



**HPC HOLDINGS LIMITED**

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

INTERIM REPORT

**2023**



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# 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

7 Kung Chong Road,  
HPC Building,  
Singapore 159144

## 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

## CORPORATE INFORMATION

### Company Secretary

Ms. Chan Yin Wah  
(FCCA, FCG, HKFCG)  
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](http://www.hpc.sg)

### Stock Code

1742

# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the **“Board”**) of directors (the **“Directors”**) of HPC Holdings Limited (the **“Company”**) announces its unaudited consolidated interim results of the Company and its subsidiaries (collectively the **“Group”**) for the six months ended 30 April 2023 (the **“Interim Period”**) together with the comparative figures for the corresponding period in 2022 (the **“Previous Period”**).

## BUSINESS REVIEW

In 2023, Singapore’s construction market is expected to be more stable and construction prices are less volatile compared with 2022. Most of the building materials and subcontractors’ prices are more stable. However, project bidding prices in construction market are still highly competitive. According to the Building Construction Authority (the **“BCA”**) of Singapore, the total construction demand in 2023 is expected to grow 5.4% compared to the year 2022, the increasing of global inflation which largely affected the prices remain on the high level.

With the above headwinds, the Group’s tender procedures and pricing strategy are to be more cautious in the current intense bidding price competition. In March 2023, the Group had managed to secure a new project, namely the Tiong Nam Logistics (S) warehouse, with a contract sum of S\$36.50 million. Although the tender outcome was relatively fierce bidding, the Group still managed to sustain a healthy order book value at S\$329.76 million as of 30 April 2023.

During the first half of 2023, the Group has successfully delivered Paradise Central Kitchen Factory and headquarter building of the Group for Paradise Group Holdings and the Group in March 2023 and January 2023 respectively. Currently, the Group has 5 on-going projects i.e., Housing Development Board (HDB) – 786 Build To Order (BTO) units at Tengah Garden C6, Global Indian International School, Silicon Box Semiconductor Wafer Fab, Pilot Mechanical Biological Treatment Plant and Tiong Nam Warehouse, where Global Indian International School will be delivered by 4th quarter of 2023 and Silicon Box Semiconductor Wafer Fab will be delivered by 3rd quarter of 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Group's construction activities remained at a high volume due to a few on-going projects during this Interim Period. It supported the half year revenue hit a record high. However, due to closing a few pre-COVID projects which carried low-profit margins, the overall gross profit margin was still relatively remained in the low end. But we expect the momentum of the robust return of the operation activities will be continued till the end of the year.

#### **Revenue and Gross Profit**

The Group recorded a surge of approximately 120.00% in revenue for the six months ended 30 April 2023 as compared with the six months ended 30 April 2022 from approximately S\$76.24 million to approximately S\$167.73 million. Revenue more than doubled as a result of a few large projects were in the normal peak period during the Interim Period compared with the Previous Period due to well-known market factors caused by COVID-19 pandemic.

Gross profit of the Group increased from approximately S\$2.75 million for the six months ended 30 April 2022 to S\$3.90 million for the six months ended 30 April 2023, representing an increase of approximately 41.79% in profit. Gross profit margin decreased to 2.32% in the Interim Period compared with 3.61% in the Previous Period.

#### **Other Operating Income**

Other income of the Group for the six months ended 30 April 2023 was higher by approximately S\$302,000, primarily due to write off of some retention payables to subcontractors recorded more than eight years ago and that were subsequently released from liabilities legally.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Administrative Expenses**

The administrative expenses of the Group increased by approximately S\$111,000 for the six months ended 30 April 2023 compared with the six months ended 30 April 2022 at approximately S\$3.45 million despite huge increment of the construction activities.

### **Income Tax Expense**

As a result of the growth of revenue and gross profit, the Group's income tax expense was approximately S\$437,000 for the Interim Period, effective tax rate is 17.57%, similar to the statutory tax rate 17%.

### **Profit After Tax**

As a result of the combined effects mentioned above, the Group recorded a net profit after tax of approximately S\$1.94 million for the Interim Period, approximately a 290% return from net loss of approximately S\$1.02 million of the Previous Period.

### **Dividends**

The Company did not declare any dividend during the Interim Period and the Company does not recommend an interim dividend for the six months ended 30 April 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 costs. The Group had been depending on its internally generated funds to fund its working capital needs in the past, however, with consistently lower interest rates 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.

The Group is in a capital intensive industry. As at 30 April 2023, S\$33.9 million of the trade receivables were past due but not impaired, 100% of which were due from private customers. Out of which, 66% was due from a semiconduct fab project, 7% was due from a well-known international solar energy company from Norway. The rests were due from local customers which were expected to be settled upon completion of the construction works from the Group. With proven track record in cost management coupled with the local regulation on construction works settlements, the Group is not expected to face any liquidity issues.

