BHCC Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1552)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of BHCC Holding Limited (the "Company", together with its subsidiaries, the "Group") announces the consolidated results of the Group for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	**2017** *S$*	2016 *S$*
Revenue	4	**143,955,670**	176,367,215
Cost of services		**(129,545,045)**	(165,162,254)
Gross profit		**14,410,625**	11,204,961
Other income	5a	**618,772**	1,029,931
Other gains and losses	5b	**(272,747)**	13,657
Other expenses	5c	**(3,383,311)**	(199,148)
Selling expenses		**(31,946)**	(59,360)
Administrative expenses		**(2,783,930)**	(2,592,710)
Finance costs	6	**(116,796)**	(31,136)
Profit before taxation		**8,440,667**	9,366,195
Income tax expense	7	**(2,233,554)**	(1,526,333)
Profit and total comprehensive income for the year	8	**6,207,113**	7,839,862
Profit attributable to:			
Owners of the company		**5,215,355**	7,705,432
Non-controlling interest		**991,758**	134,430
		6,207,113	7,839,862
Basic and diluted earnings per share *(S$ cents)*	10	**0.79**	1.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	**2017** *S$*	2016 *S$*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**14,284,462**	2,573,297
Intangible asset		**175,000**	175,000
Available-for-sale investments		**2,724,910**	2,724,910
Investment properties		**5,285,094**	—
Deposits paid for acquisition of property or land		—	6,377,213
Deposits paid for performance bond		**1,360,390**	—
		23,829,856	11,850,420
Current assets			
Trade receivables	12	**17,592,755**	21,809,619
Other receivables and deposits		**1,452,053**	1,103,161
Amounts due from customers for construction work	13	**2,771,130**	851,457
Amounts due from related companies	14a	**3,748,877**	11,956,199
Amount due from shareholders	14d	**182**	—
Bank balances and cash		**32,231,219**	29,729,924
		57,796,216	65,450,360
Current liabilities			
Trade and other payables	15	**(29,751,417)**	(34,298,233)
Amount due to customers for construction work	13	**(4,240,761)**	(12,555,796)
Amounts due to related companies	14b	—	(1,914,480)
Amount due to directors	14c	—	(35,096)
Amounts due to a shareholder	14d	—	(93,865)
Obligations under finance leases		—	(69,875)
Borrowings	16	**(292,101)**	(182,025)
Income tax payable		**(2,079,450)**	(1,613,708)
		(36,363,729)	(50,763,078)
Net current assets		**21,432,487**	14,687,282
Total assets less current liabilities		**45,262,343**	26,537,702

	Note	2017 S$	2016 S$
Non-current liabilities			
Obligations under finance leases		—	(42,118)
Borrowings	16	**(5,921,675)**	(3,949,816)
Deferred tax liabilities		**(305,000)**	(282,000)
		(6,226,675)	(4,273,934)
Net assets		**39,035,668**	22,263,768
EQUITY			
Capital and reserves			
Share capital	17	**1,389,830**	10,680,000
Reserves		**37,645,838**	7,099,338
Equity attributable to owners of the Company		**39,035,668**	17,779,338
Non-controlling interest		—	4,484,430
		39,035,668	22,263,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

BHCC Holding Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 February 2017 and its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") on 20 March 2017 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 20 Sin Ming Lane, #06-66, Midview City, Singapore 573968. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 12 September 2017.

The Company is a subsidiary of Huada Developments Limited ("Huada Developments"), incorporated in the British Virgin Islands ("BVI"), which is also the Company's ultimate holding company. Huada Development is owned by Mr. Yang Xinping and his spouse Ms. Chao Jie. Upon the entering into of the concert party deed, Huada Developments, Mr. Yang, Mrs. Yang, Eagle Soar Global Limited ("Eagle Soar") and Mdm. Han Yuying became a group of controlling shareholders of BHCC Holding Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company and the principal activities of its operating subsidiaries are the provision of building construction services.

The consolidated financial statements are presented in Singapore Dollars ("S$"), which is also the functional currency of the Company.

2 GROUP REORGANISATION AND BASIS OF PREPARATION

To effect the group reorganisation ("Group Reorganisation") for the purpose of the listing of the Company's shares on the Main Board of the Stock Exchange:

(i) An investment holding company, Lion Metro Holdings Limited ("Lion Metro"), was incorporated in the BVI on 6 January 2017 and subsequently became a direct wholly-owned subsidiary of the Company following the allotment and issue of one share of par value US$1 each to the Company, credited as fully paid.

