activities were carried out as compared with the Previous Period.

The gross profit of the Group dived from approximately S$13.00 million to approximately S$5 million gross loss for the Financial Year as compared with the Previous Period, an approximately 138.6% drop, gross profit margin shrink further from approximately 4.49% to negative 2.95%. The decrement of gross profit margin was mainly due to the following factors, among the others: i) two projects awarded before Covid-19 with much lower price were eventually completed during this Financial Year; ii) Singapore authorities tightened foreign labor policy which increased labor cost throughout all suppliers and subcontractors; and iii) less new projects during the Financial Year also reduced the unit productivity of existing project.

Other Operating Income and Expenses

Other operating income and expenses of the Group for the Financial Year increased by approximately S$500 thousand from approximately S$2.6 million for the Previous Period to S$3.1 million for the Financial Year, primarily due to a bad debt written-off many years ago that was partially recovered.

Administrative Expenses

The Group incurred more administrative expenses for the Financial Year as compared with the Previous Period. Administrative expenses increased by approximately S$513 thousand from approximately S$7.45 million to S$7.97 million. The increment of the administrative expenses was primarily due to the increase in office overhead and marketing expenses spent to be compatible to the new corporate building.

Income Tax Credit/(Expenses)

Despite of the overall loss of the operating income in the Financial Year of the Group, two subsidiaries of the Group which running with small teams were profitable, approximately S$485 thousand corporate income taxes were charged over them, together with the deferred tax credit resulted from the trade loss to be carried forwarded, an overall S$1 million tax credit was recorded for the Financial Year.

(Loss)/Profit After Tax

As a result of the combined effects mentioned above, the Company recorded a net loss after tax at approximately S$8.48 million, a slump from a net profit after tax for Previous Period of approximately S$3.10 million, equivalent to approximately 3.7-fold plunge.

Dividends

The Company did not declare any interim dividend during the Financial Year, the Board also do not recommend any final dividend to be distributed for the Financial Year (2023: Nil).

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 internally 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 1.66 and 1.89 as at 31 October 2024 and 31 October 2023, respectively.

Borrowings and Gearing

The Group's borrowings are related to certain finance lease obligations obtained through the acquisition of motor vehicles and there were term loans for land purchase and redevelopment of an industrial building on 7 Kung Chong Road (the "**7 Kung Chong Road Project**").

Gearing ratios (defined as total borrowings divided by total equity) of the Group are 19.55% and 21.10% as at 31 October 2024 and 31 October 2023, respectively, and the decrease of gearing ratio was mainly due to the repayments of loan pertaining to the 7 Kung Chong Road Project mentioned above during the Financial Year.

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 for a few listing compliance transactions in Hong Kong Dollars and minor purchases in Chinese Yuan.

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 2024, the acquired land was mortgaged to secure the Group's bank loan. One of the subsidiaries of the Group, 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

During the Financial Year, 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 2024, 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, part of the capital expenditure of the Group was spent on the addition and alteration works of another lease hold property the Group acquired in year 2023, and acquisition of building equipment and fixtures.

EMPLOYEE INFORMATION

As at 31 October 2024, the Group had 761 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$30 million (2023: S$32 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.

PROSPECTS

Annual construction demand is projected to reach between S$31 billion and S$38 billion from 2025 to 2028. BCA says the public sector will continue to lead the demand and is expected to contribute S$19 billion to S$23 billion per year from 2025 to 2028. (Refer to service2.imda.gov.sg, Built Environment IDP, 15 January 2024)

In 2024, the Group achieved a significant milestone with a combined contract sum of S$461.51 million, reflecting its remarkable success. This achievement enhances the Group's reputation and opens up new opportunities for growth, particularly in the pharmaceutical and large-scale food industries. The Group is also collaborating with developers on upcoming investment projects, focusing on optimizing land use and leveraging location advantages to improve the efficiency of these facilities. Furthermore, the Group successfully completed the North London Collegiate School in 2021 and the Global Indian International School in 2024. These accomplishments have strengthened the Group's reputation and track record in the international school's market.