The current ratios (defined as total current assets divided by total current liabilities) of the Group were 1.9 and 2.0 as at 30 April 2023 and 31 October 2022, respectively.

#### Borrowings and Gearing

The Group's borrowings relating 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 on 7 Kung Chong Road of Singapore.

The gearing ratios (defined as total borrowings divided by total equity) of the Group were 19.18% and 23.17% as at 30 April 2023 and 31 October 2022 respectively and the decrease in gearing ratio was mainly due to the progressive repayment of the loan to finance the redevelopment project at 7 Kung Chong Road of Singapore.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **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 Dollars.

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 30 April 2023, the acquired land was mortgaged to secure the Group's bank loan. Besides, one of the subsidiaries of the Company, 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 involved in a few litigation cases relating to workplace injuries which were normally insured with insurance; therefore, the Group does not expect any contingent liabilities in the foreseeable future.

As at 30 April 2023, saved as disclosed in the paragraph headed "Mortgage or Charges on Group's Assets", there was no financial guarantee granted in favor of third party of the Group.

### **Capital Expenditure and Capital Commitments**

For the Interim Period, the Group's capital expenditures were mainly incurred on the construction and financing cost of the 7 Kung Chong Road Project.

### **Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures**

There were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures during the Interim Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEE INFORMATION

As at 30 April 2023, the Group had 868 employees including foreign workers.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are typically employed on one-year basis depending on the period of their work permits and subject to renewal based on their performance and are remunerated according to their work skills.

Total staff costs including Directors' emoluments amounted to approximately S\$13.9 million (2022: S\$13.9 million) for the six months ended 30 April 2023.

Employees of the Group receive training depending on their departments and the scope of works. Typically, the human resources department arranges for employees to attend pieces of training from time to time, especially relating to workplace health and safety.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

Singapore's economic growth is forecast to slow in 2023, however, the construction industry is expected to grow at 5.4%, due to largely planned public housing projects. Following the geopolitical trade tensions between United States and China, South-East Asian countries like Singapore, Malaysia and Indonesia are working together with giant semiconductor manufacturers to explore and expand on semiconductor fabs & other projects. With the coming completion of Silicon Box Semiconductor Wafer Fab in 3rd quarter of 2023 at a contract sum of S\$314.60 million and completion in 11 months, the Group makes a remarkable achievement, and this brings the reputation for the Group to further explore in semiconductor wafer fab projects.

Besides, the Group also works together with developers for coming international schools' projects by optimizing the land use and introducing location advantage to improve the efficiency of such facilities. The Group has completed North London Collegiate School in 2021 and Global Indian International School is on the coming completion in 4th quarter of 2023. By successfully completion of these projects, the Group has gained strong track records among the international schools market, and with the support and pushing of international school market by the Singapore government, the Group will have more tender opportunities in international school building bidding exercise (Sassy Mama posted International School News, 11 May 2023).

Furthermore, the Group also works together with a few prime logistics properties for the new green-field warehouse with cold-room facilities, as the demand of such facilities are nearly reached to full occupancy and has even begun to spill over to lower-specification logistics space. The situation has prompted cold-rooms logistic warehouse to higher rental growth compared with year 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

As Singapore is an open economy country, its sustainability is heavily affected by the world-wide inflation's threats and global market fluctuations. The Group is cautiously optimistic and confident that it can perform better in the coming months by looking closer at the oversea expansion of Chinese companies, which represents the largest market in the region.

The Group will still have to cope with the lower gross profits margin due to current high level of building materials prices, labour costs and the intense competition from other contractors. With a healthy order book value of S\$329.76 million as of 30 April 2023, which will allow the Group to have more time to select better projects in the coming months to achieve sustainable growth instead of tendering aggressively. The management shall work positively to ensure the Group is able to sail through these volatile and intensely competitive markets and to excel further.

## SHARE OPTION SCHEME

The Group has adopted a share option scheme pursuant to which the Company may grant options to eligible persons. The maximum number of shares which may be issued upon exercise of all options to be granted under the scheme and any other schemes of the Group shall not exceed 160,000,000 shares in aggregate, being 10% of the Company's shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**") on 11 May 2018.

No share options were granted or outstanding for the six months ended 30 April 2023.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 of the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”) as code of conduct regarding directors’ securities transactions during the Interim Period and upon specific enquiry made, all Directors have confirmed that they complied with the Model Code throughout the six months ended 30 April 2023.

## CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the shareholders of the Company (the “**Shareholders**”) and protecting and enhancing the Shareholders’ value through good corporate governance. The Directors recognize the importance of incorporating elements of good corporate governance in the management structure, internal control and risk management systems of the Group so as to achieve effective accountability.

