黃浦建設

HPC HOLDINGS LIMITED

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

2021

ANNUAL REPORT

Contents

Corporate Information

REGISTERED OFFICE
Cricket Square
Hutchins Drive
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, Dah Sing Financial Centre,
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
Mr. Gng Hoon Liang

Audit Committee
Mr. Leung Wai Yip *(Chairman)*
Mr. Zhu Dong
Mr. Gng Hoon Liang

Remuneration Committee
Mr. Zhu Dong *(Chairman)*
Mr. Wang Yingde
Mr. Gng Hoon Liang

Nomination Committee
Mr. Wang Yingde *(Chairman)*
Mr. Zhu Dong
Mr. Gng Hoon Liang

COMPANY SECRETARY
Ms. Leung Wing Han Sharon
(FCS, FCG, FCCA and CPA)
40th Floor, Dah Sing Financial Centre,
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 2021.

The COVID-19 pandemic has been raging around the world for more than two years, and the Group had experienced a challenging year. The situation that we expected to return to normal at the beginning of this year, repeated after the outbreak of the Delta variant. As an external oriented economy, Singapore has been relying on foreign workforce and international supply chain in the construction industry for a long time, and the resurgence of the pandemic inevitably increased the cost of labour and materials. Accordingly, projects under construction of almost all the construction companies are exposed to high risks. Due to the variant of the virus and the resurgence of the pandemic, the uncertainties in the future are still not fully identified, and the driving effect of either public or private fund investment on the industry has been greatly alleviated. Besides, certain construction companies, considering the survival issue, have adopted the irrational strategy of low-priced bids or high-priced bids, which has further increased the uncertainty of the market.

As a construction practitioner who has over 30 years of experience in the industry, I had witnessed the effects of many macro-economic crises on the industry cycle, such as the Asia financial crisis occurred at the end of last century and the global financial crisis occurred in 2008. Despite the unprecedented impact of the COVID-19 pandemic on the world, I still believe in an ancient saying in Chinese philosophy: "When things develop to a certain extent, they will go to the opposite direction. The whole universe has been seeing rises and falls, let along human beings." Benefiting from the increasing vaccination rates and the experience accumulated in the past two years, the economy of Singapore has become very resilient, and has retained strength for the post-epidemic era.

Looking forward to 2022, although the future remains unpredictable, the Group's response to risks has become more flexible. The Group has made more practical analysis of the target market, and has also supplemented and strengthened the previous shortcomings in project management. Based on the economic environment and the macro policies of Singapore's government and leveraging on the Group's stable track records, the experienced and pragmatic management team, and the 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 2022 with a V-shaped growth. In the new year, the Group will expand its local market share steadily, and at the same time, it will also try to restart the planning and promotion of its overseas business disrupted by the pandemic, on which substantial progress is expected. All these efforts will open 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 past efforts and contributions for the development of the Group. In the new year, we hope that we will continue working together to go through the challenges, so as to achieve new development for the Group, to fulfil dreams for our employees, and to generate return for our shareholders.

Wang Yingde
Chairman of the Board & Chief Executive Officer
HPC HOLDINGS LIMITED

Biographical Details

DIRECTORS

Mr. Wang Yingde (王應德), aged 59, 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 58, 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 60, 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. Leung Wai Yip (梁偉業), aged 45, 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.

Mr. Gng Hoon Liang (鄞雲亮), aged 64. Mr. Gng has over 30 years' experience in the building industry. Mr. Gng has been a director of Coal and Mineral Pte Ltd, a whole sale trading company incorporated in Singapore, since 2008. Since 2002, Mr. Gng has been providing project management services to developers, contractors, lawyers in South East Asia, Africa and the Middle-East regions. From 1996 to 2002, he was the project manager for the high technology horse racing turf club in Kranji, Singapore with SsangYong Engineering & Construction Co, Ltd. In 1993, the Malaysia's Bank Negara (Central Bank) engaged Mr. Gng as the project director to fully oversee the successful completion of the Labuan Financial Park in 1996 (a tax haven entity), in Labuan Island, East Malaysia. He was the contracts manager for the restoration and redevelopment of the internationally proclaimed Raffles Hotel in Singapore from 1990 to 1992 under SsangYong Engineering & Construction Co, Ltd. He was the contracts manager for the China World Trade Centre, Beijing, China from 1987 to 1990 with Indeco Engineers, a Singapore Government-linked company. Mr. Gng graduated from Edinburgh, Scotland in 1987 with a Bachelor of Science in Quantity Surveying and Building Economics (Hons) and in 1995 he obtained his Master of Science in International Construction Management from the Nanyang Technological University (Singapore). He was a Professional associate of The Royal Institution of Chartered Surveyors (U.K.) from 1991 to 2010, The Association of Cost Engineers (U.K.) from 1994 to 2010, and member of Singapore Institute of Arbitrators from 1996 to 2010.

SENIOR MANAGEMENT

Mr. Zhang Jie (張傑), aged 38, 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 completed his Chartered Valuer and Appraiser Programme on January 2021 with Nanyang Technological University. 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 46, commercial director of the Group. Mr. Yong has approximately 22 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 honored as a technical member of Singapore Institute of Surveyors & Valuers (SISV) since February 2016 and upgraded to member in March 2019.

Ms. He Han (何晗), aged 54, 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” or “HPC”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 31 October 2021 (the “Financial Year”) together with the comparative figures for the corresponding period in 2020 (the “Previous Period”).

BUSINESS REVIEW

Even it has been almost two years since the first COVID-19 case was reported in Singapore, the impacts of this pandemic (the “Pandemic”) continue to loom in the construction industry as well as in community of Singapore. Despite the slight recovery from the impact of the COVID-19 Pandemic and the gradual reopening and resumption of economic activities in 2021, the construction sector in Singapore was still facing the same headwinds in light of market uncertainties and disruptions. The Building and Construction Authority (BCA) has projected the total construction demand in 2021 to range between S$23 billions and S$28 billions, up from S$21.3 billions in 2020. This increase is largely attributed to the backlog created during the Pandemic. However, 65% of the overall construction demand for 2021 was contributed by the public sector, of which the Group only had less market share as compared to private sector.

