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BHCC HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1552)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of BHCC Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the financial year ended 31 December 2021

	<i>Note</i>	2021 S\$	2020 S\$
Revenue	3	114,427,397	124,324,257
Cost of services		<u>(110,602,248)</u>	<u>(120,499,897)</u>
Gross profit		3,825,149	3,824,360
Other income	4a	1,485,227	3,637,937
Other gains and losses	4b	156,908	102,250
Other expenses	4c	–	(182,831)
Selling expenses		(51,797)	(47,551)
Administrative expenses		(3,511,833)	(3,468,141)
Finance costs	5	<u>(354,091)</u>	<u>(544,128)</u>
Profit before taxation		1,549,563	3,321,896
Income tax expense	6	<u>(643,711)</u>	<u>(542,288)</u>
Profit and total comprehensive income for the year	7	<u>905,852</u>	<u>2,779,608</u>
Basic earnings per share (S\$ cents)	8	<u>0.11</u>	<u>0.35</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 S\$	2020 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		14,825,006	15,633,419
Intangible assets		380,000	175,000
Investment properties		16,194,290	16,926,958
Right-of-use assets		197,473	403,078
Deposits		308,135	748,696
Other assets		23,289	291,745
		31,928,193	34,178,896
Current assets			
Trade receivables	9	3,337,475	4,082,455
Other receivables and deposits		5,099,107	4,623,799
Other assets		135,591	158,389
Contract assets	10	37,550,240	33,251,977
Amounts due from related companies		–	280,866
Amount due from shareholders		182	182
Bank balances and cash		37,142,570	34,465,110
Investments	11	–	10,005,169
		83,265,165	86,867,947
Current liabilities			
Trade and other payables	12	(50,601,138)	(50,001,193)
Contract liabilities	10	(244,848)	(81,131)
Amount due to related companies		–	(11,341)
Lease liabilities		(188,460)	(187,158)
Borrowings		(2,318,116)	(1,596,330)
Income tax payable		(532,983)	(548,926)
		(53,885,545)	(52,426,079)
Net current assets		29,379,620	34,441,868
Total assets less current liabilities		61,307,813	68,620,764

	<i>Note</i>	2021 S\$	2020 S\$
Non-current liabilities			
Deposits	12	(239,522)	(86,150)
Lease liabilities		(13,126)	(201,589)
Borrowings		(14,766,227)	(22,920,007)
Deferred tax liabilities		(92,601)	(122,533)
		<u>(15,111,476)</u>	<u>(23,330,279)</u>
Net assets		<u>46,196,337</u>	<u>45,290,485</u>
EQUITY			
Capital and reserves			
Share capital		1,389,830	1,389,830
Reserves		44,806,507	43,900,655
		<u>46,196,337</u>	<u>45,290,485</u>
Equity attributable to owners of the Company		<u>46,196,337</u>	<u>45,290,485</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

BHCC Holding Limited (the “**Company**”) was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 February 2017 and the address of 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 Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong, the “**Companies Ordinance**”) on 20 March 2017 and the registered principal place of business in Hong Kong is Room 901, 9th Floor, Prosperity Tower, 39 Queen’s Road Central, Central, Hong Kong. The head office and principal place of business of the Company 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.

Upon the entering into of the concert party deed, Huada Developments Limited (“**Huada Developments**”), Mr. Yang Xinping, his spouse Ms. Chao Jie (“**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 under common control by 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 (“**Building and Construction works**”) and properties investment including the leasing of industrial properties (“**Property Investment**”).

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

The consolidated financial statements are approved by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 31 March 2022.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and amended IFRSs that are effective for the current year

In the current year, the Group has applied the amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

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 amendments to IFRSs that have been issued but are not yet effective which are relevant to the Group:

Amendments to IFRS 3	Reference to Conceptual Framework ¹
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018–2020 ¹
Amendments to IAS 37	Onerous contracts — Cost of Fulfilling a Contract ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to IAS 8	Definition of Accounting Estimates ²
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial position and performance as well as disclosure in the period of their initial adoption.

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of Building and Construction works by the Group to external customers, and Property Investment, being rental income from investment properties held by the Group.

During the year ended 31 December 2020, the Group was awarded two projects to design, build and operate temporary dormitories to accommodate foreign workers for COVID-19 safe-distancing, and upon the Singapore government's instructions, will be demolished when no longer required.

During the year ended 31 December 2020 and 2021, the Group has been engaged by the Singapore government to operate one completed dormitory for a period until November 2021. The Group maintained and operated the dormitory, and bore all expenditure. The Group co-shared 50% of profits with the government, while any net losses were borne by the Group.

The 'design and build' portion of the projects as main contractor have been recognised under Building and Construction works segment, while the related bed rental revenue from operation of dormitories have been recognised under a separate segment, 'Operation of Temporary Dormitories'.