The Company has adopted and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules during the Interim Period with the exception of code provision C.2.1 of the CG Code.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate 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 that the present arrangements are beneficial and in the best interests of the Group and the Shareholders as a whole.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 19 April 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the SEHK and the Company. Currently, it comprises of three independent non-executive Directors, namely, Mr. Leung Wai Yip (Chairman), Mr. Zhu Dong and Mr. Gng Hoon Liang.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control procedures and financial reporting matters including the review of the Group’s financial results for the Interim Period. The Audit Committee is of the view that the unaudited interim condensed consolidated financial statements for the six months ended 30 April 2023 have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

The unaudited interim condensed consolidated financial statements for the Interim Period are reviewed by the Audit Committee.

The Company’s auditor, Ernst and Young LLP, has reviewed the unaudited interim financial information of the Group for the six months ended 30 April 2023 in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### USE OF PROCEEDS

The shares of the Company were listed on the Main Board of the SEHK on 11 May 2018 (the “**Listing**”). Net proceeds arising from the Listing amounted to approximately HK\$124.4 million. The percentage of net proceeds was allocated in accordance with the proposed proportion in the prospectus of the Company dated 27 April 2018 (the “**Prospectus**”). As at 30 April 2023, the use of the net proceeds was as follows:

<b>Use of net proceeds</b>	<b>Percentage of net proceeds</b>	<b>Net proceeds</b> (in HK\$ million)	<b>Amount utilised</b> (in HK\$ million)	<b>Amount remaining</b> (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	-
<b>Total</b>	<b>100%</b>	<b>124.4</b>	<b>124.4</b>	<b>-</b>

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 April 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which would have to be notified to the Company and the SEHK under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which would be required pursuant to section 352 of the SFO 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	Approximate percentage of shareholding in issue (Note 3)
Mr. Wang Yingde	Interest in controlled corporation (Note 1)	660,000,000	Long position	41.25%
Mr. Shi Jianhua	Interest in controlled corporation (Note 2)	540,000,000	Long position	33.75%

Notes:

- (1) The 660,000,000 shares are held by Tower Point Global Limited (the “**Tower Point**”), which is wholly and beneficially owned by Mr. Wang Yingde, the executive Director of the Company. By virtue of the SFO, Mr. Wang Yingde is deemed to be interested in all the shares held by Tower Point.
- (2) The 540,000,000 shares are held by Creative Value Investments Limited (the “**Creative Value**”), which is wholly and beneficially owned by Mr. Shi Jianhua, the executive Director of the Company. By virtue of the SFO, Mr. Shi Jianhua is deemed to be interested in all shares held by Creative Value.
- (3) The calculation is based on a total number of 1,600,000,000 shares of the Company in issue as at 30 April 2023.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 April 2022, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was required, pursuant to the Model Code, to be notified to the Company and the SEHK.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 April 2023, so far as is known to the Directors of the Company, the persons (other than Directors or chief executive of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

#### Interests in the Company

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (i) The 660,000,000 shares are held by Tower Point, which is wholly and beneficially owned by Mr. Wang Yingde, the executive Director of the Company.
- (ii) The 540,000,000 shares are held by Creative Value, which is wholly and beneficially owned by Mr. Shi Jianhua, the executive Director of the Company.
- (iii) The calculation is based on a total number of 1,600,000,000 shares of the Company in issue as at 30 April 2023.

Save as disclosed above, as at 30 April 2023, 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.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Interim Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 April 2023

## To the Members of HPC Holdings Limited

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of HPC Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) which comprise the interim condensed consolidated statement of financial position as at 30 April 2023 and the interim condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”). The directors of the Company are responsible for the preparation and presentation of these interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on these interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 April 2023

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young LLP**

*Public Accountants and Chartered Accountants*  
Singapore

30 June 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 April 2023

<b>Six months ended 30 April</b>			
	<i>Notes</i>	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
<b>Revenue</b>	4	167,725	76,245
Cost of sales		(163,827)	(73,496)
<b>Gross profit</b>		3,898	2,749
Other operating income	4	2,151	1,849
Administrative expenses		(3,562)	(3,451)
Other income/(losses)		12	(3,100)
Finance income		137	43
Finance costs		(262)	(11)
<b>Profit/(loss) before tax</b>	5	2,374	(1,921)
Income tax (expense)/credit	6	(437)	902
<b>Profit/(loss) for the period, representing total comprehensive income for the period</b>		1,937	(1,019)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		2,131	(891)
Non-controlling interests		(194)	(128)
		1,937	(1,019)
<b>Earnings/(loss) per share for profit/(loss) attributable to owners of the Company</b>			
– Basic (expressed in Singapore cents per share)	7	0.13	(0.06)
– Diluted (expressed in Singapore cents per share)	7	0.13	(0.06)