Despite the increase in construction output in 2021, tender pricings for new projects still remained very competitive and challenging in anticipation for the potential construction cost increase between 10%-15%, driven by labour shortages, cost increase in key construction materials, availability of contracting resources and the implementation of the COVID-safe management measures imposed by the relevant authorities. In view of these challenges, HPC only managed to secured 4 projects, namely the Phase 2 of Global Indian International School won through competitive bidding, HDB Home Improvement Project Contract, Kim Seng Huat Single-Storey Warehouse by a repeated client and the Adopt-To-Suit (ATS) for Dyson in Tuas Logistics Hub. The total amount of contract secured was S$151.46 million. With these awards, our order book remains at healthy level at S$316 million as of 31 October 2021, even though there is a slight decrease of S$40 million compared with same period in 2020 (S$356 million).

In 2021, the Group could only complete approximately S$189 million of contract works in the Financial Year compared with S$147 million in Previous Period. Although the recovery of production output was obvious, it was still far away from full recovery to normal capacity as compared with Financial Year 2019 (S$215 million).

Currently, while waiting for the market to return to normalcy, as most of the risk factors have yet been sufficiently exposed, the Group is prepared to actively tendering for new projects in the market segmentation that the Group is specialized. The Group is actively streamlining our resources to tender few potential large scale industrial projects in the pipeline likely to be awarded in the first to the second quarter of 2022. 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

Being an international trade hub, the economy of Singapore has been affected since the Pandemic, with increasing vaccination rate of the population, the economy has been recovering gradually as compared to last year. However, COVID-19 related regulations have been inevitably interruptive to the productivity, and rising labour, materials and other operating cost. Therefore, despite more construction activities were performed by the Group, the financial performance was still recorded a loss for the year ended 31 October 2021 and was almost comparable to the Previous Period.

Revenue and Gross Profit

The Group registered a 27.81% increase in revenue for the Financial Year as compared with the year ended 31 October 2020 from approximately S$147.5 million to approximately S$188.5 million. Revenue increase as a result of more construction activities was gradually resumed in an orderly manner compared with the Previous Period which included a few months total shut down due to the Pandemic.

The gross profit of the Group reduced from approximately S$402 thousand to a loss of S$1.05 million for the Financial Year as compared with the year ended 31 October 2020. Gross profit margin reduced 0.83 percentage points from 0.27% to -0.56%. The decline of the gross profit margin was mainly due to the Pandemic, as prices of materials, labour and logistics have significantly increased and newly award subcontractors would also quote price to cover its other COVID-19 related cost, and most of the on-going projects of the Group during the Financial Year were awarded before the Pandemic.

Other Income

Other Income of the Group for the Financial Year decreased by approximately S$3 million, primarily due to less government subsidies granted from Singapore Government to assist business to defray the cost caused by the Pandemic in consideration of the gradual recovery of the economic.

Administrative Expenses

The Group incurred less administrative expenses for the Financial Year compared with the year ended 31 October 2020. Administrative expenses reduced by approximately S$5.5 million from approximately S$12.9 million to S$7.4 million. The large decrement of the administrative expenses was primarily due to almost no idle period during the Financial Year and no direct idle cost incurred as compared to the Previous Period.

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$1.2 million.

Profit After Tax

As a result of the combined effects mentioned above, the Company recorded a net loss after tax at approximately S$5.0 million, representing a reduction of S$341 thousand, or approximately 7.4% 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 2.4 and 2.2 as at 31 October 2021 and 31 October 2020, 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 in Previous Period, the term of the TBL is five years. The loan was obtained as a buffer to prepare for the uncertainty of the Pandemic. Following the increasing of vaccination rate and the Group had been consistently assessing the situation and it was of the view that the past earning of the Group provided a strong financial base for the Company to steer through the Pandemic, therefore, the TBL was paid off during the Financial Year.

Gearing ratios (defined as total borrowings divided by total equity) of the Group are 14.2% and 20.2% as at 31 October 2021 and 31 October 2020 respectively and the decreasing of gearing ratio was mainly due to the paid off of the above-mentioned TBL term loan.

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 2021, 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 2021, 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.

On 4 May 2021, The Group disposed 100% of the equity interest in the Aasperon Venture Pte. Ltd. to an independent third party, at a cash consideration of S$4.2 million plus reimbursement of authorities fees.

EMPLOYEE INFORMATION

As at 31 October 2021, the Group had 861 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$27 million (2020: S$26 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 announcement, none of our employee's health is seriously affected by the Pandemic.

PROSPECTS

Based on Building Construction and Authority (BCA) insight report, it expects a steady improvement in construction demand over the medium term. The public sector is expected to lead the demand and contribute S$14 billion to S$18 billion per year from 2022 to 2025 with similar proportions of demand coming from building projects and civil engineering works. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by large infrastructure and institutional projects.

The private sector construction demand is expected to improve steadily in the medium term to reach between S$11 billion and S$14 billion per year from 2022 to 2025. This is in anticipation of a gradual recovery of the global economy, contingent on the successful deployment and effectiveness of COVID-19 treatment and vaccines as well as easing of lockdown restrictions.

Given the level of uncertainty in the current construction market, a much wider ranges of tender pricing have also been reflected in some project tenders, in some instances more than 10% over and above last year's price level. It is anticipated that it will take some time for tender prices to stabilize.

The Group foresees further industry consolidation and Singapore's construction supply chain to continue facing challenge, due to demand from the private sector is anticipated with a reduction in the number of land parcels put up for sale in the first quarter of 2021 and industrial developer could pick up later in 2022, as industrial developers may start looking to replenish their land banks. But the good news from Ministry of Transportation and Industries (the "MTI") revealed the overall construction industry grew by 18.7% in Year 2021 as compared to a contraction of 35.9% in Year 2020. Therefore, we foresee that the recovery of productivity and demands will speed up the tender price stabilization process, we shall soon drive through the turbulence.

Barring from any resurgence of COVID-19 Pandemic in 2022, the Group is optimistically confident that with the current order book that still can keep most of the existing workforce to be productively employed till the first quarter of 2023, the Group is able to reverse the poor performance in Financial Year 2021 with determination and resilience to emerge stronger in Financial Year 2022.

