HPC
黃浦建設

HPC HOLDINGS LIMITED

HKEX 1742 (Incorporated in the Cayman Islands with limited liability)

2020
ANNUAL REPORT

Contents

Corporate Information

REGISTERED OFFICE
Cricket Square
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE
Block 165, Bukit Merah Central,
#08-3687 Singapore 150165

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
40th Floor, Sunlight Tower,
No. 248 Queen's Road East,
Wanchai, Hong Kong

LIST OF DIRECTORS AND THEIR ROLES & FUNCTIONS
Executive Directors
Mr. Wang Yingde
(Chairman & Chief Executive Officer)
Mr. Shi Jianhua *(Chief Operations Officer)*

Independent non-executive Directors
Mr. Zhu Dong
Mr. Leung Wai Yip
Ms. Ng King Wai Diana

Audit Committee
Mr. Leung Wai Yip *(Chairman)*
Mr. Zhu Dong
Ms. Ng King Wai Diana

Remuneration Committee
Mr. Zhu Dong *(Chairman)*
Mr. Wang Yingde
Ms. Ng King Wai Diana

Nomination Committee
Mr. Wang Yingde *(Chairman)*
Mr. Zhu Dong
Ms. Ng King Wai Diana

COMPANY SECRETARY
Ms. Leung Wing Han Sharon
(FCS, FCG, FCCA and CPA)
40th Floor, Sunlight Tower,
No. 248 Queen's Road East,
Wanchai, Hong Kong

AUTHORISED REPRESENTATIVES
Mr. Wang Yingde
Mr. Shi Jianhua

AUDITOR
Ernst & Young LLP

PRINCIPAL BANKS
United Overseas Bank Limited
80 Raffles Place, UOB Plaza
Singapore 048624

DBS Bank Ltd.
12 Marina Boulevard,
Marina Bay, Financial Center Tower 3,
Singapore 018982

HONG KONG BRANCH SHARE REGISTER
Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE
www.hpc.sg

STOCK CODE
1742

Chairman Statement

To Shareholders,

On behalf of the board of directors (the "Board") of HPC Holdings Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group"), I present the annual report of the Group for the financial year ended 31 October 2020.

2020 is a year which we will never forget, during which the recovery of market which we expected last year was disrupted by an unprecedented pandemic. To combat the pandemic, Singapore has implemented a series of unprecedented measures including the "circuit breaker" and the promulgation of specific anti-pandemic rules. These measures had a significant effect on the production across all sectors and the life of everyone. As a large number of construction workers have been quarantined, the construction industry has become one of the industries most affected by the pandemic. Even to today when the pandemic is brought under control, the productivity of the construction industry still has not fully recovered to the level before the pandemic. Under such a severe environment, although the Board and the management of the Company have adopted a series of active measures to respond to the pandemic swiftly, the performance of the Group for the year still suffered enormous impact inevitably.

However, as a company born and grown among challenges, we have always kept the awareness of unexpected development in mind. The Group believes that under the leadership and assistance of the government and with our effective response measures, the most difficult time has passed and the dawn is drawing near. Singapore has announced the detailed schedule for receiving the COVID-19 vaccines, and it is expected that universal immunization including all foreigners in Singapore will be achieved by the end of this year. While the COVID-19 pandemic is gradually brought under control, it is expected that the productivity and demand of the construction industry will be further improved to cover the delays and losses during the pandemic.

Looking forward to 2021, although there are still full of uncertainties in the future, the Company has made practical preparation for potential risks in all aspects. Based on the economic environment and the macro-polices of Singapore and leveraging on the Group's excellent and stable track records, experienced and pragmatic management team, and current project contracts of over S$300 million, I am still optimistic and confident about this year's operating results. The Group will definitely rebound in 2021 with V-shaped growth.

In 2021, the Group will expand its local market share steadily, and at the same time, it will also try to restart and promote its overseas business disrupted by the pandemic, on which substantial progress is expected to be made, thus writing a new chapter on the development of the Group.

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, Directors, executives, and all employees for their efforts and contributions in the past for the development of the Group. In the new year, we hope that we will continue working together to achieve new development for the Group, to fulfil dreams for our employees, and to generate a greater return for our shareholders.

HPC HOLDINGS LIMITED

Wang Yingde
Chairman of the Board & Chief Executive Officer

Singapore, 29 January 2021

Biographical Details

DIRECTORS

Mr. WANG Yingde (王應德), aged 58, executive Director, has over 26 years of experience in construction industry and is mainly responsible for strategic development of the Group and is one of the founders of the Group. Mr. Wang was the authorised representative of Shanghai Construction (Group) General Co., Singapore Branch ("SCG Singapore Branch"), a branch controlled and managed by Shanghai Construction (Group) General Company Overseas Business Department, from October 2002 to February 2018 and the deputy general manager for SCG Singapore Branch from June 2000 to June 2002 before being promoted to general manager from June 2002 to November 2012. Before joining SCG Singapore Branch, Mr. Wang served in Shanghai HuZhong Construction Engineering Corporation as the secretary of the party committee, the vice chairman of the board and the chairman of the board from March 1996 to June 2000 and in Shanghai Construction No. 5 (Group) Co., Ltd as the project manager and engineer from July 1989 to March 1996. Mr. Wang was awarded a bachelor degree in surveying from Tongji University in July 1989.

Mr. Shi Jianhua (施建華), aged 57, executive Director, has over 30 years of experience in construction industry and is mainly responsible for the daily business execution and management of the Group and is one of the founders of the Group. Mr. Shi was a site manager for SCG Singapore Branch from February 2001 to February 2003 before being promoted as a project director from March 2003 to November 2004. Before joining SCG Singapore Branch, Mr. Shi served in Shanghai Construction No. 5 (Group) Co., Ltd as an engineer from July 1983 to May 1991, as a subcontracting supervisor from June 1991 to February 1995, as a deputy project manager from February 1995 to December 1996 and as a project manager from January 1997 to February 2001. Mr. Shi graduated from Shanghai Construction Engineering School in October 1983.

Mr. Zhu Dong (朱東), aged 59, independent non-executive Director, has approximately 30 years of experience in financial markets. Mr. Zhu has been the consultant of Nomura International (Hong Kong) Limited since June 2016. Prior to that, Mr. Zhu was the managing director of Nomura International (Hong Kong) Limited from October 2011 to May 2016. Mr. Zhu has also worked at BNP Prime Peregrine Securities Limited from May 1998 to July 2011, at Beijing Peregrine Investment Consultant Company from May 1994 to May 1998, at Department of Foreign Funds Application and Audit of the Bureau of Audit from September 1986 to November 1992 and at Beijing Coal Mine Machinery Plant of the Ministry of Coal Industry from August 1982 to August 1986. Mr. Zhu graduated from Guangxi University with a bachelor degree in July 1982 and completed the master program of business administration in Tsinghua University in July 1996. Mr. Zhu is currently an independent non-executive director of West China Cement Limited, a company listed on the Hong Kong Stock Exchange.

Mr. Leung Wai Yip (梁偉業), aged 44, independent non-executive Director, has more than 16 years of experience in audit and financial management. He has been the chief financial officer and company secretary of Chaowei Power Holdings Limited, a company listed on the SEHK since December 2010. Prior to that, Mr. Leung served as the financial controller and the company secretary of Tiangong International Company Limited, a company listed on the SEHK from May 2007 to November 2010. Mr. Leung was also acted consecutively as the auditor, senior auditor and manager in the assurance and advisory business services department of Ernst & Young, Certified Public Accountants from March 2000 to August 2005. Mr. Leung graduated with a degree of bachelor of commerce from the University of Alberta in June 1998 and obtained a degree of master of business administration from the Hong Kong University of Science and Technology in November 2010. He has been a member of the American Institute of Certified Public Accountants since December 2002 and an associate member of the Hong Kong Institute of Certified Public Accountants since May 2003.

Ms. Ng King Wai Diana (吳敬慧), aged 51, independent non-executive Director, has over 20 years of experience in financial markets. She was the founder and has been the managing director of Roseville Strategic Ltd. since August 2016. Prior to that, Ms. Ng served consecutively at Banque Nationale de Paris ("BNP") as an assistant manager from August 1996 to February 2004, as a senior relationship manager from March 2004 to March 2007, and as a senior banker from May 2007 to December 2013 and finally being promoted as the managing director from 2014 to June 2016. Before joining BNP, Ms. Ng was a trainee officer with the Bank of China. Ms. Ng was awarded a bachelor degree in social sciences by the University of Hong Kong in 1993.

SENIOR MANAGEMENT

Mr. Zhang Jie (張傑), aged 37, Chief financial officer of the Group. Mr. Zhang joined the Group as an accountant in December 2012. He was promoted to Assistant General Manager in September 2016 and was promoted to Chief Financial Officer on 26 April 2019. Prior to joining the Group, Mr. Zhang was an accountant at Fuji Trading (Singapore) Pte. Ltd. between March 2011 and March 2012. He served as a financial advisor at HSBC Insurance Singapore Ltd from April 2010 to March 2011. Mr. Zhang graduated with a Bachelor of Science degree in accounting and finance from the University of London in August 2011. He also obtained a Specialist Diploma in building cost management from BCA Academy of Singapore in January 2019. Mr. Zhang is a Chartered Accountant of Singapore and has been a member of the Institute of Singapore Chartered Accountants since July 2017.

Mr. Yong Chee Min (楊志明), aged 45, commercial director of the Group. Mr. Yong has approximately 20 years of experience in construction industry. Prior to that Mr. Yong served as contract manager for SCG Singapore Branch from April 2011 to March 2015, as contract administrator for Landlease Singapore Pte Ltd from November 2008 to November 2010, as assistant contract manager for JH Builders Pte Ltd from February 2008 to November 2008 and as contract manager for Isetech Sdn Bhd from January 2004 to January 2008. Mr. Yong was awarded a national higher diploma in quantity surveying from the Nottingham Trent University in June 1998 and also obtained a bachelor degree in construction management from Greenwich University in October 2000. Mr. Yong has been honoured as a technical member of Singapore Institute of Surveyors & Valuers and member of Australia Institute of Quantity Surveyors (AIQS) since February 2016 and November 2016, respectively.

Ms. He Han (何晗), aged 53, Operating Director of the Group. Ms. He has over 30 years of experience in construction industry. Before She was promoted as operating director from 16 March 2020, she served as project audit manager for HPC Builders Pte Ltd from March 2012, as members of WSH committee of the Group from June 2019. She was quantity surveyor manager for HPC Builders Pte Ltd from March 2008 to February 2012 and was a senior quantity surveyor from October 2006 to February 2008. Before joining the Group, she worked as registered resident engineer for Fu Zhou Hong Xin Engineering Supervision Company from August 2003 to September 2006. She was the chief project engineer for Bei Jing 10th Branch of China Construction Decoration Engineering Co. from October 2001 to July 2003, and as an estimation engineer for Dong Han Construction Engineering Co. from July 1997 to September 2001, as senior project quantity surveyor for 4th Bureau 5th Group Xiamen Branch of China Construction Co. from August 1991 to June 1997. She also worked as architect and designer for Shaanxi Han Zhong Planning & Design Institute from July 1988 to July 1991. Ms. He was awarded a diploma in Industrial & Civil Construction by Chongqing Construction College (now renamed and amalgamated into Chong Qing University) on 1988.

Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of HPC Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 October 2020 (the "Financial Year") together with the comparative figures for the corresponding period in 2019 (the "Previous Period").

BUSINESS REVIEW

The Singapore economy was adversely affected by the COVID-19 pandemic throughout the year 2020 as in all other major economies in the world. Towards the end of the third quarter of 2020, Singapore economy started to improve progressively with the phased resumption of activities after emerging from the mandatory lockdown following the Circuit Breaker (the "CB") that was implemented from 7 April to 1 June 2020. Even with this resumption of economic activities, on a year-to-year basis, Singapore economy was still contracted by 5.8%, moderating from the 13.3% contraction recorded in the previous quarter. The construction sector shrank by 46.6% year-on-year, extending the 60.0% contraction in the preceding quarter, due to the declines in both public sector and private sector construction works. As a result, the projected construction demand for this year has been revised to between S$18 billion and S$23 billion compared with the January 2020 forecast of S$28 billion to S$33 billion, a sharp drop of around S$10 billion, according to the latest projection by Building and Construction Authority.

The Group's performance has also been greatly affected by COVID-19 pandemic in 2020 with the prolongation of lockdown and the subsequent slow restart of all our on-going projects due to implementation of safe management measures. The weaker economy in Singapore has also resulted in the postponement of many projects in both public as well as private sectors. The Singapore Government has enacted a law that automatically grants all projects affected by COVID-19 pandemic an extension of 122 days to protect contractors in view of these delays. The Group also faces another major problem in securing enough workers for our on-going projects as many of our existing workers opted to return home owing to the high infection rate of COVID-19 among the foreign workers staying in the workers dormitories in Singapore. This together with the lockdown of borders by these countries resulting in no new workers are allowed to come into Singapore, the Group's workers strength has significantly reduced by 15% compared with the work force before CB, it was adversely affecting the progress of all our ongoing projects.

Under such difficult market conditions, the Group could only completed S$147 million of contract works in the Financial Year compared with S$215 million in Previous Period. The Group has also managed to secure only 3 new projects in Financial Year with a total contract sum of S$179 million compared with S$186 million in Previous Period. One of the projects awarded, was to build the warehouse and the corporate office of a major F&B company, Paradise Group, won through a competitive bidding exercise. The Group has also managed to secure the TOP for the North London Collegiate School, a renowned international school chain operating in Singapore, in late December 2020, in time for the school to start operating in January 2021. Even with the fewer new awards and the completion of the school, the Order Book of the Group is still remaining high at S$356 million, due to the award of two large projects, namely the REC and the HDB C6 projects.

Currently the Group is actively tendering for new projects of which a few potential large scale industrial projects in the pipeline are to be awarded in first quarter of 2021 and are from existing clients which the Group has good chance to secure. 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

The unprecedented outbreak of COVID-19 from January 2020 had subsequently developed to a global pandemic (the "Pandemic"). Being an international trade hub, Singapore implemented a partial lockdown to fight against the virus. The economy of Singapore has been severely affected and construction industry has been its epicenter as mentioned in the business section. Hence, after operating with much less production activities during the Financial Year, with anticipation of future unforeseen situation, loss of productivity, rising materials and other operating cost to fit the new normal of routines, the Group's financial performance was recorded a plunge as compared to the Previous Period for the year ended at 31 October 2020.

Revenue and Gross Profit

The Group registered a 31.56% decrease in revenue for the Financial Year as compared with the year ended 31 October 2019 from approximately S$215.5 million to approximately S$147.5 million. Revenue decreased as a result of significantly less construction activities performed due to the Pandemic and the CB.

The gross profit of the Group reduced from approximately S$25.96 million to S$402 thousand for the Financial Year as compared with the year ended 31 October 2019, representing an approximately 98.0% reduction. Gross profit margin reduces 11.78 percentage points from 12.05% to 0.27%. The decline of the gross profit margin was mainly due to relatively lower gross profit margin of the recent awarded projects compared with those projects awarded before, which is consistent with the market trends. The Pandemic also resulted in the reduction of gross profit margin as prices of materials, labour and logistics have significantly increased and there are still many unforeseen risks. On-going projects are forced to face the challenges of discounted productivity and take up more labor cost, safety cost, other material cost, and eventually subcontractor cost.

Other Income

Other Income of the Group for the Financial Year increased by more than S$6 million, primarily due to more government subsidies granted from Singapore Government to assist business to defray the cost caused by the Pandemic.

Administrative Expenses

The Group incurred more administrative expenses for the Financial Year compared with the year ended 31 October 2019. Administrative expenses increased by approximately S$4.5 million from approximately S$8.4 million to S$12.9 million. The large increment of the administrative expenses was primarily due to the additional costs incurred during the idle period to maintain projects site safety and keep projects' team members who were normally directly involved in site construction activities.

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$710,000.

Profit After Tax

As a result of the combined effects mentioned above, the Company recorded a net loss after tax at approximately S$4.6 million, representing a reduction of S$19.4 million, or approximately 131% 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 2.6 and 2.3 as at 31 October 2020 and 31 October 2019, 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. The term of the TBL is five years.

Gearing ratios (defined as total borrowings divided by total equity) of the Group are 20.2% and 11.8% as at 31 October 2020 and 31 October 2019 respectively and the increasing of gearing ratio was mainly due to the above-mentioned TBL term loans.

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 2020, 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 2020, 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.

EMPLOYEE INFORMATION

As at 31 October 2020, the Group had 1,081 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$26 million (2019: S$29 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 annual report, none of our employee's health is seriously affected by the Pandemic.

PROSPECTS

The construction market in year 2021 in Singapore is projected to recover from the low base in the Financial Year even with uncertainties and risks in global economy remain. The Ministry of Trade and Industry has projected Singapore economy to grow by 4.0% to 6.0% next year with the emphasis that the growth will be gradual and will depend to a large extent on how the global economy performs and whether Singapore is able to continue to keep the domestic COVID-19 situation under control. Given the improved growth outlook for key external economies, as well as a further easing of global and domestic public health measures with the availability of vaccine, the Singapore construction market is projected to return to growth in 2021.

