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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in BHCC Holding Limited (the “**Company**”), you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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BHCC Holding Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1552)

**(I) MAJOR TRANSACTION IN RELATION TO
SUBSCRIPTION OF FUND;
AND
(II) POSSIBLE MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL MANDATE**

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board containing details of the Subscriptions, the Disposal Mandate and the Disposal(s) is set out on pages 1 to 14 of this circular.

This circular is despatched to the Shareholders for information purpose only. Pursuant to Rule 14.44 of the Listing Rules, Huada Developments has given written approvals to approve (i) the Subscriptions and the transactions contemplated thereunder; and (ii) the Disposal Mandate, the Disposal(s) and the transactions contemplated thereunder, respectively. Accordingly, the written approvals from Huada Developments will be accepted in lieu of holding a general meeting of the Company for approval of (i) the Subscriptions and the transactions contemplated thereunder; and (ii) the Disposal Mandate, the Disposal(s) and the transactions contemplated thereunder respectively.

14 September 2021

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DEFINITIONS

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

“Approved Units”	up to 9,752,577.13 units of Class B SGD of the Fund, the disposal of which will not make any applicable percentage ratio equals or exceeds 75%
“BHCC Construction”	BHCC Construction Pte. Ltd., a company incorporated in Singapore with limited liability, and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	BHCC Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal(s)”	the proposed disposal(s) of the Approved Units by the Group pursuant to the Disposal Mandate
“Disposal Mandate”	the general and conditional mandate granted by the Shareholders to the Company for the Disposal(s) during the Mandate Period
“First Subscription”	the subscription of the Fund at the consideration of S\$3 million by BHCC Construction on 25 September 2020
“Fund”	United SGD Money Market Fund
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Huada Developments”	Huada Developments Limited, a company incorporated in the British Virgin Islands with limited liability, and beneficially owned as to 80% by Mr. Yang, an executive Director, and 20% by Ms. Chao Jie, the spouse of Mr. Yang. Huada Developments is the controlling shareholder of the Company which held 409,050,000 Shares, representing approximately 51.13125% of the entire issued share capital of the Company as at the Latest Practicable Date
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Latest Practicable Date”	8 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	the period of 12 months from the date of the written approval given by Huada Developments
“Minimum Selling Price”	S\$1.0254 per unit of the Fund
“Mr. Yang”	Mr. Yang Xinping, an executive Director and chairman of the Company
“Second Subscription”	the subscription of the Fund at the consideration of S\$7 million by BHCC Construction on 19 October 2020
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the First Subscription and the Second Subscription
“UOBAM”	UOB Asset Management Ltd, a company incorporated in Singapore and the asset manager of the Fund
“Valuation Point”	the close of business of the last relevant market on the business day preceding the relevant dealing day on which the net asset value of the Fund is to be determined or such other time on the relevant dealing day or such other day as the managers of the Fund may determine
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“p.a.”	per annum
“S\$” or “SGD”	Singapore dollar(s), the lawful currency of the Republic of Singapore
“%”	per cent.

In this circular, unless the context requires otherwise, amounts denominated in S\$ have been translated to HK\$ at the exchange rate of S\$1.00:HK\$5.67 for illustration purpose only. Such conversions shall not be construed as representations that amounts in S\$ were or may have been converted into HK\$ at such rate or any other exchange rates.

LETTER FROM THE BOARD

BHCC Holding Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1552)

Executive Directors:

Mr. Yang Xinping (*Chairman*)

Ms. Han Yuying

Independent non-executive Directors:

Ms. Chan Bee Leng

Mr. Kwong Choong Kuen (*Huang Zhongquan*)

Mr. Ooi Soo Liat

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

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Cayman Islands

*Headquarters and principal place of
business in Singapore:*

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Singapore 528499

*Principal place of business in
Hong Kong:*

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Central

Hong Kong

14 September 2021

To the Shareholders

Dear Sir/Madam,

**(I) MAJOR TRANSACTION IN RELATION TO
SUBSCRIPTION OF FUND;
AND
(II) POSSIBLE MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL MANDATE**

INTRODUCTION

On 25 September 2020 and 19 October 2020, BHCC Construction, an indirect wholly-owned subsidiary of the Company, subscribed for an aggregate of 9,752,577.13 units of Class B SGD of the Fund offered by UOBAM at the aggregate consideration of S\$10 million (equivalent to approximately HK\$56.70 million).