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 (which has been re-numbered as code provision C.2.1 since 1 January 2022). Under then 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. Gng Hoon Liang

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 2021:

Name of Directors
Mr. Wang Yingde
Mr. Shi Jianhua
Mr. Zhu Dong
Mr. Leung Wai Yip
Ms. Ng King Wai Diana (left on 10 May 2021)
Mr. Gng Hoon Liang (appointed on 28 April 2021)

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 2020 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 the renewal of existing Director and INEDs who would like to continue their service contract and approve new INED's Nomination, approve interim result announcement and interim report for the six months ended 30 April 2021, adopt internal audit report and strategic discussion on post COVID situation, review and approve full year result announcement and annual report for the year ended 31 October 2021.

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 27 January 2022 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 (left on 10 May 2021)	1/1
Mr. Gng Hoon Liang (appointed on 28 April 2021)	3/3

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 (which has been re-numbered as code provision C.2.1 since 1 January 2022).

Under then 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 three Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the Nomination Committee to oversee particular aspects of the Company's affairs since 19 April 2018. 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 Mr. Gng Hoon Liang. 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 interim report for the half year ended at 30 April 2021 and (iii) review and recommend the full year result announcement and annual report for the financial year ended 31 October 2021.

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 27 January 2022 is as follows:

Name of Directors	No. of Attendance/No. of Meetings
Mr. Leung Wai Yip	3/3
Mr. Zhu Dong	3/3
Mr. Gng Hoon Liang	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 Mr. Gng Hoon Liang 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 of remuneration of newly appointed 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
Mr. Gng Hoon Liang	0/1

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 Mr. Gng Hoon Liang 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 two meetings and among other things, nominate new INED for the board approval, 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	2/2
Mr. Zhu Dong	2/2
Mr. Gng Hoon Liang	2/2

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 27 January 2022.

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 2021 are set out in Note 9 to the consolidated financial statements.

Pursuant to code provision B.1.5 (which has been renumbered as code provision E.1.5 since 1 January 2022) 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 2021 by band is set out below:

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

INDEPENDENT AUDITOR'S REMUNERATION

For the financial year ended 31 October 2021, 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 2021 is set out below:

Services fee paid/payable	**HK$**
Audit services	809,200
Non-audit services*	115,600
Total	924,800

* Non-audit services relate to the review of interim report for the period ended 30 April 2021 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 2021. 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 2021.

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 2021. 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 enquiries. 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 nine years, he has sound knowledge about the operation of the Company. During the financial year ended 31 October 2021. 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, Dah Sing Financial Centre, 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 ENQUIRIES 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, Dah Sing Financial Centre, No. 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 2021. 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.

The Directors present the annual report and the audited consolidated financial statements of HPC Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 October 2021.

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 the 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 23 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, REDEMPTION OR SALE 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

The Company auditor was changed from PricewaterhouseCoopers to Ernst & Young LLP since 6 August 2019. Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

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 2021 were as follows:

	Share premium	Accumulated losses
	S$'000	S$'000
2021	**69,777**	**(6,153)**
2020	69,777	(5,351)

RESERVES AND DISTRIBUTABLE RESERVES

The Company did not have distributable reserves as at 31 October 2021, 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.

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) ISO45001 (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 2021 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.

RELATIONSHIP WITH EMPLOYEES, CLIENTS AND SUBCONTRACTORS

The Group treats every member of our employees 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 2021 and 31 October 2020 amounted to approximately S$138.0 million and S$112.0 million, respectively of which represents approximately 73.2% and 75.9% of total revenue. Revenue from the largest client for the same periods amounted to approximately S$53.5 million and S$32.0 million, respectively of which represents approximately 28.4% and 21.7% 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 2021 and 31 October 2020 amounted to approximately S$30.6 million and S$24.3 million, respectively of which represents approximately 16.2% and 16.5% of total costs of work done. Subcontractors' costs from the largest subcontractor for the same periods amounted to approximately S$8.2 million and S$5.7 million, respectively of which represents approximately 4.3% and 3.8% of total costs of work done.

Purchases from the five largest suppliers for the Group for the financial years ended 31 October 2021 and 31 October 2020 amounted to approximately S$28.6 million and S$22.2 million, respectively of which represents approximately 15.1% and 15.0% of total costs of work done. Purchases from the largest supplier for the same periods amounted to approximately S$12.1 million and S$10.4 million, respectively of which represents approximately 6.4% and 7.0% 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) have no interest in the clients, subcontractors and suppliers as disclosed above.

DIRECTORS

The directors of the Company 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)*
Mr. Gng Hoon Liang	*(Independent non-executive Director)*

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. Wang Yingde & Mr. Leung Wai Yip 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 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. Mr. Gng Hoon Liang has entered into a letter of appointment with our Company on 18 March 2021 which will continue thereafter an initial term of 3 years 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 2021.

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

As at 31 October 2021, 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 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) Based on a total of 1,600,000,000 shares of the Company as at 31 October 2021.

Save as disclosed above, as at 31 October 2021, none of the Directors and 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 2021, so far as is known to any Director or chief executive of the Company, the persons (other than Director 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 Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept 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) Based on a total of 1,600,000,000 shares of the Company as at 31 October 2021.

Save as disclosed above, as at 31 October 2021, 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 Divisions 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 2021.

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 6 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 2021.

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 seven-storey industrial building.

DHC Construction shall submit a performance and insurance bond obtained from an approved insurance company with the amount of S$680,672.50 (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 May 2022 and the final construction cost is expected to increase.

Due to the unprecedented force majeure 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 liquidity damages to be incurred.

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.

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 Rule. This transaction constitutes a connected transaction.

The independent non-executive Directors have reviewed the continuing connected transactions for the year ended 31 October 2021 and confirm that these transactions have been entered into in the ordinary and usual course of business, on normal commercial terms and according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

The Group's auditor also confirmed to the board of directors that nothing has come to their attention that causes them to believe that the continuing connected transactions:

(1) have not been approved by the listed issuer's board of directors;

(2) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have exceeded the cap.

Related party transactions entered into by the Group during the financial year, are disclosed in Note 26 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 of the Company were listed on the Main Board of the SEHK on 11 May 2018. Net proceeds arising from the Listing amounted to approximately HK$124.4 million.