(i) Disaggregation of revenue from contracts with customers and leases

	2021 S\$	2020 S\$
Types of services		
Building and Construction works		
— Main Contractor Projects	93,885,150	115,465,601
— Subcontractor Projects	14,567,763	6,935,434
	<u>108,452,913</u>	<u>122,401,035</u>
Revenue from contracts with customers	108,452,913	122,401,035
Rental from Property Investment	1,685,964	1,523,506
Rental from Operation of Temporary Dormitories	4,288,520	399,716
	<u>114,427,397</u>	<u>124,324,257</u>
Segment revenue (<i>Note 3(iv)</i>)	<u>114,427,397</u>	<u>124,324,257</u>
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	108,452,913	122,401,035
Fixed lease payments recognised on a straight-line basis over lease term	5,974,484	1,923,222
	<u>114,427,397</u>	<u>124,324,257</u>

(ii) Performance obligations for contracts with customers

The Group derives its revenue from provision of Building and Construction works over time using the input method.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of each reporting period:

	2021 S\$	2020 S\$
Main Contractor Projects		
— Within one year	314,522,596	130,513,531
— More than one year but not more than two years	236,861,706	66,148,899
— More than two years but not more than five years	73,304,118	42,291,979
	<u>624,688,420</u>	<u>238,954,409</u>
Subcontractor Projects		
— Within one year	2,335,455	6,823,224
	<u>627,023,875</u>	<u>245,777,633</u>

During the year, majority of the construction contracts for services provided to external customers last over 12 months (2020: over 12 months).

(iv) Segment information

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 CODMs review segment revenue and results attributable to each segment, which is measured by reference to the respective segments’ gross profit. The Group has three operating segments as follows:

- Building and Construction works: Engage in provision of building and construction works via main contractor and subcontractor projects to public and private sectors.
- Property Investment: Leasing of industrial properties.
- Operation of Temporary Dormitories: Bed leasing of dormitories.

No analysis of the Group’s assets and liabilities is regularly provided to the CODMs for review.

	2021	2020
	S\$	S\$
Segment revenues		
Building and Construction works	108,452,913	122,401,035
Property Investment	1,685,964	1,523,506
Operation of Temporary Dormitories	4,288,520	399,716
	<u>114,427,397</u>	<u>124,324,257</u>
Segment results		
Building and Construction works	2,440,924	3,255,168
Property Investment	670,298	534,382
Operation of Temporary Dormitories	713,927	34,810
	<u>3,825,149</u>	<u>3,824,360</u>
Unallocated:		
Other income	1,485,227	3,637,937
Other gains and losses	156,908	102,250
Other expenses	–	(182,831)
Selling expenses	(51,797)	(47,551)
Administrative expenses	(3,511,833)	(3,468,141)
Finance costs	(354,091)	(544,128)
	<u>1,549,563</u>	<u>3,321,896</u>

The accounting policies for segment information are the same as the Group's accounting policies.

(v) **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.

(vi) **Information about major customers**

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

	2021	2020
	S\$	S\$
Customer A	60,639,943	88,248,069
Customer B	N/A*	15,208,021
Customer C	<u>27,216,658</u>	<u>12,367,049</u>

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

Revenue from customers A to C in 2021 and 2020 above are from segment of Building and Construction works.

4a OTHER INCOME

	2021	2020
	S\$	S\$
Government grants (<i>Note</i>)	1,225,400	3,443,374
Service income on secondment of labour and subcontracting fee, net	38,134	48,641
Interest income	32,649	101,950
Others	<u>189,044</u>	<u>43,972</u>
	<u>1,485,227</u>	<u>3,637,937</u>

Note: Government grants in 2020 and 2021 mainly include COVID-19-related support by the Singapore government to help companies tide through this period of economic uncertainty, such as the Foreign Worker Levy (“FWL”) rebates, the Jobs Support Scheme (“JSS”), COVID-Safe project-based and firm-based supports, property tax rebates, additional cash grants, and Jobs Growth Incentive (JGI). Under the JSS, the government co-funded between 10% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee in a twenty-month period through cash subsidies.

While those mentioned above were recognised as grant income, FWL waivers obtained in 2020 of approximately S\$1.3 million were offset against related FWL expenses in cost of services in 2020. None of such FWL waivers were obtained in 2021.

All government grants received are incentives as compensation of expenses or losses already incurred or as immediate financial support to the Company with no future related costs and no relation to any assets received upon fulfilling the conditions attached to them.

4b OTHER GAINS AND LOSSES

	2021	2020
	S\$	S\$
Gain arising on disposal of property, plant and equipment	8,000	7,246
Fair value gain on investments in money market fund	–	5,169
Gain on withdrawal of investments in money market fund	11,703	–
Net exchange gain	<u>137,205</u>	<u>89,835</u>
	<u><u>156,908</u></u>	<u><u>102,250</u></u>

4c OTHER EXPENSES

	2021	2020
	S\$	S\$
Grant expenses	<u>–</u>	<u>182,831</u>

Grant expenses relate to COVID-19-related rental reliefs provided to the Group's qualifying end tenants under the Rental Relief Framework as mandated by the Singapore government as part of its efforts to help companies tide through this period of economic uncertainty.