Government of Singapore has taken the lead to inject more public works into the construction market by calling tenders for the public residential developments, upgrading works in Jurong Lake District, the construction of new healthcare facilities and various infrastructure projects such as the construction of the Cross Island MRT line.

On the private sector, the demand for the increased storage of cold room facilities and the increased demand of logistic activities has prompted more developers into building more warehouses or retrofitting the existing warehouses with cold room facilities. The Group is also working together with developers to develop the next new generation of container stacking yard, optimizing the land use and automation to improve the efficiency of such facility.

Barring from any resurgence of COVID-19 Pandemic in 2021, the Group is optimistically confident that with the healthy order book that can keep most of the existing workforce to be productively employed till the first quarter of 2021, which is in time for the new projects to kick in, the Group is able to reverse the poor performance in 2020 with determination and resilience to emerge stronger in 2021.

HPC Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is committed to fulfilling its responsibilities to its shareholders of the Company (the “Shareholders”) and protecting and enhancing Shareholders’ value through good corporate governance. The directors of the Company (the “Directors”, each a “Director”) recognise 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “SEHK”) (the “Listing Rules”) during the Financial Year with the exception of code provision A.2.1. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer 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 (the “INEDs”)) 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Financial Year.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the Financial Year, none of the Directors or the controlling shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

In particular, each of Mr. Wang Yingde and Mr. Shi Jianhua has confirmed to the Company of his compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 19 April 2018 (the “Deed of Non-competition”). The INEDs have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition had been complied with by the above-mentioned persons, Tower Point Global Limited (“Tower Point”), which is wholly owned by Mr. Wang and Creative Value Investments Limited (“Creative Value”), which is wholly owned by Mr. Shi, and duly enforced during the Financial Year.

BOARD OF DIRECTORS

Responsibilities

The board of Directors of the Company (the "Board") is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's articles of association (the "Articles of Association"). The Board has established Board committees and has delegated to these Board committees' various responsibilities as set out in their respective terms of reference. The Board may from time-to-time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time. The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

COMPOSITION

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and INEDs so that there is a strong independent element in the Board, which can effectively exercise independent judgement. As at the date of this annual report, the Board comprises the following five Directors, of which the INEDs in aggregate represent 60% of the Board members:

Executive Directors

Mr. Wang Yingde *(Chairman & Chief Executive Officer)*
Mr. Shi Jianhua *(Chief Operations Officer)*

INEDs

Mr. Zhu Dong
Mr. Leung Wai Yip
Ms. Ng King Wai Diana

The biographical details of each of the Directors are set out in the section headed "Biographical Details" of this annual report. The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company. Throughout the Financial Year, the Company had three INEDs, representing 60% of the Board members, which was in compliance with the requirement of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and met the requirement that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the Financial Year and up to the date of this annual report. Proper insurance coverage in respect of legal actions against the Directors has been arranged by the Company.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under statue and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies. The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes had been received by the following Directors during the financial year ended 31 October 2020:

Name of Directors
Mr. Wang Yingde
Mr. Shi Jianhua
Mr. Zhu Dong
Mr. Leung Wai Yip
Ms. Ng King Wai Diana
Mr. Ong Toon Lian (resigned on 11 April 2020)

Type of trainings
A: attending seminars/conferences/forums
B: reading books, journals and updates relating to the economy, general business, risk management, corporate governance and directors' duties and responsibilities

MEETINGS OF THE BOARD AND DIRECTORS' ATTENDANCE RECORDS

From the financial year commencing on 1 November 2019 onwards, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 7 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the regular Board meeting, or such other period as agreed for other Board meetings. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

The Board held four meetings during the Financial Year and up to the date of this annual report, amongst other matters, approve resignation of an INED, adopted internal audit report and review and approve full year results announcement and annual report for the year ended 31 October 2019, approve interim result announcement and interim report for the six months ended 30 April 2020, review and approve INED remuneration, adopt internal audit report and review and approve full year result announcement and annual report for the year ended 31 October 2020.

The attendance of each Director at the Board meetings during the Financial Year and up to the date of this annual report of which include the meeting held on 29 January 2021 is as follows:

Name of Directors	No. of Attendance/No. of Meetings
Mr. Wang Yingde	4/4
Mr. Shi Jianhua	4/4
Mr. Zhu Dong	4/4
Mr. Leung Wai Yip	4/4
Ms. Ng King Wai Diana	4/4
Mr. Ong Toon Lian (resigned on 11 April 2020)	1/4

BOARD DIVERSITY POLICY

During the Financial Year, the Board has adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same. The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

Before appointing a Director, the nomination committee of the Company (the "Nomination Committee") shall first discuss the nomination of candidates for new Directors, examine the qualification of these candidates, and then recommend such candidates to the Board. The Board shall determine whether the appointment of such candidates should be proposed for election at the general meetings. The major criteria considered by the Nomination Committee and the Board are the candidates' educational backgrounds, experience in the industry, their proposed commitment to the Company and achieving the goal of diversity of the Board. Regarding the nomination of independent non-executive Directors, the Nomination Committee will also particularly consider the independence of such candidates. To achieve diversity of the Board, during the Financial Year, the Board has strictly adhered to the diversity policy on members of the Board, according to which, selection of the members of the Board are required to be conducted on the basis of a range of diversity perspectives by taking into account the consolidated factors including skills, experience, independence, knowledge on the business of the Company, the composition of various factors (including gender and age) and other factors relating to the operation efficiency of the Board. The Nomination Committee is responsible for supervising the implementation of such policy.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company had complied with all the code provisions in the CG Code as set forth in Appendix 14 of the Listing Rules throughout the Financial Year except for the code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer 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.

BOARD COMMITTEES

The Board has established four Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the Nomination Committee and the workplace safety and health committee of the Group (the "WSH Committee") to oversee particular aspects of the Company's affairs since 19 April 2018. During the Financial Year, Mr. Ong Toon Lian, INED and chairman of WSH committee tendered his resignation with effect from 11 April 2020. The Board approved his resignation and resolved to dissolve the WSH committee and uphold the functional aspect of workplace and safety of the Group directly under the Board. The Board committees are provided with sufficient resources to discharge their duties.

AUDIT COMMITTEE

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 are published on the respective websites of the SEHK and the Company. It comprises three INEDs, namely Mr. Leung Wai Yip, Mr. Zhu Dong and Ms. Ng King Wai Diana. Mr. Leung Wai Yip is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and handling any questions regarding its resignation or dismissal;

- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;

- developing and implementing a policy on engaging external auditors to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- monitoring the integrity of the Company's financial statements and annual report and accounts, and half year report, as well as reviewing significant financial reporting judgements contained in them;

- reviewing the Company's financial controls, and risk management and internal control systems;

- discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have such effective systems;

- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

- reviewing the Group's financial and accounting policies and practices;

- reviewing the external auditors' management letter, any material queries raised by the auditors to management about the accounting records, financial accounts or systems of control and management's response;

- ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letters; and

- considering other topics as defined by the Board.

During the Financial Year and up to the date of this annual report, three Audit Committee meetings were held and, amongst other matters (i) review and recommend internal audit result to the Board; (ii) review and recommend internal audit report for the year ended 31 October 2020 and (iii) review and recommend the full year result announcement and annual report for the financial year ended 31 October 2020.

The attendance of each INED at the Audit Committee meetings during the Financial Year and up to the date of this annual report of which include the meeting held on 29 January 2021 is as follows:

Name of Directors	**No. of Attendance/No. of Meetings**
Mr. Leung Wai Yip	3/3
Mr. Zhu Dong	3/3
Ms. Ng King Wai Diana	3/3

REMUNERATION COMMITTEE

The Remuneration 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 Remuneration Committee are published on the respective websites of the SEHK and the Company.

The Remuneration Committee comprises two INEDs, Mr. Zhu Dong and Ms. Ng King Wai Diana and an executive Director, Mr. Wang Yingde. Mr. Zhu Dong is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;

- reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives;

- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;

- reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and

- ensuring that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

During the Financial Year and up to the date of this annual report, one Remuneration Committee meeting was held to review and recommend to the Board for consideration certain remuneration-related matters of the INEDs.

The attendance of each Director at the Remuneration Committee meeting during the Financial Year and up to the date of this annual report is as follows:

Name of Directors	No. of Attendance/No. of Meetings
Mr. Zhu Dong	1/1
Mr. Wang Yingde	1/1
Ms. Ng King Wai Diana	1/1

NOMINATION COMMITTEE

The Nomination 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 Nomination Committee are published on the respective websites of the SEHK and the Company.

It comprises two INEDs, namely Ms. Ng King Wai Diana and Mr. Zhu Dong and an executive Director, Mr. Wang Yingde, Mr. Wang Yingde is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;

- to assess the independence of the INEDs;

- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman of the Board and chief executive officer, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate; and

- to develop a policy concerning diversity of Board members; to make disclosure of a summary of the policy on board diversity, including any measurable objective that it has set for implementing the policy, and progress on achieving those objectives, and disclose in the Corporate Governance Report annually.

During the Financial Year and up to the date of this annual report, the Nomination Committee held a meeting and among other things, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company ("AGM").

The attendance of each Director at the Nomination Committee meeting during the Financial Year and up to the date of this annual report is as follows:

Name of Directors	**No. of Attendance/No. of Meetings**
Mr. Wang Yingde	1/1
Mr. Zhu Dong	1/1
Ms. Ng King Wai Diana	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that corporate governance should be the collective responsibility of the Directors, which includes but is not limited to:

- developing and reviewing the Company's policies and practices on corporate governance;

- reviewing and monitoring the training and continuous professional development of the Directors and senior management;

- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

- reviewing the Company's compliance with the CG Code and disclosure in this annual report.

The Board has reviewed and discussed the corporate governance practices and is satisfied with the effectiveness of the corporate governance practices.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of 3 years commencing on the date on which the shares of the Company were listed and initially commenced their dealings on SEHK (i.e. 11 May 2018) ("Listing Date"). Each of the INEDs has entered into a letter of appointment with the Company for a period of 3 years commencing on the Listing date. Any Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The chairman of the Board and independent non-executive directors have held a meeting on 29 January 2021.

Other than the chairman of the Board who is also the chief executive officer as disclosed under section "Corporate Governance Report – Chairman and Chief Executive Officer" of this annual report, there is no other relationship among the Directors.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and the 5 highest paid employees for the financial year ended 31 October 2020 are set out in Note 9 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographical Details" in this annual report for the financial year ended 31 October 2020 by band is set out below:

Remuneration band	Number of individuals
Nil to HK$1,000,000 (S$179,333)	–
HK$1,000,001 (S$179,333) to HK$2,000,000 (S$358,667)	3
HK$2,000,001 (S$358,667) and above	–

INDEPENDENT AUDITOR'S REMUNERATION

For the financial year ended 31 October 2020, Ernst & Young LLP was engaged as the Group's independent auditor. The remuneration paid/payable to Ernst & Young LLP for the financial year ended 31 October 2020 is set out below:

Services Fee paid/payable	**HK$**
Audit services	785,750
Non-audit services*	112,250
Total	898,000

* Non-audit services relate to the review of interim report for the period ended 30 April 2020 performed by Ernst & Young LLP, Singapore.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the financial year ended 31 October 2020. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. In addition, Ernst & Young LLP has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for the financial year ended 31 October 2020.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified.

2. The management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented.

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control systems.

The Group has maintained internal control guidance and procedures on the Group's operational cycles relating to revenue, subcontract, purchase and expenditure and human resources etc., to ensure proper accounting records are kept so that reliable financial reporting can be provided, the effectiveness and efficiency of operation can be achieved, and the compliance with applicable laws and regulations and safeguarding of assets can be maintained. These systems are designed to provide reasonable protection against errors, losses and fraud. The Company does not establish a standalone internal audit department; however, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group.

The Company has engaged Virtus Assure Pte Ltd to conduct a review on the effectiveness of the internal controls of the Group for the financial year ended 31 October 2020. The review covered certain operational procedures and included recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified. The Board has conducted a review of the effectiveness of the internal control system of the Group and is satisfied that the Group has complied with the Code in respect of internal control from the date of last annual report to the date of this annual report.

Regular meetings were held between the executive Directors and senior management to review and monitor the business and financial performance against the targets, the progress of certification and contract receipts from the customers, the efficiency in the use of the Group's resources in comparison to the budgets, and the operational matters to ensure the Group has complied with the regulations that have material impact to the Group's business. The aim is to enhance the communication and accountability of the Directors and management so that significant strategic, financial, operational and compliance risks or potential deviations are timely identified and dealt with in proper manner, which significant issues are reported back to the Board for their attention.

With respect to the monitoring and disclosure of inside information, the Group has developed its disclosure policy which provides a general guide to the Group's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquires. While any potential inside information will be escalated to the executive meetings or the Board via the established reporting channels, the Directors will assess and determine if the inside information of the Group exist where timely disclosure is required to be made by way of an announcement published on the SEHK website. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision.

The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, the chief financial officer and the head of investor relations of the Company are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

Ms. Leung Wing Han Sharon ("Ms. Leung") was appointed as a company secretary of the Company on 25 January 2017. Ms. Leung is concurrently a vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Leung's primary contact person is Mr. Zhang Jie, the chief financial officer of the Company. Mr. Zhang has been working in the Company for seven years, he has sound knowledge about the operation of the Company. During the financial year ended 31 October 2020. Ms. Leung has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules. All members of the Board can have access to the company secretary's advice and services. The appointment and removal of the company secretary will be subject to Board's approval.

SHAREHOLDERS' RIGHTS

Procedures for putting forward proposals at shareholders' meetings

There is no provision allowing Shareholders to make proposals or move resolutions at the annual general meetings (the "AGMs") under the memorandum of association of the Company and the Articles of Association (the "M&A") or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for shareholders to convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to require an EGM to be called by the Board or the joint company secretaries for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM. Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong) for the attention of the company secretary. The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda. The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Board will convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM. If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong, presently at 40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong, by post for the attention of the company secretary. Upon receipt of the enquiries, the company secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. Information will be communicated to the Shareholders through the Company's financial reports, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the SEHK.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the financial year ended 31 October 2020. The M&A is available on the respective websites of the SEHK and the Company.

DIVIDEND POLICY

The Company intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the shareholders of the Company. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- the Company's operating results, actual and expected financial performance;

- retained earnings and distributable reserves of the Company and each of the members of the Group;

- the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

- any restrictions on payment of dividends that may be imposed by the Group's lenders;

- the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company;and
- any other factors that the Board may deem appropriate and relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rule and regulations and the Articles of Association of the Company.

Any declaration and payment of future dividend under the dividend policy are subject to the Board's determination that the same would be in best interests of the Group and the Shareholders as a whole. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

EVENTS AFTER THE REPORTING PERIOD

The Company announced that on 22 January 2021, as Party A, has entered into a Memorandum of Understanding (the "MOU") with Party B whereby Party A intended to acquire certain interests in a target companies from Party B. The target companies own 100% interest in Dongguan Jingcheng, which owns a Land. The Land is located in the Greater Bay Area and may be used for redevelopment. Through the acquisition of interests in the target companies, the Company will acquire an indirect interest in the Land and can extend its construction business into the Greater Bay Area. According to the MOU, Party A may form a joint venture with an independent third party to acquire sale shares from Party B. Stakeholders are advised to refer announcement with terms of the MOU published on 22 January 2021.

The Company is in the midst of finalising the transaction with reference to the due diligence review and obtain all the required regulatory approvals. Further update will be published in due course.

The Directors present the annual report and the audited consolidated financial statements of HPC Holdings Limited and its subsidiaries for the financial year ended 31 October 2020 (the "Financial Year").

CORPORATE REORGANISATION

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. Pursuant to the Group reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure" in the Company's prospectus dated 27 April 2018 which was completed on 27 October 2016 (the "Reorganisation"), the Company became the holding company of its subsidiaries comprising the Group.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries now comprising the Group are principally engaged in civil engineering and general building construction including major upgrading works in Singapore.

There were no significant changes to the Group's principal activities during the Financial Year.

RESULTS/BUSINESS REVIEW

The results of the Group for the Financial Year are set out in the section headed "Consolidated Statement of Comprehensive Income" in the annual report. The business review of the Group for the Financial Year is set out in the section headed "Management Discussion and Analysis" in the annual report.

DIVIDENDS

The Board does not recommend any payment of final dividend for the Financial Year. There is no arrangement that a shareholder has waived or agreed to waive any dividend.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in Note 24 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreement during the Financial Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the securities of the Company were listed on the SEHK, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

There was no change in auditor of the Company for the preceding three years except the change from PricewaterhouseCoopers to Ernst & Young LLP since 6 August 2019.

The consolidated financial statements of the Company for the Financial Year have been audited by Ernst & Young LLP who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of Ernst & Young LLP as the Company's auditor will be proposed for shareholders' approval at the forthcoming AGM.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of the annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 October 2020 were as follows:

	Share premium	**Accumulated losses**
	S$'000	S$'000
As at 31 October 2020	**69,777**	**(5,351)**
As at 31 October 2019	69,777	(4,575)

RESERVES AND DISTRIBUTABLE RESERVES

The Company did not have distributable reserves as at 31 October 2020, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses.