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	124.4	–

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 of directors:

Wang Yingde
Director

Shi Jianhua
Director

Singapore
27 January 2022

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 2021, 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 2021, 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 2021, revenue from construction contracts amounted to S$188,510,000 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 Notes 5 and 16 to the financial statements.

Impairment assessment of trade receivables and contract assets

The Group's gross trade receivables and contract assets amounted to S$47,412,000 and S$40,758,000 respectively as at 31 October 2021, against which an allowance for expected credit loss ("ECL") and impairment of S$4,150,000 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 14, 16 and 28 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
27 January 2022

Consolidated Statement of Comprehensive Income

For the financial year ended 31 October 2021

	Note	2021 S$'000	2020 S$'000
Revenue	5	**188,510**	147,494
Cost of sales		**(189,561)**	(147,092)
Gross (loss)/profit		**(1,051)**	402
Other operating income	6	**4,465**	7,478
Administrative expenses		**(7,471)**	(12,953)
Impairment losses on financial assets – trade receivables		**(3,000)**	(550)
Other gains/(losses)	6	**732**	(15)
Finance income	7	**447**	393
Finance costs	7	**(105)**	(87)
Loss before tax	8	**(5,983)**	(5,332)
Income tax credit	10	**1,020**	710
Loss for the year, representing total comprehensive income for the year		**(4,963)**	(4,622)
Total comprehensive income attributable to:			
Owners of the Company		**(4,682)**	(4,569)
Non-controlling interests		**(281)**	(53)
		(4,963)	(4,622)
Loss per share attributable to owners of the Company			
– Basic (cents)	11	**(0.3)**	(0.3)
– Diluted (cents)	11	**(0.3)**	(0.3)

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

Consolidated Balance Sheet

As at 31 October 2021

	Note	Group 2021 S$'000	2020 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**22,594**	22,099
Investment properties	13	**5,062**	5,229
Deferred tax assets	10	**1,851**	600
		29,507	27,928
Current assets			
Trade receivables	14	**45,229**	46,667
Other receivables, deposits and prepayments	15	**2,667**	2,998
Contract assets	16	**40,758**	31,480
Cash and cash equivalents	17	**30,799**	63,002
		119,453	144,147
Total assets		**148,960**	172,075
EQUITY AND LIABILITIES			
Current liabilities			
Trade and retention payables	18	**28,724**	33,824
Other payables and accruals	18	**5,640**	6,575
Provisions	20	**6,113**	2,112
Contract liabilities	16	**7,783**	19,791
Lease liabilities	19	**101**	175
Borrowings	21	**720**	1,676
Income tax payable		**364**	765
		49,445	64,918
Net current assets		**70,008**	79,229

Consolidated Balance Sheet
As at 31 October 2021

		Group	
	Note	**2021**	2020
		S$'000	S$'000
Non-current liabilities			
Retention payables	18	**3,469**	1,035
Other payables	18	**2,524**	2,058
Lease liabilities	19	**346**	1,161
Borrowings	21	**8,340**	13,104
		14,679	17,358
Total liabilities		**64,124**	82,276
Equity attributable to owners of the Company			
Share capital	23	**2,725**	2,725
Share premium	23	**69,777**	69,777
Capital reserves	24	**(26,972)**	(26,972)
Retained profits		**39,188**	43,870
		84,718	89,400
Non-controlling interests		**118**	399
Total equity		**84,836**	89,799
Total equity and liabilities		**148,960**	172,075

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 2021

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserves	Retained profits	Total		
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group							
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
At 1 November 2020	**2,725**	**69,777**	**(26,972)**	**43,870**	**89,400**	**399**	**89,799**
Loss for the year, representing total comprehensive income for the year	**–**	**–**	**–**	**(4,682)**	**(4,682)**	**(281)**	**(4,963)**
At 31 October 2021	**2,725**	**69,777**	**(26,972)**	**39,188**	**84,718**	**118**	**84,836**

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 2021

	2021 S$'000	2020 S$'000
Cash flows from operating activities		
Loss before tax	**(5,983)**	(5,332)
Adjustments for:		
Depreciation of property, plant and equipment	**1,535**	823
Depreciation of investment properties	**167**	168
Finance income	**(447)**	(393)
Finance expense	**105**	87
Gain on disposal of subsidiaries	**(762)**	–
Loss on disposal of property, plant and equipment	**15**	45
Net unrealised foreign exchange loss	**15**	30
Impairment loss on financial assets – trade receivables	**3,000**	550
Write back of trade receivables	**–**	(43)
Provision for onerous contract	**4,001**	2,112
Operating cash flows before changes in working capital	**1,646**	(1,953)
Changes in working capital:		
– (Increase)/decrease in trade receivables	**(1,258)**	12,466
– Decrease/(increase) in other receivables, deposits and prepayments	**283**	(993)
– (Increase)/decrease in contract assets and contract liabilities	**(21,286)**	25,930
– Decrease in trade and retention payables	**(2,666)**	(776)
– (Decease)/increase in other payables and accruals	**1,626**	659
Cash (used in)/generated from operations	**(21,655)**	35,333
Interest received	**144**	161
Interest paid	**(105)**	(256)
Income tax paid	**(632)**	(2,499)
Net cash (used in)/generated from operating activities	**(22,248)**	32,739
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**147**	579
Purchase of property, plant and equipment	**(6,407)**	(5,345)
Disposal of subsidiary, net of cash disposed of	**1,675**	–
Net cash used in investing activities	**(4,585)**	(4,766)

	2021 S$'000	2020 S$'000
Cash flows from financing activities		
Amount due to non-controlling shareholders	**466**	–
Repayment of principal portion of lease liabilities	**(101)**	(407)
Proceeds from bank borrowings	**–**	5,000
Repayment of bank borrowings	**(5,720)**	(720)
Net cash (used in)/generated from financing activities	**(5,355)**	3,873
Net increase in cash and cash equivalents	**(32,188)**	31,846
Effect of exchange rate changes on cash and cash equivalents	**(15)**	(30)
Cash and cash equivalents at 1 November	**63,002**	31,186
Cash and cash equivalents at 31 October	**30,799**	63,002

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 22 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 $), and all values are rounded to the nearest thousand (S$'000), except when otherwise indicated.