LETTER FROM THE BOARD

On 9 September 2021, the Company announced that the Directors proposed to obtain the Disposal Mandate from the Shareholders authorising the Board for the possible Disposal(s) of the Approved Units during the Mandate Period.

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Subscriptions, the Disposal Mandate, the Disposal(s), the financial information of the Group and other information as required by the Listing Rules.

THE FIRST SUBSCRIPTION

On 25 September 2020, BHCC Construction, subscribed for 2,925,972.88 units of Class B SGD of the Fund offered by UOBAM at the consideration of S\$3 million (equivalent to approximately HK\$17.01 million).

THE SECOND SUBSCRIPTION

On 19 October 2020, BHCC Construction further subscribed for 6,826,604.25 units of Class B SGD of the Fund offered by UOBAM at the consideration of S\$7 million (equivalent to approximately HK\$39.69 million).

Consideration

The aggregate consideration of the Subscriptions is S\$10 million (equivalent to approximately HK\$56.7 million), which was payable in cash on settlement and financed by the Group's internal resources. The consideration of the Subscriptions represented the market price of the Fund at the time of the Subscriptions.

Below are the terms of the Fund as extracted from its prospectus and/or as advised by UOBAM:

Name:	United SGD Money Market Fund
Class:	Class B SGD, which is only available for subscription by institutional clients and such other persons as UOBAM may from time to time determine in its own discretion
Manager:	UOBAM
Trustee:	State Street Trust (SG) Limited

LETTER FROM THE BOARD

Investment objective of the Fund:	The investment objective of the Fund is to provide a return which is comparable to that of Singapore dollar short-term deposits
Investment policy of the Fund:	The Fund will invest primarily in SGD denominated and non-SGD denominated high quality debt securities and money market instruments, and deposits worldwide. These include government bonds, corporate bonds, deposits with financial institutions, bank certificates of deposit, commercial papers and treasury bills. UOBAM intends to fully hedge non-SGD denominated investments back to SGD
Management fee:	Currently 0.15% p.a.; maximum 2% p.a.
Trustee fee:	Currently not more than 0.05% p.a.; maximum 0.25% p.a., subject to a minimum of S\$5,000 p.a.
Administration fee:	0.05% p.a.; maximum 0.50% p.a.
Registrar and transfer agency fees:	The higher of S\$15,000 p.a. or 0.125% p.a., subject to a maximum of S\$25,000 p.a.
Valuation and accounting fees:	Currently 0.03% p.a.; maximum 0.20% p.a.
Distribution:	There is currently no distribution policy for the Fund
Term:	The Fund has indeterminate duration and the holder of the units may realise and/or switch the units for units in a different class or sub-fund (the “ new units ”), subject to the minimum realisation amount and/or the minimum holding as disclosed below
Realisation:	Subject to the minimum realisation amount of 100,000 units and the minimum holding of 1,000,000 units after realisation, holder of the units is allowed to realise part of the Fund it holds on any dealing day, which is generally every business day in Singapore
Realisation fee:	Currently none; maximum 2%

LETTER FROM THE BOARD

Switching: Subject to the minimum holding of 1,000,000 units after switching, holder of the units may switch the units for new units on a common dealing day which is a dealing day for both the existing units and the new units

Switching fee: Currently none; maximum 2%

As at 31 July 2021, the fund size of the Fund amounted to approximately S\$417.90 million, and the Subscriptions by the Group represented approximately 2.39% of the total fund size of the Fund.