However, the Company's share premium amount may be distributed as dividends provided that immediately following the date of which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group follows the principle to behave ethically and responsibly in daily operation to fulfill its environmental and social responsibilities. We have an Integrated Management System (the "IMS") which comprise of (i) ISO 9001 (Quality Management System); (ii) OHSAS 18001 (Occupational Health & Safety Management System); (iii) ISO 14001 (Environmental Management System); (iv) Bizsafe Level Star Certificate; and (v) Green and Gracious Builder Scheme (the "GGBS") mandated by Singapore Building & Construction Authority for the provision of integrated building services works to promote environment protection and gracious practices during the construction phase of projects and to govern environmental, social and governance related aspect of our operations. The Group had taken steps in our GGBS programs to reduce pollution to the environment.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements and have compliance procedures in place to ensure adherence to applicable laws, rules and regulations in particular, those that have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. The Group's operation is carried out in Singapore while the Company itself is incorporated in Cayman Islands and listed on Main Board of the SEHK. Our establishment and operations accordingly shall comply with relevant laws and regulations in Hong Kong, Cayman Islands and Singapore.

During the financial year ended 31 October 2020 and up to the date of the annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 October 2020.

RELATIONSHIP WITH EMPLOYEES, CLIENTS AND SUBCONTRACTORS

The Group treats every member of our employee as part of our big family, whether it is managerial, executive or rank-and-file employee positions and is committed to providing reasonable remunerations to all staff. To induce a sense of belonging in the Company, various team bonding events were organised annually for staff to interact with each other outside the workplace. The Group maintains a good relationship with its clients by having a client feedback channel with the aim of improving service quality. The Group is in good relationship with its subcontractors and suppliers and conducts a fair and strict appraisal of its subcontractors and suppliers.

MAJOR CLIENTS, SUBCONTRACTORS AND SUPPLIERS

Major clients of the Group comprise mainly logistic and supply chain operators, local and international developers or institution and government agencies in Singapore. All projects undertaken are mainly based on project-by-project basis and are typically non-recurring.

Revenue from the five largest clients for the Group for the financial years ended 31 October 2020 and 31 October 2019 amounted to approximately S$112.0 million and S$145.6 million, respectively of which represents approximately 75.9% and 67.6% of total revenue. Revenue from the largest client for the same periods amounted to approximately S$32.0 million and S$45.9 million, respectively of which represents approximately 21.7% and 21.3% of total revenue.

Major costs of work done mainly refer to subcontractors' costs and purchases from suppliers. The Group typically engages subcontractors for more specialised services such as mechanical and electrical works, steel works and any other specialist works. Purchases are mainly from suppliers in Singapore for steel products and ready-mix concrete.

Subcontractors' costs from the five largest subcontractors for the Group for the financial years ended 31 October 2020 and 31 October 2019 amounted to approximately S$24.3 million and S$29.6 million, respectively of which represents approximately 16.5% and 15.6% of total costs of work done. Subcontractors' costs from the largest subcontractor for the same periods amounted to approximately S$5.7 million and S$9.8 million, respectively of which represents approximately 3.8% and 5.2% of total costs of work done.

Purchases from the five largest suppliers for the Group for the financial years ended 31 October 2020 and 31 October 2019 amounted to approximately S$22.2 million and S$23.6 million, respectively of which represents approximately 15.0% and 12.5% of total costs of work done. Purchases from the largest supplier for the same periods amounted to approximately S$10.4 million and S$9.6 million, respectively of which represents approximately 7.0% and 5.1% of total costs of work done.

The Directors, their close associates or any other shareholder (which to the knowledge of the Directors own more than 5% of the number of shares of the Company) (the "Shares") have no interest in the clients, subcontractors and suppliers as disclosed above.

DIRECTORS

The Directors during the Financial Year and up to the date of this annual report were:

Mr. Wang Yingde	*(Chairman and Chief Executive Officer)*
Mr. Shi Jianhua	*(Chief Operations Officer)*
Mr. Zhu Dong	*(Independent non-executive Director)*
Mr. Leung Wai Yip	*(Independent non-executive Director)*
Ms. Ng King Wai Diana	*(Independent non-executive Director)*
Mr. Ong Toon Lian	*(Independent non-executive Director) (resigned on 11 April 2020)*

In accordance with article 84 (1) of the Company's Article of Association, one-third of the Directors of the Company, will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM"), provided that every Director shall retire at least once every three years. Accordingly, Mr. Zhu Dong and Mr. Shi Jianhua shall retire at the forthcoming AGM and being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wang Yingde and Mr. Shi Jianhua, being the executive Directors, has entered into a service contract with the Company for a term of 3 years commencing on the Listing Date, which will continue thereafter unless terminated by either party giving to the other not less than three months' notice in writing. Mr. Zhu Dong has entered into a letter of appointment on 25 January 2017 with our Company for an initial term of three years commencing from such date. Subsequently, he has entered into another letter of appointment on 19 April 2018 with our Company for an initial term of three years commencing on the Listing Date, which will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other. The Original Contract was superseded in full from the Listing Date. Each of our other three independent non-executive Directors, namely, Mr. Leung Wai Yip, Ms. Ng King Wai Diana and Mr. Ong Toon Lian has entered into a letter of appointment with our Company on 19 April 2018 which will continue thereafter an initial term of 3 years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party to the other. No Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the applicable laws and regulations, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. Such permitted indemnity provision has been in force during the financial year ended 31 October 2020.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 October 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the SEHK under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required pursuant to section 352 of the SFO or to be entered in the register as referred to therein, or otherwise required to be notified to the Company and the SEHK pursuant to Model Code, are as follows:

Interests in the Company

Name of Director	Capacity/ nature of interest	Number of shares held	Long position/ short position	Approximately percentage of shares in issue (Note (iii))
Mr. Wang Yingde	Interest in controlled operation (Note (i))	660,000,000	Long position	41.25%
Mr. Shi Jianhua	Interest in controlled operation (Note (ii))	540,000,000	Long position	33.75%

Notes:

(i) The 660,000,000 shares are held by Tower Point, which is wholly and beneficially owned by Mr. Wang Yingde. By virtue of the SFO, Mr. Wang Yingde is deemed to be interested in all the shares held by Tower Point.

(ii) The 540,000,000 shares are held by Creative Value, which is wholly and beneficially owned by Mr. Shi Jianhua. By virtue of the SFO, Mr. Shi Jianhua is deemed to be interested in all the shares held by Creative Value.

(iii) The calculation is based on a total number of 1,600,000,000 shares of the Company in issue as at 31 October 2020.

Save as disclosed above, as at 31 October 2020, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was required, pursuant to the Model Code, to be notified to the Company and the SEHK.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 October 2020, so far as is known to the Directors of the Company, the persons (other than Directors or chief executive of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Interests in the Company

Name of Shareholder	Capacity/ nature of interest	Number of shares held	Long position/ short position	Approximately percentage of shares in issue (Note (iii))
Tower Point	Beneficial owner (Note (i))	660,000,000	Long position	41.25%
Creative Value	Beneficial owner (Note (ii))	540,000,000	Long position	33.75%

Notes:

(i) The 660,000,000 shares are held by Tower Point, which is wholly and beneficially owned by Mr. Wang Yingde, the executive Director of the Company.

(ii) The 540,000,000 shares are held by Creative Value, which is wholly and beneficially owned by Mr. Shi Jianhua, the executive Director of the Company.

(iii) The calculation is based on a total number of 1,600,000,000 shares of the Company in issue as at 31 October 2020.

Save as disclosed above, as at 31 October 2020, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme (the “Share Option Scheme”) on 19 April 2018 for the purpose of providing the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as of the Listing Date, being 160,000,000 shares.

No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12 month period exceeds 1% of the Company's shares in issue from time to time. Where any further grant of options to such an eligible person would result in the shares issued and to be issued upon exercise of the options granted and to be granted to such eligible person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares, such grant shall be separately approved by the shareholders of the Company in general meeting with such eligible person and his/her close associates (or his/her close associates if such eligible person is a connected person) abstaining from voting.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may determine.

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time period before the right to exercise the option in respect of all or any of the shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such term and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which needs to be achieved by the grantee of the option can be exercised.

An offer of the grant of an option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

- the nominal value of a share;
- the closing price of a share as stated in the SEHK's daily quotation sheet on the offer date; and
- the average closing price of a share as stated in the SEHK's daily quotation sheets for the 5 business days immediately preceding the offer date.

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which no further options will be offered but the provisions of the Share Option Scheme shall remain in force and effect in all respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

No share options were granted, exercised, cancelled, lapsed or outstanding for the financial year ended 31 October 2020.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 160,000,000 shares, which represent approximately 10% of the Company's issued share capital, and the remaining life of the Share Option Scheme was about 7 years and 2 months.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contract of significance, to which the Company's holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time since the Company's securities were listed at the SEHK except disclosed below in the "Connected and related party transactions".

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the financial year ended 31 October 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the SEHK. The Company considers all of the INEDs as independent.

CONNECTED AND RELATED PARTY TRANSACTIONS

On 7 May 2019, DHC Construction Pte. Ltd. ("DHC Construction"), a wholly-owned subsidiary of the Company, and Regal Haus Pte. Ltd. ("Regal Haus"), a company owned as to 51% by the Company, 26.95% by Mr. Wang Yingde ("Mr.Wang") and 22.05% by Mr. Shi Jianhua ("Mr. Shi"), entered into the Letter of Award on 7 May 2019 (after trading hours), pursuant to which Regal Haus agreed to award the project relating to the redevelopment of a light industrial property located at 7 Kung Chong Road Singapore 159144 (the "Project") to DHC Construction for a total contract sum of S$6,806,725. The interests, liabilities, obligations, costs and expenses of the Project will be shared between HPC Builders, Mr. Wang and Mr. Shi in the proportions of 51.00%, 26.95% and 22.05%, respectively and each party shall be entitled to profits or liable for losses accruing from the execution and performance of the Project in the above proportions.

Material Terms of the Transaction

DHC Construction shall, in its capacity as main contractor of the Project, be responsible for redeveloping the Property into a six-storey industrial building.

DHC Construction shall submit a performance and insurance bond obtained from an approved insurance company with the amount of S$680,672.5 (representing 10% of the total contract sum) which shall be returned to DHC Construction upon issuance of certificate of completion. The submission of performance and insurance bond by the contractor is a surety to ensure the contractor will complete the project, which is market norm in the Singapore construction industry. By way of illustration, the Group will require all contractors to submit performance and insurance bond for all projects.

DHC Construction shall provide Regal Haus with a maintenance period of 12 months from the date of issuance of certificate of completion.

In the event of any delay of the Project and an extension of time cannot be agreed by DHC Construction and Regal Haus, DHC Construction shall pay the liquidated damages of S$13,600 per day (approximately 0.2% of the total contract sum) to Regal Haus, which damages will apply to the delay of completion of the entire Project within the contract period which was expected to end in November 2020 initially. However, due to the outbreak of COVID-19, the project is delayed and the expected completion date will be in September 2021 and the final construction cost is expected to increase.

Due to the unprecedented force majeures event, the COVID-19 (Temporary Measures) Act was enacted in Singapore in April 2020, and grants all projects affected by COVID-19 pandemic an universal extension of 122 days in view of these delays, and other legal protections for contract affected by COVID-19. In light of the regulation changes, DHC Construction does not expect any liquidated damages to be incurred.

As Mr. Wang and Mr. Shi are both executive Directors and the controlling shareholders of the Company, Regal Haus is a connected subsidiary thus a connected person of the Company under the Listing Rules. This transaction constitutes a connected transaction.

Related party transactions entered into by the Group during the Financial Year, are disclosed in Note 27 to the consolidated financial statements. None of these related party transactions constituted one-off connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Save as disclosed above, the Group had not entered into any connected transaction during the financial year, which is required to be disclosed under Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group’s operating results, individual performance and comparable market statistics. The Company has adopted a Share Option Scheme as an incentive to directors and eligible employees. The Share Option Scheme became effective on 19 April 2018.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Directors are satisfied that the Company has maintained the prescribed minimum public float under the Listing Rules.

USE OF PROCEEDS

The Shares were listed on the Main Board of the SEHK on 11 May 2018 (the "Listing"). Net proceeds arising from the Listing amounted to approximately HK$124.4 million. The use of the net proceeds from the Listing as at 31 October 2020 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK$ million)	Amount utilised (in HK$ million)	Amount remaining (in HK$ million)
Initial capital deployment for main contractor business	65%	80.9	80.9	–
Purchase of facilities and equipment	20%	24.9	24.9	–
Talent recruitment and training, and expansion of our labour force	5%	6.2	6.2	–
Working capital	10%	12.4	12.4	–
	100%	124.4	102.7	–

The Group has utilised the net proceeds from the Listing in accordance with the intended plan and purposes as outlined in the "Future Plans and Use of Proceeds" in the Prospectus.

On behalf of the Board:

Wang Yingde
Director

Shi Jianhua
Director

Singapore
29 January 2021

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S MESSAGE

Sustainability Report

As a responsible corporate citizen, the Group is committed to uphold ethical standards and continue to introduce and implement sustainable innovations in our business operations. We adopt a comprehensive approach in managing the environmental impacts of our construction activities and we have adequate environmental policies in place to achieve sustainable operations.

We have been actively promoting and practising green and gracious policies to provide a pleasant environment for all residents in the vicinity of our works and members of the public. We have implemented social and community engagement policies to ensure that the social impacts of our construction activities are minimised.

The Group deeply values our employees. As an employer, we are committed to protect the health and safety of all our employees. We have comprehensive safety policies and measures to safeguard their well-being. We endeavour to develop our people to their fullest potential and nurture them to support our growth and steer the Group ahead.

OUR SUSTAINABILITY STORY AND PERFORMANCE

Our Mission

To be a leading reputable builder capable of delivering projects with High Quality Products, Reliable Follow-up Services and Cost-effective Pricing to our clients.

Our Vision

和諧進取，精益求精

We believe in working in a harmonious and team-building environment in ensuring constant progress towards achieving our corporate goal of delivering the Best Services to our Customers and Society.

Sustainability Targets

At HPC, we are committed to achieving environmental and social sustainability in our daily operations. Our sustainability targets for Financial Year 2020 (the "FY2020") are as follows:

Environmental	Ensure zero fine for air pollution per project Ensure zero fine for muddy water discharge per project Observe zero spillage to ensure zero fine for land pollution per project Ensure zero fine for mosquito breeding per project Ensure for noise pollution: – No more than three fines for projects near residential area per project – No more than one fine for projects near commercial area per project – Zero fine for projects near industrial area per project Provide designated area for dumping to ensure zero fine per project Segregate waste disposal by licensed waste collector to ensure zero fine per project Reduce concrete waste: to ensure no more than 4% wastage for construction per project Reduce steel waste to ensure no more than 3% wastage per construction per project
Occupational Health and Safety	Zero occupational health and safety incidents Ensure active and proper implementation of control measures targeting safety risks

Sustainability Recognitions

The Group's competitive advantage lies in its ability to manage and execute construction projects on a timely and reliable basis, including larger scale and more complex projects. In Singapore, the Group was ranked 15th service provider for general building works by revenue receipts in 2017 and ranked first in warehouse construction works by revenue receipts in 2017.

We have won numerous accolades and awards in recognition of our excellence in construction practices.

- ISO 9001 Quality Management System
- ISO 14001 Environment Management System
- OHSAS18001 Occupational Health and Safety Management System
- BCA Green Mark (Gold) Award for Keppel Logistics Warehouse, 2014
- BCA Building Information Modelling (BIM) Award (Gold) for Jurong East Nursing Home, 2015
- BCA Building Information Modelling (BIM) Award (Gold) for Bishan Nursing Home, 2015
- BCA Green Mark (Platinum) Award for Supply Chain City, 2016
- BCA Green Mark (Platinum) Award for CWT Limited, 2017
- BizSAFE Level Star Certificate, 2017
- BCA Green and Gracious Builders Award (Excellent), 2017-2020
- BCA Green Mark (Platinum) Award for JTC Poultry Hub, 2018
- BCA Green Mark (Platinum) Award for Diamond Land, 2018
- The Singapore Contractors Association Ltd – Productivity & Innovation Award for JTC Poultry Hub, 2019
- BCA Green Mark (Gold Plus) Award for Grab HQ project, 2020
- BCA Green Mark (Platinum) Award for LOGOS, 2020

ETHICS AND INTEGRITY

Corruption, Bribery and Extortion

HPC strictly prohibits all forms of corruption, bribery and extortion. We are fully committed to conducting business with integrity and consistent with the highest ethical standards, and in compliance with all applicable laws and regulatory requirements for the prevention of corruption, bribery and extortion.

Corrupt practices may subject the Group and individual employees to potential criminal and civil liabilities. Corrupt practices may also adversely affect the reputation of HPC as well as the confidence held by stakeholders, including our customers and business partners in our commitment to act professionally, fairly and with integrity in all our business dealings and relationships.

In line with our commitment to maintain high ethical standards which are integral to our corporate identity and our business, it is HPC's policy to adopt a "zero-tolerance" approach against all forms of corruption, bribery and extortion.

In FY2020, there was no legal cases brought against HPC or its employees regarding corrupt practices.

Fraud

HPC endeavors to operate in compliance with local regulations regarding fraudulent activities. We have established a corporate fraud policy to facilitate the development of controls that will aid in the detection and prevention of fraud against HPC and its subsidiaries. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the CEO, who will coordinate internal and external investigations with the Legal Department and other implicated departments.