2.2 New accounting standards effective on 1 November 2020

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 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 IAS 16: *Property, Plant and Equipment* - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8: *Definition of Accounting Estimates*	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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases

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.

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:

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)

As a 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

Investment properties are properties that are either owned by the Group or right-of-use asset leased 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 comprise completed investment properties and properties that are being constructed of developed for future use as investment properties.

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	–	26 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.

2.11 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(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 de-recognition, 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.

2.15 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets (Continued)

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 which could affect debtors' ability to pay.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. When 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 (e.g. 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 2021 and 2020 had been higher/lower by 5% from management's estimates, the Group's net profit after tax would have been higher/lower by S$17,071,000 and S$3,641,000 respectively.

If the budgeted contract costs of uncompleted contracts as at 31 October 2021 and 2020 had been higher/lower by 5% from management's estimates, the Group's net profit after tax would have been lower/higher by S$42,858,000 and S$3,552,000 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 14 and Note 16.

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 2021 and 2020 are as follows:

	General building construction S$'000	Civil engineering S$'000	Total S$'000
2021			
Total segment revenue to external customers	**180,843**	**7,667**	**188,510**
Gross (loss)/profit	**(3,451)**	**2,400**	**(1,051)**
Segment assets	**85,081**	**906**	**85,987**
Segment liabilities	**44,033**	**2,056**	**46,089**
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

4. SEGMENT INFORMATION (CONTINUED)

Reconciliations

(i) Segment profits

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

	2021 S$'000	2020 S$'000
Gross (loss)/profit for reportable segments	**(1,051)**	402
Other operating income	**4,465**	7,478
Other gains/(losses)	**732**	(15)
Impairment losses on financial assets	**(3,000)**	(550)
Administrative expenses	**(7,471)**	(12,953)
Finance income	**447**	393
Finance costs	**(105)**	(87)
Loss before tax	**(5,983)**	(5,332)

(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:

	2021 S$'000	2020 S$'000
Segment assets for reportable segments	**85,987**	78,147
Unallocated:		
Property, plant and equipment	**22,594**	22,099
Investment properties	**5,062**	5,229
Deferred tax assets	**1,851**	600
Other receivables, deposits and prepayments	**2,667**	2,998
Cash and cash equivalents	**30,799**	63,002
	148,960	172,075

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:

	2021 **S$'000**	2020 S$'000
Segment liabilities for reportable segments	**46,089**	56,762
Unallocated:		
Lease liabilities	**447**	1,336
Other payables and accruals	**8,164**	8,633
Borrowings	**9,060**	14,780
Income tax payable	**364**	765
	64,124	82,276

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:

	2021 **S$'000**	2020 S$'000
Customer A	**53,542**	32,019
Customer B	**32,956**	31,494
Customer C	**19,871**	22,191

These revenues are attributable to the general building construction segment.

5. REVENUE

	2021 S$'000	2020 S$'000
Revenue from contracts with customers		
Construction contract revenue	**188,510**	147,494

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

Disaggregation of revenue

	2021 S$'000	2020 S$'000
By project sector		
Public sector	**48,770**	16,097
Private sector	**139,740**	131,397
	188,510	147,494

6. OTHER OPERATING INCOME AND OTHER EXPENSES

	2021 S$'000	2020 S$'000
Government grants*	**3,865**	6,873
Sales of scrap materials	**395**	378
Rental income from investment properties	**180**	157
Others	**25**	70
Other operating income	**4,465**	7,478
Net foreign exchange (loss)/gain	**(15)**	30
Loss on disposal of property, plant and equipment	**(15)**	(45)
Gain on disposal of subsidiary (Note 22)	**762**	–
Other gains/(losses)	**732**	(15)

* Government grants were received by certain subsidiaries in connection with employment of Singaporean workers under Job Support Scheme, Jobs Growth Incentive, Foreign Worker Levy Rebate, BCA COVID-19 Prolongation Cost subsidy (2020: Job Support Scheme, Foreign Worker Levy Rebate, BCA COVID-Safe firm-based Support). There were no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE INCOME AND COSTS

	2021 S$'000	2020 S$'000
Finance income:		
– Bank interest	**144**	161
– Interest income from loan receivable (Note 14)	**303**	232
Total finance income	**447**	393

	2021 S$'000	2020 S$'000
Finance costs:		
Interest expense on:		
– Borrowings	**(423)**	(239)
– Lease liabilities	**(16)**	(17)
	(439)	(256)
Less: interest expense capitalised in property, plant and equipment (Note 12)	**334**	169
Total finance costs	**(105)**	(87)

8. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

	2021 S$'000	2020 S$'000
Auditors' remuneration:		
– auditor of the Company	**160**	160
Employee compensation (Note 9)	**27,424**	26,094
Materials, sub-contractors and other construction costs	**163,249**	123,273
Work stoppages related costs	**4**	7,387
Depreciation of property, plant and equipment	**1,535**	823
Depreciation of investment properties	**167**	168
Operating lease rentals	**143**	235
Entertainment and transportation	**109**	242
Professional fees	**214**	384
Provision for onerous contract	**4,001**	2,112
Write back of trade receivables	**–**	(43)

9. EMPLOYEE COMPENSATION

	2021 S$'000	2020 S$'000
Wages and salaries (including directors' emoluments)	**26,281**	24,930
Defined contribution plans	**1,143**	1,164
	27,424	26,094

Five highest paid individuals

For the years ended 31 October 2021 and 2020, the five individuals whose emoluments were the highest in the Group include 2 directors (2020: 2), whose emoluments are reflected in the analysis in Note 27. The emoluments paid/payable to the remaining individuals, during the years ended 31 October 2021 and 2020 are as follows:

	2021 S$'000	2020 S$'000
Wages and salaries	**583**	1,307
Bonuses	**97**	163
Defined contribution plans	**36**	81
	716	1,551