THE POSSIBLE DISPOSAL AND THE DISPOSAL MANDATE

As at the Latest Practicable Date, the Group beneficially owned 9,752,577.13 units of Class B SGD of the Fund, and no distribution in respect of the Fund has been received since the dates of the Subscriptions. Based on the information provided by the UOBAM, the latest available net market value of the units of the Fund held by BHCC Construction as at the Latest Practicable Date was approximately S\$10,018,000.

Given the low and non-guaranteed return from the Fund, the Company proposes to dispose of all its interest in the Fund. Assuming that all the Approved Units would have been disposed of within the Mandate Period at the Minimum Selling Price, one or more applicable percentage ratios of the Disposal(s) will exceed 25% but be less than 75%, the Disposal(s) will constitute major transaction on the part of the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval.

Details of the Disposal Mandate

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

1. Mandate Period

The Disposal Mandate is for the Mandate Period, i.e. a period of 12 months from the date of the written approval having been obtained from Huada Developments.

2. Maximum number of units of the Fund to be disposed

The Disposal Mandate shall authorise and empower the Board to sell up to the Approved Units, i.e. 9,752,577.13 units of Class B SGD of the Fund held by the Group.

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3. *Scope of Authority*

The relevant designated Directors shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal(s), including but not limited to the number of batches of disposal, the number of units to be disposed of in each disposal, the timing of each disposal and the selling price (subject to the Minimum Selling Price).

4. *Manner of Disposal(s)*

The Company will closely monitor the net asset value per unit of the Fund which is available on each dealing day and effect the disposal of the Approved Units (in whole or in part) at the appropriate time(s) by delivering its request for realisation of the units of the Fund through its agent, at the designated websites or other channels made available by UOBAM, in order to maximise the returns to the Group. Units to be disposed of will be redeemed by the Fund, and therefore, the Approved Units will not be sold or transferred to other party(ies).

5. *Minimum Selling Price*

Pursuant to the prospectus of the Fund, holder of the units may realise its units in the Fund on any dealing day. The selling price per unit will be ascertained by the net asset value of the Fund as at the Valuation Point in relation to the dealing day on which UOBAM receives and accepts the disposal request.

The selling price of the Approved Units shall be at the then net asset value of the Fund at the relevant material time, provided that:

- (i) the Minimum Selling Price of the Disposal shall be no less than S\$1.0254 per unit; and
- (ii) the total aggregate gross selling proceeds for twelve-month period including each Disposal shall not be 75% or more of the market capitalisation of the Company, being the product of total number of Shares of the Company in issue and the average of the closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately before the date of each Disposal.

The Minimum Selling Price of S\$1.0254 per unit represents:

- (i) a discount of approximately 0.176% to the net asset value per unit of the Fund as at the Latest Practicable Date; and
- (ii) the average subscription cost per unit of the Fund from the First Subscription and the Second Subscription.

LETTER FROM THE BOARD

The Minimum Selling Price was determined with reference to (i) the net asset value of the Fund; and (ii) the prevailing market conditions and the uncertainty of global economy in light of the COVID-19 pandemic. The Directors consider that the Minimum Selling Price will allow flexibility for the Company to accommodate fluctuation in the market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to the Company to dispose of the Fund, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

6. Compliance

The Disposal(s) shall comply with relevant applicable laws and regulations. The Group will also report on the progress of the Disposal(s) in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules. The Company will re-comply with the Listing Rules requirements and seek another shareholders' approval for the Disposal(s) in the event that the Disposal(s) cannot be completed under the Disposal Mandate.

INFORMATION OF THE FUND, THE MANAGER AND THE TRUSTEE

The Fund is one of the sub-funds under the United Liquidity Solutions Portfolios, an umbrella unit trust scheme managed by UOBAM. The main objective of the Fund is to provide a return which is comparable to that of Singapore dollar short-term deposits. The Fund mainly invests in government bills and notes. Further, up to 100% of the Fund's assets will be invested in instruments with a minimum short-term rating of F2 by Fitch Ratings, P2 by Moody's Investors Service or A2 by Standard and Poor's Global Ratings, or where it only has a long-term rating, such a rating of A by Fitch Ratings, A by Moody's Investors Service or A by Standard and Poor's Global Ratings.