(ii) Huada Developments, Eagle Soar and Wai Tian Holdings Limited ("Wai Tian"), a company controlled by Mr. Zhan Lixiong, subscribed for 68,100 new shares, 22,725 new shares and 9,100 new shares, all in nil paid form, with a par value of HK$0.01 each, representing 68.175%, 22.725% and 9.1% of the entire issued share capital of the Company as enlarged by the subscription shares respectively.

(iii) BHCC Investment (Tampines) Pte. Ltd., was incorporated in Singapore with limited liability, of which 2 shares in this company were allotted and issued to BHCC Construction Pte. Ltd. ("BHCC Construction"), credited as fully paid. The company changed its name to BHCC Space Pte. Ltd. ("BHCC Space").

(iv) Each of the individual shareholders, who were the then beneficial shareholders of BHCC Construction, transferred their respective shareholdings to Lion Metro in return for the Company allotting and issuing 442,260 new shares and 110,565 new shares to Huada Developments at the directions of Mr. Yang Xinping and Ms. Chao Jie, and 184,275 new shares to Eagle Soar at the direction of Ms. Han Yuying and 81,900 new shares to Wai Tian at the direction of Mr. Zhan Lixiong, respectively, all with a par value of HK$0.01 each, credited as fully paid. After completion of the above share transfer, BHCC Construction became an indirect wholly-owned subsidiary of the Company.

(v) The Controlling Shareholders, who were the then beneficial shareholders of Wan Yoong Construction Pte. Ltd. ("Wan Yoong"), transferred their respective shareholdings to Lion Metro in return for the Company allotting and issuing 48,600 new shares and 12,150 new shares to Huada Developments at the directions of Mr. Yang Xinping and Ms. Chao Jie, and 20,250 new shares to Eagle Soar at the direction of Ms. Han Yuying, all with a par value of HK$0.01 each, credited as fully paid. After completion of the above share transfer, Wan Yoong became an indirect wholly-owned subsidiary of the Company.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2017, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS ("INT IFRS") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective which are relevant to the Group:

IFRS 9	*Financial Instruments*[1]
IFRS 15	*Revenue from Contracts with Customers (and the related Clarifications)*[1]
IFRS 16	*Leases*[2]
IFRIC 22	*Foreign Currency Transactions and Advance Considerations*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to IAS 40	*Transfers of Investment Properties*[1]
Amendments to IFRSs	*Annual Improvements to IFRS Standards 2014–2016 Cycle*[1]

1 Effective for annual periods beginning on or after 1 January 2018, with early application permitted.

2 Effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at "fair value through other comprehensive income" (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Group have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement

- Available-for-sale investments, stated at cost less impairment qualifies for designation as measured at FVTOCI under IFRS 9.

- All other financial assets and financial liabilities will continue to be measured as the same bases as currently adopted under IAS 39.

Impairment

Financial assets measured at amortised cost or FVTOCI will be subject to the impairment provisions of IFRS 9. The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade and other receivables. In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

IFRS 15 *Revenue from Contracts with Customers*

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, Amendments to IFRS 15 were issued to add clarifications to (i) identifying performance obligations, (ii) principal versus agent considerations, and (iii) licensing application guidance. Amendments also included two additional transition reliefs on contract modifications and completed contracts.

The Group has performed a review of the existing contractual arrangements with its customers as at 31 December 2017 and the directors of the Group anticipate that the application of IFRS 15 in the future may result in more disclosures but will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of S$202,182. A preliminary assessment indicates that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

4 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of building and construction works, solely derived in Singapore during the financial year.

Information is reported to the Executive Directors, being the chief operating decision makers ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of contracts, i.e. "Main Contractor Projects" and "Subcontractor Projects" and profit for the year as a whole. No analysis of the Group's results, assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the year is as follows:

	2017	2016
	S$	*S$*
Revenue from:		
Main Contractor Projects	**121,367,653**	146,970,798
Subcontractor Projects	**22,588,017**	29,396,417
	143,955,670	176,367,215

Information about the major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2017	2016
	S$	*S$*
Customer A	**86,073,841**	62,608,444
Customer B	**27,699,891**	31,633,077
Customer C	**—***	26,957,849
Customer D	**—***	25,652,071

* Revenue did not contribute over 10% of the total revenue of the Group.