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

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 April 2023

	Notes	Six months ended 30 April 2023 \$'000 (Unaudited)	Year ended 31 October 2022 \$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	28,600	28,709
Deferred tax assets	3	4,226	4,153
		32,826	32,862
<b>Current assets</b>			
Trade receivables	10	61,509	45,163
Other receivables, deposits and prepayments	11	3,811	2,157
Contract assets	12	55,888	72,448
Investment in marketable securities	13	864	775
Cash and cash equivalents	14	29,135	23,949
		151,207	144,492
<b>Total assets</b>		184,033	177,354
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and retention payables	15	57,825	54,383
Other payables and accruals	15	5,773	7,361
Provisions	17	8,911	8,466
Contract liabilities	12	3,222	178
Lease liabilities	16	99	101
Borrowings	18	1,328	1,237
Current income tax payable		692	339
		77,850	72,065
<b>Net current assets</b>		73,357	72,427

INTERIM CONDENSED CONSOLIDATED  
BALANCE SHEET (CONTINUED)

As at 30 April 2023

		Six months ended 30 April 2023 \$'000 (Unaudited)	Year ended 31 October 2022 \$'000 (Audited)
<b>Non-current liabilities</b>			
Retention payables	15	2,156	2,653
Other payables	15	2,524	2,524
Lease liabilities	16	197	245
Borrowings	18	14,957	15,455
		19,834	20,877
<b>Total liabilities</b>		97,684	92,942
<b>Equity attributable to owners of the Company</b>			
Share capital	19	2,725	2,725
Share premium	19	69,777	69,777
Capital reserves	20	(26,972)	(26,972)
Retained profits		41,153	39,022
		86,683	84,552
Non-controlling interests		(334)	(140)
<b>Total equity</b>		86,349	84,412
<b>Total equity and liabilities</b>		184,033	177,354

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 April 2023

Attributable to owners of the Company							
	Share capital	Share premium	Capital reserves	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>							
<b>At 1 November 2021 (audited)</b>	2,725	69,777	(26,972)	39,188	84,718	118	84,836
Loss for the period, representing total comprehensive income for the period	-	-	-	(891)	(891)	(128)	(1,019)
<b>At 30 April 2022 (unaudited)</b>	2,725	69,777	(26,972)	38,297	83,827	(10)	83,817
<b>At 1 November 2022 (audited)</b>							
Profit for the period, representing total comprehensive income for the period	-	-	-	2,131	2,131	(194)	1,937
<b>At 30 April 2023 (unaudited)</b>	2,725	69,777	(26,972)	41,153	86,683	(334)	86,349

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



# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended 30 April 2023

	<b>Six months ended 30 April</b>	
	2023	2022
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	2,374	(1,921)
Adjustments for:		
Depreciation of property, plant and equipment	644	655
Depreciation of investment properties	–	83
Gain on disposal of property, plant and equipment	–	(22)
Fair value (gain)/loss on investment in marketable securities	(51)	103
Net unrealised foreign exchange loss	7	4
Interest expense	262	11
Interest income	(137)	(43)
Provision for onerous contracts	445	1,924
Impairment loss on financial assets	113	3,040
<b>Operating cash flows before changes in working capital</b>		
	3,657	3,834
Changes in working capital:		
– Net decrease/(increase) in contract balances	19,605	(15,897)
– (Increase)/decrease in trade receivables	(16,346)	8,488
– Increase in other receivables, deposits and prepayments	(1,767)	(694)
– Increase/(decrease) in trade and retention payables	2,945	(4,844)
– Decrease in other payables and accruals	(1,588)	(945)
<b>Cash used in operations</b>		
	6,506	(10,058)
Interest paid	(262)	(11)
Interest received	137	43
Income tax paid	(157)	(111)

INTERIM CONDENSED CONSOLIDATED  
STATEMENTS OF CASH FLOWS (CONTINUED)

For the Six Months Ended 30 April 2023

	<b>Six months ended 30 April</b>	
	2023	2022
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<b>Net cash generated/(used in) from operating activities</b>	6,224	(10,137)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	–	150
Purchase of property, plant and equipment	(535)	(4,813)
Investment in marketable securities	(37)	(950)
<b>Net cash used in investing activities</b>	(572)	(5,613)
<b>Cash flows from financing activities</b>		
Net (repayment of)/proceeds from bank borrowings	(407)	5,003
Repayment of lease liabilities	(50)	(51)
<b>Net cash (used in)/generated from financing activities</b>	(457)	4,952
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,195	(10,798)
Effect of exchange rate changes on cash and cash equivalents	(9)	(3)
Cash and cash equivalents at beginning of the period	23,949	30,799
<b>Cash and cash equivalents at end of the period</b>	29,135	19,998

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 April 2023

## 1. Corporate information

HPC Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 October 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 7 Kung Chong Road, HPC BUILDING, Level 6, Singapore 159144.