UOBAM is a wholly-owned subsidiary of United Overseas Bank Limited and has been managing collective investment schemes and discretionary funds in Singapore for over 30 years. UOBAM is licensed and regulated by the Monetary Authority of Singapore. Through its network of offices in Malaysia, Thailand, Brunei, Indonesia, Taiwan and Japan, UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts.

State Street Trust (SG) Limited is a wholly-owned subsidiary of State Street Corporation, the common stock of which is listed and traded on the New York Stock Exchange. It is a trust company approved by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) to act as a trustee for collective investment schemes. State Street Trust (SG) Limited is regulated in Singapore by the Monetary Authority of Singapore.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Fund, UOBAM, State Street Trust (SG) Limited, and their respective ultimate beneficial owners were Independent Third Parties.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE SUBSCRIPTIONS

The United SGD Money Market Fund product was recorded as a financial asset at fair value through profit or loss. The fair value of the United SGD Money Fund product amounted to an unaudited amount of S\$10,011,996 as at 30 June 2021 with corresponding gain on change of fair value of S\$6,827 for the six months ended 30 June 2021.

There is no financial effect of the Subscriptions on the liabilities of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the net asset value per unit of the Fund of S\$1.0272 as at the Latest Practicable Date, the value of the Approved Units was approximately S\$10,018,000.

For illustrating the effect of the Disposal(s) on the earnings, assets and liabilities of the Company, on the assumption that all the Approved Units would have been disposed of at S\$1.0272, being the net asset value per unit of the Fund as at the Latest Practicable Date, the Group is expected to receive a total sum of approximately S\$10,018,000, comprising of return of investment cost of S\$10,000,000 and a total gain of approximately S\$18,000 to be recognized in other income and gains.

For illustrating the effect of the Disposal(s) on the earnings, assets and liabilities of the Company, on the assumption that all the Approved Units would have been disposed of at the Minimum Selling Price, the Group is expected to receive a total sum of approximately S\$10,000,292, comprising of return of investment cost of S\$10,000,000 and a total gain of approximately S\$292 to be recognized in other income and gains.

There is no financial effect of the Disposal(s) on the liabilities of the Group.

For the avoidance of doubt, the actual gain or loss as a result of the Disposal(s) to be recorded by the Group will be subject to the actual selling price(s) of the Fund and will be subject to final audit to be performed by the Company's auditors. Upon the disposal of all the Approved Units, the Group will cease to hold any units of the Fund.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Group is principally engaged as a main contractor in the provision of building and construction works and properties investment including the leasing of industrial properties in Singapore. The Group is also specialised in reinforcement concrete works which it has undertaken on a selected basis in the subcontractor projects.

LETTER FROM THE BOARD

In order to enhance the capital efficiency as well as the return from working capital, the Group reasonably utilises the idle capital of the Company available for the purpose of cash management to subscribe for the Fund for investment purpose. At the material times of the Subscriptions and based on the information provided by UOBAM, (i) the annual cumulative performance of the Fund was of approximately 50% higher than the bank deposit interest rate; (ii) the underlying assets of the Fund are mainly the financial instruments issued by government with a relatively high credit rating; and (iii) the Fund is redeemable on each dealing day that provides flexibility for disposal, the Directors considered that the investment in the Fund is of high liquidity but low risk and would provide the Group an opportunity for potential capital appreciation with better return than deposits generally offered by commercial banks.

