

# BHCC HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1552

## 2019 INTERIM REPORT





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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Yang Xinping  
Ms. Han Yuying

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Bee Leng  
Ms. Li Xueling, Sharlene  
Mr. Ooi Soo Liat

## COMPANY SECRETARY

Ms. Chan So Fun  
*Solicitor, Hong Kong*

## AUTHORISED REPRESENTATIVES

Ms. Chan So Fun  
Mr. Yang Xinping

## AUDIT COMMITTEE

Ms. Chan Bee Leng (*Chairwoman*)  
Mr. Ooi Soo Liat  
Ms. Li Xueling, Sharlene

## REMUNERATION COMMITTEE

Mr. Ooi Soo Liat (*Chairman*)  
Ms. Chan Bee Leng  
Ms. Li Xueling, Sharlene  
Ms. Han Yuying

## NOMINATION COMMITTEE

Ms. Li Xueling, Sharlene (*Chairwoman*)  
Ms. Chan Bee Leng  
Mr. Ooi Soo Liat  
Mr. Yang Xinping

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

No. 1 Tampines North Drive 3  
#08-01  
BHCC SPACE  
Singapore 528499

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Prosperity Tower  
39 Queen's Road Central  
Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F  
148 Electric Road  
North Point  
Hong Kong

## AUDITORS

Deloitte & Touche LLP  
Public Accountants and Chartered Accountants  
6 Shenton Way  
OUE Downtown 2  
#33-00  
Singapore 068809

## PRINCIPAL BANKERS

DBS Bank Ltd  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza  
Singapore 048624

Malayan Banking Berhad  
2 Battery Road  
Maybank Tower  
Singapore 049907

## COMPANY WEBSITE

[www.bhcc.com.sg](http://www.bhcc.com.sg)

## STOCK CODE

1552

# Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of BHCC Holding Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019 (the "Period"), together with the comparative figures for the corresponding period in 2018 (the "Previous Period").

## BUSINESS REVIEW

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.

## FINANCIAL REVIEW

The Group's revenue for the Period was approximately S\$52.3 million, representing a decline of approximately 6.5% as compared to that of approximately S\$55.9 million for the Previous Period. The decrease in revenue was due to a lower building and construction works activity level as compared to the Previous Period.

Gross profit for the Period increased by approximately 2.2% to approximately S\$3.4 million (Previous Period: approximately S\$3.3 million), and the gross profit margin remains comparable at approximately 6.4% (Previous Period: approximately 5.9%).

Administrative expenses increased by approximately S\$0.5 million from approximately S\$1.3 million to approximately S\$1.8 million for the Period. The increase was mainly attributable to the increase in staff expenses and depreciation of the leasehold property at Tampines North Drive 3 in Singapore.

The Group's income tax expenses decreased by approximately S\$0.1 million from approximately S\$0.5 million to approximately S\$0.4 million for the Period. The decrease was primarily due to combined effect of a decrease in the profit before taxation.

As a result of the above factors, the Company recorded a profit after tax of approximately S\$1.1 million for the Period (Previous Period: S\$1.8 million).

Profit attributable to owners of the Company has decreased from approximately S\$1.8 million to approximately S\$1.1 million owing to lower profit after taxation.

## Management Discussion and Analysis

### USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 September 2017 with net proceeds from the listing of approximately HK\$72.7 million, of which approximately HK\$63.9 million has been utilised as at 30 June 2019 as follows:

<b>Use of net proceeds</b>	<b>Net proceeds (in HK\$ million)</b>	<b>Amount utilised up to 30 June 2019 (in HK\$ million)</b>	<b>Balance as at 30 June 2019 (in HK\$ million)</b>
— Purchase equipment and machineries to strengthen market position	29.1	25.8	3.3
— Initial capital contribution required for larger value projects	19.6	15.6	4.0
— Expand and enhance workforce to support business expansion	13.0	12.6	0.4
— Recruit new staff and train existing staff to improve productivity via investment in BIM and ERP	7.5	6.4	1.1
— Working capital	3.5	3.5	0
<b>Total</b>	<b>72.7</b>	<b>63.9</b>	<b>8.8</b>

The unused net proceeds are deposited into licensed banks in Hong Kong and Singapore.