Geographical information

The Group principally operates in Singapore. All revenue is derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

5 a. OTHER INCOME

	2017	2016
	S$	*S$*
Government grants *(Note)*	**353,154**	743,760
Sale of scrap material, net	**—**	30,340
Service income on secondment of labour and subcontracting fee, net	**81,944**	17,391
Interest income	**146,774**	130,992
Rental income	**15,200**	8,000
Others	**21,700**	99,448
	618,772	1,029,931

Note: Government grants are mainly the Productivity Innovation Project Scheme ("PIP") and Mechanisation Credit Scheme ("Mech C"), which compensate expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs.

Under the PIP, the government aims to encourage and facilitate Singapore-registered businesses to build up their capacity, identify productivity gaps and improve site processes so as to achieve higher site productivity. The Group received grants under the PIP with amounts of S$200,000 for the financial year ended 31 December 2017 (2016: S$547,740).

Under Mech C, the government provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects. The Group received grants under Mech C with amount S$21,490 for the financial year ended 31 December 2017 (2016: S$67,630).

The remaining grants are incentives as compensation of expenses already incurred or as immediate financial supports with no relation to any assets received upon fulfilling the conditions attached to them.

b. OTHER GAINS AND LOSSES

	2017	2016
	S$	*S$*
Loss arising on disposal of property, plant and equipment	**(4,212)**	(10,555)
Exchange (loss) gain, unrealised	**(268,535)**	24,212
	(272,747)	13,657

c. OTHER EXPENSES

	2017	2016
	S$	*S$*
Listing expenses	**3,383,311**	199,148

6 FINANCE COSTS

	2017	2016
	S$	*S$*
Interest on:		
Bank borrowings	**114,860**	30,045
Obligations under finance leases	**1,936**	1,091
	116,796	31,136

7 INCOME TAX EXPENSE

	2017	2016
	S$	*S$*
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	**2,079,450**	1,382,333
— Under provision of prior years’ tax	**131,104**	—
Deferred tax expense	**23,000**	144,000
	2,233,554	1,526,333

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 50%, capped at S$25,000 for the Year of Assessment 2017, and adjusted to 40%, capped at S$15,000 for the Year of Assessment 2018. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	S$	*S$*
Profit before taxation	**8,440,667**	9,366,195
Tax at applicable tax rate of 17%	**1,434,913**	1,592,253
Effect of different tax rate of the Company operating in other jurisdiction	**643,666**	—
Tax effect of expenses not deductible for tax purpose	**79,345**	62,644
Effect of tax concessions and partial tax exemptions	**(40,925)**	(50,925)
Tax effect of enhanced allowance *(Note)*	**(20,341)**	(76,844)
Under provision of prior years’ tax	**131,104**	—
Others	**5,792**	(795)
Taxation for the year	**2,233,554**	1,526,333

Note: Being additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the Year of Assessment 2018 and 2017.

8 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2017	2016
	S$	*S$*
Depreciation of property, plant and equipment *(Note a)*	**1,165,292**	751,599
Depreciation of investment properties	**28,727**	—
Audit fees paid to auditors of the Company:		
— Annual audit fees	**150,000**	65,000
— Audit fees in connection with the listing of the Company *(Note c)*	**80,250**	127,000
Non-audit fees paid to auditors of the Company *(Note c)*	**50,250**	—
Listing expenses *(Note c)*	**3,383,311**	199,148
Directors' remuneration	**914,501**	894,680
Other staff costs		
— Salaries and other benefits	**8,534,451**	8,176,993
— Contributions to CPF	**488,133**	563,066
Total staff costs *(Note b)*	**9,937,085**	9,634,739
Cost of materials recognised as cost of services	**25,131,037**	27,248,758
Subcontractor costs recognised as cost of services	**79,237,161**	113,799,084

Note:

a. Depreciation of S$729,521 (2016: S$598,946) are included in cost of services.

b. Staff costs of S$9,038,336 (2016: S$7,853,278) are included in cost of services.

c. Included in listing expenses are audit and non-audit fees of S$80,250 and S$50,250 paid to auditors of the Company respectively, and non-audit fees of S$179,250 paid to other auditors of the Group.

Included in share issue expenses are audit fees and non-audit fees of S$26,750 and S$16,750 paid to the auditors of the Company respectively, and non-audit fees of S$59,750 paid to other auditors of the Group.