The Subscriptions were funded by the surplus cash of the Company and are highly liquid, therefore they would not affect the working capital or the operation of the Company. The Fund was accounted for as investment in the accounts of the Company. As such, the Directors consider the terms of the Subscriptions are on normal commercial terms which are fair and reasonable and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE DISPOSAL(S) AND USE OF PROCEEDS FROM THE DISPOSAL(S)

As part of its treasury management, the Group has been closely monitoring the performance of the Fund and its cash flow position. Since the dates of the Subscriptions, the appreciation in the net asset value of the Fund was similar to interest rate of short term bank deposits, which is lower than expected. Given the low and non-guaranteed return from the Fund, and that no distribution has been received by the Group, the Board considers that it is appropriate for the Group to dispose of the Fund and to reallocate its resources for other appropriate investment opportunities or future development. The Directors consider that the Disposal(s) and the terms thereof have been made on normal commercial terms and are fair and reasonable and is in the interests of the Company and its Shareholders as a whole. Looking forward, the Board intends to apply the net proceeds from the Disposal(s) for other appropriate investment opportunities. The Company is considering to expand the business horizon of the Group. The Group intends to explore and identify the potential investment opportunity and would like to use the net proceeds for the said investment project. As at the Latest Practicable Date, no such investment project has been identified. Should the Group be able to locate any suitable business opportunity, the Board will apply the net proceeds from the Disposal(s) to the same.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) for the First Subscription exceeds 5% but all the percentage ratios are less than 25%, the First Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

LETTER FROM THE BOARD

As one of the applicable percentage ratios (as defined under the Listing Rules) for the Second Subscription exceeds 25% but all the percentage ratios are less than 100%, the Second Subscription constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the First Subscription and the Second Subscription shall be aggregated as if they were one transaction. As one of the applicable percentage ratios (as defined under the Listing Rules) for the Subscriptions exceed 25% but all the percentage ratios are less than 100%, the Subscriptions constitute a major transaction and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Assuming that all the Approved Units held by the Group will have been disposed of within the Mandate Period at the Minimum Selling Price, one or more applicable percentage ratios of the Disposal(s) will exceed 25% but be less than 75%, and therefore the Disposal(s) will constitute major transaction on the part of the Company under Chapter 14 of the Listing Rules and shall be subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Subscriptions, the Disposal Mandate and the Disposal(s). Should the Second Subscription, the Disposal Mandate and the Disposal(s) be put forward to the Shareholders to approve at a general meeting of the Company, no Shareholders would be required to abstain from voting for the resolution to approve the Second Subscription, the Disposal Mandate and the Disposal(s). Huada Developments, the controlling shareholder of the Company, which holds 409,050,000 Shares, representing approximately 51.13125% of the entire issued share capital of the Company as at the Latest Practicable Date, has approved, confirmed and ratified the Second Subscription, the Disposal Mandate and the Disposal(s) by a written Shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company. Accordingly, the Company is exempted from the requirement to convene a shareholders' meeting for the approval of the Second Subscription, the Disposal Mandate and the Disposal(s) and no extraordinary general meeting will be convened for the purpose of considering, ratifying and approving the Second Subscription, the Disposal Mandate and the Disposal(s) pursuant to Rule 14.44 of the Listing Rules.

REMEDIAL ACTIONS

The Company acknowledges that the notification and announcement and/or Shareholders' approval in respect of the Subscriptions as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to an unintentional mistake of the Company as it was of the impression that the Subscriptions of the Fund were similar in nature to fixed deposits and did not realise that they constitute "transactions"

LETTER FROM THE BOARD

under Chapter 14 of the Listing Rules and hence failed to (i) disclose the information on the First Subscription in accordance with relevant requirements for discloseable transactions under Chapter 14 of the Listing Rules; and (ii) comply with the notification, announcement, circular and shareholder' approval requirements under the Listing Rules in respect of the Second Subscription.

