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HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The board (the “**Board**”) of directors (the “**Directors**”) of HPC Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), is pleased to announce that on 4 May 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, which represents 100% of the equity interest in the Target Company, at a cash consideration of S\$4.2 million plus reimbursement of any outgoing prepayments to authorities where applicable.

As at the date of this announcement, the Company holds an indirect 100% equity interest in Target Company, which is consolidated in the consolidated financial statements of the Company. Upon completion, the Company will cease to have any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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

Date: 4 May 2021

Vendor: HPC Builders Pte. Ltd., an indirect wholly-owned subsidiary of the Company.

Purchaser: J.Keart Alliances Pte Ltd, a company incorporated in Singapore and having its registered address at 207 Henderson Road #01-04 Henderson Industrial Park Singapore 159550.

Subject Matter: The Purchaser has by letter of offer dated 2 March 2021 expressed interest to acquire the 100% equity interest of the Target Company as a going concern on the terms of the Purchaser's letter of offer together with payment of \$42,000.00 as a good faith deposit pending the conclusion of a definitive sale and purchase agreement.

The Vendor wishes to sell, and Purchaser agrees to purchase all the Sale Shares of the Vendor to effect such intention on the terms and conditions contained in the Disposal Agreement.

Consideration: The Consideration was determined after arm's length negotiations based on normal commercial terms between the parties. The consideration for the Sale Shares payable by the Purchaser to the Vendor shall be S\$4,200,000.00. The good faith deposit amounting to S\$42,000 paid by Purchaser pursuant to the letter of offer shall be applied towards the purchase price.

The Purchaser shall in addition pay to Vendor an adjustment amount being the pro rata reimbursement of any outgoings for the Target Company including property tax, insurance, land rent and utilities. This is estimated to be approximately S\$25,000 upon completion.

Completion: The sale and purchase of the Sale Shares shall, subject to the provisions of the Disposal Agreement, be completed at the office of Purchaser's solicitors or such other venue as parties may mutually agree on or before 31 May 2021 (the "**Completion Date**") or such other date as may be mutually agreed by the parties.

On Completion Date, the Purchaser shall make payment of the Consideration by way of cashier's order in favor of the Vendor.

Corporate Guarantee: In consideration of Purchaser agreeing to enter into the Disposal Agreement to acquire the Sale Shares from Vendor, Vendor shall provide an unconditional and irrevocable corporate guarantee in favour of Purchaser against all and any losses, liabilities, indebtedness, claims, penalties, fines, damages, costs (including legal costs) on an indemnity basis and expenses arising the matters referring to representations and warranties provided to the Purchaser by the Vendor, and to secure Vendor's due and punctual performance of their obligations in the Disposal Agreement for a period of 6 months from the Completion Date.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited company incorporated in Singapore, having its business activities in building construction works and manufacturing of structural metal products. The Target Company became an indirect wholly-owned subsidiary of the Company on 21 August 2020, reference is made to the company announcement published on 24 August 2020 for this transaction.

Set out below is the summary of the unaudited consolidated financial information of the Target Company since acquired by the Company for the financial year ended at 31 October 2020 and 30 April 2021 respectively as extracted:

	As at 31 October 2020 S\$ (unaudited)	As at 30 April 2021 S\$ (unaudited)
Revenue	—	—
Other income	18,935	105,637
Net profit/Loss	<u>(112,032)</u>	<u>(157,833)</u>
Total Equity	<u>3,687,968</u>	<u>3,530,135</u>

INFORMATION ON THE PURCHASER

J.Keart Alliances Pte Ltd, a company incorporated in Singapore and having its registered address at 207 Henderson Road #01-04 Henderson Industrial Park Singapore 159550, it is in the business of installation of fire protection and security systems and general building contractor licensed with the Building and Construction Authority.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

FINANCIAL IMPACT OF THE DISPOSAL

Based on (i) the carrying value of Target Company in the Company's consolidated management accounts as at 30 April 2021 of approximately S\$3.5 million and (ii) the consideration under the Disposal Agreement, it is expected that the Company will record a gain in respect of the Disposal. The net proceeds from the Disposal are expected to be approximately S\$4.15 million, which are expected to be applied towards funding the Group's other investments and operating activities in its ordinary course of business.

Upon Completion, the Company will cease to hold any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in provision of general building and civil engineering works in the construction industry in Singapore. Reference is made to the announcement on 24 August 2020 for the acquisition of the Target Company by the Vendor (the "**Acquisition**"). The original contemplation of the Acquisition was to develop worker's quarter for the Company to reduce labor related expenses in a long-run in relation to the mass managerial changes effected by the COVID-19 pandemic.

However, due to the capacity limitation of the Target Company's asset and the operational concern, the initial intent is no longer in the interest of the Company, mainly because: a) the Target Company's asset is unable to meet the full demand of the Company's work force; b) a separate management team has to be established to run the operation of worker's quarter in addition to the existing team, which is not the Company's core existing business activities. The Company expects no additional similar asset will be able to be seized by the Company in the foreseeable future to add the economics of scale of this new business activities; and c) the financial effect of the transaction gives the Company a positive result.

The Directors consider that the Disposal Agreement is entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“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
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Disposal Agreement
“Consideration”	the consideration for the sale and purchase of the Sale Shares pursuant to the terms of the Disposal Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares in the Target Company by the Vendor as contemplated under the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 4 May 2021 entered into between the Vendor and the Purchaser in respect of the sale and purchase of Sale Shares
“Group”	the Company and its subsidiaries
“Guarantor”	HPC Builders Pte. Ltd., a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	J.Keart Alliances Pte Ltd, a company incorporated in Singapore having its registered address at 207 Henderson Road #01-04 Henderson Industrial Park Singapore 159550

“Sale Shares”	100% equity interest in Target Company as held by the Vendor, being the subject of the transactions underlying the Disposal Agreement
“Share(s)”	ordinary shares of the Target Company and “Share” shall have the corresponding meaning
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Aasperon Venture Pte Ltd, a private limited company incorporated in Singapore and having its registered address at 165, #08-3687 Bukit Merah Central, Singapore 150165
“Vendor”	HPC Builders Pte. Ltd., a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“%”	percent
“S\$”	Singapore Dollar

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

Singapore, 4 May 2021

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. Gng Hoon Liang as independent non-executive directors.