9 DIVIDENDS

During the year ended 31 December 2016, BHCC Construction declared and paid interim dividends of S$1,500,000 (S$0.23 per share) to its then shareholders in respect of the financial year ended 31 December 2016, prior to issuances of new shares to the new shareholder.

During the year ended 31 December 2017, BHCC Construction declared and paid interim dividends of S$5,000,000 (S$0.33 per share) to its then shareholders in respect of the financial year ended 31 December 2016, before the Group Reorganisation. No other dividend has been declared by the Company or group entities during the year or subsequent to the year end.

10 EARNINGS PER SHARE

	2017	2016
Profit attributable to the owners of the Company *(S$)*	**5,215,355**	7,705,432
Weighted average number of ordinary shares in issue	**660,821,907**	545,399,925
Basic and diluted earnings per share *(S$ cents)*	**0.79**	1.41

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the year ended 31 December 2016 is based on 545,399,925 shares, which were issued pursuant to the reorganisation and capitalisation issue as detailed in Note 17, excluding non-controlling shareholder's interest, and deemed to have been issued since 1 January 2016.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 31 December 2017 and 2016.

11 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S$	Computers S$	Motor vehicles S$	Furniture and fittings S$	Freehold properties S$	Leasehold land S$	Asset under construction S$	Total S$
Cost:								
At 1 January 2016	3,418,470	288,052	723,076	143,792	—	—	—	4,573,390
Additions	340,056	131,438	230,985	—	—	—	—	702,479
Disposals	(22,600)	—	—	—	—	—	—	(22,600)
Write-offs	(7,179)	(181,035)	—	(3,493)	—	—	—	(191,707)
At 31 December 2016	**3,728,747**	**238,455**	**954,061**	**140,299**	**—**	**—**	**—**	**5,061,562**
Additions	**328,304**	**74,429**	**77,923**	**8,900**	**9,673,500**	**7,204,600**	**832,422**	**18,200,078**
Disposals	**(21,900)**	**—**	**—**	**—**	**—**	**—**	**—**	**(21,900)**
Reclassification	**—**	**—**	**—**	**—**	**(5,397,543)**	**—**	**—**	**(5,397,543)**
At 31 December 2017	**4,035,151**	**312,884**	**1,031,984**	**149,199**	**4,275,957**	**7,204,600**	**832,422**	**17,842,197**
Accumulated depreciation:								
At 1 January 2016	1,144,490	217,277	498,634	73,290	—	—	—	1,933,691
Charge for the year	532,815	61,764	143,549	13,471	—	—	—	751,599
Elimination on disposals	(5,318)	—	—	—	—	—	—	(5,318)
Elimination on write-off	(7,179)	(181,035)	—	(3,493)	—	—	—	(191,707)
At 31 December 2016	**1,664,808**	**98,006**	**642,183**	**83,268**	**—**	**—**	**—**	**2,488,265**
Charge for the year	**601,110**	**78,040**	**88,603**	**14,601**	**172,804**	**210,134**	**—**	**1,165,292**
Elimination on disposals	**(12,100)**	**—**	**—**	**—**	**—**	**—**	**—**	**(12,100)**
Reclassification	**—**	**—**	**—**	**—**	**(83,722)**	**—**	**—**	**(83,722)**
At 31 December 2017	**2,253,818**	**176,046**	**730,786**	**97,869**	**89,082**	**210,134**	**—**	**3,557,735**
Carrying amount:								
At 31 December 2016	2,063,939	140,449	311,878	57,031	—	—	—	2,573,297
At 31 December 2017	**1,781,333**	**136,838**	**301,198**	**51,330**	**4,186,875**	**6,994,466**	**832,422**	**14,284,462**

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Plant and machinery	3 to 10 years
Computers	3 years
Motor vehicles	5 years
Furniture and fittings	Shorter of 3 to 10 years, or remaining lease period
Freehold properties	40 years
Leasehold land	20 years

Freehold properties consist of two strata title light industrial units located at 11 lrving Place, Singapore, 369551.

The carrying value of below items are assets held under finance leases:

	2017	2016
	S$	*S$*
Plant and machinery	—	136,056
Motor vehicles	—	76,036
	—	212,092

12 TRADE RECEIVABLES

	2017	2016
	S$	*S$*
Trade receivables	**1,381,724**	7,332,069
Unbilled revenue *(Note a)*	**11,378,557**	8,853,541
Retention receivable *(Note b)*	**4,832,474**	5,624,009
	17,592,755	21,809,619

Note:

a. Unbilled revenue are those accrued revenue which the construction certification is issued by the customers but no billing has been raised to customers.

b. Retention monies withheld by customers of construction works are released after the completion of maintenance period of the relevant contracts, which is usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle. The carrying amounts approximate to the amounts expected to be realised at respective date of settlement.