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

	2021	2020
Number of individuals		
Emolument band		
Nil to HK$1,000,000 (S$179,333)	**1**	–
HK$1,000,001 (S$179,333) to HK$2,000,000 (S$358,667)	**2**	3
HK$2,000,001 (S$358,667) and above	**–**	–

10. INCOME TAX (CREDIT)/EXPENSE

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

The major components of income tax (credit)/expense for the years ended 31 October 2021 and 2020 are:

	2021 S$'000	2020 S$'000
Current income tax		
Current year	**221**	–
(Over)/under provision in respect of previous years	**10**	(170)
Deferred income tax		
Origination and reversal of temporary difference	**(1,251)**	(545)
Under provision in respect of previous years	**–**	5
Income tax (credit)/expense recognised in profit or loss	**(1,020)**	(710)

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

A reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 October 2021 and 2020 is as follows:

	2021 S$'000	2020 S$'000
(Loss)/profit before tax	**(5,983)**	(5,332)
Tax at applicable corporate tax rate of 17% (2020: 17%)	**(1,017)**	(906)
Adjustments:		
– Non-deductible expenses	**367**	325
– Statutory stepped income exemption	**(390)**	(275)
– (Over)/under provision in respect of previous years	**10**	(170)
– Tax rebate	**–**	(30)
Effect of partial tax exemption	**(17)**	–
Utilisation of tax loss previously not recognised	**(191)**	–
– Deferred tax assets (recognised)/not recognised	**218**	430
– Others	**(366)**	(84)
Income tax (credit)/expense recognised in profit or loss	**(1,020)**	(710)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$2,688,000 (2020: S$2,529,000) 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 operate.

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

(c) Deferred tax assets/(liabilities)

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

	2021 S$'000	2020 S$'000
Deferred tax assets	**1,851**	600
Deferred tax liabilities	**–**	–
Deferred tax assets, net	**1,851**	600

Deferred tax assets

	2021 S$'000	2020 S$'000
At beginning of the financial year	**600**	131
Credited to profit or loss	**1,251**	469
At end of the financial year	**1,851**	600

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

Deferred tax liabilities

	2021 S$'000	2020 S$'000
At beginning of the financial year	**–**	(71)
Credited to profit or loss	**–**	71
At end of the financial year	**–**	–

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.

	2021 **S$'000**	2020 S$'000
(Loss)/profit for the year attributable to owners of the Company	**(4,682)**	(4,569)

	No. of shares **2021**	2020
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)**	(0.3)

12. PROPERTY, PLANT AND EQUIPMENT

	Computers S$'000	Furniture and fittings S$'000	Motor vehicles S$'000	Plant and equipment S$'000	Leasehold improvements S$'000	Leasehold land and building under construction S$'000	Leasehold land and building S$'000	Total S$'000
Cost:								
At 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 and 1 November 2020	1,013	179	3,158	2,180	60	15,360	4,585	26,535
Additions	208	776	–	166	–	5,257	–	6,407
Disposals	–	–	(450)	(79)	–	–	(4,585)	(5,114)
At 31 October 2021	**1,221**	**955**	**2,708**	**2,267**	**60**	**20,617**	**-**	**27,828**
Accumulated depreciation:								
At 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 and 1 November 2020	817	168	1,474	1,822	56	–	99	4,436
Depreciation for the year	155	188	280	233	2	408	269	1,535
Disposals	–	–	(290)	(79)	–	–	(368)	(737)
At 31 October 2021	**972**	**356**	**1,465**	**1,976**	**58**	**408**	**-**	**5,234**
Net carrying amount:								
At 31 October 2020	196	11	1,684	358	4	15,360	4,486	22,099
At 31 October 2021	**249**	**599**	**1,243**	**291**	**2**	**20,210**	**-**	**22,594**

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$334,000 (2020: S$169,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.75% (2020: 1.75% to 2.95%) per annum, which is the effective interest rate of the specific borrowing (Note 21).

Assets pledged as security

The Group's leasehold land and leasehold building under construction with a carrying amount of S$20,210,000 (2020: S$15,360,000) are mortgaged to secure the Group's bank loan (Note 21).

13. INVESTMENT PROPERTIES

	Freehold strata property unit S$'000	Leasehold strata property unit S$'000	Total S$'000
Cost:			
At 1 November 2019, 31 October 2020, 1 November 2020 and 31 October 2021	3,067	2,751	5,818
Accumulated depreciation:			
At 1 November 2019	122	299	421
Depreciation of the year	62	106	168
At 31 October 2020 and 1 November 2020	184	405	589
Depreciation for the year	61	106	167
At 31 October 2021	**245**	**511**	**756**
Net carrying amount:			
At 31 October 2020	2,883	2,346	5,229
At 31 October 2021	**2,822**	**2,240**	**5,062**

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

	2021 S$'000	2020 S$'000
Rental income from investment properties	**180**	157

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.

13. 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:

	2021 **S$'000**	2020 S$'000
#01-08, Loyang Enterprise Building Singapore	**2,200**	2,500
211 Henderson Road, #02-01	**3,600**	3,500

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.

14. TRADE RECEIVABLES

	2021 **S$'000**	2020 S$'000
Non-current		
– Loan receivable**	**–**	2,931
Current		
– Trade receivables*	**45,931**	41,285
– Loan receivable**	**3,448**	3,601
	49,379	44,886
Allowance for impairment	**(4,150)**	(1,150)
	45,229	43,736

* Included in trade receivables is retention receivables of S$2,115,000 and S$2,664,000 as at 31 October 2021 and 2020 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 a 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.

14. 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:

	2021 **S$'000**	2020 S$'000
– Less than 3 months	**19,709**	24,825
– 3 to 6 months	**969**	149
– Over 6 months to one year	**9,104**	6,160
– More than 1 year	**19,597**	16,683
	49,379	47,817

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$4,150,000 (2020: S$1,150,000), 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$27,952,000 (2020: S$22,643,000) as at 31 October 2021 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:

	2021 **S$'000**	2020 S$'000
Trade receivables past due but not impaired:		
– Past due less than 3 months	**6,911**	2,361
– Past due 3 to 6 months	**4,040**	1,344
– Past due more than 6 months to 1 year	**5,671**	6,121
– Past due more than 1 year	**11,330**	12,817
	27,952	22,643

14. 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 2019	600	–	600
Charge for the year	550	–	550
At 31 October 2020	1,150	–	1,150
Charge for the year	3,000	–	3,000
At 31 October 2021	**4,150**	**–**	**4,150**

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 S$'000	2020 S$'000
Deposits	**1,544**	910
Prepayments	**22**	582
Other receivables		
– Related parties	**86**	54
– Non-related parties	**390**	211
– Government grants receivable	**625**	1,241
	2,667	2,998

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.