The Fraud Investigation Unit is primarily responsible for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities had occurred, the Fraud Investigation Unit will report to the designated personnel and, if appropriate, the Board of Directors through the Audit Committee.

Money Laundering

We recognize the importance of anti-money laundering ("AML") and therefore comply with international and domestic laws and implement appropriate policies. HPC will stipulate the roles and internal controls within the company.

Given that directors are responsible for directing a company's business effectively, they are obligated to ensure compliance with all relevant AML laws. A director with reasonable care, skill and diligence would need to comply with AML laws by being able to understand and address the AML risks and appoint one of the directors or proper senior company personnel to be the central reference point for suspicious transaction reporting.

HPC implements and maintains appropriate measures to conduct customer due diligence. We train employees in matters related to AML so that employees can implement immediate and appropriate measures for customer due diligence.

We also implement and maintain measures for handling suspicious transactions, and we will report suspicious transactions to relevant authorities immediately.

HPC regularly reviews and improves the AML policy and internal controls based on the effectiveness of the measures.

Whistle-Blowing

The Group is committed to achieving and maintaining the highest standards of openness, integrity and accountability. Our whistle-blowing policy serves to increase the Group's awareness of maintaining internal corporate justice and it encourages all employees to report serious concerns about any suspected misconduct, malpractice or irregularity. Employees with legitimate concerns can raise the matter directly with the Chairman of the Audit Committee. The Chairman of the Audit Committee will review the complaint and decide how the investigation should proceed.

The Audit Committee has the overall responsibility over implementation, monitoring and periodic review of the whistle-blowing policy.

GOVERNANCE AND STATEMENT OF THE BOARD

HPC's Board and senior management have assessed sustainability issues as part of the strategic formulation of the company. The Board has determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

The Board of Directors acknowledges its responsibility for ensuring the integrity of the ESG report and to the best of its knowledge this report addresses all relevant material issues and fairly presents the ESG performance of the organisation and its impacts. The Board of Directors confirms that it has reviewed and approved the report.

Please refer to the Corporate Governance Report for more information on corporate governance practices, precautionary measures and risk management structure.

STAKEHOLDER ENGAGEMENT

We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as external organisations that have expertise in topics that we consider material. We have a wide network of stakeholders, including customers (end users and developers), employees, communities, government organisations and shareholders. We engage with our stakeholders on an ongoing basis through channels and platforms such as surveys, regular dialogue and meetings.

Below is the table listing our stakeholder groups, engagement methods and material topics we address.

Customers	Employees	Suppliers	Government Organisations	Communities	Shareholders
Issues of Concern					
Building health and safety	Occupational health and safety, development, benefits and welfare	Raw material sourcing, environmental compliance	Regulatory requirements, environmental protection, safety	Social welfare, environmental protection	Economic performance, corporate governance
Engagement Approach					
Customer feedback	Appraisals	Supplier evaluation	Ongoing dialogues, annual reports	Community service	Annual reports

REPORTING PRACTICE

The report is prepared in compliance with Environmental, Social and Governance ("ESG") Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It is also reported in accordance to the "Core" option of the Global Reporting Initiative ("GRI") Standards.

This report incorporates the general standard disclosures and Key Performance Indicators ("KPIs") as set out by the "Comply or Explain" provisions of the ESG Guide. The GRI Standards represent global best practices for reporting on economic, environmental and social topics.

The report discloses progress on environmental, social and governance issues from 1 November 2019 to 31 October 2020. For governance section, please refer the Corporate Governance report. The Group has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year. Detailed section references with GRI Standards can be found on the GRI Index Page.

<table>
<tr><th>Material Topics</th><th>Boundaries (i.e. which segment, which country or even which subsidiary)</th></tr>
<tr><td colspan="2">ECONOMIC</td></tr>
<tr><td>Indirect Economic Impacts</td><td>Applicable to construction and other construction-related businesses</td></tr>
<tr><td>Anti-corruption</td><td>Group wide</td></tr>
<tr><td colspan="2">ENVIRONMENTAL</td></tr>
<tr><td>Materials</td><td rowspan="7">Applicable to construction and other construction-related businesses</td></tr>
<tr><td>Energy</td></tr>
<tr><td>Water</td></tr>
<tr><td>Emissions</td></tr>
<tr><td>Effluents and Waste</td></tr>
<tr><td>Environmental Compliance</td></tr>
<tr><td>Supplier Environment Assessment</td></tr>
<tr><td colspan="2">SOCIAL</td></tr>
<tr><td>Employment</td><td rowspan="4">Applicable to the Group's employees and workers in construction and other construction-related services segments</td></tr>
<tr><td>Occupational Health and Safety</td></tr>
<tr><td>Training and Education</td></tr>
<tr><td>Diversity and Equal Opportunity</td></tr>
<tr><td>Non-discrimination</td><td rowspan="3">Group wide</td></tr>
<tr><td>Child Labour</td></tr>
<tr><td>Forced or Compulsory Labour</td></tr>
<tr><td>Local Community</td><td>Applicable to local communities impacted by construction segments</td></tr>
<tr><td>Supplier Social Assessment</td><td>Applicable to suppliers for construction segment</td></tr>
<tr><td>Customer Health and Safety</td><td>Applicable to construction and other construction-related businesses</td></tr>
<tr><td>Socio-economic compliance</td><td>Applicable across construction and other construction-related services segments</td></tr>
</table>

SUSTAINABLE BUILT ENVIRONMENT

HPC endeavours to design and construct sustainable buildings that focus on protecting user safety and reducing environmental impacts in the construction and operation of the building. We are committed to comply with all Quality, Environmental, Health and Safety ("QEHS") regulations and requirements.

Our QEHS policy is as follows:

Quality in works and services	**Environmental friendliness and protection, and prevention of pollution**	**Safe and healthy workplace with commitment to prevent injury and illness**	**Green and gracious practices, endeavour to protect environmental aspects and reduce impact of global warming**

Furthermore, we endeavour to protect the environment and be gracious to our employees and occupants near our construction sites with the implementation of our Green and Gracious policies, which include:

- Reducing use of natural resources such as energy, diesel and water
- Preventing land, water and air pollution
- Reducing waste through promoting Reduce, Reuse and Recycle activities
- Reducing noise and vibrations on site
- Providing a safe workplace, ensuring public safety and easy accessibility
- Communicating proactively with nearby occupants to build good relations
- Cultivating an effective two-way communication channel between management and staff/workers on green and gracious issues

We organise annual Green and Gracious campaigns for each project which involves all relevant parties including staff and workers to raise awareness, educate and inculcate Green and Gracious practices on site.

We have onsite Environment, Health and Safety ("EHS") committees and Environmental Control Officers ("ECO") at all project sites to ensure monitoring and proper execution of our environmental policies. We regularly assess our suppliers and subcontractors to ensure that they operate in an environmentally sustainable manner. We ensure strict compliance with local environmental laws and regulations in our daily operations.

User Safety

GRI 416-1, 416-2, 417-1, 417-2, 417-3

At HPC, we strictly uphold our QEHS policy to achieve quality in works and services. We dedicate our operations and services to achieving total satisfaction of our developers, buyers and end users, as well as government authorities and agencies. We continuously improve on our business operations and processes and regularly review our QEHS objectives and targets to properly implement, maintain and improve our QEHS management and performance. We strictly comply with all safety requirements of our customers and local safety regulations.

Sustainable Design

GRI 203-2

As a construction company that endeavours to incorporate sustainable designs in the buildings we construct, we aspire to achieve Building and Construction Authority ("BCA") Greenmark for the design and construction of our projects. We incorporate Singapore Green Building Council ("SGBC") and Singapore Green Labelling Scheme ("SGLS") certified products in our building designs to create more awareness about environmental sustainability of our buildings.

Sustainable Construction

The Group endeavours to operate our construction projects in a responsible and sustainable manner that is compliant with local environmental regulations and requirements. We strive to minimise our impact on the environment and natural resources by implementing adequate environmental and Green and Gracious policies to achieve sustainable construction. We also use products that are environmentally friendly, non-toxic and biodegradable on site to minimise the environmental impact of our operations.

Energy Conservation

GRI 302-1, 302-3, 302-4, 307-1

We are aware that construction operations are energy intensive. As such, we have implemented measures and policies to minimise our impacts on natural resources.

At HPC, all projects are supplied by mains electricity and electric meters are installed to record and monitor on-site energy consumption. In addition, all construction site office equipment and appliances that we have procured are energy efficient, and all office computers, photocopying machine and printers are automated to shut down overnight.

These measures and conscientious procurement decisions are part of our energy conservation efforts that enable us to effectively control our energy consumption and reduce wastage.

The Group has implemented a Resource Conservation Program to minimise the impact of our operations on natural resources, specifically diesel, fuel and electricity consumption.

Increase energy efficiency

- Use of energy-saving LED lights for construction site
- Replace incandescent bulb fittings with energy-saving fluorescent fittings that are four times more efficient
- Replace mercury vapour lamp fittings with high pressure sodium vapour lamps that give the same lumens using less 150W less energy
- For floorlighting, replace tungsten halogen lamp fittings with metal halide or high pressure sodium lamps, which are one of the most efficient sources of light
- Replace fluorescent tube ballasts with low-loss ballasts which are more energy efficient, saving 50% of energy used
- Use of energy efficient electrical appliances and equipment with Singapore Green Label

Reduce energy usage

- Set electrical appliances and equipment on power saver mode to reduce electrical consumption
- Signage to remind users to switch off when not in use

Use sustainable energy

- Use of alternative energy sources such as solar cells in equipment
- Use of AC Grid power supply instead of diesel generators to

We monitor the energy consumption data to ensure that there is no energy wastage in our construction projects. During FY2020, the Group has constructed 5 on-going projects which consumed a total of 800,396 litres of diesel. There was no material electric energy consumption besides maintaining minimum management activities. The total gross floor area used for these construction projects totalled 94,128 m^2.

Emissions Management

GRI 305-2, 305-4, 305-5, 305-7, 307-1

Construction operations generate air pollutants such as dust and exhaust from machinery and mechanical plants. Use of chemical substances can also generate hazardous vapours if they are not handled with caution. In order to protect our workers and surrounding occupants from air pollution and air-borne diseases, we control dust, fumes and air pollutants generated at our construction sites at a sustainable level. Contractors and workers are adequately trained to understand the consequences of air pollution on human health and the environment, and they are given simple instructions on operation and maintenance of equipment to ensure the preservation of air quality on-site.

We strictly comply with local laws and regulations on air and greenhouse gas emissions in our daily operations.

Management of Hazardous Substances

Vapourisation of chemical substances beyond permissible levels can be fatal. As such, we have hazardous chemical management policies in place to ensure the safe use of chemicals and the protection of employees against chemical hazards. Chemical substances with low vapour pressures should be stored under tight lids and volatile vapour must be properly stored to prevent fire and explosion hazards.

Dust Management

All activities involving excavation or disturbance of soils must explore preventive controls and implement physical controls to minimize the generation of dust and reduce its release into the atmosphere.

Exhaust Management

All operations of plants and equipment must comply with local regulations, and maintenance and servicing must be performed regularly in accordance with manufacturing guidelines to ensure that any exhaust or other emissions generated are within standard specifications.

Maintenance of diesel-powered mechanical plants is critical as the exhaust fumes will pollute the environment. Concrete batching plants and cement silos on-site must be fitted with air pollution control equipment (which needs to be maintained regularly) to reduce emissions and abate air pollution.

Good Housekeeping

- Storage of chemical substances, fuels and other hydrocarbons
- Storage under tight lids, properly labelled and segregated from other combustible materials
- Storage facility should be well ventilated to prevent excessive accumulation

Good Storage

- During hot dry weather, sand heaps should be wetted regularly to keep dust down
- Store in proper enclosures to prevent accidental damage which will allow cement to be spilled onto the ground and under strong wind conditions, will be carried and suspended in air
- Disposal of cement bags, solvent, paint and fuel containers to prevent residual dust and fumes emanating from the sources
- Removal of refuse and construction debris on a daily basis to avoid sources for generation of dust

Good Maintenance

- Preventive maintenance program established to ensure that construction equipment and generators do not emit excessive black smoke when burning fuel
- Equipment generating excessive black smoke shall be serviced before operating again

Regular monitoring discovers the defects and issues which have an impact on the environment. The ECO conducts toolbox meetings on the need to maintain equipment to prevent air pollution and its effects, as well as to display posters on the effects of exposure to harmful substances and the need to keep containers of chemical and oils closed. The ECO also conducts weekly inspections to ensure control and compliance with local environmental standards and regulations. Air monitoring is carried out if there is suspected air pollution or toxication.

In addition to managing emissions, the Group endeavours to mitigate emissions in our daily operations through technology adoption, such as converting diesel engines to run on electricity, methanol, liquid petroleum gas ("LPG") or pneumatic power to minimize air pollution.

See below for the total CO_2 emissions and intensity ratio of the 5 on-going construction projects.

Total CO_2 Emissions (kg)	**Emissions Intensity Ratio (kg/m^2)**
2,113,045	22.4

Water and Effluents Management

GRI 303-1, 303-3, 306-1, 307-1

There is no issue in sourcing water that is fit for purpose. Our Resource Conservation Program minimises water wastage with water conservation measures such as installing water-saving devises and recycling equipment, as well as implementing water conservation guidelines to ensure efficient water usage. We use recycled water and rainwater to wash equipment onsite, and we check that all taps are turned off tightly and all leakages are attended to immediately.

We implement real time monitoring of the water consumption data to ensure that there is no water wastage in our construction projects. See below for the total water consumption and intensity ratio of the 5 completed construction projects.

Total Water Consumption (m^3)	**Water Intensity Ratio (m^3/m^2)**
22,754	0.24

Singapore is a country with limited water resources, and it is essential for its water quality to be carefully regulated. To keep Singapore's water clean, soil pollution must also be controlled, as pollutants in the soil can enter the water system as run-off or groundwater.

Water pollutants from construction activities include solid waste, sand, hydrocarbon and solvents, termite control chemicals, acids and alkalis and lead-based paints. These pollutants can cause environmental impacts such as siltation of open drains preventing flow of rainwater to reservoirs, flooding and death of aquatic life.

In an effort to control water pollution, we practise good housekeeping, storage and maintenance measures, and we recycle treated water at all construction projects. Our drainage facilities are designed according to local regulations and regularly cleaned and maintained to ensure that effluents are properly treated before discharging into drains or canals. In addition, we provide training to workers on proper waste management during operations, including maintenance of machinery and equipment, storage of materials and spill control. Due to the COVID-19, less construction activities conducted this year, and most of the projects can no longer allow workers to stay temporarily, therefore, the water consumption of this year has significantly reduced.

The ECO conducts daily visual inspections to check for any evidence of silt contents in the open drain. In compliance with local environmental protection and management regulations on trade effluents, we also monitor trade effluent discharge into watercourse to ensure that Total Suspended Solids ("TSS") does not exceed 50 mg per litre of trade effluent.

Effluents Management

- Silt traps and perimeter cut-off drains designed according to local regulations
- Build silt trap in drain to interrupt the passage of sand particles into public sewers
- Regular cleaning and maintenance of silt traps, concrete lined perimeter cut-off drains, silt fences and other facilities
- Wastewater from temporary structures such as canteen, workers' quarters and toilets should be connected by sewers to approved sewage treatment plants or public sewers
- Design of the sewers must cater for the appropriate number of occupants and duration of construction
- If permanent sewers within the development site is not available, portable toilets and holding tanks with pumping device should be used
- Silt-laden water and mud slurry flow through silt traps, sedimentation tanks or other facilities for removal of silt before discharging into drains and canals
- Runoff at construction sites are effectively drained
- Cement washwater must be treated before entering the drain

Good Housekeeping

- Proper storage of building materials, chemicals and fuels
- Proper maintenance of machinery, equipment and vehicles

Good Storage

- Secondary containment to prevent spillage or leakage from entering land water surface drains
- Provision of spill control kit, collection sumps and facility for pumping out the spilled contents
- Properly constructed floor to prevent infiltration into the ground
- Provision of proper dust collection devices with water sprays for cement silo to prevent spread of entrained dust
- Sedimentation or filtration of waste waters used to contain cement dust by means of silt trap
- Storage on a raised platform to prevent leaching of cement from its packaging
- Fuels and other hydrocarbons such as greases and lubricants should be stored in appropriate containers such as drums, tins with close covers and bunded with kerbs to prevent spillages or leakages from entering the ground or drains
- Shelter/Cover sand heaps with plastic sheet to prevent sand and aggregates from being washed into the drain
- Build sumps for containment of spillage

Good Maintenance

- Carry out maintenance and repair works on machinery, equipment or vehicle at proper facilities such as
- On-site repair and maintenance is prohibited

Waste Management

GRI 306-2, 307-1

Under current construction conditions, our operations generate large amounts of hazardous and non-hazardous wastes, mainly construction debris such as timber, metal and industrial waste. Consequently, the Group has implemented adequate waste management policies and measures to ensure that reuse and recycling of construction wastes are maximised, and that wastes are properly segregated, stored and disposed at all project sites to reduce the risk of mishandling hazardous waste. Other than focusing on construction waste, we also go the extra mile to recycle site office waste at all construction sites.