The principal activity of the Company is investment holding. During the financial period, the Company’s subsidiaries were principally engaged in the following principal activities:

- (i) General contractors;
- (ii) Engineering design and consultancy services; and
- (iii) Investment holding.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 April 2023 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 October 2022.

The interim condensed consolidated financial statements are presented in Singapore dollars (\$) and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

### 2.2 New standards, interpretations and amendment adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 October 2022, except for the adoption of new standards effective as of 1 November 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

For the current period, the Group has applied all the new and revised International Financial Reporting Standard (“IFRSs”) as well as amendments to and interpretation of IFRSs that are relevant to its operations and effective for the financial periods beginning on or after 1 November 2022. These applications do not have a material impact on the interim condensed consolidated financial statements of the Group.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to IAS 16: <i>Property, Plant and Equipment</i>	1 January 2023
Amendments to IAS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the condensed consolidated financial statements in the year of initial application.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 3. Segment information

The executive directors 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 business 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 3. Segment information (continued)

#### Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. There are no transfers between operating segments included in segment revenue, expenses and results.

Capital expenditure comprises additions to property, plant and equipment. Group financing (including finance costs), income taxes and investment properties are managed on a group basis and are not allocated to operating segments.

The segment information provided to the Group's executive directors for the reportable segments for the six months ended 30 April 2023 and 30 April 2022 are as follows:

	General building construction \$'000	Civil engineering \$'000	Total \$'000
<b>Six months ended</b>			
<b>30 April 2023 (Unaudited)</b>			
Total segment revenue to external customers	166,378	1,347	167,725
<b>Gross profit</b>	3,824	74	3,898
Segment assets	116,075	1,322	117,397
Segment liabilities	71,885	229	72,114

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

3. Segment information (continued)

**Allocation basis and transfer pricing** (continued)

	General building construction \$'000	Civil engineering \$'000	Total \$'000
<b>Six months ended 30 April 2022 (Unaudited)</b>			
Total segment revenue to external customers	74,109	2,136	76,245
<b>Gross profit</b>	2,177	572	2,749
Segment assets	86,452	1,600	88,052
Segment liabilities	39,907	958	40,865

**Reconciliations**

(i) **Segment profits**

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

	<b>Six months ended 30 April</b>	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
Gross profit for reportable segments	3,898	2,749
Other operating income	2,151	1,849
Other income/(losses)	12	(3,100)
Administrative expenses	(3,562)	(3,451)
Finance income	137	43
Finance costs	(262)	(11)
Profit/(loss) before tax	2,374	(1,921)



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 3. Segment information (continued)

#### Reconciliations (continued)

##### (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 condensed consolidated financial statements as at 31 October 2022. 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:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Segment assets for reportable segments	117,397	117,611
Unallocated:		
Property, plant and equipment	28,599	28,709
Deferred income tax assets	4,226	4,153
Other receivables, deposits and prepayments	3,811	2,157
Cash and cash equivalents	29,135	23,949
Investment in marketable securities	864	775
	184,032	177,354

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

3. 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 as at 31 October 2022. 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:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Segment liabilities for reportable segments	72,114	65,680
Unallocated:		
Lease liabilities	296	346
Other payables and accruals	8,297	9,885
Borrowings	16,285	16,692
Current income tax payable	692	339
	97,684	92,942

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

4. Revenue and other operating income

	<b>Six months ended 30 April</b>	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
Revenue from contracts with customers		
Construction contract revenue	167,725	76,245

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

**Disaggregation of revenue**

	<b>Six months ended 30 April</b>	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
By project sector		
Public sector	37,254	19,514
Private sector	130,471	56,731
	167,725	76,245

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

4. Revenue and other operating income (continued)

**Disaggregation of revenue** (continued)

	<b>Six months ended 30 April</b>	
	2023	2022
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Government grants*	53	1,078
Sales of scrap materials	532	556
Rental income from investment properties	–	95
Others	1,566	120
<b>Other operating income</b>	<b>2,151</b>	<b>1,849</b>

\* Government grants were received by certain subsidiaries in connection with employment of Singaporean employee under Wages Credit Scheme (WCS) & some leave benefits. There were no unfulfilled conditions or contingencies relating to these grants.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 5. Profit/(loss) before tax

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

	<b>Six months ended 30 April</b>	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
Auditors' remuneration:		
– auditor of the Company	96	93
Materials, sub-contractors and other construction costs	151,353	61,476
Depreciation of property, plant and equipment	644	655
Depreciation of investment properties	–	84
Employee compensation	15,360	13,939
Operating lease rentals*	4	57
Entertainment and transportation	151	69
Professional fees	83	179
Impairment losses on financial assets	113	3,040
Fair value (gain)/loss on investment on marketable securities	(51)	103