To prevent similar non-compliance from occurring in the future, the Company has taken/will take the following measures and actions:

- (i) the relevant departments of the Company shall work closer to oversee and monitor the Company's on-going compliance with the Listing Rules;
- (ii) the Group has strengthened the awareness on the necessity to report the subscriptions, acquisitions or disposals of financial products to the management by conducting an internal training session on the notification procedures on notifiable transactions as to the requirements of the Listing Rules and to emphasise the importance of identifying such transactions prior to execution;
- (iii) the Company will enhance the understanding and awareness of Listing Rules of the Directors and senior management of the Group, including conducting frequent reviews of the Listing Rules and making timely clarifications with external professionals especially on the topic of notifiable transactions under Chapter 14 of the Listing Rules;
- (iv) the Company will enhance its treasury policy on financial investment to regulate the investment activities made by the Group; and
- (v) the Company will, as and when appropriate and necessary, seek its external legal or other professional advice as to any action required to be taken in relation to any proposed transactions or events in the future.

Going forward, the Company will make such disclosure in a timely manner to ensure compliance with the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that each of the Subscriptions, the Disposal Mandate and the Disposal(s) are on normal commercial terms which are made on an arm's length basis and are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Given that Shareholders' approval is required for the Second Subscription, the Disposal Mandate and the Disposal(s), the Company has obtained written approvals from Huada Developments, the controlling shareholder of the Company, which is beneficially owned as to 80% by Mr. Yang, an executive Director, and 20% by Ms. Chao Jie, the spouse of Mr. Yang, and holds 409,050,000 Shares, representing approximately 51.13125% of the

LETTER FROM THE BOARD

entire issued share capital of the Company, under the recommendation from the Directors. The Directors would recommend other Shareholders to vote in favour of the Second Subscription, the Disposal Mandate and the Disposal(s) should a general meeting be required to be held.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
BHCC Holding Limited
Mr. Yang Xiping
Chairman and executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bhcc.com.sg):

- annual report of the Company for the year ended 31 December 2020 published on 29 April 2021 (pages 44 to 115):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042901119.pdf>
- annual report of the Company for the year ended 31 December 2019 published on 28 April 2020 (pages 45 to 119):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802090.pdf>
- annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 42 to 116):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904292471.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group comprises the following:

	As at 31 July 2021
	S\$
Bank loan — secured (<i>Notes a, b</i>)	17,530,000
Other borrowings — secured (<i>Note c</i>)	105,155
	<u>17,635,155</u>
Analysed as:	
Carrying amount repayable within one year	1,261,533
Carrying amount repayable over one year	16,373,622
	<u>17,635,155</u>

Notes:

- a. As at 31 July 2021, a loan with an outstanding balance of S\$12.5 million was secured by the legal mortgage over the Group's mixed commercial and industrial development property carrying interest rate of 1.25% over the bank's Cost of Funds or 1.25% over the applicable SWAP Offer Rate as determined by the bank on the day of transaction, whichever is higher. It is also secured by a corporate guarantee provided by the Company.
- b. As at 31 July 2021, a five-year temporary bridging loan with an outstanding balance of S\$5 million carries a fixed interest rate of 2%. It is secured by a corporate guarantee provided by the Company.
- c. The Group purchased certain copiers and a motor vehicle via hire purchase agreement, constituting in-substance purchases with financing arrangements.

As at the close of business on 31 July 2021, there was no unutilised banking facilities.

LEASE LIABILITIES

	As at 31 July 2021
	<i>S\$</i>
Lease liabilities payable:	
Within one year	186,528
Over one year	92,300
	<hr/>
	278,828
	<hr/> <hr/>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

The above represents leases for certain staff dormitories, site office premises, office equipment and motor vehicle of the Group. The weighted average incremental borrowing rate was 2.00% per annum.

CONTINGENT LIABILITIES

As at 31 July 2021, the Group had provided performance bonds and security bonds for foreign workers in favour of the customers amounting to approximately S\$37.2 million.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available banking facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS

The outbreak of COVID-19 in early 2020 has caused disruptions to many industries globally. Despite the challenges, governments and internal organisations have implemented a series of measures to contain the pandemic. The Singapore government has implemented several phases of circuit breaker and post-circuit breaker recovery measures in order to contain the pandemic, and the Group's existing core business was significantly impacted by these measures, especially due to the halting of almost all its building and construction works since early April 2020.

