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## **HPC HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1742)**

### **MAJOR AND CONNECTED TRANSACTION AWARD OF PROJECT BY REGAL HAUS TO DHC CONSTRUCTION**

#### **INTRODUCTION**

Reference is made to the Announcement. As disclosed in the Announcement, Regal Haus has intended to redevelop the Property into a commercial building, upon completion of which, part of the redeveloped commercial building will be used by the Group as its offices, and the remaining portion of the redeveloped commercial building will be leased out to other tenants.

#### **THE LETTER OF AWARD**

After going through the open tender process, Regal Haus, an indirect non-wholly-owned subsidiary of the Company, and DHC Construction, an indirectly wholly-owned subsidiary of the Company, entered into the Letter of Award on May 7, 2019 (after trading hours), pursuant to which Regal Haus agreed to award the Project to DHC Construction for a total contract sum of S\$6,806,725 (excluding goods and services tax).

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Regal Haus is owned as to 51.00% by the Company, 26.95% by Mr. Wang and 22.05% by Mr. Shi, respectively. Mr. Wang and Mr. Shi are both executive Directors and the controlling shareholders of the Company with 41.25% and 33.75% interest in the Company, respectively. As Regal Haus is a connected subsidiary thus a connected person of the Company under the Listing Rules, the transaction contemplated under the Letter of Award constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Letter of Award is more than 5%, the transaction contemplated under the Letter of Award is subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as the highest applicable percentage ratio of the Letter of Award, aggregated with other costs paid and payable by the Company pursuant to the Project including acquisition costs of the Property, is more than 25% but less than 75%, the transaction contemplated under the Letter of Award also constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **General information and despatch of circular**

The EGM will be held for the Independent Shareholders to consider and, if thought fit, approving the Letter of Award and the transaction contemplated thereunder. Mr. Wang, Mr. Shi and their respective associates will be required to abstain from voting on the resolution approving the Letter of Award.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders, among other things, whether the terms of the Letter of Award are fair and reasonable, the Letter of Award and the transaction contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of the business of the Group and are in the interests of the Company and its shareholders as a whole. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Letter of Award and the transaction contemplated thereunder.

The Circular containing, among other things, (a) further details of the Letter of Award and the transaction contemplated thereunder; (b) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the terms of the Letter of Award and a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting, together with (c) the notice of EGM, is expected to be despatched to the shareholders as soon as practicable within 15 business days after publication of this announcement (i.e. on or before May 29, 2019).

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## THE LETTER OF AWARD

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The principal terms of the Letter of Award are summarized below:

<b>Date</b>	:	May 7, 2019 (after trading hours)
<b>Parties</b>	:	(i) Regal Haus (ii) DHC Construction
<b>Subject matter</b>	:	Pursuant to the Letter of Award, Regal Haus agreed to award the Project to DHC Construction for a term of 15 months commencing from the date of letter of approval for structural design and permit application from Singapore Building Construction Authority.
<b>Total contract Sum</b>	:	S\$6,806,725 (excluding goods and services tax)  No adjustment on the contract sum will be allowed for fluctuation in the costs of labour (including overtime work), materials, equipment and/or services that may occur during the contract period.
<b>Payment schedule</b>	:	Payment of contract sum shall be made according to the actual progress of the Project.  Progress claim should be submitted in monthly basis. Period of honouring certificate shall be 35 days from receipt of interim certificate of payment by Regal Huas.
<b>Basis of contract sum</b>	:	The contract sum tendered by DHC Construction was the lowest among three tenders received by Regal Haus under the open tender process, and was determined by DHC Construction with reference to its own assessment of the costs and profitability of the Project.
<b>Material terms</b>	:	DHC Construction shall, in its capacity as main contractor of the Project, be responsible for redeveloping the Property into a six storey commercial building.

DHC Construction shall submit a performance and insurance bond obtained from an approved insurance company with the amount of S\$680,672.5 (representing 10% of the total contract sum) which shall be returned upon issuance of certificate of completion.

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, DHC Construction shall pay the liquidated damages of S\$13,600 per day (approximately 0.2% of the total contract sum) to Regal Haus.

## **REASONS FOR AND BENEFITS OF THE LETTER OF AWARD**

The Group is principally engaged in provision of general building and civil engineering works in the construction industry in Singapore. Regal Haus and DHC Construction are both subsidiaries of the Company. As disclosed in the Announcement, Regal Haus has intended to redevelop the Property into a commercial building, upon completion of which, part of the redeveloped commercial building will be used by the Group as its offices, and the remaining portion of the redeveloped commercial building will be leased out to other tenants. The Directors consider that entering into the Letter of Award between Regal Haus and DHC Construction is a further step towards implementation of such plan. In addition, considering the Group's rich experience in the Singapore construction industry, the Directors believe that DHC Construction is completely capable to execute the redevelopment plan of the Property.