\* Operating lease rentals related to rental expenses arising from short-term lease entered into by the Group for its office premise.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

6. Income tax expense/(credit)

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

The major components of income tax expense/(credit) for the six months ended 30 April 2023 and 30 April 2022 are:

	<b>Six months ended 30 April</b>	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
Current income tax	522	37
Deferred income tax	(73)	(797)
Over provision in respect of previous years	(12)	(142)
Income tax expense/(credit) recognised in profit or loss	437	(902)

Singapore profits tax has been provided on the estimated assessable profits arising in Singapore at a rate of 17% in 2023. No provision for profits tax has been made in other countries/jurisdictions in which the Group operates as the Group did not generate any assessable profits arising in other countries/jurisdictions during the six months ended 30 April 2023 and 30 April 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 7. Earnings/(loss) per share

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

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.

	<b>Six months ended 30 April</b>	
	2023 \$'000 (Unaudited)	2022 \$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company	2,131	(891)

  

	<b>No. of shares</b>	
	30 April 2023	30 April 2022
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/(loss) per share (cents)	0.13	(0.06)

### 8. Dividends

No dividends were declared during the six months ended 30 April 2023 and 30 April 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 9. Property, plant and equipment

	Computers \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Leasehold land and building under construction \$'000	Leasehold land and building \$'000	Total \$'000
<b>(Unaudited)</b>								
<b>Cost:</b>								
At 1 November 2022	1,266	1,102	2,179	2,267	60	27,947	-	34,821
Additions	5	-	-	22	-	508	-	535
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	(28,455)	28,455	-
<b>At 30 April 2023</b>	<b>1,271</b>	<b>1,102</b>	<b>2,179</b>	<b>2,289</b>	<b>60</b>	<b>-</b>	<b>28,455</b>	<b>35,366</b>
<b>Accumulated depreciation:</b>								
At 1 November 2022	1,109	635	1,291	2,189	60	828	-	6,112
Depreciation for the period	59	154	89	33	-	309	-	644
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	(1,137)	1,137	-
<b>At 30 April 2023</b>	<b>1,168</b>	<b>789</b>	<b>1,380</b>	<b>2,222</b>	<b>60</b>	<b>-</b>	<b>1,137</b>	<b>6,756</b>
<b>Net carrying amount:</b>								
<b>At 30 April 2023</b>	<b>103</b>	<b>313</b>	<b>799</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>27,318</b>	<b>28,600</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 9. Property, plant and equipment (continued)

	Computers \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Leasehold land and building under construction \$'000	Leasehold land and building \$'000	Total \$'000
<b>(Audited)</b>								
<b>Cost:</b>								
At 1 November 2021	1,221	955	2,708	2,267	60	20,617	-	27,828
Additions	45	147	-	-	-	7,330	-	7,522
Disposals	-	-	(529)	-	-	-	-	(529)
At 31 October 2022	1,266	1,102	2,179	2,267	60	27,947	-	34,821
<b>Accumulated depreciation:</b>								
At 1 November 2021	972	356	1,464	1,976	58	408	-	5,234
Depreciation for the year	137	279	228	213	2	420	-	1,279
Disposals	-	-	(401)	-	-	-	-	(401)
At 31 October 2022	1,109	635	1,291	2,189	60	828	-	6,112
<b>Net carrying amount:</b>								
At 31 October 2022	157	467	888	78	0	27,119	-	28,709

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 9. Property, plant and equipment (continued)

#### **Capitalisation of borrowing costs**

The Group's leasehold land and building include borrowing costs arising from bank loan borrowed specifically for the purpose of the construction of the leasehold building. During the six months ended 30 April 2023, the borrowing costs capitalised as cost of leasehold land and building amounted to \$186,000 (31 October 2022: \$326,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.6% to 5.6% (31 October 2022: 1.75% to 4.0%) per annum, which is the effective interest rate of the specific borrowing (Note 18).

#### **Assets pledged as security**

The Group's leasehold land and building with a carrying amount of \$26,099,000 (31 October 2022: \$26,173,000) are mortgaged to secure the Group's bank loan.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 10. Trade receivables

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Current		
– Trade receivables*	77,150	60,804
	77,150	60,804
Allowance for impairment	(15,641)	(15,641)
	61,509	45,163

\* Included in trade receivables is retention receivables of \$1,450,506 and \$2,473,000 as at 30 April 2023 and 31 October 2022 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 vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 10. Trade receivables (continued)

#### 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:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
– Less than 3 months	52,236	33,296
– 3 to 6 months	1,002	2,755
– Over 6 months to 1 year	2,811	2,007
– More than 1 year	21,101	22,746
	77,150	60,804

