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HPC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1742)

SUPPLEMENTAL ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement of the Company dated 4 May 2021 in relation to a discloseable transaction relating to the disposal of equity interest in the Target Company (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the Announcement.

The Board wishes to provide the Shareholders and potential investors with further information as follows:

FURTHER INFORMATION IN RELATION TO THE DISPOSAL

Consideration

The Consideration was determined after arm’s length negotiations based on normal commercial terms among the parties. The only asset of the Target Company is a leasehold property located at 13 Neythal Road Singapore 628579 (the “**Property**”). In determination of the valuation of the Property, The Board has made reference to:

- i) the most recent comparable transaction completed in August 2019 for a property just beside the Property (the “**Comparable Transaction**”);
- ii) an independent property valuer’s valuation report for the Property dated 30 April 2021.

The Consideration of S\$4.2 million was 14% higher than the Comparable Transaction in the unit of per square feet. The valuation of the Property by the aforesaid independent valuer dated on 30 April 2021 was S\$3.5 million.

The reason of disposing the Target Company

It is disclosed in the Announcement that there are two factors, including (a) the capacity limitation of the Target Company's asset and (b) the operational concern on the Target Company, that cause the initial intent is no longer in the interest of the Company. The Company was aware of these factors when acquired the Target Company and they were taken into consideration.

However, at that point of time, the Company estimated that in house worker's quarter should have cost advantage over external service providers by exploiting possible abundance of the existing work force due to the Pandemic control regulations, and more stringent regulations may impose on existing worker's quarter service providers and eventually would increase their price.

As time goes by, the situation of Singapore is getting more stable with more certainty, the price of worker's quarter has not increased as expected, but shortage of manpower become the key issue of the construction industry, with the quick recovery of on-going projects construction activities demands, which is the main business activity of the Company, the situation has weakened the possibility to deploy manpower to engage in the worker's quarter redevelopment plan and business management. Hence the Company will not get comparable advantage with external service providers, which is against the underlying reason of the initial intent.

The ultimate beneficial owners of the Purchaser and his respective relationship with the Company

The Purchaser is a Singapore incorporated private limited company, with issued 500,000 shares at S\$1 of each share, and paid-up share capital of S\$500,000. Mr. Kenny Liu Zhenqi, who is a Singapore citizen holds 100% share of the Purchaser and is the director of the Purchaser.

As mentioned in the Announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Mr. Kenny Liu Zhenqi, are Independent Third Parties of the Company, Connected Persons and their respective associates.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners, Mr. Kenny Liu Zhenqi, are also Independent Third Parties of the Vendors in the Company's Acquisition of the Target Company.

The additional information as disclosed above does not affect any other information contained in the Announcement.

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

Singapore, 24 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 and Mr. Gng Hoon Liang as independent non-executive directors.