In 2025, Singapore's construction industry is expected to become more technologically advanced, sustainable, and efficient than ever before. The adoption of cutting-edge building materials, connected construction sites, and innovative project monitoring technologies (such as Lean Do I, Novade, and GloriQ) will enable construction firms in Singapore to meet the growing demand for faster, more cost-effective, and sustainable buildings. By embracing these trends and positioning the firm as a leader in innovation, we can not only remain competitive but also contribute significantly to the nation's construction and sustainability goals.

However, the Group will continue to face challenges such as lower gross profit margins due to high building material prices, rising labor costs, and intense competition from other contractors. Despite these challenges, the Group maintains a strong order book with a value of S$833.4 million as of 31 October 2024. This robust pipeline provides the Group with the flexibility to selectively pursue higher-quality projects, prioritizing sustainable growth over aggressive tendering. The management team is committed to navigating the volatile and highly competitive market and driving the Group towards continued excellence and success.

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 listed on the Main Board of the SEHK on 11 May 2018.

No share options were granted, exercised, cancelled, lapsed 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 C3 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 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 the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules during the Financial Year with the exception of code provisions C.1.6 and C.2.1.

Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Zhu Dong, a former independent non-executive Directors, was unable to attend the annual general meeting of the Company held on 30 April 2024.

Under the code provision C.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 were further updated on 15 December 2023 and 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. Gng Hoon Liang and Ms. Chen Liping.

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 MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 October 2024, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 October 2024 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's unaudited consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by McMillan Woods.

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 (including sale of treasury shares, if any).

As at 31 October 2024, the Company did not hold any treasury shares.

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, 28 January 2025

As at the date of this announcement, the Board comprises Mr. Wang Yingde and Mr. Shi Jianhua as executive Directors; and Mr. Leung Wai Yip, Mr. Gng Hoon Liang and Ms.Chen Liping as independent non-executive Directors.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 October 2024

	Notes	**2024** **$'000**	2023 *$'000*
Revenue	*4*	**169,772**	289,235
Cost of sales		**(174,786)**	(276,247)
Gross (loss)/profit		**(5,014)**	12,988
Other operating income and expenses	*5*	**3,104**	2,605
Administrative expenses		**(7,967)**	(7,454)
Impairment losses on financial assets	*7*	**–**	(3,784)
Other gains, net	*5*	**222**	3
Finance income	*6*	**877**	506
Finance costs	*6*	**(722)**	(708)
(Loss)/profit before tax	*7*	**(9,500)**	4,156
Income tax credit/(expense)	*8*	**1,015**	(1,054)
(Loss)/profit for the year, representing total comprehensive (expense)/income for the year		**(8,485)**	3,102
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(8,485)**	3,398
Non-controlling interests		**–**	(296)
		(8,485)	3,102
(Loss)/earnings per share attributable to owners of the Company			
– Basic (cents)	*10*	**(0.53)**	0.21
– Diluted (cents)	*10*	**(0.53)**	0.21

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

CONSOLIDATED BALANCE SHEET
As at 31 October 2024

	Notes	**2024** **$'000**	2023 $'000
ASSETS			
Non-current assets			
Property, plant and equipment		**34,028**	34,099
Deferred tax assets	*8*	**5,979**	4,328
Retention receivables		**5,836**	–
		45,843	38,427
Current assets			
Trade receivables	*11*	**27,540**	40,525
Other receivables, deposits and prepayments		**6,796**	2,293
Investment in marketable securities		**975**	837
Contract assets		**31,411**	50,607
Bank deposits		**2,126**	2,052
Cash and cash equivalents		**43,711**	45,278
		112,559	141,592
Total assets		**158,402**	180,019
EQUITY AND LIABILITIES			
Current liabilities			
Trade and retention payables	*12*	**44,060**	54,048
Other payables and accruals	*12*	**6,675**	7,359
Provisions		**6,551**	5,884
Contract liabilities		**8,499**	4,914
Lease liabilities		**91**	93
Borrowings		**1,334**	1,334
Income tax payable		**689**	1,245
		67,899	74,877
Net current assets		**44,660**	66,715

	Notes	**2024** **$'000**	2023 $'000
Non-current liabilities			
Retention payables	*12*	**1,590**	579
Other payables	*12*	**–**	2,524
Lease liabilities		**60**	151
Borrowings		**13,040**	14,374
		14,690	17,628
Total liabilities		**82,589**	92,505
Equity attributable to owners of the Company			
Share capital		**2,725**	2,725
Share premium		**69,777**	69,777
Capital reserves		**(30,624)**	(26,972)
Retained profits		**33,935**	42,420
		75,813	87,950
Non-controlling interests		**–**	(436)
Total equity		**75,813**	87,514
Total equity and liabilities		**158,402**	180,019

