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HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST OF AASPERON VENTURE PTE LTD

THE ACQUISITION

On 21 August 2020, HPC Builders, an indirectly wholly-owned subsidiary of the Company, providing general building construction services, civil engineering works in Singapore, entered into the Agreement pursuant to which HPC Builders agreed to acquire from Mr. Tan Jiawei Nigel, Miss. Tan Xinyi, Angelyn and Ms. Tew Siew Hwa an aggregate of 100% interest in Aasperon Venture for a total consideration of S\$3,800,000. Aasperon Venture 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 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition on an aggregate basis, is more than 5% but less than 25%, the Acquisition constitute a discloseable transaction and subject to the reporting and announcement requirements but is exempted from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

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THE AGREEMENT

The principal terms of the Agreement are set out as follows:

DATE OF THE AGREEMENT

21 August 2020

PARTIES

- (a) HPC Builders
- (b) Mr. Tan Jiawei Nigel
- (c) Miss. Tan Xinyi, Angelyn
- (d) Ms. Tew Siew Hwa

SUBJECT MATTER

Mr. Tan Jiawei Nigel, Miss. Tan Xinyi, Angelyn and Ms. Tew Siew Hwa, collectively the vendor (the “**Vendor**”), are one family and are the legal and beneficial owners of all 1,300,001 issued and fully paid-up Ordinary Shares (“**Sale Shares**”) in the Aasperon Venture.

HPC Builders, an indirectly wholly-owned subsidiary of the Company (the “**Purchaser**”) has expressed an interest to acquire Aasperon Venture as its wholly-owned subsidiary for the purposes of utilizing the Property for its business operations and has entered the Agreement on 21 August 2020.

Aasperon Venture is a limited company incorporated in Singapore and having its registered address at 13 Neythal Road, Singapore 628579, which also owns the lease hold industrial land and its existing structure. The Property consists of a lease hold land expiry on 15 May 2030, land area 4,086.3 square meters, with an existing two storeys building suits. The Property is the main asset of Aasperon Venture, currently used as a training center.

The business activity of Aasperon Venture is building construction works. However, the Vendor made a strategic shift of business from construction works to worker's training. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, Aasperon Venture and its ultimate beneficial owners are third parties independent from the Company and its connected persons.

EQUITY INTEREST AND CONSIDERATION

Pursuant to the Agreement, HPC Builders has agreed to acquire from the Vendor collectively 100% interests in Aasperon Venture, for a consideration of S\$3,800,000, 90% of which have been paid on 21 August 2020. 10% of the consideration is held by the Purchaser's lawyer as stakeholders for a period of one year from 21 August 2020 to secure any contingent liabilities. The consideration is determined after arm's length negotiations between the parties which solely reflects the market price of the Property. We have obtained the same amount of valuation from an independent qualified valuer. The book value of the Property is S\$5,312,785. HPC Builders has utilized its saving to finance the Acquisition.

Upon completion of the Acquisition, Aasperon Venture will become an indirect wholly owned subsidiary of the Company and its results will be consolidated into that of the Group.

DEED OF GUARANTEE AND INDEMNITY

In consideration of Purchaser agreeing to enter into the Agreement to acquire the Sale Shares from the Vendor, Aesperon Academy, a Singapore incorporated company provides work force training services, whose 100% interest owned by the Vendor has provided an unconditional and irrevocable corporate guarantee in favor of Purchaser against all losses, liabilities, indebtedness, claims, penalties, fines, damages, costs (including legal costs) and expenses arising to secure the Vendor's due and punctual performance of their obligations in the Agreement. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, Aesperon Academy and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Due to the pandemic of COVID-19, many of construction workers in Singapore were infected. The industry is severely affected. The authorities of Singapore have implemented substantial amount of regulations to enhance the effective management of almost all the aspects of workers. The Group used to deploy foreign workers to different scattered dormitories whereby near to the project sites. However, the current regulations require closer monitoring and management of workers which changed the industry practice, and the government announced more workers quarter were in the planning.

As the Group's business heavily rely on the effective management of foreign labor force, the management is of the view that having our own workers' quarter will be substantial reducing labor related cost in a long run.

As attending various training courses to be certified in different skills in order to qualify to work is basic requirements in Singapore, the intended ancillary facilities apart from the worker's dormitory will be also utilized as training facilities for internal and external users. Aasperon Venture has built up considerable track record in the construction worker's management together with Aesperon Academy. The management of the Company is of the view that gearing on the Aasperon foundation, the Group will be able to explore more opportunities to get access to high skilled work force.

By successfully capitalizing the above-mentioned factors, the Directors believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Aasperon Venture”	Aasperon Venture Pte Ltd, a private limited company incorporated in Singapore and having its registered address at 13 Neythal Road, Singapore 628579;
“Acquisition”	the acquisition by HPC Builders of 100% interest in Aasperon Venture;
“Aesperon Academy”	Aesperon Academy Pte Ltd, a private limited company incorporated in Singapore;
“Agreement”	the Share Acquisition and Shareholders Agreement dated 21 August 2020 entered into between HPC Builders, Mr. Tan Jiawei Nigel, Miss. Tan Xinyi, Angelyn and Ms. Tew Siew Hwa;
“Board”	the board of Directors;
“Company”	HPC Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;

“Group”	the Company and its subsidiaries;
“HPC Builders”	HPC Builders Pte. Ltd., a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Tan”	Mr. Tan Jiawei Nigel, the executive director and controlling shareholder of Aesperon Academy;
“Property”	a property located at 13 Neythal Road, Singapore 628579
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore; and
“%”	per centum.

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

Singapore, 24 August 2020

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 and Ms. Ng King Wai Diana as independent non-executive directors.