## Management Discussion and Analysis

### CONTINGENT LIABILITIES

As at 30 June 2019, the Group has provided performance bonds in favour of the customers amounting to approximately S\$28.3 million.

### CAPITAL COMMITMENTS

As at 30 June 2019, the Group had no commitment in respect of acquisition of property, plant and equipment.

### PROSPECTS

The Group continues to focus on strengthening its market position for the building construction works in Singapore. The second half of 2019 continues to be confronted by slower growth of the global trade economy that results from uncertainties in the China-US trade conflict, which affects the construction industry in Singapore. The Group is closely monitoring the changing market conditions.

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.

### RECENT DEVELOPMENT

In terms of building technologies, the Group has actively used Building Information Modeling ("BIM") in its projects, upgraded BIM functionally from 3D to 5D and are gradually moving towards the utilization of Integrated Digital Delivery ("IDD") in conjunction with other smart office technologies such as the OA System.

The Company is planning to invest in Prefabricate Prefabricate Volumetric Construction to stay competitive in the construction industry.

## Management Discussion and Analysis

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's receivable turnover days as at 30 June 2019 increased to 25 days as compared to 11 days as at 31 December 2018, which was mainly due to lower revenue contributed by Singapore public sector projects and higher revenue contributed by Singapore Private Projects.

The Group's cash and cash equivalents balances as at 30 June 2019 amounted to approximately S\$27.9 million, representing a decrease of approximately S\$4.4 million as compared to approximately S\$32.3 million as at 31 December 2018, which was attributable to the acquisition of property, plant and equipment.

As at 30 June 2019, the Group's indebtedness comprised bank borrowings of approximately S\$16.8 million.

The Group's equity balance increased to approximately S\$43.5 million as at 30 June 2019 from that of approximately S\$42.5 million as at 31 December 2018, which was attributable to the profits recorded for the Period.

The Group has certain bank balances denominated in HK\$ and US\$ other than the functional currency of respective group entities as at 30 June 2019, 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 363 employees as at 30 June 2019 (Previous Period: 399 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 Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances 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 subject to renewal based on their performance, and are remunerated according to their work skills.

## Other Information

### DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES

As at 30 June 2019, the interests and short positions of directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, are as follows:

### DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Director	Number of shares/ Position	Percentage of shareholding	Capacity
Mr. Yang Xinpeng ("Mr. Yang")	409,050,000 (Note 1) Long position	51.13125%	Interest in controlled corporation
Ms. Han Yuying ("Ms. Han")	136,350,000 (Note 2) Long position	17.04375%	Interest in controlled corporation

Notes:

1. These shares are held by Huada Developments Limited ("Huada Developments"). The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and 20% by his spouse, Ms. Chao Jie. Mr. Yang is deemed to be interested in the shares of the Company in which Huada Developments is interested under Part XV of the SFO.
2. These shares are held by Eagle Soar Global Limited ("Eagle Soar"). The entire issued share capital of Eagle Soar is legally and beneficially owned by Ms. Han. Ms. Han is deemed to be interested in the shares of the Company in which Eagle Soar is interested under Part XV of the SFO.

### DIRECTORS' INTEREST IN THE SHARES OF HUADA DEVELOPMENTS, AN ASSOCIATED CORPORATION OF THE COMPANY

Director	Capacity/nature of interest	Number of shares in Huada Developments	Percentage of shareholding in Huada Development
Mr. Yang	Beneficial owner	80	80%

Save as disclosed above, as at 30 June 2019, none of the Directors or the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## Other Information

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, so far as the Directors are aware, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

### SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

Shareholder	Number of shares/Position	Percentage of shareholding	Capacity
Huada Developments (Note 1)	409,050,000 Long position	51.13125%	Beneficial owner
Ms. Chao Jie (Note 2)	409,050,000 Long position	51.13125%	Interest of spouse
Eagle Soar (Note 3)	136,350,000 Long position	17.04375%	Beneficial owner
Mr. Liu Hai (Note 4)	136,350,000 Long position	17.04375%	Interest of spouse
Wai Tian Holdings Limited (Note 5)	54,600,000 Long position	6.825%	Beneficial owner
Mr. Zhan Lixiong ("Mr. Zhan") (Note 5)	54,600,000 Long position	6.825%	Interest in controlled corporation
Ms. Zheng Dan (Note 6)	54,600,000 Long position	6.825%	Interest of spouse