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 October 2024

	Attributable to owners of the Company						
	Share capital	Share premium	Capital reserves	Retained profits	Total	Non-controlling interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Group							
At 1 November 2022	2,725	69,777	(26,972)	39,022	84,552	(140)	84,412
Profit for the year, representing total comprehensive income for the year	–	–	–	3,398	3,398	(296)	3,102
At 31 October 2023	2,725	69,777	(26,972)	42,420	87,950	(436)	87,514
At 1 November 2023	**2,725**	**69,777**	**(26,972)**	**42,420**	**87,950**	**(436)**	**87,514**
Loss for the year, representing total comprehensive expense for the year	**–**	**–**	**–**	**(8,485)**	**(8,485)**	**–**	**(8,485)**
Acquisition of minority interest	**–**	**–**	**(3,652)**	**–**	**(3,652)**	**436**	**(3,216)**
At 31 October 2024	**2,725**	**69,777**	**(30,624)**	**33,935**	**75,813**	**–**	**75,813**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 October 2024

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 Islands and is listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**SEHK**").

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 7 Kung Chong Road, HPC BUILDING, Level 6, Singapore 159144.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 22 to the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.2 New accounting standards effective on 1 November 2023

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 2023. 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**
IFRS 18: *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19: *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Annual improvement project: *Annual Improvements to IFRS Accounting Standards-Volume 11*	1 January 2026
Amendments to IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to IAS 21: *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 and IFRS 17: *Supplier Finance Arrangements*	1 January 2024
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Available for optional adoption/effective date deferred indefinitely

The directors expect that the adoption of the standards above will have no material impact on the consolidated 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 or loss, as included in the internal management reports that are reviewed by the Group’s executive directors. Segment gross profit or loss 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. Group financing (including finance costs), and income taxes 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 years ended 31 October 2024 and 2023 are as follows:

	General building construction *$'000*	Civil engineering *$'000*	Total *$'000*
2024			
Total segment revenue to external customers	**157,845**	**11,927**	**169,772**
Gross (loss)/profit	**(5,387)**	**373**	**(5,014)**
Segment assets	**60,478**	**4,309**	**64,787**
Segment liabilities	**57,857**	**2,843**	**60,700**
2023			
Total segment revenue to external customers	283,616	5,619	289,235
Gross profit	12,585	403	12,988
Segment assets	88,312	2,820	91,132
Segment liabilities	63,338	2,086	65,424

Reconciliations

(i) *Segment profits*

A reconciliation of gross (loss)/profit to (loss)/profit before tax is as follows:

	2024 ***$'000***	2023 *$'000*
Gross (loss)/profit for reportable segments	**(5,014)**	12,988
Other operating income and expenses	**3,104**	2,605
Other gains, net	**222**	3
Impairment losses on financial assets	**–**	(3,784)
Administrative expenses	**(7,967)**	(7,454)
Finance income	**877**	506
Finance costs	**(722)**	(708)
(Loss)/profit before tax	**(9,500)**	4,156

(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:

	2024	2023
	$'000	*$'000*
Segment assets for reportable segments	**64,787**	91,132
Unallocated:		
Property, plant and equipment	**34,028**	34,099
Deferred tax assets	**5,979**	4,328
Investment in marketable securities	**975**	837
Other receivables, deposits and prepayments	**6,796**	2,293
Cash and cash equivalents	**45,837**	47,330
	158,402	180,019

(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:

	2024	2023
	$'000	*$'000*
Segment liabilities for reportable segments	**60,700**	65,424
Unallocated:		
Lease liabilities	**151**	244
Other payables and accruals	**6,675**	9,884
Borrowings	**14,374**	15,708
Income tax payable	**689**	1,245
	82,589	92,505

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 percent or more of the Group's revenues are as follows:

	2024	2023
	$'000	*$'000*
Customer A*	**42,365**	N/A
Customer B	**24,880**	45,217
Customer C*	**23,614**	N/A
Customer D*	**22,872**	N/A
Customer E#	**N/A**	136,393
Customer F#	**N/A**	35,997

These revenues are attributable to the general building construction segment.