16. CONTRACT ASSETS/LIABILITIES

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

	2021 **S$'000**	2020 S$'000
Construction contracts:		
Contract assets	**40,758**	31,480
Contract liabilities	**7,783**	19,791

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$28,071,200.00 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:

	2021 **S$'000**	2020 S$'000
Contract assets reclassified to receivables	**(15,157)**	(19,138)
Right to consideration for work completed but not yet billed	**24,434**	5,201

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

	2021 **S$'000**	2020 S$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(3,093)**	(4,691)
Advance received from customers	**15,101**	16,684

16. CONTRACT ASSETS/LIABILITIES (CONTINUED)

(iii) Unsatisfied performance obligations

	2021 **S$'000**	2020 S$'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at 31 October		
Construction contracts		
Within one year	**123,736**	80,873
More than one year	**191,860**	275,291
	315,596	356,164

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.

17. CASH AND CASH EQUIVALENTS

	2021 **S$'000**	2020 S$'000
Cash at banks	**15,709**	46,962
Short-term bank deposits	**15,090**	16,040
Cash and cash equivalents in the consolidated statement of cash flows	**30,799**	63,002

The carrying amounts of cash and cash equivalents denominated in United States Dollars and Hong Kong Dollars amounted to S$600,624 (2020: S$726,000) and S$180,543 (2020: S$397,000), 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.

18. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS

	2021 S$'000	2020 S$'000
Current		
Trade payables	**9,594**	12,669
Retention payables	**10,131**	12,429
Accrued construction costs	**8,999**	8,726
Total trade and retention payables	**28,724**	33,824
Deposits	**154**	196
Accrued expenses	**1,053**	2,094
Goods and services tax payables	**279**	198
Other payables	**4,154**	3,447
Deferred grant income	**–**	640
Total other payables and accruals	**5,640**	6,575
Non-current		
Retention payables	**3,469**	1,035
Amount due to non-controlling shareholders	**2,524**	2,058

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

Amount due to non-controlling shareholders

The non-current portion pertains to loans from the non-controlling shareholders for the acquisition of the leasehold land and building under construction incurred by 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:

	2021	2020
Borrowing rates	**1.75%**	2.25%
Retention payables (S$'000)	**3,410**	1,004
Borrowing rates	**1.75%**	2.39%
Amount due to non-controlling shareholders (S$'000)	**2,459**	1,982

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

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

	2021 S$'000	2020 S$'000
– Less than 3 months	**8,290**	11,929
– 3 to 6 months	**476**	15
– Over 6 months to 1 year	**89**	84
– More than 1 year	**739**	641
	9,594	12,669

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

Retention payables were not yet past due as at 31 October 2021 and 2020 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.

19. 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$'000	**Leasehold land** Note 22(b) S$'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
Disposals	–	(768)	(768)
Depreciation	(120)	–	(120)
As at 31 October 2021	**879**	**–**	**879**

Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 21 and the maturity analysis of lease liabilities is disclosed in Note 28.

19. LEASES (CONTINUED)

Amounts recognised in statement of comprehensive income

	2021 S$'000	2020 S$'000
Depreciation of right-of-use assets	**120**	137
Interest expense on lease liabilities	**16**	17
Expenses relating to short term leases (included in other expenses)	**143**	235
	279	389

Total cash outflow

The Group had total cash outflows for leases of S$117,000 (2020: S$407,000) and non-cash additions to right-of-use assets and lease liabilities of S$Nil (2020: S$785,000) in 2021. The Group had not acquired motor vehicles in the year ended 31 October 2021 (2020: S$566,000).

20. PROVISION

Provision for onerous contracts

	2021 S$'000	2020 S$'000
Balance at beginning	**2,112**	39
Arose during the year	**4,001**	2,112
Utilised	**–**	(39)
	6,113	2,112

During the year, the Group provided S$4,001,000 (2020: S$2,112,000) 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.

21. BORROWINGS

	Maturity	**2021 S$'000**	2020 S$'000
Current			
SGD bank loan	2035	**720**	720
SGD bridging loan	2025	**–**	956
		720	1,676
Non-current			
SGD bank loan	2035	**8,340**	9,060
SGD bridging loan	2025	**–**	4,044
		8,340	13,104

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. The Group paid off all the outstanding loan on July 2021.

21. BORROWINGS (CONTINUED)

Changes in liabilities arising from financing activities

	1 November 2020 S$'000	Cash inflows S$'000	Cash outflows S$'000	Others* S$'000	31 October 2021 S$'000
Borrowings					
– Current	1,676	–	(1,676)	720	720
– Non-current	13,104	–	(4,044)	(720)	8,340
Lease liabilities					
– Current	175	–	(101)	27	101
– Non-current	1,161	–	–	(815)	346
Amount owing to non-controlling shareholders (non-current)	2,058	466	–	–	2,524
	18,174	466	(5,821)	(788)	12,031

	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

* Pertains to reclassification between current and non-current and termination of leases during the year

22. 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 2021 %	2020 %
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

(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 year 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.

22. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Disposal of leasehold land and building

On 4 May 2021, a wholly-owned subsidiary of the Group, HPC Builders Pte. Ltd. ("HPCB"), entered into a disposal agreement to dispose 100% equity interest in AV, at a cash consideration of S$4,217,000. The value of the assets and liabilities of AV, recorded in the consolidated financial statements as at 30 April 2021 and the effects of the disposal were:

	2021 S$'000
Property, plant and equipment	**4,217**
Other receivables	**47**
Cash and cash equivalent	**2,542**
	6,806
Other payables	**(2,510)**
Lease liabilities	**(788)**
Carrying value of net assets	**3,508**
Cash consideration	**4,217**
Cash and cash equivalent of subsidiary	**(2,542)**
Net cash inflow on disposal of a subsidiary	**1,675**

Gain on disposal

	2021 S$'000
Cash received	**4,217**
Net assets derecognised	**(3,508)**
Gain on disposal	**709**

(d) Disposal of a subsidiary

On 30 October 2021, the Company entered into a share transfer agreement to dispose 100% equity interest in Propitious Holdings Limited ("PHL") at no consideration. PHL was incorporated during 2021 by the Company. The net liabilities derecognised as a result of the disposal was S$53,000.

23. SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares

	Number of shares '000	Share capital HK$'000
As at 1 November 2019, 31 October 2020, 1 November 2020 and 31 October 2021	**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 2019, 31 October 2020, 1 November 2020 and 31 October 2021	**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.

24. 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.

25. 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:

	2021 S$'000	2020 S$'000
Within one year	**191**	188
Two to five years	**316**	58
	507	246

26. 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:

	2021 S$'000	2020 S$'000
Olivine Capital Pte. Ltd.		
Write back of trade receivables	**–**	43

(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:

	2021 S$'000	2020 S$'000
Short-term employee benefits	**1,263**	1,168
Defined contribution plans	**34**	32
	1,297	1,200
Comprise amounts paid to:		
Directors of the Company	**1,297**	1,200
Other key management personnel	**–**	–
	1,297	1,200

27. 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 2021 and 2020 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
2021					
Executive director					
Mr. Wang Yingde	**100**	**432**	**100**	**17**	**649**
Mr. Shi Jianhua	**100**	**432**	**100**	**17**	**649**
Independent non-executive director					
Mr. Zhu Dong	**31**	**–**	**–**	**–**	**31**
Mr. Leung Wai Yip	**31**	**–**	**–**	**–**	**31**
Ms. Ng King Wai Diana	**17**	**–**	**–**	**–**	**17**
Mr. Gng Hoon Liang	**15**	**–**	**–**	**–**	**15**
	294	**864**	**200**	**34**	**1,392**

	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

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. Ms. Ng King Wai Diana completed her term of three years service on 18 April 2021 and resigned. Mr. Gng Hoon Liang was appointed as non-executive director on 18 April 2021.

28. 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 17).

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 2021, if interest rates had been 50 (2020: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$53,000 (2020: S$43,000) 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.

28. 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.

28. 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 14.

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 2021 and 2020 on trade receivables from the Group's top five debtors amounting to approximately, S$29,868,000 and S$36,710,000, respectively, and accounted for 69% and 76% 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.

28. 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		
2021				
Trade and retention payables	**28,724**	**3,469**	**–**	**32,193**
Other payables and accruals (less: GST payables)	**5,360**	**2,524**	**–**	**7,884**
Lease liabilities	**117**	**392**	**9**	**518**
Borrowings	**873**	**3,365**	**5,827**	**10,065**
Total undiscounted financial liabilities	**35,074**	**9,750**	**5,836**	**50,660**
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

29. FAIR VALUE OF ASSETS AND LIABILITIES

Trade receivables (Note 14), Other receivables and deposits (Note 15), Cash and cash equivalents (Note 17), Trade and retentions payable (current) (Note 18), and Other payables and accruals (current) (Note 18)

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 14), Borrowings (Note 21)

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 18), other payables (non-current) (Note 18)

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:

	2021 **S$'000**	2020 S$'000
Financial assets at amortised cost	**78,695**	112,667
Financial liabilities at amortised cost	**55,978**	61,720

30. 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 2021 and 2020.

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.

	2021 **S$'000**	2020 S$'000
Equity attributable to owners of the Company	**84,836**	89,799
Less: Capital reserves	**(26,972)**	(26,972)
Total capital	**57,864**	62,827

Other than disclosed in Note 21 to the financial statements, the Group did not raise any external borrowings.

31. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	**2021 S$'000**	2020 S$'000
ASSETS			
Non-current assets			
Investment in subsidiaries		**37,223**	37,223
Other receivables		**28,965**	29,931
		66,188	67,154
Current assets			
Other receivables		**9**	9
Cash and cash equivalents		**903**	510
		912	519
Total assets		**67,100**	67,673
EQUITY AND LIABILITIES			
Current liabilities			
Other payables and accruals		**751**	522
Total liabilities		**751**	522
Equity attributable to owners of the Company			
Share capital		**2,725**	2,725
Share premium	(a)	**69,777**	69,777
Accumulated losses	(a)	**(6,153)**	(5,351)
Total equity		**66,349**	67,151
Total equity and liabilities		**67,100**	67,673

31. 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 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)
Balance at 1 November 2020	**69,777**	**(5,351)**
Comprehensive income		
Loss for the year, representing total comprehensive income for the year	**–**	**(802)**
Balance as at 31 October 2021	**69,777**	**(6,153)**

32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 October 2021 were authorised for issue in accordance with a directors' resolution dated 27 January 2022.

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				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**188,510**	147,494	215,498	228,630	201,075
Profit before income taxation	**(5,893)**	(5,332)	18,407	16,677	33,721
Income tax expenses	**1,020**	710	(3,583)	(2,962)	(6,397)
Profit and total comprehensive income	**(4,963)**	(4,622)	14,824	13,715	27,324
Profit and total comprehensive income is attributable to:					
Owners of the Company	**(4,682)**	(4,569)	14,862	13,715	27,324
Non-controlling interests	**(281)**	(53)	(38)	–	–
	(4,963)	(4,622)	14,824	13,715	27,324

ASSETS AND LIABILITIES

	Year ended 31 October				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Assets					
Non-current assets	**29,507**	30,859	22,362	13,137	19,665
Current assets	**119,453**	141,216	138,016	125,863	104,101
Total assets	**148,960**	172,075	160,378	139,000	123,766
Equity and liabilities					
Total equity	**84,836**	89,799	94,421	79,597	62,463
Non-current liabilities	**14,679**	17,358	13,860	2,739	3,376
Current liabilities	**49,445**	64,918	52,097	56,664	57,927
Total Liabilities	**64,124**	82,276	65,957	59,403	61,303
Total equity and liabilities	**148,960**	172,075	160,378	139,000	123,766