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 \$15,641,000 (31 October 2022: \$15,641,000), 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 10. Trade receivables (continued)

#### Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$33,925,000 (31 October 2022: \$14,097,000) as at 30 April 2023 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:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Trade receivables past due but not impaired:		
– Past due less than 3 months	25,566	864
– Past due 3 to 6 months	312	1,886
– Past due more than 6 months to 1 year	1,692	3,183
– Past due more than 1 year	6,355	8,164
	<b>33,925</b>	<b>14,097</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

10. 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 \$'000	Contract assets \$'000	Total \$'000
<b>30 April 2023</b>			
<b>(Unaudited)</b>			
Movement in allowance accounts:			
At 1 November 2022	15,641	–	15,641
Charge for the period	–	–	–
At 30 April 2023	15,641	–	15,641
<b>31 October 2022</b>			
<b>(Audited)</b>			
Movement in allowance accounts:			
At 1 November 2021	4,150	–	4,150
Charge for the year	11,491	–	11,491
At 31 October 2022	15,641	–	15,641

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 11. Other receivables, deposits and prepayments

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Deposits	2,017	1,796
Prepayments	1,503	25
Other receivables		
– Related parties	96	95
– Non-related parties	195	128
– Government grants receivable	–	113
	3,811	2,157

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.

In the previous financial year ended 31 October 2022, government grants receivable consists mainly of government assistance under the Jobs Support Scheme program funded by the Singapore Government.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 12. Contract assets/liabilities

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

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)	1 November 2021 \$'000 (Audited)
<i>Construction contracts:</i>			
Trade receivables	61,509	45,613	41,781
Contract assets	55,888	72,448	40,758
Contract liabilities	3,222	178	7,783

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 and contract liabilities is an amount of \$39,214,000 (31 October 2022: \$30,657,000) which relate to amounts withheld (up to 5% of the contract sum) under contractual terms from amount receivables from customers as the construction work progresses. The monies are generally released from the customers upon the certification of completion of work and/or finalisation of contract accounts, which is typically 12 to 18 months after the physical completion of the project. As these amounts are expected to be realised in the normal operating cycle, they are classified as current asset.

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

12. Contract assets/liabilities (continued)

- (i) Significant changes in contract assets are explained as follows:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Contract asset reclassified to receivables	(21,869)	(7,069)
Right to consideration for work completed but not yet billed	5,309	38,759

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

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Revenue recognised that was included in the contract liability balance at the beginning of the period/year	(178)	(7,783)
Advance received from customers	3,222	178

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 12. Contract assets/liabilities (continued)

(iii) Unsatisfied performance obligations

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
<hr/>		
<i>Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 April 2023 and 31 October 2022</i>		
Construction contracts		
Within one year	267,604	304,175
More than one year	62,157	98,815
	<hr/>	<hr/>
	329,761	402,990
	<hr/>	

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

### 13. Investment in marketable securities

The investment in marketable securities, which are made up of investments in listed equity shares, is measured at fair value through profit or loss. Fair values of these equity shares are determined by reference to published price quotations in an active market.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 14. Cash and cash equivalents

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Cash at banks	21,005	15,821
Short-term bank deposits	8,130	8,128
Cash and cash equivalents in the consolidated statement of cash flows	29,135	23,949

The carrying amounts of cash and cash equivalents denominated in United States Dollars and Hong Kong Dollars amounted to \$559,000 (31 October 2022: \$591,000) and \$181,000 (31 October 2022: \$110,000), 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

15. Trade and other payables

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
<b>Current</b>		
Trade payables	39,333	23,548
Retention payables	18,134	10,061
Accrued construction costs	358	20,774
	57,825	54,383
Deposits	123	4
Accrued expenses	464	2,297
Goods and services tax payables	1,843	1,539
Other payables	3,343	3,521
Total other payables and accruals	5,773	7,361
<b>Non-current</b>		
Retention payables	2,156	2,653
Amount due to non-controlling shareholders	2,524	2,524
Total other payables	4,680	5,177

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 15. Trade and other payables (continued)

#### **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 when the asset is able to generate sufficient income.

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:

	30 April 2023	31 October 2022
Borrowing rates	5.0%	5.0%
Retention payables (\$'000)	2,053	2,527
Borrowing rates	5.0%	5.0%
Amount due to non-controlling shareholders (\$'000)	2,183	2,183

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

15. Trade and other payables (continued)

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

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
– Less than 3 months	38,093	22,513
– 3 to 6 months	65	334
– Over 6 months to 1 year	581	230
– More than 1 year	594	471
	39,333	23,548

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

Retention payables were not yet past due as at 30 April 2023 and 31 October 2022 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 16. Leases

The Group has lease contracts 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 \$'000	Leasehold land \$'000	Total \$'000
<b>(Unaudited)</b>			
As at 1 November 2022	759	–	759
Depreciation	(60)	–	(60)
As at 30 April 2023	699	–	699
<b>(Audited)</b>			
As at 1 November 2021	879	–	879
Disposals	–	–	–
Depreciation	(120)	–	(120)
As at 31 October 2022	759	–	759

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 16. Leases (continued)

#### Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 18.