* Revenue contributed by the customers for the year ended 31 October 2023 was less than 10 percent of the Group's revenues.

\# Revenue contributed by the customers for the year ended 31 October 2024 was less than 10 percent of the Group's revenues.

4. REVENUE

	2024	2023
	$'000	*$'000*
Revenue from contracts with customers		
Construction contract revenue	**169,772**	289,235

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

Disaggregation of revenue

	2024	2023
By project sector		
Public sector	**56,156**	80,403
Private sector	**113,616**	208,832
	169,772	289,235

5. OTHER OPERATING INCOME AND EXPENSES

	2024	2023
	$'000	*$'000*
Government grants*	**86**	69
Sales of scrap materials	**413**	902
Rental income from partial own used property classified as property, plant and equipment	**632**	132
Others	**1,973**	1,502
Other operating income and expenses	**3,104**	2,605
Net foreign exchange loss	**(18)**	(22)
Gain on disposal of property, plant and equipment	**102**	–
Fair value gain on investment in marketable securities	**138**	25
Other gains, net	**222**	3

* Government grants were received by certain subsidiaries in connection with paid leave schemes for employment of Singaporean workers, Wage Credit Scheme offered by the Inland Revenue Authority of Singapore, and Special Employment Credit offered by the Ministry of Manpower (2023: paid leave schemes for employment of Singaporean workers and some Foreign Worker Levy Rebate). There were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE INCOME AND COSTS

	2024	2023
	$'000	*$'000*
Finance income: Bank interest	**877**	506
Finance costs:		
Interest expense on:		
– Borrowings	**(707)**	(878)
– Lease liabilities	**(15)**	(16)
	(722)	(894)
Less: Interest expense capitalised in property, plant and equipment	**–**	186
Total finance costs	**(722)**	(708)

7. (LOSS)/PROFIT BEFORE TAX

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

	2024	2023
	$'000	*$'000*
Auditors' remuneration:		
– audit services	**150**	150
– non-audit services	**–**	–
Employee compensation	**30,268**	32,369
Depreciation of property, plant and equipment	**1,887**	1,458
Operating lease rentals	**3**	70
Professional fees	**557**	389
Provision for/(reversal of) onerous contract	**667**	(2,582)
Impairment losses on financial assets	**–**	3,784
Other expenses	**1,003**	878

8. INCOME TAX (CREDIT)/EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is exempted from any income tax in the Cayman Islands and the BVI.

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits.

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

The major components of income tax (credit)/expense for the years ended 31 October 2024 and 2023 are:

	2024	2023
	$'000	*$'000*
Current income tax		
Current income tax	**652**	1,235
Over provision in respect of previous years	**(16)**	(6)
Deferred income tax		
Origination and reversal of temporary difference	**(1,651)**	(175)
Income tax (credit)/expense recognised in profit or loss	**(1,015)**	1,054

(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 years ended 31 October 2024 and 2023 are as follows:

	2024	2023
	$'000	*$'000*
(Loss)/profit before tax	**(9,500)**	4,156
Tax at applicable corporate tax rate of 17% (2023: 17%)	**(1,615)**	707
Adjustments:		
– Non-deductible expenses	**656**	482
– Income not subjected to tax	**(18)**	–
– Over provision in respect of previous years	**(16)**	(6)
– Effect of partial tax exemption	**(35)**	(35)
– Others	**13**	(94)
Income tax (credit)/expense recognised in profit or loss	**(1,015)**	1,054

At the end of the Financial Year, the Group has unused tax losses of $8,827,000 (2023: Nil) available for offset against future profits. A deferred tax asset has been recognised in respect of such tax losses of $1,500,000 (2023: Nil). 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

The analysis of deferred tax assets is as follows:

	2024	2023
	$'000	*$'000*
Deferred tax assets		
At beginning of the financial year	**4,328**	4,153
Credited to profit or loss	**1,651**	175
At end of the financial year	**5,979**	4,328

The deferred tax assets of approximately $3,415,000 (2023: $3,302,000), approximately $1,000,000 (2023: $1,000,000) and approximately $1,500,000 (2023: Nil) were mainly recognised on the provision for onerous contract, allowance for expected credit loss of trade receivables and losses available for offsetting against future taxable income.