Notes:

1. The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and 20% by Ms. Chao Jie. Mr. Yang is deemed to be interested in the Shares in which Huada Developments is interested in under Part XV of the SFO.
2. Ms. Chao Jie is the spouse of Mr. Yang. She is deemed to be interested in the Shares in which Mr. Yang is interested in under Part XV of the SFO.
3. The entire issued share capital of Eagle Soar is legally and beneficially owned by Ms. Han. Ms. Han is deemed to be interested in the Shares in which Eagle Soar is interested in under Part XV of the SFO.
4. Mr. Liu Hai is the spouse of Ms. Han. He is deemed to be interested in the Shares in which Ms. Han is interested in under Part XV of the SFO.
5. The entire issued share capital of Wai Tian Holdings Limited is legally and beneficially owned by Mr. Zhan. Mr. Zhan is deemed to be interested in the Shares in which Wai Tian Holdings Limited is interested in under Part XV of the SFO.
6. Ms. Zheng Dan is the spouse of Mr. Zhan. Ms. Zheng Dan is deemed to be interested in the Shares in which Mr. Zhan is interested in under Part XV of the SFO.

## Other Information

Save as disclosed above, as at 30 June 2019, the Directors are not aware of any other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the shares or underlying shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

### SHARE OPTION SCHEME

On 17 August 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. No option has been granted since its adoption on 17 August 2017, and there is no outstanding share option as at 30 June 2019.

### PLEDGE OF ASSETS

The borrowings as at 30 June 2019 was secured against the freehold properties and investment properties with carrying amount of approximately \$333.4 million.

### 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 Period.

### PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

### CORPORATE GOVERNANCE

The Company 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.

The Company has adopted the corporate governance code (the "CG Code") contained in Appendix 14 of the Listing Rules, and has complied with all applicable code provisions as set out in the CG Code during the Period.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the Directors' securities transactions. All the Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the Model Code during the Period.

## Other Information

### 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 payment of any dividend in respect of the Period (Previous Period: Nil).

### 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 has reviewed the accounting standards and policies adopted by the Group and the interim report including the unaudited condensed consolidated financial information of the Group for the Period. 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.

By order of the Board  
**BHCC Holding Limited**  
**Mr. Yang Xinping**  
*Chairman and Executive Director*

Singapore, 28 August 2019

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	<b>Six months ended 30 June</b>	
		<b>2019 S\$ Unaudited</b>	<b>2018 S\$ Unaudited</b>
Revenue	5	<b>52,295,130</b>	55,906,929
Costs of services		(48,949,748)	(52,632,819)
<b>Gross profit</b>		<b>3,345,382</b>	3,274,110
Other income	6a	<b>287,047</b>	137,278
Other gains and losses	6b	(86,305)	220,217
Selling expenses		(30,249)	(24,220)
Administrative expenses		(1,814,436)	(1,333,598)
Finance costs	7	(265,274)	(61,014)
<b>Profit before taxation</b>		<b>1,436,165</b>	2,212,773
Income tax expense	8	(376,465)	(461,796)
<b>Profit and other comprehensive income for the period</b>	9	<b>1,059,700</b>	1,750,977
<b>Profit attributable to:</b>			
Owners of the Company		<b>1,059,700</b>	1,750,977
<b>Basic and diluted earnings per share (S\$ cents)</b>	11	<b>0.13</b>	0.22