The Group however does not expect to incur hefty penalties for contract delays in the form of liquidated damages as the Group is mostly involved in public sector projects, and most contracts have either been extended or include clauses for unforeseen events and circumstances. The Group has also received certain grants and assistance from the Singapore government to help offset some of its fixed costs during this time, primarily relating to its employee wages, foreign worker levies, and some project-based support. The Group has insofar adhered to all the requirements set out by the Singapore government, particularly relating to its business operations and in dealing with its foreign workers affected by the dormitory isolations and stay-home notices.

In August 2020, the Group was engaged by the Singapore Government to design and build foreign workers' temporary dormitories for COVID-19 safe-distancing purposes.

Since the end of the third quarter of 2020, Singapore's economy has started to improve progressively with the phased resumption of activities. Given the improved growth outlook for key external economies, as well as a further easing of global and domestic public health measures with the availability of vaccines, the Singapore construction market is projected to return to growth in

2021, especially with public sector demand. Despite the difficulties lying ahead, the Group believes that with its healthy project order books, the Group will be able to continue building on its competitive strengths and devise plans to achieve its long-term business objectives.

In about March 2021, all of the Group's building and construction works have resumed, albeit at a reduced capacity as compared to pre-pandemic times due to additional safe distancing measures applied at project sites to prevent a resurgence of the pandemic.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Long position in the Shares and underlying shares

Name of Director	Capacity/ Nature of interest	Number of Shares and underlying shares	Approximate percentage of the total issued share capital of the Company
Mr. Yang Xinping	Interest in controlled corporation	409,050,000 <i>(note 1)</i>	51.13125%
Ms. Han Yuying ("Ms. Han")	Interest in controlled corporation	136,350,000 <i>(note 2)</i>	17.04375%

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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as any Directors were aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying shares or debentures of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares and underlying shares

Name	Capacity/ Nature of interest	Number of Shares and underlying shares	Approximate percentage of the total issued share capital of the Company
Huada Developments	Beneficial owner	409,050,000	51.13125%
Ms. Chao Jie	Interest of spouse	409,050,000 (note 1)	51.13125%
Eagle Soar	Beneficial owner	136,350,000	17.04375%
Mr. Liu Hai	Interest of spouse	136,350,000 (note 2)	17.04375%
Wai Tian Holdings Limited	Beneficial owner	54,600,000	6.825%
Mr. Zhan Lixiong ("Mr. Zhan")	Interest in controlled corporation	54,600,000 (note 3)	6.825%
Ms. Zheng Dan	Interest of spouse	54,600,000 (note 3)	6.825%

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 under Part XV of the SFO. Ms. Chao Jie is the spouse of Mr. Yang. She is deemed to be interested in the Shares in which Mr. Yang is interested under Part XV of the SFO.
2. 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 under Part XV of the SFO. Mr. Liu Hai is the spouse of Ms. Han. He is deemed to be interested in the Shares in which Ms. Han is interested under Part XV of the SFO.
3. 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 under Part XV of the SFO. 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 under Part XV of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contract in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (1) the subscription form dated 25 September 2020 entered into by BHCC Construction in relation to the First Subscription; and
- (2) the subscription form dated 19 October 2020 entered into by BHCC Construction in relation to the Second Subscription.

9. CORPORATE INFORMATION OF THE GROUP

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Singapore	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
Branch share registrar and transfer office in Hong Kong	Boardroom Share Registrars (HK) Limited Room 2103B, 21/F 148 Electric Road North Point Hong Kong

Company secretary

Chan So Fun
Solicitor, Hong Kong

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at 19/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2019 and 2020;
- (c) the material contracts referred to in the paragraph headed "Material contracts" of this appendix; and
- (d) this circular.