The Group grants credit terms to customers typically between 30 to 60 days (2016: 30 to 60 days) from the invoice date for trade receivables. The following is an analysis of trade receivables by invoice date at the end of each reporting period:

	2017	2016
	S$	*S$*
Within 60 days	**1,257,670**	7,310,652
61 days to 90 days	**102,637**	—
91 days to 180 days	—	—
181 days to 365 days	—	—
Over 1 year but not more than 2 years	—	—
More than 2 years	**21,417**	21,417
	1,381,724	7,332,069

Before accepting any new customer, the Group assesses the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed once a year.

In determining the recoverability of trade receivables, the management of the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of the reporting period. Considering the high credibility of these customers, good track record with the Group and subsequent settlement, management believes the trade receivables at the end of each reporting period are of good credit quality and that no impairment allowance is necessary in respect of the remaining unsettled balances.

Included in the Group's trade receivables are carrying amounts of approximately S$60,819 which are past due at 31 December 2017 (2016: S$384,010), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired as at year end:

	2017	2016
	S$	*S$*
Less than 60 days	**38,974**	362,593
61 to 90 days	**428**	—
91 to 180 days	**—**	—
More than 180 days	**21,417**	21,417
	60,819	384,010

13 AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	2017	2016
	S$	*S$*
Contract cost incurred plus recognised profits less recognised losses	**220,063,475**	243,143,967
Less: Progress billings	**(221,533,106)**	(254,848,306)
	(1,469,631)	(11,704,339)
Analysed for reporting purposes as:		
Amounts due from customers for construction works	**2,771,130**	851,457
Amounts due to customers for construction works	**(4,240,761)**	(12,555,796)
	(1,469,631)	(11,704,339)

14 AMOUNTS DUE FROM (TO) RELATED COMPANIES/DIRECTORS/SHAREHOLDERS

a. Amounts due from related companies

	2017	2016
	S$	*S$*
Trade related	**3,748,877**	11,934,459
Non-trade related *(Note)*	**—**	21,740
	3,748,877	11,956,199

Note: The balances as at 31 December 2016 comprised of rental deposits for office, which were unsecured, non-interest bearing and repayable at the end of the lease term.

The average credit period for provision of services is 30 days. The aging of trade related amount due from related companies presented based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	S$	*S$*
Within 90 days	**3,748,877**	11,932,854
91 days to 180 days	**—**	—
181 days to 365 days	**—**	1,605
	3,748,877	11,934,459

b. Amounts due to related companies

	2017	2016
	S$	*S$*
Trade related	**—**	1,889,619
Non-trade related *(Note)*	**—**	24,861
	—	1,914,480

Note: The balance as at 31 December 2016 were unsecured, non-interest bearing and without a fixed repayment term.

The average credit period for provision of services is 30 days. The aging of trade related amounts due to related companies presented based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	S$	*S$*
Within 90 days	—	1,888,098
91 days to 180 days	—	651
181 days to 365 days	—	870
	—	1,889,619

c. Amount due to directors

The balance as at 31 December 2016 is non-trade nature, unsecured, non-interest bearing and repayable on demand.

d. Amounts due from (to) shareholders

The balance as at 31 December 2017 and 31 December 2016 is non-trade nature, unsecured, non-interest bearing and repayable on demand.

15 TRADE AND OTHER PAYABLES

	2017	2016
	S$	*S$*
Trade payables	**5,318,008**	6,585,805
Trade accruals	**20,889,813**	24,006,911
	26,207,821	30,592,716
Accrued operating expenses	**253,271**	305,808
Other payables		
GST payable	**5,246**	246,156
Accrued payroll costs	**2,343,283**	3,142,650
Payable for acquisition of properties	**941,796**	—
Others	—	10,903
	29,751,417	34,298,233

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2017	2016
	S$	*S$*
Within 90 days	**5,007,693**	6,287,982
91 to 180 days	**268,313**	74,953
181 days to 365 days	**13,133**	134,942
Over 1 year but not more than 2 years	**28,869**	86,576
Over 2 years	**—**	1,352
	5,318,008	6,585,805

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2016: 30 to 60 days) or payable upon delivery.