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 S\$ Unaudited	31 December 2018 S\$ Audited
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>17,784,863</b>	18,643,820
Intangible asset	13	<b>175,000</b>	175,000
Investment properties		<b>18,037,582</b>	14,611,019
Deposits paid for performance bond		<b>1,360,390</b>	1,360,390
Pledged deposits for performance bond		<b>988,770</b>	988,770
		<b>38,346,605</b>	35,778,999
<b>Current assets</b>			
Trade receivables	14	<b>1,635,719</b>	5,641,686
Other receivables and deposits		<b>1,073,353</b>	1,737,185
Contract assets	15	<b>19,920,208</b>	15,105,683
Amounts due from related companies	16a	<b>194,881</b>	1,432,626
Amount due from shareholders	16b	<b>182</b>	182
Cash and cash equivalents	17	<b>27,888,701</b>	32,321,841
		<b>50,713,044</b>	56,239,203
<b>Current liabilities</b>			
Trade and other payables	18	<b>(27,799,187)</b>	(30,292,135)
Contract liabilities	15	<b>(307,921)</b>	(2,107,036)
Obligations under finance leases		<b>(19,161)</b>	(14,572)
Borrowings	19	<b>(1,325,636)</b>	(982,815)
Income tax payable		<b>(404,932)</b>	(644,576)
		<b>(29,856,837)</b>	(34,041,134)
<b>Net current assets</b>		<b>20,856,207</b>	22,198,069
<b>Total assets less current liabilities</b>		<b>59,202,812</b>	57,977,068

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 S\$ Unaudited	31 December 2018 S\$ Audited
<b>Non-current liabilities</b>			
Obligations under finance leases		(26,918)	(17,662)
Borrowings	19	(15,469,464)	(15,281,651)
Deferred tax liabilities		(190,442)	(221,467)
		<b>(15,686,824)</b>	(15,520,780)
<b>Net assets</b>		<b>43,515,988</b>	42,456,288
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		20	1,389,830
Reserves			42,126,158
Equity attributable to owners of the Company		<b>43,515,988</b>	42,456,288

# Interim Condensed Consolidated Statement of Changes in Equity

As at 30 June 2019

	Share capital S\$	Share premium S\$	Merger reserve S\$	Capital reserve S\$	Accumulated profits S\$	Total S\$
<b>Balance at 1 January 2018 (audited)</b>	1,389,830	14,176,517	10,678,440	4,976,188	7,814,693	39,035,668
Total comprehensive income for the Period						
Profit for the Period	-	-	-	-	1,750,977	1,750,977
 Balance at 30 June 2018 (unaudited)	 1,389,830	 14,176,517	 10,678,440	 4,976,188	 9,565,670	 40,786,645
<b>Balance at 1 January 2019 (audited)</b>	<b>1,389,830</b>	<b>14,176,517</b>	<b>10,678,440</b>	<b>4,976,188</b>	<b>11,235,313</b>	<b>42,456,288</b>
Total comprehensive income for the Period						
Profit for the Period	-	-	-	-	1,059,700	1,059,700
 <b>At 30 June 2019 (unaudited)</b>	 <b>1,389,830</b>	 <b>14,176,517</b>	 <b>10,678,440</b>	 <b>4,976,188</b>	 <b>12,295,013</b>	 <b>43,515,988</b>

See accompanying notes to condensed consolidated financial statements.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	<b>Six months ended 30 June</b>	
	<b>2019</b> S\$ unaudited	<b>2018</b> S\$ unaudited
<b>Operating activities</b>		
Profit before taxation	<b>1,436,165</b>	2,212,773
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	<b>619,634</b>	655,140
Depreciation of investment properties	<b>359,880</b>	67,469
Loss on disposal of property, plant and equipment	<b>8</b>	–
Finance costs	<b>265,274</b>	61,014
Interest income	<b>(75,823)</b>	(46,160)
Unrealised exchange loss (gain)	<b>86,297</b>	(220,217)
Operating cash flows before working capital changes	<b>2,691,435</b>	2,730,019
<i>Movements in working capital:</i>		
Decrease in trade receivables	<b>4,005,967</b>	1,605,342
Decrease (Increase) in other receivables and deposits	<b>625,058</b>	(823,354)
Increase in contract assets	<b>(4,814,525)</b>	(2,389,848)
Decrease in amounts due from related companies	<b>1,237,745</b>	2,105,687
(Decrease) Increase in trade and other payables (Note A)	<b>(1,739,511)</b>	2,245,109
(Decrease) Increase in contract liabilities	<b>(1,799,115)</b>	3,490,044
Cash generated from operations	<b>207,054</b>	8,962,999
Income tax paid	<b>(647,134)</b>	(979,075)
<b>Net cash (used in) from operating activities</b>	<b>(440,080)</b>	7,983,924