#### Amounts recognised in statement of comprehensive income

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Depreciation of right-of-use assets	60	120
Interest expense on lease liabilities	8	16
Expenses relating to short term leases (included in other expenses)	4	114
	72	250

#### Total cash outflow

The Group had total cash outflows for leases of \$59,000 for the six-month ended at 30 April 2023 (31 October 2022: \$117,000) and had no non-cash additions to right-of-use assets and lease liabilities for the period ended 30 April 2023 and for the year ended 31 October 2022.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 17. Provisions

#### Provisions for onerous contracts

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Balance at beginning	8,466	6,113
Arose during the period/year	445	2,353
	8,911	8,466

During the year, the Group provided \$445,000 (31 October 2022: \$2,353,000) 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 18. Borrowings

		30 April 2023	31 October 2022
	Maturity	\$'000 (Unaudited)	\$'000 (Audited)
<b>Current</b>			
SGD bank loan	2035	1,328	1,237
<b>Non-current</b>			
SGD bank loan	2035	14,957	15,455

#### SGD bank loan

The loan which matures on 2035 is repayable over 180 monthly instalments commencing on 10 June 2019 and the effective interest rates for the loans ranged from 4.6% to 5.6% (31 October 2022: 1.75% to 4.0%).

The loan is secured by first mortgage over certain property (Note 9) 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 18. Borrowings (continued)

#### Changes in liabilities arising from financing activities

	1 November 2022 \$'000	Cash inflows \$'000	Cash outflows \$'000	Others* \$'000	30 April 2023 \$'000
<b>(Unaudited)</b>					
Borrowings					
– Current	1,237	91	(1,237)	1,237	1,328
– Non-current	15,455	739	–	(1,237)	14,957
Lease liabilities					
– Current	101	–	(50)	48	99
– Non-current	245	–	–	(48)	197
Amount owing to non-controlling shareholders (non-current)	2,524	–	–	–	2,524
	19,562	830	(1,287)	–	19,105

\* Others pertains to reclassification between current and non-current during the period

	1 November 2021 \$'000	Cash inflows \$'000	Cash outflows \$'000	Others* \$'000	30 April 2022 \$'000
<b>(Unaudited)</b>					
Borrowings					
– Current	720	–	(720)	720	720
– Non-current	8,340	5,723	–	(720)	13,343
Lease liabilities					
– Current	101	–	(51)	51	101
– Non-current	346	–	–	(51)	295
Amount owing to non-controlling shareholders (non-current)	2,524	–	–	–	2,524
	12,031	5,723	(771)	–	16,983

\* Others pertains to reclassification between current and non-current and termination of leases during the period

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

19. Share capital and share premium

**Authorised ordinary shares**

	Number of shares '000	Share capital HK\$'000
As at 31 October 2022 and 30 April 2023	10,000,000	100,000

**Ordinary shares**

	Number of shares issued and fully paid '000	Share capital \$'000	Share premium \$'000
As at 31 October 2022 and 30 April 2023	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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 20. Capital reserves

Capital reserves 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.

### 21. Related party disclosures

There are no material related party transactions apart from those disclosed elsewhere in the condensed consolidated financial statements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 22. Fair value of assets and liabilities

**Trade receivables (Note 10), other receivables and deposits (Note 11), investment in marketable securities (Note 13), cash and cash equivalents (Note 14), trade and retentions payable (current) (Note 15), and other payables and accruals (current) (Note 15)**

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

#### **Borrowings (Note 18)**

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 period end.

#### **Trade payables (non-current) (Note 15), and other payables (non-current) (Note 15)**

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:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
Financial assets at amortised cost	95,319	72,044
Financial liabilities at amortised cost	93,769	92,427

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Six Months Ended 30 April 2023

### 22. Fair value of assets and liabilities (continued)

#### **Financial instruments by category** (continued)

The following table provides the fair value measurement hierarchy of the Group's financial asset as at 30 April 2023 and 31 October 2022:

	30 April 2023 \$'000 (Unaudited)	31 October 2022 \$'000 (Audited)
<b>Financial assets measured at fair value</b>		
<i>Quoted equity investments</i>		
Investment in marketable securities (Level 1 – quoted prices in active markets)	864	775

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities. Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

### 23. Authorisation of interim condensed consolidated financial statements for issue

The condensed consolidated financial statements for the six months ended 30 April 2023 were authorised for issue in accordance with the directors' resolution dated 30 June 2023.