16 BORROWINGS

	2017	2016
	S$	*S$*
Bank loan — secured	**6,213,776**	4,131,841
Analysed as:		
Carrying amount repayable within one year	**292,101**	182,025
Carrying amount repayable more than one year, but not exceeding two years	**296,827**	185,556
Carrying amount repayable more than two years, but not exceeding five years	**1,251,050**	579,005
Carrying amount repayable more than five years	**4,373,798**	3,185,255
	6,213,776	4,131,841
Amount due within one year shown under current liabilities	**(292,101)**	(182,025)
Amount shown under non-current liabilities	**5,921,675**	3,949,816

The loan as at 31 December 2017 and 2016 was secured by the legal mortgage over the Group's freehold properties and investment properties carrying fixed interest rate of 1.98% per annum for the first three years and a prevailing three-month SIBOR plus 1.88% and 3.00% per annum for the fourth and fifth year and subsequent years thereafter respectively.

17 SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 January 2017 represented the share capital of the Singapore subsidiaries as the Company was incorporated in the Cayman Islands on 21 February 2017.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 12 September 2017 by way of placing of 100,000,000 shares and public offer of 100,000,000 shares at the price of HK$0.50 per share ("Share Offer").

	Number of shares	Par value *HK$*	Share capital *HK$*
Authorised share capital of the Company:			
At date of incorporation on 21 February 2017 *(Note a)*	38,000,000	0.01	380,000
Increase on 17 August 2017 *(Note d)*	4,962,000,000	0.01	49,620,000
At 31 December 2017	5,000,000,000	0.01	50,000,000

	Number of shares	Share capital *S$*
Issued and fully paid of BHCC Construction and Wan Yoong:		
At 1 January 2016	6,530,000	6,530,000
Issued of shares during the year *(Note f)*	800,000	800,000
Issued of shares under capitalisation issue *(Note f)*	6,200,000	3,350,000
At 31 December 2016	13,530,000	10,680,000
Issued and fully paid of the Company:		
At date of incorporation on 21 February 2017 *(Note a)*	75	—
Issue of shares pursuant to the reorganisation *(Note b & c)*	999,925	1,742
Issue of shares under the capitalisation issue *(Note d)*	599,000,000	1,040,632
Issue of shares under the Share Offer *(Note e)*	200,000,000	347,456
At 31 December 2017	800,000,000	1,389,830

Note:

a. On 21 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party. The said share was transferred, together with 74 new shares allotted and issued at par, to Huada Developments, a company not forming part of the Group and is controlled by Mr. Yang Xinping and Ms. Chao Jie on the same date.

b. On 31 March 2017, Huada Developments, Eagle Soar and Wai Tian, subscribed for 68,100 new shares, 22,725 new shares and 9,100 new shares, all in nil paid form, with a par value of HK$0.01 each pursuant to the reorganisation of the Group.

c. On 17 August 2017, the following transactions occurred:

- each of the individual shareholders transferred the entire issued share capital in BHCC Construction to Lion Metro, in return for the Company allotting and issuing 442,260 new shares and 110,565 new shares to Huada Developments at the directions of Mr. Yang Xinping and Ms. Chao Jie, and 184,275 new shares to Eagle Soar at the direction of Ms. Han Yuying and 81,900 new shares to Wai Tian at the direction of Mr. Zhan Lixiong, respectively, all with a par value of HK$0.01. After completion of the above share transfer, BHCC Construction became an indirect wholly-owned subsidiary of the Company.

- each of the Controlling Shareholders transferred the entire issued share capital in Wan Yoong to Lion Metro, in return for the Company allotting and issuing 48,600 new shares and 12,150 new shares to Huada Developments at the directions of Mr. Yang Xinping and Ms. Chao Jie, and 20,250 new shares to Eagle Soar at the direction of Ms. Han Yuying, all with a par value of HK$0.01. After completion of the above share transfer, Wan Yoong became an indirect wholly-owned subsidiary of the Company.

d. Pursuant to written resolutions of the Shareholders of the Company passed on 17 August 2017, it was resolved, among other things:

- The authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares; and

- conditional on the share premium account of the Company being credited as a result of the share offer, the directors of the Company were authorised to capitalise the amount of HK$5,990,000 (equivalent to approximately S$1,040,632) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 599,000,000 ordinary shares for allotment, rank *pari passu* in all respects with all the then existing shares.

e. The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 12 September 2017 by way of placing of 100,000,000 shares and public offer of 100,000,000 shares at the price of HK$0.50 per share. The Company's share of net proceeds after deducting the underwriting commissions and expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK$69.0 million (S$12.0 million).

f. On 29 August 2016, the following transactions occurred:

- BHCC Construction issued 800,000 ordinary shares for cash consideration of S$800,000 to the Controlling Shareholders in proportion to their respective equity interest percentage in BHCC Construction before new issuing, and 1,500,000 ordinary shares for cash consideration of S$4,350,000 to Mr. Zhan Lixiong, an individual not connected to the Group. All shares issued rank *pari passu* in all aspects with the existing issued ordinary shares in the capital of BHCC Construction.