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	<b>Six months ended 30 June</b>	
	<b>2019</b> S\$ <b>unaudited</b>	<b>2018</b> S\$ <b>unaudited</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,275,174)	(4,512,246)
Purchase of investment property	(1,253,493)	–
Proceeds from disposal of property, plant and equipment	3,200	–
Interest received	114,597	32,146
Proceeds from disposal of an available-for-sale investment	–	3,000,000
<b>Net cash used in investing activities</b>	<b>(3,410,870)</b>	(1,480,100)
<b>Financing activities</b>		
Interest paid	(265,274)	(61,014)
Repayments of borrowings	(222,803)	(145,494)
Repayments of finance leases	(7,816)	(4,892)
<b>Net cash used in financing activities</b>	<b>(495,893)</b>	(211,400)
Net (decrease) increase in cash and cash equivalents	(4,346,843)	6,292,424
Cash and cash equivalents at beginning of the year	32,321,841	32,231,219
Effect of foreign exchange rate changes on the balance of cash	(86,297)	220,217
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>27,888,701</b>	38,743,860

Note A:

For the six months ended 30 June 2019, S\$753,437 was paid by direct loan disbursement by bank to settle the payable for acquisition of properties outstanding as at 31 December 2018.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 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. 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 No. 1 Tampines North Drive 3, #08-01, BHCC SPACE, Singapore 528499. 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 Developments is owned by Mr. Yang 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 Ms. 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 condensed financial statements are presented in Singapore Dollars ("S\$"), which is also the functional currency of the Company.

The condensed financial statements are approved by the board (the "Board") of directors (the "Directors") of the Company on 28 August 2019.

## 2 GROUP REORGANISATION AND BASIS OF PREPARATION

For the purpose of the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent a group reorganisation ("Group Reorganisation") as set out in the section headed "History, Reorganisation and Corporate Structure" to the prospectus of the Company dated 29 August 2017.

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.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

### New and amended IFRSs that are effective for the current year

#### *New and revised IFRSs in issue but not yet effective*

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:

Amendments to IFRS 3	Definition of a Business <sup>1</sup>
Amendments to IAS 1 and IAS 8	Definition of Material <sup>2</sup>

<sup>1</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020.

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 30 June 2019, the Group has adopted IFRS 16 Leases from 1 January 2019, which resulted in changes in accounting policies, but did not result in material adjustments to the amounts recognised in the consolidated interim financial statements.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### **Construction contracts**

The Group recognises contract revenue and profit of a construction contract during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on the input method. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract costs. The actual outcomes in terms of total contract costs or contract revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

The carrying amounts of contract assets and current liabilities arising from construction contracts are disclosed in Note 20 to the financial statements.

### **Estimated impairment of receivables (Note 14)**

Prior to 1 January 2018, Management assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. If there is objective evidence that an impairment loss on trade receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, an impairment may arise. During the year ended 31 December 2017, no loss allowance was recomputed. The carrying amounts of the trade receivables are disclosed in Note 18 to the financial statements.

The Group recognises lifetime ECL for trade receivables, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

The carrying amounts of trade receivables are disclosed in Note 14 to the condensed financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 5 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 accounting policies are the same as Group's accounting policies. 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 six months ended 30 June 2019 and 2018 is as follows:

	For the six months ended 30 June	
	2019 S\$ Unaudited	2018 S\$ Unaudited
Revenue from:		
Main Contractor Projects	34,577,723	38,553,960
Subcontractor Projects	17,717,407	17,352,969
	<b>52,295,130</b>	<b>55,906,929</b>

### Information about the major customers

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

	For the six months ended 30 June	
	2019 S\$ Unaudited	2018 S\$ Unaudited
Customer A	29,329,021	29,381,498
Customer B	-*	8,178,511
Customer C	13,259,000	-*

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the reporting period.

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	2018 S\$ Unaudited
Revenue from:		
Main Contractor Projects	<b>176,932,387</b>	82,886,970
Subcontractor Projects	<b>17,073,249</b>	39,715,416
	<b>194,005,636</b>	122,602,386

Management expects that 53% of the transaction price allocated to the unsatisfied contracts as of 30 June 2019 will be recognised as revenue during the next reporting period (\$\$101,950,020). Of the remaining 25%, S\$49,315,509 will be recognised in the 2021 financial year and S\$42,740,107 in the 2022 financial year.