Segregation and recycling of waste on site

Waste disposal methods are detailed for each type of waste, and the ECO conducts regular monitoring and inspections to ensure proper execution of waste management at all project sites. Refuse areas must be kept clean and all containers of toxic materials, such as solvent and paint, must be kept closed. Wastes must be segregated as general waste and industrial wastes. Where unacceptable wastes are identified, appropriate mitigation measures are implemented. We strictly comply with local laws and regulations on waste generation in our daily operations.

In order to minimise wastage and reduce load on landfill, we conserve timber, rebar and concrete to ensure effective use of resources. We also have procedures in place to minimise resource wastage in operations that involve excessive consumption. All onsite EHS committees monitor the reduction of waste generated.

Disposal centres and bin areas are effective waste management centres only if workers and contractors utilise them with care. As such, contractors and workers are adequately educated to understand the consequences of improper waste disposal on human health and the environment, and they are given simple instructions on proper disposal methods to ensure the preservation of environmental quality on-site.

Reuse

- Use general waste as the hardcore layer for temporary access road or base materials for backfilling
- Empty diesel containers, classified as toxic industrial wastes, are labelled with hazard warning sign and collected by supplier for re-use

Recycle

- Segregate and forward steel scrap to steel recyclers

Disposal

- Food wastes must be cleared everyday regardless of the quantity of waste
- Food wastes must be tightly bagged and placed in bunded areas with proper collection drains to capture leachate
- Engage licensed general waste collectors for general wastes
- Open burning is prohibited on-site
- Ensure that non-incinerable wastes are disposed at government approved sanitary landfills
- Ensure that incinerable wastes are disposed at government approved incineration plants
- Hazardous waste containers are labelled with hazard warning sign
- Toxic, non-incinerable industrial wastes e.g. paints containing organic solvents, heavy metals or biocides, waste solvents/thinners, waste epoxy, plastic films, PVC cables and pipes are collected by respective sub-contractors and toxic industrial waste contractor for proper disposal
- Toxic industrial wastes e.g. are collected by respective subcontractors
- Solvents, paint and fuel containers should be disposed with lid on and in separate refuse bins specifically provided for such wastes

Waste Management

- Monitoring of waste management at all project sites
- Segregation and proper storage of wastes in designated areas
- Storage of construction debris in bulk containers
- Storage of toxic industrial wastes within contained and concrete area
- Proper disposal of construction and food wastes to prevent leaching out during rainfall into the ground and water system
- All vehicles transporting refuse, earth, construction debris or any other load are covered completely and adequately before leaving construction site
- Cement bags once opened must be fully emptied
- Unfinished cement bag should be kept or stored in enclosed shelter or container or cement silos'
- Unwanted or left-over cement should be discarded promptly

We monitor the waste generated to ensure proper waste management in our construction projects. The total waste disposal cost for the 5 on-going construction projects amounted to approximate S$138,568.

Innovation in Construction

GRI 203-2

In an effort to minimize resource wastage and time delay and maximize the productivity of our projects, we have implemented principles of lean construction through research and development in design and construction. We have adopted various innovations over the years, including having rebar cut-and-bent offsite and a significant increase in the amount of construction that use framework, precast and prefabrication system on site. This effectively saves time and cost, reduces waste, conserves raw materials, improves labour productivity and ensures on-site productivity and quality control.

Save cost

- Use of mast climbing platforms and mobile elevating work platforms ("MEWP") for heavy works which saves cost in erection and mobilisation
- Use of concrete pumps which saves time and labour in our construction projects
- Use of unitised curtain wall to reduce cleaning bills of building facade

Ensure workplace safety

- Use of mast climbing platforms and mobile elevating work platforms ("MEWP") for heavy works which reduce the risk of fall from height for our workers due to their sturdiness
- Use of Statnamic load test to reduce the amount of working at height

Improve productivity
- Use of panel wall system and dry wall system instead of brick walls to reduce masonry work
- Use of siphonic roof drainage for better performance
- Use of Statnamic load test to improve productivity
- Use of Building Information Modelling ("BIM") to reduce abortive works
- Use of Biometric Attendance System ("BAS") for attendance taking
- Use of light weight glass fibre reinforcement concrete for building facade for easy transport, assembly and installation

Reduce waste
- Use of precast system to reduce concrete waste

Sustainable Materials

GRI 301-2

In an effort to conserve the amount of raw materials used in our construction projects, we use recycled and sustainable materials for site applications during construction stage, such as reusing concrete waste to repair drain damage and make curbs.

In addition, our Resource Conservation Program requires proper estimation and planning of the amount of materials needed for each project before ordering. We ensure that raw materials are reused and recycled wherever possible, and we store our raw materials properly to ensure durability and avoid damage. We monitor the use of raw materials and analyse the data to establish trends and any abnormalities so as to mitigate the risk of resource wastage by implementing corrective measures in a timely manner.

Conservation of timber
- Estimate timber use (e.g. size, length and quantity) for the project
- Estimate number of cycles that the timber planks can be used
- Ensure that timber from one process is forwarded to another process for reuse
- Store timber in area where it is not exposed to extreme weather to ensure durability
- Segregate reusable timber from waste timber
- Educate employees on the use and recycling of timber
- Reuse timber to construct tables and benches for workers at resting area and dormitory

Conservation of reinforcement bar
- Fabricate re-bar according to planned bar schedule
- Reuse re-bar for other purposes at project site e.g. barricades, formwork support
- Usage of re-bar shall not exceed estimated quantity, thus enforcing the need for efficient use of re-bar

Conservation of tiles
- Provide proper storage and handling to avoid breakage

Conservation of concrete
- Usage of concrete shall not exceed the estimated quantity, thus enforcing the need for efficient use of concrete
- Reuse concrete wastes as the hardcore layer in road formation
- Any excess concrete shall be used to construct other facilities e.g. to improve temporary access, to make concrete stump for hoarding support

Sustainable Supply Chain

GRI 308-1, 308-2, 414-1, 414-2

We have implemented supplier selection measures to ensure that our suppliers are committed to implementing environmental control and meeting environmental regulations. In order to select suppliers who operate in an environmentally responsible manner, we screen new suppliers based on environmental criteria, such as green certificates for their products and services and their green practices.


SINGAPORE GREEN BUILDING COUNCIL

SINGAPORE GREEN BUILDING PRODUCT CERTIFICATE

AWARDED TO
Saint-Gobain Malaysia Sdn Bhd
No 1, Jalan Sultan Mohamad 4,
Kawasan Perindustrian Bandar Sultan Suleiman
Port Klang, Malaysia 42000

FOR THE PRODUCT
Panel Board - Gypsum

PRODUCT BRAND
Gyproc

PRODUCT MODEL
Topline & Baseline

THE PRODUCT HAS BEEN ASSESSED ACCORDING TO THE ASSESSMENT CRITERIA OF THE SINGAPORE GREEN BUILDING PRODUCT CERTIFICATION SCHEME. IT HAS BEEN AWARDED THE RATING:

SINGAPORE GREEN BUILDING PRODUCT SGBC ✓✓ VERY GOOD

Director
SGBC Pte Ltd

Certificate Number	Original Issue Date	Last Revision Date	Valid Till
SGBP 2018-1224	23 February 2018	-	22 February 2020

✓Good ✓✓Very Good ✓✓✓Excellent ✓✓✓✓Leader
The use and reliance on this certificate is subject to the terms and conditions of the Singapore Green Building Product Certification Scheme. Revised certificates may also be issued at the discretion of the Council. The certification status may be verified at the Singapore Green Building Council website (www.sgbc.sg).


GreenLabel SINGAPORE

The Singapore Green Labelling Scheme Secretariat hereby grant
Framework Materials Pte Ltd
2 Aljunied Avenue 1, Singapore 389977
the right to use the Singapore Green Label for
FUJIBOARD
022-108-2364
"Eco-Friendly Building Material"
Validity: 12 June 2018 to 11 June 2019

LAM JOON KHOI
EXCO Chairman
Singapore Environment Council

Singapore Environment Council

In addition, we evaluate suppliers based on their gracious practices to ensure that they implement best practices in mitigating possible inconveniences to the public caused by construction work.

We evaluate our existing suppliers every year, and we conduct physical inspections at the supplier's office to ensure the brand and quality of the products and services.

In FY2020, the COVID-19 pandemic has seriously affected the global supply chain. However, Singapore government has implemented business friendly policies to ensure the sustainability of the supply chain. Due to almost all of our suppliers are local based, the Group has not encountered any disruption in our supply chain. But the uncertainty of global pandemic situation may eventually change the situation, we foresee the Group may have to face the challenges of price increasing in the supply chain in the next financial year.

CARING FOR OUR PEOPLE

At HPC, we take responsibility for the health and wellbeing of our employees, and we endeavour to develop their careers and skillsets as much as possible. We implement adequate safety policies and measures to ensure the safety of our staff and workers on site, and we endeavour to achieve zero safety incidents in our operations. Our policies and operations are in strict compliance with local labour regulations.

Occupational Health and Safety

GRI 403-2

HPC is committed to protect the health and safety of our employees and workers. Our safety practices include:

- Conducting risk assessments to identify hazards and implement effective risk control measures, including halting work to ensure that risks identified are minimized or mitigated
- Ensuring a safe work environment
- Adequate implementation of safety measures in the use of any machinery, equipment, plant, article or process at the workplace
- Developing and implementing emergency response plans
- Ensuring workers are provided with sufficient instructions, training and supervision so that they can work safely

The Group also encourages employees to engage in safe practices by presenting safety awards to employees who diligently observe safety measures.

There were 0 reported workplace incidents therefore no man-days lost in FY2020. Our Accident Frequency Rate ("AFR") and Accident Severity Rate ("ASR") were also 0.

The Group operates in strict compliance with workplace safety laws and regulations and we take careful measures to ensure that all employees are protected from occupational hazards.

Taking measures during COVID-19 outbreak

During the circuit breaker period, distribution of masks were given to all the site employees and the Group help subsidize the quarantined staffs and provide food, daily necessities and clothing to them if necessary. This is to ensure that all the staff are properly taken care of by the Group.

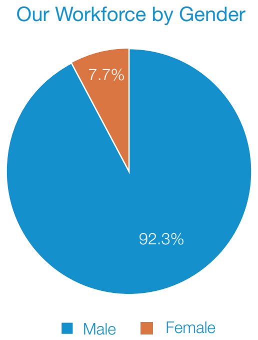
All the office employees are also given the choice of flexible working arrangements such as choosing the different shift work and dividing the office staff into Team A and Team B so as to reduce the close contact of all the staff and to have a contingency plan in case staff were detected as positive during this sensitive period.

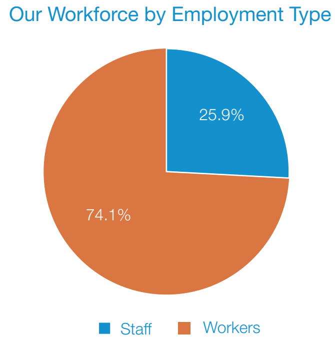
For all high risk employees that were either sick or pregnant, they were given the choice to either work flexible working hours or to work from home until they are able to return to the workforce.

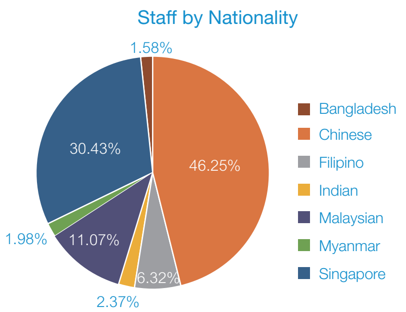
Our Workforce

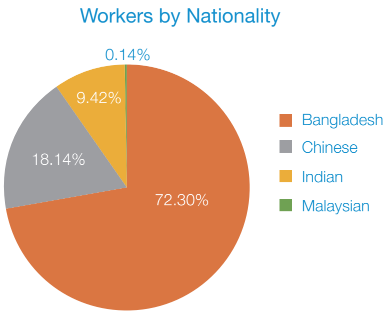
GRI 405-1

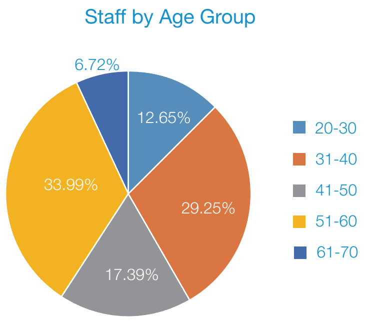
At HPC, we believe in working in a diverse and harmonious environment in ensuring constant progress towards achieving our corporate goal of delivering the best services in terms of cost, quality and products to our customers. At present, the construction industry is still largely male-dominated; we will continue to strive for gender diversity and increase the female-to-male ratio in our workforce.

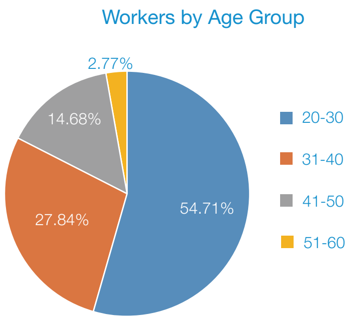












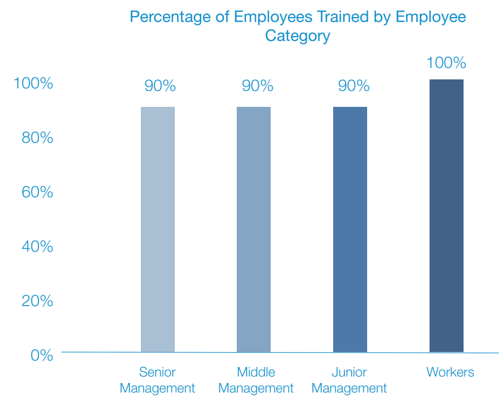
Employee Retention

GRI 401-2, 401-3, 404-2, 404-3, 405-2

HPC's philosophy is to develop a stable working environment where employees can develop and diversify their skillsets to improve their job performance and productivity. We implement adequate staff welfare policies and trainings to ensure the well-being and development of our workforce.

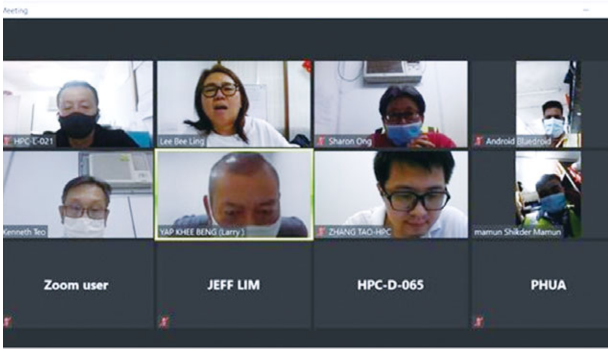
At HPC, we embrace diversity and give everyone equal opportunities to excel and develop their careers. We recruit employees based on their qualifications and whether they satisfy our requirements for the position, and we do not discriminate.

In order to promote a strong performance culture in the Group, we conduct regular performance appraisals for our employees on a regular basis and all employees are given equal opportunities for promotions depending on their job performance.



The Group is committed to be an employer of choice. We strive to help our employees reach their fullest potential and achieve excellence in their development. We aim to create a culture of continuous learning where employees take personal responsibility for their own development. We recognise the need to develop our people so that they are fully equipped to deliver our business objectives. All employees are given equal opportunities and we provide them with financial support and guidance for career development.

Regular employee development review enables us to align the career interests of employees with the Group's performance and to retain talent. We ensure that employees are equipped with the technical skills required to do their jobs proficiently and achieve their work objectives. We also prepare our staff to be equipped to manage any role or organisational changes in the Group.



Our training and development curriculum comprises any activity that is designed to help individuals improve and refine their knowledge and skills to become more effective at their jobs. This includes active involvement in various projects, attending training courses, conferences and seminars, work shadowing, formal study, coaching and mentoring. We also conduct competitions at sites to motivate site workers by encouraging them to perform their best by giving them awards and monetary prize.

The benefits that we endeavour to achieve through effective training and development include:
- Higher standards of work performance
- Exchange of ideas and disseminate good practice
- Effective management and implementation of change
- Encouragement of team spirit
- Increase motivation and job satisfaction
- Greater understanding of the Group’s business.

The Group regularly monitors the training and development activities, and we review our support framework to continually improve our training and development policies. We are pleased to report that we had high participation rates for training programs in FY2020, and our training policy is inclusive and equal for both genders, as evidenced by 80% of male employees and 100% of female employees who went through training in FY2020. Employees are also entitled to examination leave to encourage them to upgrade their knowledge and skillsets.

HPC is also committed to our employees' physical and mental health and well-being. All full-time employees are entitled to medical benefits as well as employee wellness programs that promote teamwork, interactions and good health among employees. In compliance with local labour regulations, parents of children who are Singapore citizens are entitled to 16 weeks of parental leave under the Child Development Co-Savings Act ("CDCS Act").

Employees' regular working hours and rest periods are set out in their respective employment letter, and we reserve the right to revise or extend the stipulated working hours, which are arranged to ensure maximum efficiency of operations and work-life balance among employees. In return for their contributions, we offer employees competitive and fair remuneration packages that commensurate with their experience, performance and job responsibilities. All employees are remunerated fairly, regardless of gender, age or nationality. As of FY2020, the ratio of estimated women-to-men remuneration is 0.91:1, and we continue to endeavour equal remuneration for women and men.