- BHCC Construction issued 6,200,000 ordinary shares to the Controlling Shareholders by way of capitalisation of retained earnings amounted to S$3,350,000. All shares issued rank *pari passu* in all aspects with the existing issued ordinary shares in the capital of BHCC Construction.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

BHCC Holding Limited (the "Company", together with its subsidiaries, the "Group") is principally engaged as a main contractor in the provision of building and construction works in Singapore. The Group is also specialised in reinforcement concrete works which it has undertaken on a selected basis in the subcontractor projects.

The shares of the Company (the "Shares", each a "Share") were successfully listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 September 2017 (the "Listing Date" and the "Listing", respectively).

FINANCIAL REVIEW

The Group's revenue for the year was approximately S$144.0 million, representing a decline of 18.4% as compared with that of approximately S$176.4 million for the previous year. The decrease in revenue is due to a lower building and construction works activity level as compared to the previous year. Although the revenue contribution from the top customer increased from approximately S$62.6 million to S$86.1 million, the revenue contribution from the other main contractor project customers have decreased due to the substantial completion of certain private sector projects.

Gross profit for the year rose by approximately S$3.2 million to approximately S$14.4 million (Previous year: approximately S$11.2 million), and the gross profit margin increased to 10.0% (Previous year: 6.4%). The increase in the gross profit margin was mainly due to higher gross profit margin for private projects completed in the year. This can be attributed to additional works performed and cost savings for these projects.

Other income decreased by approximately S$0.4 million or 39.9% from approximately S$1.0 million to approximately S$0.6 million for the year ended 31 December 2017 due to lower government grants received from the Singapore government.

The Group's other expenses were the listing expenses incurred in the preparation for the listing of the Shares.

The Group's income tax expenses increased by approximately S$0.7 million from approximately S$1.5 million to approximately S$2.2 million for the year ended 31 December 2017. The increase was primarily due to an increase in expenses not deductible for tax purposes, such as the professional fees incurred for the Listing.

For the year ended 31 December 2017, profit after taxation decreased from approximately S$7.8 million to approximately S$6.2 million mainly due to one-off listing expenses of approximately S$3.4 million which is net off against better profit margin earned from an educational institution project.

Profit attributable to owners of the Company has decreased from approximately S$7.7 million to approximately S$5.2 million owing to lower profit after taxation and higher share of profits by non-controlling interests. Non-controlling interests shared approximately 16.0% of the Group's profit for the year ended 31 December 2017, amounting to approximately S$1.0 million.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on the Listing Date with net proceeds from the Listing of HK$72.7 million.

The use of the net proceeds from the Listing as at 31 December 2017 was approximately as follows:

Use of net proceeds	**Percentage of net proceeds**	**Net proceeds** *(in HK$ million)*	**Amount utilised** *(in HK$ million)*	**Amount remaining** *(in HK$ million)*
— Purchase equipment and machineries to strengthen market position	40.1%	29.1	2.4	26.7
— Initial capital contribution required for larger value projects	26.9%	19.6	4.0	15.6
— Expand and enhance workforce to support business expansion	17.9%	13.0	3.0	10.0
— Recruit new staff and train existing staff to improve productivity via investment in BIM and ERP	10.3%	7.5	1.3	6.2
— Working capital	4.8%	3.5	3.0	0.5
Total	100%	72.7	13.7	61.5

The Group has largely utilised the net proceeds from the Listing in accordance with the intended plan and purpose as outlined in the "Future Plans and Use of Proceeds" in the Prospectus. The initial capital contribution required for larger value projects amount utilised has been brought forward but the investment in building information modelling (the "BIM") and enterprise resources planning (the "ERP") has been delayed. Total amount utilised of HK$10.7 million was higher than the projected amount of HK$9.3 million.