### 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.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 6 a. OTHER INCOME

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	2018 S\$ Unaudited
Government grants (Note)	<b>16,828</b>	20,386
Service income on secondering of labour and subcontracting fee, net	1,001	8,032
Interest income	75,823	46,160
Rental income	193,395	62,700
	<b>287,047</b>	137,278

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.

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 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

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	2018 S\$ Unaudited
Loss arising on disposal of property, plant and equipment	(8)	–
Exchange (loss) gain, unrealised	(86,297)	220,217
	<b>(86,305)</b>	220,217

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 7 FINANCIAL COSTS

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	<b>2018 S\$ Unaudited</b>
Interest on:		
Bank borrowings	264,677	60,750
Obligations under finance leases	597	264
	<b>265,274</b>	<b>61,014</b>

## 8 INCOME TAX EXPENSE

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	<b>2018 S\$ Unaudited</b>
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	407,490	461,796
Deferred tax expense	(31,025)	—
	<b>376,465</b>	<b>461,796</b>

Singapore CIT is calculated at 17% (YA2019: 17%) of the estimated assessable profit eligible for CIT rebate of Nil (YA2019: 20%, capped at S\$10,000) for the Year of Assessment 2019 & 2020. Singapore incorporated companies can also enjoy 75% (YA2019: 75%) tax exemption on the first S\$100,000 (YA2019: S\$10,000) of normal chargeable income and further 50% (YA2019: 50%) tax exemption on the next S\$100,000 (YA2019: S\$290,000) of normal chargeable income.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 9 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2019 S\$ Unaudited	2018 S\$ Unaudited
Depreciation of property, plant and equipment (Note a)	619,634	655,140
Depreciation of investment properties	359,880	67,469
Directors' remuneration	470,070	314,070
Other staff costs		
— Salaries and other benefits	5,432,299	5,038,774
— Contributions to CPF	186,673	188,776
Total staff costs (Note b)	<b>6,089,042</b>	5,541,620
Cost of materials recognised as cost of services	12,156,875	11,536,443
Subcontractor costs recognised as cost of services	<b>22,320,167</b>	28,022,968

Note:

- a. Depreciation of S\$405,991 (Previous Period: S\$390,881) are included in cost of services.
- b. Staff costs of S\$3,254,718 (Previous Period: S\$3,339,422) are included in cost of services.

## 10 DIVIDENDS

No dividend was paid or declared by the Company or group entities during the six months ended 30 June 2019 or subsequent to the period end.

## 11 EARNINGS PER SHARE

	For the six months ended 30 June	
	2019 S\$ Unaudited	2018 S\$ Unaudited
Profit attributable to the owners of the Company (S\$)	1,059,700	1,750,977
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic and diluted earnings per share (S\$ cents)	<b>0.13</b>	0.22

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.

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 for the six months ended 30 June 2019 and 30 June 2018.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 12 PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2019, the Group acquired property, plant and equipment with aggregate cost of S\$2,296,835 (unaudited) (31 December 2018: S\$15,104,555) of which S\$21,661 (31 December 2018: S\$44,000) was acquired under finance leases.

The Group incurred depreciation expenses for the six months ended 30 June 2019 of S\$619,634 (unaudited) (previous period: S\$655,140).

## 13 INTANGIBLE ASSET

The intangible asset represents the club membership in Singapore Island Country Club that is held for long-term purposes. The membership is stated at cost less impairment. It has indefinite useful life and is not amortised.

## 14 TRADE RECEIVABLES

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Trade receivables	<b>1,635,719</b>	5,252,263
Unbilled revenue (Note a)	–	389,423
	<b>1,635,719</b>	5,641,686

Note a: Unbilled revenue are those accrued revenue which the construction certification is issued by the customers before year end but no billing has been raised to customers. The Group's rights of the unbilled revenue are unconditional.