We do not dismiss our employees unnecessarily or unfairly, unless an employee fails to comply with our company policies and has committed an act of misconduct where, after serious consideration, termination is the disciplinary action. In compliance with local labour regulations, employees who have worked for three years and above are entitled to three months' salary in the event of retrenchment.

Social Compliance

GRI 406-1, 408-1, 409-1, 419-1

At HPC, we strictly comply with all labour and socioeconomic regulations. We do not discriminate on the basis of gender, ethnicity, nationality, age, religious belief, disability or marital status. In FY2020, there was no incident of discrimination at HPC.

To ensure strict compliance with local employment laws, we implement access controls at our sites and offices to prevent illegal workers from entering or working at our sites and offices. We also monitor the presence of illegal workers on sites by conducting random checks. The Group ensures that all employees have the necessary visas, work permits, specific registrations, licenses and qualifications before they perform the duties assigned to them.

In compliance with labour laws and regulations, the Group does not employ minors or offer apprenticeship. There was no incident of child and forced labour in FY2020.

Throughout the COVID-19, we have taken strict measures to ensure that the group have complied to the regulations of BCA and MOM. All staff and visitors have to scan the Safe entry at the entrance and to take their temperature and record their entry whenever they visit the site or the HQ headquarters. We are also actively following to the government's suggestion to reduce the close contact of people through staggering work and working from home.

CARING FOR OUR COMMUNITY

At HPC, we are committed to doing our part for the community. Given the nature of our business, we are aware of the social impacts of our operations, and we strive to minimise any inconvenience or negative impacts on the community. We strictly comply with local regulations on noise and vector control, and we actively engage with the community and make regular contributions to improve the wellbeing of our local community.

Community Engagement

GRI 413-1

The objective of HPC Social Responsibility is to demonstrate commitment to shared social values. Areas of responsibilities associated with CSR include:

- Philanthropy (charitable and workplace giving programs)
- Sustainability (impact on the environment), and
- Governance (regulatory, legal, ethical operations).

The Group endeavours to give back to the community whenever opportunity arises, and we integrate community service into our corporate social responsibility. Our staff volunteers throw a party at Wishing Well for the children from lower income families where they brought food, entertainment and joy to the children.

In previous years, we have also visited the Lions home for the Elderly and went to Mount Faber to pick up rubbish so that the environment remains clean and green.

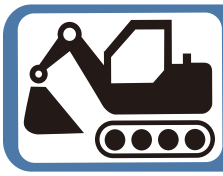
Due to COVID-19, we are unable to conduct Corporate Social Responsibilities and Internal activities for the employees. Many exciting staff bonding internal activities for planned for next year to be conducted.

Noise Management

GRI 413-2

The Group implements proper noise pollution control measures to ensure that workers and residents living in the vicinity of the construction sites are not unduly affected by noise pollution. All noise and vibration related impacts on surrounding occupants must be assessed and have mitigation measures put in place where required. In addition, we ensure that all plants and equipment strictly comply with regulatory requirements and are serviced regularly to ensure that the noise generated is within standard.

The ECO ensures that noise generated during construction activities are within the permissible limits specified in the Environmental Pollution Control (Control of Noise at Construction Sites) Regulations, and the frequency of noise monitoring complies with local legal requirements. In the event that local authorities require us to monitor the noise level at any point source, we will strictly comply, monitor closely and maintain proper records.



Quieter Equipment or Mechanical Plant

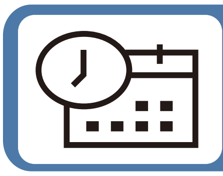
- Select equipment, mechanical plants or machineries that emit less noise
- Use of generator should be minimised
- Use mufflers or exhaust silencers to reduce exhaust noise

Regular maintenance of Mechanical Plant and Vehicles

- Carry out periodic preventive maintenance and service of construction equipment, mechanical plant and vehicles
- Take machines/equipment for servicing whenever there is abnormal noise emitting from the machine/equipment

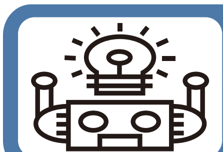
Noise Barriers

- Where possible, enclose noisy machines in acoustical enclosures lined with sound absorbent materials
- Erect barriers around the site to prevent noise transmission
- Where possible, place site facilities such as vehicular wash-bays, concrete watching plants away from residential buildings



Scheduling of Noisy Activities

- Schedule noisy activities sequentially to avoid excessive noise
- Ensure that noisy activities such as piling, demolition or concreting are carried out in the day as much as possible



Other Measures

- Use precast concrete elements as it minimises both in-situ concreting and noise generation
- Educate employees of the consequences of noise generation and methods for noise reduction
- Keep residents informed of any operations generating excessive noise levels

If noise levels exceed compliance levels, ECO will recommend remedial measures for immediate implementation to keep the noise level under control.

Vector Management

GRI 413-2

We implement vector control plans at every project site to prevent breeding of disease-bearing insects so as to protect workers and residents in the vicinity from harmful diseases. The ECO conducts weekly inspections to monitor the vector situation and ensure that our vector control procedures are complied with at all project sites. Our vector control measures and implementation are in compliance with local environmental regulations.

Where to control	When to control	What to control	How to control
• Potential breeding grounds and habitats are high vector density areas such as worker quarters, site offices, washing area, storage area, buildings under construction	• Frequency of vector control has to be established based on site observations and peak density periods	• Potential breeding grounds and habitats for mosquitoes, flies and rodents	• Deploy oiling team and housekeep team for site maintenance • Implement environmental control, chemical control and rodent control

The ECO also oversees the work of the pest control operator ("PCO") and verifies that the PCO is certified and licensed. This strengthens the degree of compliance and accountability in the vector management at our project sites.

HKEX ESG REPORTING GUIDE CONTENT INDEX

This Content Index includes references to Key Performance Indicators of the HKEX ESG Reporting Guide.

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Sustainable Built Environment
A1.1	Types of emissions and respective emissions data	Emissions Management
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Emissions Management
A1.3	Total hazardous waste produced and, where appropriate, intensity	Not available to the Group's business
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Waste Management
A1.5	Description of measures to mitigate emissions and results achieved	Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
A. Environmental		
Aspect A2: Use of Resources		
General disclosure	Policies on efficient use of resources including energy, water and other raw materials	Sustainable Built Environment
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Energy Conservation
A2.2	Water consumption in total and intensity	Water and Effluents Management
A2.3	Description of energy use efficiency initiatives and results achieved	Energy Conservation
A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Water and Effluents Management
A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Not available to the Group's business
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Sustainable Construction, Sustainable Materials
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Sustainable Construction, Sustainable Materials
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employee Retention
B1.1	Total workforce by gender, employment type, age group and geographical region	Our Workforce
B1.2	Employee turnover rate by gender, age group and geographical region	Employee Retention
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Occupational Health and Safety
B2.1	Number and rate of work-related fatalities	Occupational Health and Safety
B2.2	Lost days due to work injury	Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
B. Social		
Aspect B3: Development and Testing		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employee Retention
B3.1	The percentage of employees trained by gender and employee category	Employee Retention
B3.2	The average training hours completed per employee by gender and employee category	Employee Retention
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Social Compliance
B4.1	Description of measures to review employment practices to avoid child and forced labour	Social Compliance
B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	Social Compliance
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Environmentally Sustainable Supply Chain Socially Sustainable Supply Chain
B5.1	Number of suppliers by geographical region	About HPC
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Environmentally Sustainable Supply Chain
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	User Safety
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not available to the Group's business
B6.2	Number of products and service related complaints received and how they are dealt with	User Safety
B6.3	Description of practices relating to observing and protecting intellectual property rights	Not available to the Group's business
B6.4	Description of quality assurance process and recall procedures	Not available to the Group's business
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Not available to the Group's business

Subject Areas, Aspects, General Disclosures and KPIs		Section Reference
B. Social		
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Ethics and Integrity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-Corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Whistle-Blowing
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Community Engagement
B8.1	Focus areas of contribution	Community Engagement
B8.2	Resources contributed to the focus areas	Community Engagement

GRI CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-5	Ownership and legal form	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile, Our Workforce
102-8	Information on employees and other workers	Our Workforce
102-9	Supply chain	Sustainable Supply Chain
102-11	Precautionary Principle or approach	Corporate Governance Statement in FY2018 Annual Report
102-14	Statement from senior decision-maker	Chairman's Message
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity

GRI Standards	Disclosure Content	Section Reference
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	Reporting Practice
201-1	Direct economic value generated and distributed	FY2018 Annual Report
203-2	Significant indirect economic impacts	Innovation in Construction
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training on anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
301-2	Recycled input materials used	Sustainable Materials
302-1	Energy consumption within the organization	Energy Conservation
302-3	Energy intensity	Energy Conservation
302-4	Reduction of energy consumption	Energy Conservation
303-1	Water withdrawal by source	Water and Effluents Management
303-3	Water recycled and reused	Water and Effluents Management
305-2	Energy indirect (Scope 2) GHG emissions	Emissions Management
305-4	GHG emissions intensity	Emissions Management
305-5	Reduction of GHG emissions	Emissions Management
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Emissions Management
306-1	Water discharge by quality and destination	Water and Effluents Management
306-2	Waste by type and disposal method	Waste Management
307-1	Non-compliance with environmental laws and regulations	Energy Conservation, Emissions Management, Water and Effluents Management, Waste Management

GRI Standards	Disclosure Content	Section Reference
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Retention
401-3	Parental leave	Employee Retention
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Retention
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Retention
405-1	Diversity of governance bodies and employees	Our Workforce
405-2	Ratio of basic salary and remuneration of women to men	Employee Retention
406-1	Incidents of discrimination and corrective actions taken	Social Compliance
408-1	Operations and suppliers at significant risk for incidents of child labor	Social Compliance
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social Compliance
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement
413-2	Operations with significant actual and potential negative impacts on local communities	Noise Management, Vector Management
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
416-1	Assessment of the health and safety impacts of product and service categories	User Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	User Safety
419-1	Non-compliance with laws and regulations in the social and economic area	Social Compliance

Independent Auditor’s Report

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF HPC HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of HPC Holdings Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheet as at 31 October 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2020, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Accounting for construction contracts

During the financial year ended 31 October 2020, revenue from construction contracts amounted to S$147,494,000 and it represented 100% of the Group's total revenue. The Group accounts for construction contract revenue and contract costs over time by reference to the Group's progress toward completing the contract. The measure of progress is based on costs incurred to date as a proportion of estimated total construction contract costs. Significant judgement is required to estimate total construction contract costs and costs to complete that will affect the measure of progress, revenue and profit margin recognised from construction contracts. The COVID-19 pandemic related business disruptions and operational changes have also increased the estimation uncertainty relating to budgeted time and cost required to complete ongoing projects. Accordingly, we determined the accounting for construction contracts as a key audit matter.

As part of our audit procedures, we reviewed contractual terms for major contracts with customers and substantiated contract revenues and costs incurred against underlying supporting documents on a sampling basis. We also assessed management's contract costs estimation process. We further perused customers and subcontractor correspondences and discussed the progress of the projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contract costs. For revisions made to budgeted costs, we discussed with project personnel and management on the rationale for such changes and checked the revision of the budgeted costs to supporting documentation. We also reviewed management's assessment and estimation of the additional time and costs needed to complete the ongoing projects due to business disruptions and operational changes related to the COVID-19 pandemic, by taking into consideration past performance of the Group's projects and current market condition due to COVID-19. We assessed management's estimate of the additional time and costs needed to complete the ongoing projects by comparing them to Singapore's construction industry information on market outlook and the expected recovery scenarios of the construction industry. We checked the mathematical accuracy of the revenue recognised based on the input method calculations. We also compared percentage of completion used in the input method calculations to quantity surveyor certificate received from customer for each project and investigated material differences. For projects which are expected to be loss-making, we reviewed management's assessment and assessed if adequate provision for onerous contracts has been recognised by comparing unavoidable costs of meeting the obligations under a contract and the economic benefits expected to be received under it. Information regarding the Group's construction contract revenue and contract assets and contract liabilities is disclosed in Note 5 and 17 to the financial statements.

Impairment assessment of trade receivables and contract assets

The Group's gross trade receivables and contract assets amounted to S$47,817,000 and S$31,480,000 respectively as at 31 October 2020, against which an allowance for expected credit loss ("ECL") and impairment of S$1,150,000 was made against trade receivables.

The Group determines ECL and impairment of trade receivables and contract assets by making debtor specific assessment of expected credit impairment loss for long overdue trade receivables and using a provision matrix for remaining trade receivables and contract assets that is based on historical credit loss experience, adjusted for current and forward-looking factors specific to the debtors and economic environment. These assessments inherently involved management judgement including the impact COVID-19 may have on the debtors' businesses. Accordingly, we determined this as a key audit matter.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of trade receivables and contract assets (Continued)

We requested confirmation for material trade receivable balances and looked for evidence of subsequent collections. For material contract assets balance, we reviewed subsequent billings, quantity surveyor certificate received from customers and subsequent collection of the receivables, if any. We obtained an understanding of management's controls and processes in assessing impairment of trade receivables and contract assets. We assessed management's assumptions used to determine expected impairment loss for long overdue trade receivables, notably through analysis of ageing of receivables and consideration of their specific profiles and risks. We corroborated these assumptions through our independent review of the debtor's financial position, where such information had been made available to us, and also considered the historical payment pattern. We compared management's inputs used in the computation of historical credit loss rates to actual impairment loss recorded in prior years and reviewed data used by management in determining forward-looking adjustments including the impact COVID-19 may have on customers' businesses. We also checked the arithmetic accuracy of the ECL allowance computation. We assessed the adequacy of the disclosures on the Group's trade receivables, contract assets and its credit risk management process in Notes 15, 17, and 29 to the financial statements.

OTHER INFORMATION

The directors of the Company are responsible for other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRSs approved by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
29 January 2021

Consolidated Statement of Comprehensive Income

For the financial year ended 31 October 2020

	Note	2020 S$'000	2019 S$'000
Revenue	5	**147,494**	215,498
Cost of sales		**(147,092)**	(189,538)
Gross profit		**402**	25,960
Other operating income	6	**7,478**	817
Administrative expenses		**(12,953)**	(8,388)
Impairment losses on financial assets – trade receivables		**(550)**	–
Other expenses	6	**(15)**	(71)
Finance income	7	**393**	103
Finance costs	7	**(87)**	(14)
(Loss)/profit before tax	8	**(5,332)**	18,407
Income tax credit/(expense)	10	**710**	(3,583)
(Loss)/profit for the year, representing total comprehensive income for the year		**(4,622)**	14,824
Total comprehensive income attributable to:			
Owners of the Company		**(4,569)**	14,862
Non-controlling interests		**(53)**	(38)
		(4,622)	14,824
Earnings per share attributable to owners of the Company			
– Basic (S$ cents)	11	**(0.3)**	0.9
– Diluted (S$ cents)	11	**(0.3)**	0.9

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

Consolidated Balance Sheet

As at 31 October 2020

	Note	Group 2020 S$'000	Group 2019 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**22,099**	16,905
Intangible assets	13	**–**	–
Investment properties	14	**5,229**	5,397
Trade receivables	15	**2,931**	–
Deferred tax assets	10	**600**	60
		30,859	22,362
Current assets			
Trade receivables	15	**43,736**	59,408
Other receivables, deposits and prepayment	16	**2,998**	2,005
Contract assets	17	**31,480**	45,417
Cash and cash equivalents	18	**63,002**	31,186
		141,216	138,016
Total assets		**172,075**	160,378
EQUITY AND LIABILITIES			
Current liabilities			
Trade and retention payables	19	**33,824**	34,090
Other payables and accruals	19	**6,575**	5,916
Provisions	21	**2,112**	39
Contract liabilities	17	**19,791**	7,798
Lease liabilities	22	**175**	100
Borrowings	22	**1,676**	720
Current income tax payable		**765**	3,434
		64,918	52,097
Net current assets		**76,298**	85,919

	Note	Group 2020 S$'000	Group 2019 S$'000
Non-current liabilities			
Retention payables	19	**1,035**	1,506
Other payables	19	**2,058**	2,058
Lease liabilities	22	**1,161**	516
Borrowings	22	**13,104**	9,780
		17,358	13,860
Total liabilities		**82,276**	65,957
Equity attributable to owners of the Company			
Share capital	24	**2,725**	2,725
Share premium	24	**69,777**	69,777
Capital reserves	25	**(26,972)**	(26,972)
Retained profits		**43,870**	48,439
		89,400	93,969
Non-controlling interests		**399**	452
Total equity		**89,799**	94,421
Total equity and liabilities		**172,075**	160,378

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 2020

	Attributable to owners of the Company						
	Share capital S$'000	**Share premium** S$'000	**Capital reserves** S$'000	**Retained profits** S$'000	**Total** S$'000	**Non-controlling interests** S$'000	**Total equity** S$'000
Group							
At 1 November 2018	2,725	69,777	(26,972)	33,577	79,107	490	79,597
Profit for the year, representing total comprehensive income for the year	–	–	–	14,862	14,862	(38)	14,824
At 31 October 2019	2,725	69,777	(26,972)	48,439	93,969	452	94,421
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**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 October 2020