PROSPECTS

The Group continues to focus on strengthening its market position for the building construction works in Singapore. In the first half of 2018, it is expected that there will be no material adverse change in the general economic and market conditions in Singapore or the industry in which it operates that had affected or would affect the business operations or financial condition materially and adversely.

The Company expects to:

(a) expand the Group's business and strengthen the Group's market position in the construction industry in Singapore;

(b) pursue higher value contracts;

(c) enhance and expand the Group's workforce to keep up with the Group's business expansion; and

(d) improve productivity with investments in BIM and ERP software.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group has provided performance bonds in favour of the customers amounting to approximately S$27.5 million.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group has commitments of S$0.5 million in respect of an acquisition of property, plant and equipment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's receivable turnover days as at 31 December 2017 decreased to 11 days as compared to 17 days as at 31 December 2016, mainly due to higher revenue contributed by public sector projects which enabled the Group to collect its progress claims promptly.

The Group's cash and cash equivalents balance as at 31 December 2017 amounted to approximately S$32.2 million, representing an increase of approximately S$2.5 million as compared to approximately S$29.7 million as at 31 December 2016, which was attributable to the gross proceeds from the issuance of new shares of approximately S$17.4 million and the net off against purchase of investment properties, plant and equipment, payment of listing expenses and dividends to its shareholders of approximately S$15.3 million.

As at 31 December 2017, the Group's indebtedness comprised bank borrowings of approximately S$6.2 million. As at 31 December 2017, the gearing ratio (calculated by dividing total debts by equity attributable to owners of the Company) of the Group was 0.16 times as compared to 0.24 times as at 31 December 2016.

For further details regarding to the borrowings, please refer to note 16.

The Group's equity balance increased to approximately S$39.0 million as at 31 December 2017 from that of approximately S$17.8 million as at 31 December 2016, which was attributable to increase in equity upon the successful listing of the Company's shares on the Stock Exchange on 12 September 2017 and the profit for the year.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group has certain bank balances denominated in US$ and retains some proceeds from the Listing in Hong Kong dollars amounting to S$14.5 million which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 347 employees as at 31 December 2017 (as at 31 December 2016: 325 employees). Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee. The local employees are also entitled to discretionary bonus depending on their respective performance and the profitability of the Group. The foreign workers are typically employed on a one-year basis depending on the period of their work permits, and are subject to renewal based on their performance, and are remunerated according to their work skills.

The Company has adopted a share option scheme pursuant to which the directors and employees of the Group are entitled to participate. Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 December 2017 and there was no outstanding option as at 31 December 2017.

CHARGES OF ASSETS

The borrowings as at 31 December 2017 was secured against freehold properties and investment properties with carrying amount of approximately S$4.2 million (Note 11).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2017.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2017, the Group did not hold any significant investment.

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of a dividend and propose that the profit for the year be retained.

CORPORATE GOVERNANCE

BHCC Holding Limited is committed to fulfilling its responsibilities to its shareholders (the "Shareholders") of the Company and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

As the Shares of the Company were initially listed on the Stock Exchange on the Listing Date, the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") was not applicable to the Company for the period from 1 January 2017 to 11 September 2017, being the date immediately before the Listing Date. The Company has adopted and has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 31 December 2017 (the "Period").

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The audit committee (the "Audit Committee") of the Company was established on 17 August 2017 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 Stock Exchange and the Company. It comprises three independent non-executive directors, namely Ms. Chan Bee Leng, Ms. Li Xueling, Sharlene and Mr. Ooi Soo Liat. Ms. Chan Bee Leng is the chairwoman of the Audit Committee.

The Audit Committee had reviewed the Group's annual results and consolidated financial statements for the year ended 31 December 2017. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

EVENTS AFTER THE REPORTING PERIOD

On 26 March 2018, BHCC Construction Pte. Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with a third party not connected to the Company and its connected persons, in relation to a disposal (the "Disposal") of an available-for-sale investment at an aggregate consideration of S$3 million. The Disposal does not constitute a notifiable transaction under the Listing Rules.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to the shareholders, investors and business partners for their trust and support.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.bhcc.com.sg). The annual report of the Company for the year ended 31 December 2017 containing all the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
BHCC Holding Limited
Yang Xinping
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises Mr. Yang Xinping and Ms. Han Yuying as executive Directors; and Ms. Chan Bee Leng, Ms. Li Xueling, Sharlene and Mr. Ooi Soo Liat as independent non-executive Directors.