The Group grants credit terms to customers typically between 30 to 60 days (2018: 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:

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Within 60 days	<b>1,635,719</b>	5,252,263
61 days to 90 days	–	–
91 days to 180 days	–	–
181 days to 365 days	–	–
Over 1 year but not more than 2 years	–	–
More than 2 years	–	–
	<b>1,635,719</b>	5,252,263

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.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 14 TRADE RECEIVABLES (CONTINUED)

The Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Aging of trade receivables that are past due but not impaired at reporting date:

	As at 30 June 2019 S\$
Less than 60 days	19,114
61 to 90 days	–
91 to 180 days	–
More than 180 days	–
	<b>19,114</b>

The directors of the Company considered that the ECL for trade receivables is insignificant as at 30 June 2019.

## 15 CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities:

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Contract asset	19,920,208	15,105,683
Contract liability	(307,921)	(2,107,036)

Contract assets and contract liabilities arising from same contract are presented on net basis.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 15 CONTRACT ASSETS/LIABILITIES (CONTINUED)

### **Contract assets**

Amounts represent the Group's rights to considerations from customers for the provision of construction services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

The Group's contract assets are analysed as follows:

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Construction contracts — current		
Retention receivables	3,345,354	3,291,969
Others*	16,574,854	11,813,714
	<b>19,920,208</b>	<b>15,105,683</b>

\* Included in others is the revenue not yet been billed to the customers which the Group have completed the relevant services under such contracts but yet certified by representatives appointed by the customers.

Changes of contract assets were mainly due to: (1) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period; and (2) in the size and number of contract works that the relevant services were completed but yet certified by representatives appointed by the customers at the end of each reporting period.

The Group's contract assets are the retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period. The balance are classified as current as they are expected to be received within the Group's normal operating cycle of approximately twelve months.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets. Based on the management's assessment, it is considered that the ECL for contract assets is insignificant as at 30 June 2019.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 15 CONTRACT ASSETS/LIABILITIES (CONTINUED)

### Contract liabilities

The contract liabilities represents the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

The Group's contract liabilities are analysed as follows:

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Construction contracts — current	(307,921)	(2,107,036)

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	2,107,036	233,184

None of the revenue recognised during the year relates to performance obligation that were satisfied in prior periods.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 16 AMOUNTS DUE FROM (TO) RELATED COMPANIES/DIRECTORS/SHAREHOLDERS

### a. Amounts due from related companies

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Trade related	<b>194,881</b>	1,432,626

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:

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Within 90 days	<b>194,881</b>	1,432,626

### b. Amounts due from (to) shareholders

The balance as at 30 June 2019 and 31 December 2018 is non-trade nature, unsecured, non-interest bearing and repayable on demand.

## 17 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Cash and bank balances (Note A)	<b>28,877,471</b>	33,310,611
Less: pledged deposit for performance bond (Note B)	<b>(988,770)</b>	(988,770)
 Cash and cash equivalents in the statement of cash flows	 <b>27,888,701</b>	 32,321,841

Note A: Other than time deposits amounting to S\$7,677,300 (2018: S\$15,677,300) which carry fixed interest at 1.38% to 2.25% (2018: 1.38% to 2.25%) per annum as at 30 June 2019, the remaining balances do not carry interest.

Note B: As at 30 June 2019 and 31 December 2018, the Group has pledged a deposit of S\$988,770 for a performance bond which will be matured on 7 April 2021.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 18 TRADE AND OTHER PAYABLES

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Trade payables	<b>8,711,736</b>	9,587,994
Trade accruals	<b>16,031,163</b>	17,468,545
Accrued operating expenses	<b>24,742,899</b>	27,056,539
Other payables	<b>332,490</b>	344,162
GST payable	<b>12,275</b>	10,236
Interest payable	<b>–</b>	18,305
Accrued payroll costs	<b>2,711,523</b>	2,109,456
Payable for acquisition of properties	<b>–</b>	753,437
	<b>27,799,187</b>	30,292,135

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

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Within 90 days	<b>8,628,788</b>	9,527,139
91 to 180 days	<b>11,211</b>	34,146
181 days to 365 days	<b>71,737</b>	26,709
	<b>8,711,736</b>	9,587,994

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days (2018: 30 to 60 days) or payable upon delivery.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 19 BORROWINGS