The Directors (excluding the independent non-executive Directors), having made all reasonable and due inquiries, are of the opinion that the terms of the Letter of Award are fair and reasonable, the Letter of Award and the transaction contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of the business of the Group and are in the interests of the Company and its shareholders as a whole.

The independent non-executive Directors, being members of the Independent Board Committee, reserve their opinion pending the provision of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders.

As both Mr. Wang and Mr. Shi have interest in the Letter of Award, both Mr. Wang and Mr. Shi have abstained from voting on the board resolutions approving the Letter of Award. Save as disclosed above, no other Directors of the Company are regarded as having a material interest in the Letter of Award.

## **INFORMATION ON THE DHC CONSTRUCTION AND REGAL HAUS**

DHC Construction is principally engaged in provision of general building and civil engineering works in the construction industry in Singapore.

Regal Haus is an investment holding company incorporated in Singapore.

## **LISTING RULES IMPLICATIONS**

Regal Haus is an indirect non-wholly-owned subsidiary of the Company. As at the date of this announcement, Regal Haus is owned as to 51.00% by the Company, 26.95% by Mr. Wang and 22.05% by Mr. Shi, respectively. Mr. Wang and Mr. Shi are both executive Directors and the controlling shareholders of the Company with 41.25% and 33.75% interest in the Company, respectively. As Regal Haus is a connected subsidiary thus a connected person of the Company under the Listing Rules, the transaction contemplated under the Letter of Award constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Project is more than 5%, the transaction contemplated under the Letter of Award is subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as the highest applicable percentage ratio of the Letter of Award, aggregated with other costs paid and payable by the Company pursuant to the Project including acquisition costs of the Property, is more than 25% but less than 75%, the transaction contemplated under the Letter of Award also constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION AND DESPATCH OF CIRCULAR**

The EGM will be held for the Independent Shareholders to consider and, if thought fit, approving the Letter of Award and the transaction contemplated thereunder.

Pursuant to the Listing Rules, any shareholder who has a material interest in the transaction contemplated under the Letter of Award is required to abstain from voting on the relevant resolution at the EGM. Accordingly, Mr. Wang, Mr. Shi and their respective associates will be required to abstain from voting on the resolution approving the Letter of Award.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders, among other things, whether the terms of the Letter of Award are fair and reasonable, the Letter of Award and the transaction contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of the business of the Group and are in the interests of the Company and its shareholders as a whole.

Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Letter of Award and the transaction contemplated thereunder.

The Circular containing, among other things, (a) further details of the Letter of Award and the transaction contemplated thereunder; (b) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the terms of the Letter of Award and a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting, together with (c) the notice of EGM, is expected to be despatched to the shareholders as soon as practicable within 15 business days after publication of this announcement (i.e. on or before May 29, 2019).

## DEFINITIONS

In the announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Announcement”	The announcement of the Company dated July 13, 2018;
“Board”	the board of Directors;
“Circular”	the circular to be despatched to the shareholders in relation to, among others, the Letter of Award;
“Company”	HPC Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to in under the Listing Rules;
“DHC Construction”	DHC Construction Pte. Ltd., a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company;
“Directors”	directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Letter of Award and the transaction contemplated thereunder;
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Letter of Award and the transaction contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Independent Board Committee”	An independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the transaction contemplated under the Letter of Award;
“Independent Shareholder(s)”	shareholder(s) other than Mr. Wang, Mr. Shi and their respective associates and any shareholder with a material interest in the Letter of Award;

“Letter of Award”	the letter of award dated May 7, 2019 entered into between DHC Construction and Regal Haus;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Shi”	Mr. Shi Jianhua, the chief operations officer, executive director and a controlling shareholder of the Company;
“Mr. Wang”	Mr. Wang Yingde, the chairman, chief executive officer, executive director and a controlling shareholder of the Company;
“Project”	the erection of a six storey single user factory building with one level of mezzanine office and one level of basement carpark comprising of ancillary office and display area on the Property;
“Property”	a property located at lots 00271M & 00272W of Mukim 1 at 7 Kung Chong Road Singapore 159144;
“Regal Haus”	Regal Haus Pte. Ltd., a private limited company incorporated in Singapore which is owned as to 51.00% by the Company, 26.95% by Mr. Wang and 22.05% by Mr. Shi, respectively;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore.

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

Singapore, May 7, 2019

*As at the date of this announcement, the Board comprises Mr. Wang Yingde and Mr. Shi Jianhua as executive directors; and Mr. Zhu Dong, Mr. Leung Wai Yip, Ms. Ng King Wai Diana and Mr. Ong Toon Lian as independent non-executive directors.*