9. DIVIDENDS

No dividend has been declared or paid by the Company during the year ended 31 October 2024 (2023: Nil).

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/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 Financial Year.

Diluted (loss)/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 (loss)/earnings per share are the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares.

	2024	2023
	$'000	*$'000*
(Loss)/profit for the year attributable to owners of the Company	**(8,485)**	3,398

	2024	2023
Weighted average number of ordinary shares in issue applicable to basic and diluted (loss)/earnings per share (in thousands)	**1,600,000**	1,600,000
Basic and diluted (loss)/earnings per share (cents)	**(0.53)**	0.21

11. TRADE AND RETENTION RECEIVABLES

	2024	2023
	$'000	*$'000*
Trade receivables*	**52,801**	59,950
Less: Allowance for expected credit losses	**(19,425)**	(19,425)
	33,376	40,525

* Included in trade receivables is retention receivables of $8,820,800 and $83,000 as at 31 October 2024 and 2023 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 and are subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. Retention receivables classified as trade receivables increased because more projects had obtained the final payment certification during the year ended 31 October 2024.

The carrying amounts of current trade receivables approximate their fair values.

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:

	2024	2023
	$'000	*$'000*
– Less than 3 months	**18,647**	30,910
– 3 to 6 months	**3,764**	4,672
– Over 6 months to one year	**595**	1,262
– More than 1 year	**1,549**	3,681
	24,555	40,525
Current retention receivables:	**2,985**	–
Total trade receivables:	**27,540**	40,525
Non-current retention receivables:	**5,836**	–
	33,376	40,525

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group, 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 $11,068,000 (2023: $25,426,000) as at 31 October 2024 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:

	2024	2023
	$'000	*$'000*
Trade receivables past due but not impaired:		
– Past due less than 3 months	**2,966**	18,150
– Past due 3 to 6 months	**2,995**	2,442
– Past due more than 6 months to 1 year	**595**	1,278
– Past due more than 1 year	**4,512**	3,556
	11,068	25,426

Expected credit losses

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

	Trade receivables *$'000*	**Contract assets** *$'000*	**Total** *$'000*
Movement in allowance accounts:			
At 1 November 2022	15,641	–	15,641
Charge for the year	3,784	–	3,784
At 31 October 2023, 1 November 2023 and 31 October 2024	**19,425**	**–**	**19,425**

Set out below is the information about the credit risk exposure of the Group's trade receivables and contract assets using a provision matrix:

2024

	Non credit-impaired ***$'000***	**Credit-impaired** ***$'000***	**Total** ***$'000***
Gross carrying amount	**64,787**	**19,425**	**84,212**
Expected credit losses	**–**	**(19,425)**	**(19,425)**
Expected credit loss rate	**0%**	**100%**	**23%**

2023

	Non credit-impaired *$'000*	Credit-impaired *$'000*	Total *$'000*
Gross carrying amount	91,132	19,425	110,557
Expected credit losses	–	(19,425)	(19,425)
Expected credit loss rate	0%	100%	19%

12. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024	2023
	$'000	*$'000*
Current		
Trade payables	**15,514**	19,578
Retention payables	**18,726**	22,740
Accrued construction costs	**9,820**	11,730
Total trade and retention payables	**44,060**	54,048
Deposits	**207**	171
Accrued expenses	**2,205**	2,763
Goods and services tax payables	**1,121**	528
Other payables	**3,142**	3,897
Total other payables and accruals	**6,675**	7,359
Non-current		
Retention payables	**1,590**	579
Amount due to non-controlling Shareholders	**–**	2,524

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 a subsidiary of the Group in previous years. The loan is interest free and was fully settled in 2024.

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:

	2024	2023
Borrowing rates	**4.8%**	5.3%
Retention payables *($'000)*	**1,517**	549
Borrowing rates	**–**	5.3%
Amount due to non-controlling Shareholders *($'000)*	**–**	2,209

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

	2024	2023
	$'000	*$'000*
– Less than 3 months	**15,095**	18,197
– 3 to 6 months	**161**	263
– Over 6 months to 1 year	**193**	54
– More than 1 year	**65**	1,064
	15,514	19,578

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

Retention payables were not yet past due as at 31 October 2024 and 2023 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.