	2020 S$'000	2019 S$'000
Cash flows from operating activities		
(Loss)/profit before tax	**(5,332)**	18,407
Adjustments for:		
Depreciation of property, plant and equipment	**823**	596
Depreciation of investment properties	**168**	193
Finance income	**(393)**	(103)
Finance expense	**87**	14
Loss on disposal of property, plant and equipment	**45**	10
Net unrealised foreign exchange loss	**30**	61
Impairment loss on financial assets – trade receivables	**550**	–
Write (back)/off of trade receivables	**(43)**	43
Provision for onerous contract	**2,112**	–
Operating cash flows before changes in working capital	**(1,953)**	19,221
Changes in working capital:		
– Decrease in trade receivables	**12,466**	6,485
– (Increase)/decrease in other receivables, deposits and prepayments	**(993)**	989
– Decrease/(increase) in contract assets	**25,930**	(18,848)
– (Decrease)/increase in trade and retention payables	**(776)**	2,986
– Increase in other payables and accruals	**659**	1,783
Cash generated from operations	**35,333**	12,616
Interest received	**161**	103
Interest paid	**(256)**	(14)
Income tax paid	**(2,499)**	(2,547)
Net cash generated from operating activities	**32,739**	10,158
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**579**	55
Purchase of property, plant and equipment	**(5,345)**	(15,144)
Net cash used in investing activities	**(4,766)**	(15,089)

Consolidated Statement of Cash Flows
For the financial year ended 31 October 2020

	2020	2019
	S$'000	S$'000
Cash flows from financing activities		
Amount due to non-controlling shareholders	**–**	2,058
Repayment of principal portion of lease liabilities	**(407)**	(91)
Proceeds from bank borrowings	**5,000**	10,800
Repayment of bank borrowings	**(720)**	(300)
Net cash generated from financing activities	**3,873**	12,467
Net increase in cash and cash equivalents	**31,846**	7,536
Effect of exchange rate changes on cash and cash equivalents	**(30)**	(61)
Cash and cash equivalents at 1 November	**31,186**	23,711
Cash and cash equivalents at 31 October	**63,002**	31,186

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

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 23 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 2019

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 2019. Except for the adoption of IFRS 16 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

The Group adopted IFRS 16 *Leases* on 1 November 2019. The nature of the changes in these financial reporting standards are described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting standards effective on 1 November 2019 (Continued)

IFRS 16 Leases (Continued)

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 November 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 November 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

– Used a single discount rate to a portfolio of leases with reasonably similar characteristics

– Relied on its assessment of whether leases are onerous immediately before the date of initial application

– Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application

– Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

– Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

As all the leases of the Group as at 1 November 2019 are classified as short-term leases, there is no impact on the adoption on IFRS 16 to the Group as at 1 November 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New accounting standards effective on 1 November 2019 (Continued)

IFRS 16 Leases (Continued)

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use asset and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 November 2019.

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.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree, are recognised on the acquisition date at either fair value, or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in a subsidiary not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold strata property unit	–	50 years
Leasehold land	–	Remaining lease term ending 31 December 2056
Leasehold building	–	Remaining lease term ending 16 May 2030
Leasehold improvements	–	3 years
Computers	–	3 years
Plant and equipment	–	3 years
Furniture and fittings	–	3 years
Motor vehicles	–	3 to 10 years

Leasehold building under construction is not depreciated as this asset is not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.8 Leases

Policy applicable from 1 November 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

Policy applicable from 1 November 2019 (Continued)

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold building	–	Remaining lease term ending 16 May 2030
Motor vehicles	–	3 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

Policy applicable from 1 November 2019 (Continued)

As lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office rental (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classifies as operating leases. Rental income arising is accounted for on straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating mature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Policy applicable before 1 November 2019

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership be the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Contingent rents are recognised as income in the period in which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Customer contracts

Customer contracts arising from acquisition of subsidiary are recognised at fair value on acquisition date and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the contractual period of 2 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold strata property unit	–	15 years
Freehold strata property unit	–	50 years

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries are accounted for at cost less accumulated impairment loss.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, bank deposits and short-term highly liquid investments that are readily convertible to known amount of cash which are subjected to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Provisions (Continued)

Onerous contract

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income is presented as a credit in profit or loss under “Other income”.

2.18 Employee benefits

Defined contribution plan

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund (“CPF”), in Singapore. CPF contributions are recognised as an expense in the period in which the related service is performed.

2.19 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue (Continued)

(a) Revenue from construction contracts

The Group is involved in construction projects. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The asset that is being constructed has no alternative use for the Group due to contractual restrictions and the Group has enforceable rights to payment arising from the contractual terms. The revenue is recognised over time, based on the construction costs incurred to date as a proportion of estimated total construction costs to be incurred.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is based on industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management. The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

For costs incurred in fulfilling the contract which are within the scope of another IFRS (eg. inventories), these have been accounted for in accordance with those other IFRS. If these are not within the scope of another IFRS, the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue (Continued)

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.20 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Goods and services tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

– Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of GST included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which dividends are approved by the Company's directors.

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Construction contracts

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of project managers and surveyors.

If the revenue on uncompleted contracts as at 31 October 2020 and 2019 had been higher/lower by 5% from management's estimates, the Group's net profit after tax would have been higher/lower by S$3,641,000 and S$2,716,000 respectively.

If the budgeted contract costs of uncompleted contracts as at 31 October 2020 and 2019 had been higher/lower by 5% from management's estimates, the Group's net profit after tax would have been lower/higher by S$3,552,000 and S$2,648,000 respectively.

Expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions and hence, ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 15 and Note 17.

4. 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.

4. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Group's executive director for the reportable segments for the year ended 31 October 2020 and 2019 are as follows:

	General building construction S$'000	**Civil engineering** S$'000	**Total** S$'000
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**
2019			
Total segment revenue to external customers	197,058	18,440	215,498
Gross profit	18,887	7,073	25,960
Segment assets	99,645	5,180	104,825
Segment liabilities	42,668	2,031	44,699

4. SEGMENT INFORMATION (CONTINUED)

Reconciliations

(i) Segment profits

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

	2020 S$'000	2019 S$'000
Gross profit for reportable segments	**402**	25,960
Other operating income	**7,478**	817
Other expenses	**(15)**	(71)
Impairment losses on financial assets	**(550)**	–
Administrative expenses	**(12,953)**	(8,388)
Finance income	**393**	103
Finance costs	**(87)**	(14)
Profit before income tax	**(5,332)**	18,407

(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:

	2020 S$'000	2019 S$'000
Segment assets for reportable segments	**78,147**	104,825
Unallocated:		
Property, plant and equipment	**22,099**	16,905
Investment properties	**5,229**	5,397
Deferred income tax assets	**600**	60
Other receivables, deposits and prepayments	**2,998**	2,005
Cash and cash equivalents	**63,002**	31,186
	172,075	160,378

4. SEGMENT INFORMATION (CONTINUED)

Reconciliations (Continued)

(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:

	2020 S$'000	2019 S$'000
Segment liabilities for reportable segments	**56,762**	44,699
Unallocated:		
Lease liabilities	**1,336**	616
Other payables and accruals	**8,633**	6,708
Borrowings	**14,780**	10,500
Current income tax payable	**765**	3,434
	82,276	65,957

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:

	2020 S$'000	2019 S$'000
Customer A	**32,019**	45,852
Customer B	**31,494**	28,263
Customer C	**22,191**	25,776
Customer D	**–**	24,602

These revenues are attributable to the general building construction segment.

5. REVENUE

	2020 S$'000	2019 S$'000
Revenue from contracts with customers		
Construction contract revenue	**147,494**	215,498

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

Disaggregation of revenue

	2020 S$'000	2019 S$'000
By project sector		
Public sector	**16,097**	28,805
Private sector	**131,397**	186,693
	147,494	215,498

6. OTHER OPERATING INCOME AND OTHER EXPENSES

	2020 S$'000	2019 S$'000
Government grants*	**6,873**	200
Sales of scrap materials	**378**	376
Rental income from investment properties	**157**	37
Others	**70**	204
Other operating income	**7,478**	817
Net foreign exchange gain/(loss)	**30**	(61)
Loss on disposal of property, plant and equipment	**(45)**	(10)
Other loss	**(15)**	(71)

* Government grants were received by certain subsidiaries in connection with employment of Singaporean workers under Job Support Scheme, Foreign Worker Levy Rebate, BCA COVID-Safe firm-based Support (2019: Special Employment Credit and mechanisation credit given by the Building and Construction Authority). There were no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE INCOME AND COSTS

	2020 S$'000	2019 S$'000
Finance income:		
– Bank interest	**161**	103
– Interest income from loan receivable (Note 15)	**232**	–
Total finance income	**393**	103

	2020 S$'000	2019 S$'000
Finance costs		
Interest expense on:		
– Borrowings	**(239)**	(152)
– Lease liabilities	**(17)**	(14)
	(256)	(166)
Less: interest expense capitalised in property, plant and equipment (Note 12)	**169**	152
Total finance costs	**(87)**	(14)

8. (LOSS)/PROFIT BEFORE TAX

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

	2020 S$'000	2019 S$'000
Auditors' remuneration:		
– auditor of the Company	**160**	140
Employee compensation (Note 9)	**26,094**	29,050
Materials, sub-contractors and other construction costs	**123,273**	162,247
Work stoppages related costs	**7,387**	–
Depreciation of property, plant and equipment	**823**	596
Depreciation of investment properties	**168**	193
Operating lease rentals	**235**	179
Entertainment and transportation	**242**	315
Professional fees	**384**	919
Provision for onerous contract	**2,112**	39
Write (back)/off of trade receivables	**(43)**	43

9. EMPLOYEE COMPENSATION

	2020 S$'000	2019 S$'000
Wages and salaries (including directors' emoluments)	**24,930**	27,896
Defined contribution plans	**1,164**	1,154
	26,094	29,050

Five highest paid individuals

For the years ended 31 October 2020 and 2019, the five individuals whose emoluments were the highest in the Group include 2 directors (2019: 2), whose emoluments are reflected in the analysis in Note 28. The emoluments paid/payable to the remaining individuals, during the years ended 31 October 2020 and 2019 are as follows:

	2020 S$'000	2019 S$'000
Wages and salaries	**1,307**	550
Bonuses	**163**	244
Defined contribution plans	**81**	51
	1,551	845

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

	2020	2019
Number of individuals		
Emolument band		
Nil to HK$1,000,000 (S$179,333)	**–**	–
HK$1,000,001 (S$179,333) to HK$2,000,000 (S$358,667)	**3**	3
HK$2,000,001 (S$358,667) and above	**–**	–

10. INCOME TAX (CREDIT)/EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 October 2020 and 2019 are:

	2020 S$'000	2019 S$'000
Current income tax		
Current year	–	3,356
(Over)/under provision in respect of previous years	(170)	182
Deferred income tax		
Origination and reversal of temporary difference	(545)	(29)
Under provision in respect of previous years	5	74
Income tax (credit)/expense recognised in profit or loss	(710)	3,583

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

A reconciliation between tax expense and the product of accounting loss/profit multiplied by the applicable corporate tax rate for the financial years ended 31 October 2020 and 2019 is as follows:

	2020 S$'000	2019 S$'000
(Loss)/profit before tax	(5,332)	18,407
Tax at applicable corporate tax rate of 17% (2019: 17%)	(906)	3,129
Adjustments:		
– Non-deductible expenses	325	274
– Statutory stepped income exemption	(275)	(52)
– (Over)/under provision in respect of previous years	(170)	256
– Tax rebate	(30)	(24)
– Deferred tax assets not recognised	430	–
– Others	(84)	–
Income tax expense recognised in profit or loss	(710)	3,583

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$2,529,000 (2019: Nil) 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 operates.

10. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

(c) Deferred tax assets/(liabilities)

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

	2020 **S$'000**	2019 S$'000
Deferred tax assets	**600**	131
Deferred tax liabilities	**–**	(71)
Deferred tax assets, net	**600**	60

Deferred tax assets

	2020 **S$'000**	2019 S$'000
At beginning of the financial year	**131**	131
Credited to profit or loss	**469**	–
At end of the financial year	**600**	131

The deferred tax assets were recognised on the provision for onerous contract and allowance on impairment of trade receivables.

Deferred tax liabilities

	2020 **S$'000**	2019 S$'000
At beginning of the financial year	**(71)**	(25)
Credited/(expensed) to profit or loss	**71**	(46)
At end of the financial year	**–**	(71)

The deferred tax liabilities were recognised as a result of difference in depreciation for tax purpose.

11. 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.

	2020 **S$'000**	2019 S$'000
(Loss)/profit for the year attributable to owners of the Company	**(4,569)**	14,862

	No. of shares **2020**	2019
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 (S$ cents)	**(0.3)**	0.9

12. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Motor vehicles	Plant and equipment	Leasehold improvements	Freehold strata property unit	Leasehold land and building under construction	Leasehold land and building (Note 23 (b))	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost:									
At 1 November 2018	732	163	2,537	1,713	56	3,067	–	–	8,268
Additions	141	13	1,060	248	4	–	14,312	–	15,778
Disposals	–	–	(92)	(80)	–	–	–	–	(172)
Transfer to investment property (Note 14)	–	–	–	–	–	(3,067)	–	–	(3,067)
At 31 October 2019 and 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	**1,013**	**179**	**3,158**	**2,180**	**60**	**-**	**15,360**	**4,585**	**26,535**
Accumulated depreciation:									
At 1 November 2018	594	122	1,107	1,555	35	61	–	–	3,474
Depreciation for the year	94	27	343	122	10	–	–	–	596
Disposals	–	–	(27)	(80)	–	–	–	–	(107)
Transfer to investment property (Note 14)	–	–	–	–	–	(61)	–	–	(61)
At 31 October 2019 and 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	**817**	**168**	**1,474**	**1,822**	**56**	**-**	**-**	**99**	**4,436**
Net carrying amount:									
At 31 October 2019	185	27	2,082	284	15	–	14,312	–	16,905
At 31 October 2020	**196**	**11**	**1,684**	**358**	**4**	**-**	**15,360**	**4,486**	**22,099**

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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$169,000 (2019: S$152,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was from 1.75% to 2.95% (2019: 2.95%) per annum, which is the effective interest rate of the specific borrowing (Note 22).

Assets held under finance lease

In 2019, the Group acquired motor vehicles with an aggregate cost of S$634,000 by means of finance lease. The cash outflow on acquisition of property, plant and equipment in 2019 amounted to S$15,144,000.

As at 31 October 2019, motor vehicles with carrying amounts of S$1,073,000 were acquired under finance lease arrangements.

Assets pledged as security

The Group's leasehold land and leasehold building under construction with a carrying amount of S$15,360,000 (2019: S$14,312,000) are mortgaged to secure the Group's bank loan (Note 22).

Transfer to investment property

During 2019, the Group transferred the freehold strata property unit with a carrying value of S$3,006,000 to investment property due to a change in use of the property. The property was rented to a third party instead of for own use as office space.

13. INTANGIBLE ASSETS

Intangible assets represented customer related open construction contracts as a result of the acquisition of DHC Construction Pte. Ltd. on 27 October 2016.

Movement in intangible assets is as follows:

	2020 **S$'000**	2019 S$'000
Cost		
At beginning of financial year	**–**	2,204
Disposal	**–**	(2,204)
At end of financial year	**–**	–
Accumulated amortisation		
At beginning of financial year	**–**	(2,204)
Disposal	**–**	(2,204)
At end of financial year	**–**	–
Net book value		
At end of financial year	**–**	–

14. INVESTMENT PROPERTIES

	Freehold strata property unit S$'000	Leasehold strata property unit S$'000	Total S$'000
Cost:			
At 1 November 2018	–	2,751	2,751
Transfer from property, plant and equipment (Note 12)	3,067	–	3,067
At 31 October 2019, 1 November 2019 and 31 October 2020	**3,067**	**2,751**	**5,818**
Accumulated depreciation:			
At 1 November 2018	–	167	167
Depreciation of the year	61	132	193
Transfer from property, plant and equipment (Note 12)	61	–	61
At 31 October 2019 and 1 November 2019	122	299	421
Depreciation for the year	62	106	168
At 31 October 2020	**184**	**405**	**589**
Net carrying amount:			
At 31 October 2019	2,945	2,452	5,397
At 31 October 2020	**2,883**	**2,346**	**5,229**

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

	2020 S$'000	2019 S$'000
Rental income from investment properties	**157**	37

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.

14. INVESTMENT PROPERTIES (CONTINUED)

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:

	2020 **S$'000**	2019 S$'000
#01-08, Loyang Enterprise Building Singapore	**2,500**	2,600
211 Henderson Road, #02-01	**3,500**	3,400

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.

15. TRADE RECEIVABLES

	2020 **S$'000**	2019 S$'000
Non-current		
– Loan receivable**	**2,931**	–
Current		
– Trade receivables*	**41,285**	60,008
– Loan receivable**	**3,601**	–
	44,886	60,008
Allowance for impairment	**(1,150)**	(600)
	43,736	59,408

* Included in trade receivables is retention receivables of S$2,664,000 and S$4,072,000 as at 31 October 2020 and 2019 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 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.