	<b>As at 30 June 2019 S\$ Unaudited</b>	As at 31 December 2018 S\$ Audited
Bank loan — secured	<b>16,795,100</b>	16,264,466
Analysed as:		
Carrying amount repayable within one year	1,325,636	982,815
Carrying amount repayable more than one year, but not exceeding two years	1,349,884	1,246,508
Carrying amount repayable more than two years, but not exceeding five years	4,123,384	3,789,622
Carrying amount repayable more than five years	9,996,196	10,245,521
Amount due within one year shown under current liabilities	<b>16,795,100</b> (1,325,636)	16,264,466 (982,815)
Amount shown under non-current liabilities	<b>15,469,464</b>	15,281,651

- (i) As at 30 June 2019 and 31 December 2018, a loan of S\$7.5 million was secured by the legal mortgage over the Group's freehold properties and investment properties interest rate ranges from 3.65% to 3.82% per annum. The loan is in its fourth year as at 30 June 2019.
- (ii) As at 30 June 2019 and 31 December 2018, a loan of S\$15.4 million was secured by the legal mortgage over the Group's mixed commercial and industrial development property interest rate ranges from 3.02% to 3.26% per annum.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 20 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\$
<b>Authorised share capital of the Company:</b>			
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 30 June 2019 and 31 December 2018	<b>5,000,000,000</b>	<b>0.01</b>	<b>50,000,000</b>
 <b>Issued and fully paid of the Company:</b>			
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	1,742
Issue of shares under the capitalisation issue (Note d)	599,000,000	1,040,632	1,040,632
Issue of shares under the Share Offer (Note e)	200,000,000	347,456	347,456
At 30 June 2019 and 31 December 2018	<b>800,000,000</b>	<b>1,389,830</b>	<b>1,389,830</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 21 OPERATING LEASE COMMITMENTS

### The Group as lessee

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	<b>2018 S\$ Unaudited</b>
Minimum lease payments paid during the year under operating lease in respect of staff dormitories, warehouse, office and heavy machinery	<b>613,584</b>	389,129

As at 30 June 2019, the Group is committed to S\$270,635 for short term leases. As at 31 December 2018, the group had outstanding commitments under non-cancellable leases as follows:

	As at 31 December 2018 S\$ Audited
Within one year	202,747
After one year but within five years	43,700
	<b>246,447</b>

In 2018, the leases have tenures ranging from one to two years with no contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 21 OPERATING LEASE COMMITMENTS (CONTINUED)

### The Group as lessor

	For the six months ended 30 June	
	2019 S\$ Unaudited	2018 S\$ Unaudited
Minimum lease income received during the year under operating lease in respect of investment properties and warehouse space	<b>193,395</b>	62,700

Future minimum rental receivable under non-cancellable leases as follows: at the end of reporting period are as

	As at 30 June 2019 S\$ Unaudited	As at 31 December 2018 S\$ Audited
Within one year	954,015	162,000
After one year but within five years	460,485	45,500
	<b>1,414,500</b>	207,500

The leases have tenures of two years (2018: two years) with no contingent rent provision included in the contracts.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 22 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these consolidated financial statements. Related companies refer to entities in which directors of the Group and his/her spouse have beneficial interest in.

Apart from disclosure elsewhere in the consolidated financial statements, the Group entered into the following transactions with related companies:

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	<b>2018 S\$ Unaudited</b>
Progress billing for provision of building and construction works to a related company	294,216	777,823
Rental expense to related companies	42,780	65,220

### Compensation of key management personnel

The remuneration of directors and other members of key management during the Period were as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019 S\$ Unaudited</b>	<b>2018 S\$ Unaudited</b>
Short term benefits	452,730	296,730
Post-employment benefits	17,340	17,340
Total compensation	470,070	314,070

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

### 23 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2019 are set out below.

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest	Held by the Company	Principal activities
Lion Metro	BVI	US\$1	100%	100%	Investment holding
BHCC Construction	Singapore	S\$15,000,000	100%	–	Provision of building construction services
Wan Yoong	Singapore	S\$30,000	100%	–	Provision of building construction services and investment holding
BHCC Space	Singapore	S\$1,000,000	100%	–	Property development

None of the subsidiaries had issued any debt securities at the end of the period.