15. TRADE RECEIVABLES (CONTINUED)

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:

	2020 **S$'000**	2019 S$'000
– Less than 3 months	**24,825**	26,194
– 3 to 6 months	**149**	10,661
– Over 6 months to one year	**6,160**	12,670
– More than 1 year	**16,683**	10,483
	47,817	60,008

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$1,150,000 (2019: S$600,000), 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$22,643,000 (2019: S$35,818,000) as at 31 October 2020 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:

	2020 **S$'000**	2019 S$'000
Trade receivables past due but not impaired:		
– Past due less than 3 months	**2,361**	8,700
– Past due 3 to 6 months	**1,344**	12,158
– Past due more than 6 months to 1 year	**6,121**	10,383
– Past due more than 1 year	**12,817**	4,577
	22,643	35,818

15. TRADE RECEIVABLES (CONTINUED)

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 S$'000	Contract assets S$'000	Total S$'000
Movement in allowance accounts:			
At 1 November 2018	600	–	600
Charge for the year	–	–	–
At 31 October 2019	600	–	600
Charge for the year	550	–	550
At 31 October 2020	**1,150**	**–**	**1,150**

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 S$'000	2019 S$'000
Deposits	**910**	1,651
Prepayments	**582**	1
Other receivables		
– Related parties	**54**	45
– Non-related parties	**211**	308
– Government grants receivable	**1,241**	–
	2,998	2,005

Deposits include deposits paid in respect of office leases and tenders as well as those in connection with professional services and construction projects. Prepayments mostly relate to workers accommodation.

Other receivables mainly due to a short-term loan receivable, and relate to employee loans, our employee loans which are interest free are approved by directors. The loans are only granted to employees (excluding directors and senior management) who have worked for more than 5 years, have good performance record and are willing to maintain a long working relationship with the Group.

Government grants receivable consists mainly of government assistance under the Job Support Scheme program funded by the Singapore Government.

17. CONTRACT ASSETS/LIABILITIES

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

	2020 **S$'000**	2019 S$'000
Construction contracts:		
Contract assets	**31,480**	45,417
Contract liabilities	**19,791**	7,798

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$24,243,000 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:

	2020 **S$'000**	2019 S$'000
Contract asset reclassified to receivables	**(19,138)**	(21,049)
Right to consideration for work completed but not yet billed	**5,201**	27,591

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

	2020 **S$'000**	2019 S$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**4,691**	14,290
Advance received from customers	**(16,684)**	(1,984)

17. CONTRACT ASSETS/LIABILITIES (CONTINUED)

(iii) Unsatisfied performance obligations

	2020 **S$'000**	2019 S$'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at 31 October		
Construction contracts		
Within one year	**80,873**	176,131
More than one year	**275,291**	131,855
	356,164	307,986

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.

18. CASH AND CASH EQUIVALENTS

	2020 **S$'000**	2019 S$'000
Cash at banks	**46,962**	22,785
Short-term bank deposits	**16,040**	8,401
Cash and cash equivalents in the consolidated statement of cash flows	**63,002**	31,186

The carrying amounts of cash and cash equivalents denominated in United States Dollars and Hong Kong Dollars amounted to S$726,000 (2019: S$1,002,000) and S$397,000 (2019: S$737,000), 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.

19. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	2020 S$'000	2019 S$'000
Current		
Trade payables	**12,669**	14,477
Retention payables	**12,429**	9,772
Accrued construction costs	**8,726**	9,841
	33,824	34,090
Deposits	**196**	230
Accrued expenses	**2,094**	2,760
Goods and services tax payables	**198**	301
Other payables	**3,447**	2,625
Deferred grant income	**640**	–
	6,575	5,916
Non-current		
Retention payables	**1,035**	1,506
Amount due to non-controlling shareholders	**2,058**	2,058

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

Deferred grant income relates mainly to government assistance under the Job Support Scheme program funded by the Singapore Government.

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:

	2020	2019
Borrowing rates	**2.25%**	5.30%
Retention payables (S$'000)	**1,004**	1,308
Borrowing rates	**2.39%**	2.95%
Amount due to non-controlling shareholders (S$'000)	**1,982**	1,886

19. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS (CONTINUED)

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

	2020 **S$'000**	2019 S$'000
– Less than 3 months	**11,929**	13,562
– 3 to 6 months	**15**	37
– Over 6 months to 1 year	**84**	73
– More than 1 year	**641**	805
	12,669	14,477

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

Retention payables were not yet past due as at 31 October 2020 and 2019 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.

20. 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 S$'000	**Leasehold land** (Note 23 (b)) S$'000	**Total** 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**

Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 22 and the maturity analysis of lease liabilities is disclosed in Note 30.

20. LEASES (CONTINUED)

Amounts recognised in statement of comprehensive income

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

Total cash outflow

The Group had total cash outflows for leases of S$407,000 and non-cash additions to right-of-use assets and lease liabilities of S$785,000 in 2020. The Group had also acquired motor vehicles with an aggregate cost of S$566,000 of which S$342,000 was financed under a lease arrangement. Cash payments of S$224,000 were made to purchase motor vehicles.

21. PROVISION

Provision for onerous contracts

	2020 S$'000	2019 S$'000
Balance at beginning	39	–
Arose during the year	2,112	434
Utilised	(39)	(395)
	2,112	39

During the year, the Group provided S$2,112,000 (2019: S$39,000) for the unavoidable costs of fulfilling certain fixed price construction contracts with customers, that were in excess of the economic benefits expected to be received under the contracts. The provision for the onerous contracts is expected to be utilised by the end of the contract terms.

The above provision has not been discounted as the effect of discounting is not significant.

22. BORROWINGS

	Maturity	**2020 S$'000**	2019 S$'000
Current			
SGD bank loan	2035	**720**	720
SGD bridging loan	2025	**956**	–
		1,676	720
Non-current			
SGD bank loan	2035	**9,060**	9,780
SGD bridging loan	2025	**4,044**	–
		13,104	9,780

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 12) 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.

22. BORROWINGS (CONTINUED)

Changes in liabilities arising from financing activities

	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**

	1 November 2018 S$'000	Cash inflows S$'000	Cash outflows S$'000	New leases S$'000	Others* S$'000	31 October 2019 S$'000
Borrowings						
– Current	–	–	–	–	720	720
– Non-current	–	10,800	(300)	–	(720)	9,780
Finance lease liabilities						
– Current	32	–	(32)	–	100	100
– Non-current	41	–	(59)	634	(100)	516
Amount owing to non-controlling shareholders (non-current)	–	2,058	–	–	–	2,058
	73	12,858	(391)	634	–	13,174

* Pertains to reclassification between current and non-current

23. 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 2020 %	2019 %
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**	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 years 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.

24. SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares

	Number of shares '000	Share capital HK$'000
As at 1 November 2018, 31 October 2019, 1 November 2019 and 31 October 2020	**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 2018, 31 October 2019, 1 November 2019 and 31 October 2020	**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.

25. 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.

26. 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:

	2020 **S$'000**	2019 S$'000
Within one year	**188**	188
Two to five years	**58**	246
	246	434

Finance lease commitments

The Group has finance leases for certain items of motor vehicles.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Future minimum lease payments 2019 S$'000	**Present value of minimum lease payments 2019** S$'000
Within one year	118	100
Between two and five years	462	394
More than five years	143	122
Total minimum lease payments	723	616
Less: Amounts representing finance charges	(107)	–
Present value of minimum lease payments	616	616

27. RELATED PARTY DISCLOSURES

(a) Transactions

Save as disclosed elsewhere in the consolidated financial statements, during the financial year, the following transactions were carried out with director related companies at terms mutually agreed by both parties:

	2020 S$'000	2019 S$'000
Olivine Capital Pte. Ltd.		
Write back of trade receivables	**43**	–
Other income	**–**	171

(b) Compensation of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The amounts stated below for key management compensation are for all the executive directors and other key management personnel.

Key management personnel compensation included in staff costs comprises:

	2020 S$'000	2019 S$'000
Short-term employee benefits	**1,168**	2,572
Defined contribution plans	**32**	32
	1,200	2,604
Comprise amounts paid to:		
Directors of the Company	**1,200**	2,604
Other key management personnel	**–**	–
	1,200	2,604

28. BENEFITS AND INTEREST OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 October 2020 and 2019 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director whether of the Company or its subsidiaries undertaking				
	Directors' fee S$'000	**Salary S$'000**	**Discretionary bonus S$'000**	**Employer's contribution S$'000**	**Total S$'000**
2020					
Executive director					
Mr Wang Yingde	**100**	**384**	**100**	**16**	**600**
Mr Shi Jianhua	**100**	**384**	**100**	**16**	**600**
Independent non-executive director					
Mr Zhu Dong	**42**	**–**	**–**	**–**	**42**
Mr Leung Wai Yip	**42**	**–**	**–**	**–**	**42**
Ms Ng King Wai Diana	**42**	**–**	**–**	**–**	**42**
Mr Ong Toon Lian	**17**	**–**	**–**	**–**	**17**
	343	**768**	**200**	**32**	**1,343**

	Emoluments paid or receivable in respect of a person's services as a director whether of the Company or its subsidiaries undertaking				
	Directors' fee S$'000	Salary S$'000	Discretionary bonus S$'000	Employer's contribution S$'000	Total S$'000
2019					
Executive director					
Mr Wang Yingde	100	386	900	16	1,402
Mr Shi Jianhua	100	386	900	16	1,402
Independent non-executive director					
Mr Zhu Dong	42	–	–	–	42
Mr Leung Wai Yip	42	–	–	–	42
Ms Ng King Wai Diana	42	–	–	–	42
Mr Ong Toon Lian	42	–	–	–	42
	368	772	1,800	32	2,972

Mr Zhu Dong, Mr Leung Wai Yip, Ms Ng King Wai Diana and Mr Ong Toon Lian were appointed as the Company's independent non-executive directors on 19 April 2018. Mr Ong Toon Lian resigned as a director of the Company on 11 April 2020.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the executive directors of the Group. The executive directors identify and evaluate financial risks in close co-operation within the Group to cope with overall risk management, as well as specific areas, such as foreign currency risk, interest rate risk, credit risk and liquidity risk.

Foreign currency risk

Most of the income and expenditures of the Group are denominated in SGD being the functional currency of the subsidiaries, and hence, the Group does not have any material foreign exchange exposure, except for cash and cash equivalents (Note 18).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings. The Group's cash at banks carry low interest rates for which the interest income is not significant and finance lease liabilities are subject to fixed interest rates.

Sensitivity analysis for interest rate risk

At 31 October 2020, if interest rates had been 50 (2019: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$43,000 (2019: S$44,000) higher/lower, arising mainly as a result of higher/lower interest expense on borrowings respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market conditions.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk mainly arises primarily from trade and other receivables, contract assets, deposits and bank balances.

Management considers the Group has limited credit risk with its banks which are leading and reputable financial institutions and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group trades with all third parties but will only provide credit terms upon approval of the management. The receivable balances are monitored on an ongoing basis by the management. Trade receivables that are neither past due nor impaired relate to companies with a good collection track record with the Group as well as amounts which after management's robust internal review are assessed to be recoverable based on prevailing circumstance.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include significant difficulty of the counterparty.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

– Actual or expected significant changes in the operating results of the borrower

– Significant increases in credit risk on other financial instruments of the same borrower

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower

– A breach in contract, such as a default or past due event

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

– There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by IFRS 9, which permits the use of lifetime expected provision for impairment of all contract assets and trade receivables. To measure ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information.

Given (i) the customers for the Group are well-known institutions and government agencies and there was no history of default in prior years; and (ii) no adverse change in the business environment is anticipated, management considered the default rate of trade receivables and contract assets to be minimal and the expected credit loss rate of institutions and government agencies to be nil for all ageing bands. As a result, no provision for impairment of trade receivables and contract assets is necessary. Information regarding the aging analysis of the Group's trade receivables are disclosed in Note 15.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Credit risk concentration profile

The Group is exposed to concentration of credit risk as at 31 October 2020 and 2019 on trade receivables from the Group's top five debtors amounting to approximately, S$36,710,000 and S$39,978,000, respectively, and accounted for 76% and 52% of the total trade receivables balance, respectively. The major customers of the Group are reputable organisations. Management considers that the credit risk is limited in this regard.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of collections and payments timing. The Group's objective is to maintain sufficient reserves of cash from business.

Analysis of financial liabilities by remaining contractual maturities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	One year or less	One to five years	Over five years	Total
		S$'000		
2020				
Trade and retention payables	**34,312**	**1,035**	**–**	**35,347**
Other payables and accruals (less: GST payables)	**5,249**	**2,058**	**–**	**7,307**
Lease liabilities	**209**	**814**	**483**	**1,506**
Borrowings	**2,023**	**7,699**	**7,484**	**17,206**
Total undiscounted financial liabilities	**41,793**	**11,606**	**7,967**	**61,366**
2019				
Trade and retention payables	34,090	1,506	–	35,596
Other payables and accruals (less: GST payables)	5,615	2,058	–	7,673
Finance lease liabilities	118	478	127	723
Borrowings	1,033	3,952	7,968	12,953
Total undiscounted financial liabilities	40,856	7,994	8,095	56,945

30. FAIR VALUE OF ASSETS AND LIABILITIES

Trade receivables (Note 15), Other receivables and deposits (Note 16), Cash and cash equivalents (Note 18), Trade and retentions payable (current) (Note 19), and Other payables and accruals (current) (Note 19)

The carrying amounts of the above financial assets and liabilities are reasonable approximation of their fair values due to their short maturities.

Trade receivables (non-current) (Note 15), borrowings (Note 22)

The carrying amounts of the above financial assets and liabilities are reasonable approximation of their fair values as the interest rate approximates the market interest rate prevailing at the financial year end.

Trade payables (non-current) (Note 19), other payables (non-current) (Note 19)

The carrying amounts of these financial liabilities are reasonable approximations of their fair values as the present value differential is not significant.

Financial instruments by category

The aggregate carrying amounts of financial assets and financial liabilities at amortised cost are as follows:

	2020 **S$'000**	2019 S$'000
Financial assets at amortised cost	**112,667**	92,599
Financial liabilities at amortised cost	**61,720**	54,725

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 31 October 2020 and 2019.

Capital includes equity attributable to the owners of the Company less capital reserves. The Group's policy is to ensure that capital is positive to provide returns for shareholders.

	2020 **S$'000**	2019 S$'000
Equity attributable to owners of the Company	**89,799**	94,421
Less: Capital reserves	**(26,972)**	(26,972)
Total capital	**62,827**	67,449

Other than disclosed in Note 22 to the financial statements, the Group did not raise any external borrowings.

32. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	2020 S$'000	2019 S$'000
ASSETS			
Non-current assets			
Investment in subsidiaries		**37,223**	37,223
Other receivables		**29,931**	32,644
		67,154	69,867
Current assets			
Other receivables		**9**	–
Cash and cash equivalents		**510**	752
		519	752
Total assets		**67,673**	70,619
EQUITY AND LIABILITIES			
Current liabilities			
Other payables and accruals		**522**	2,692
Total liabilities		**522**	2,692
Equity attributable to owners of the Company			
Share capital		**2,725**	2,725
Share premium	(a)	**69,777**	69,777
Accumulated losses	(a)	**(5,351)**	(4,575)
Total equity		**67,151**	67,927
Total equity and liabilities		**67,673**	70,619

32. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Share premium S$'000	Accumulated losses S$'000
Balance at 1 November 2018	69,777	(3,370)
Comprehensive income		
Loss for the year, representing total comprehensive income for the year	–	(1,205)
Balance as at 31 October 2019	69,777	(4,575)
Balance at 1 November 2019	**69,777**	**(4,575)**
Comprehensive income		
Loss for the year, representing total comprehensive income for the year	**–**	**(776)**
Balance as at 31 October 2020	**69,777**	**(5,351)**

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 October 2020 were authorised for issue in accordance with a directors' resolution dated 29 January 2021.

Five-Year Financial Summary

RESULTS

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years as follows:

	Year ended 31 October				
	2020	2019	2018	2017	2016
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**147,494**	215,498	228,630	201,075	191,327
Profit before income taxation	**(5,332)**	18,407	16,677	33,721	29,702
Income tax expenses	**710**	(3,583)	(2,962)	(6,397)	(4,723)
Profit and total comprehensive income	**4,622**	14,824	13,715	27,324	24,979
Profit and total comprehensive income is attributable to:					
Owners of the Company	**(4,569)**	14,862	13,715	27,324	24,979
Non-controlling interests	**(53)**	(38)	–	–	–
	(4,622)	14,824	13,715	27,324	24,979

ASSETS AND LIABILITIES

	Year ended 31 October				
	2020	2019	2018	2017	2016
	S$'000	S$'000	S$'000	S$'000	S$'000
Assets					
Non-current assets	**30,859**	22,362	13,137	19,665	20,727
Current assets	**141,216**	138,016	125,863	104,101	105,417
Total assets	**172,075**	160,378	139,000	123,766	126,144
Equity and liabilities					
Total equity	**89,799**	94,421	79,597	62,463	55,139
Non-current liabilities	**17,358**	13,860	2,739	3,376	2,958
Current liabilities	**64,918**	52,097	56,664	57,927	68,047
Total Liabilities	**82,276**	65,957	59,403	61,303	71,005
Total equity and liabilities	**172,075**	160,378	139,000	123,766	126,144