5 FINANCE COSTS

	2021	2020
	S\$	S\$
Interest on:		
Borrowings	348,136	534,084
Lease liabilities	<u>5,955</u>	<u>10,044</u>
	<u><u>354,091</u></u>	<u><u>544,128</u></u>

6 INCOME TAX EXPENSE

	2021	2020
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	525,442	541,385
— Underprovision of current tax in prior year	148,201	18,761
Deferred tax		
— Current year	(19,072)	(65,858)
— (Over) Underprovision of deferred tax in prior year	(10,860)	48,000
	<u>643,711</u>	<u>542,288</u>

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income, and a further 50% tax exemption on the next S\$190,000 of normal chargeable income, for both the Years of Assessment 2021 and 2022.

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

	2021	2020
	S\$	S\$
Profit before taxation	<u>1,549,563</u>	<u>3,321,896</u>
Tax at applicable tax rate of 17%	263,426	564,722
Effect of different tax rate of the Company operating in other jurisdiction	73,965	60,110
Tax effect of expenses not deductible for tax purpose	372,378	341,798
Effect of income that is exempt from taxation	(115,813)	(411,273)
Effect of tax concessions and partial tax exemptions	(84,638)	(52,275)
Underprovision of current tax in prior year	148,201	18,761
(Over) Underprovision of deferred tax in prior year	(10,860)	48,000
Effect of previously unrecognised and unused tax losses, now utilised	—	(34,180)
Others	(2,948)	6,625
Taxation for the year	<u>643,711</u>	<u>542,288</u>

7 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2021	2020
	S\$	S\$
Depreciation of property, plant and equipment (<i>Note a</i>)	1,480,362	1,605,154
Depreciation of investment properties (<i>Note a</i>)	732,668	732,668
Depreciation of right-of-use assets (<i>Note a</i>)	205,605	351,217
Audit fees to auditors of the Company:		
— Annual audit fees	230,000	200,000
Non-audit fees to auditors of the Company	—	10,000
Non-audit fees to other auditors of the Company	3,500	7,500
Directors' remuneration	1,348,244	1,508,652
Other staff costs:		
— Salaries and other benefits	10,122,438	8,416,462
— Contributions to CPF	546,712	514,731
Total staff costs (<i>Note b</i>)	<u>12,017,394</u>	<u>10,439,845</u>
Cost of materials recognised as cost of services	23,165,292	18,639,007
Subcontractor costs recognised as cost of services	<u>56,041,120</u>	<u>80,003,764</u>

Notes:

- a. Depreciation of S\$1,536,718 (2020: S\$1,787,323) are included in cost of services.
- b. Staff costs of S\$10,935,384 (2020: S\$9,152,554) are included in cost of services.

8 EARNINGS PER SHARE

	2021	2020
Profit attributable to the owners of the Company (S\$)	905,852	2,779,608
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic earnings per share (S\$ cents)	<u>0.11</u>	<u>0.35</u>

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.

No diluted earnings per share were presented as there were no potential ordinary shares in issue for 2021 and 2020.

9 TRADE RECEIVABLES

	2021 S\$	2020 S\$
Trade receivables	3,103,731	3,808,577
Unbilled revenue (<i>Note a</i>)	<u>233,744</u>	<u>273,878</u>
	<u><u>3,337,475</u></u>	<u><u>4,082,455</u></u>

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.

As at 1 January 2020, trade receivables from contracts with customers amounted to S\$7,106,628.

The Group grants credit terms to customers typically between 0 to 45 days (2020: 0 to 45 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:

	2021 S\$	2020 S\$
Within 60 days	2,843,085	3,551,723
61 days to 90 days	7,169	–
91 days to 180 days	145,861	41,856
181 days to 365 days	73,440	179,902
Above 365 days	<u>34,176</u>	<u>35,096</u>
	<u><u>3,103,731</u></u>	<u><u>3,808,577</u></u>

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 periodically.

The Group applies the 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 that share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The directors of the Company considered that the expected credit loss for trade receivables is insignificant as at 31 December 2021 and 2020.

10 CONTRACT ASSETS/LIABILITIES

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

	2021	2020
	S\$	S\$
Contract assets	37,550,240	33,251,977
Contract liabilities	<u>(244,848)</u>	<u>(81,131)</u>

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

As at 1 January 2020, contract assets amounted to S\$25,151,638 and contract liabilities amounted to S\$Nil.

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:

	2021	2020
	S\$	S\$
Construction contracts — current		
Retention receivables	2,314,528	3,341,137
Others*	<u>35,235,712</u>	<u>29,910,840</u>
	<u>37,550,240</u>	<u>33,251,977</u>

* Included in others is revenue not yet billed to the customers. The Group has completed the relevant services under such contracts but yet to be 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 to be 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.

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 expected credit loss for contract assets is insignificant as at 31 December 2021 and 2020.

There were provisions made for contract losses amounting to S\$23,483 recorded during the year ended 31 December 2021 (2019: S\$28,449).

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:

	2021 S\$	2020 S\$
Construction contracts — current	<u>(244,848)</u>	<u>(81,131)</u>

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

	2021 S\$	2020 S\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>81,131</u>	<u>—</u>

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

11 INVESTMENTS

	2021 S\$	2020 S\$
<i>Financial assets mandatorily measured at FVTPL:</i>		
Money market fund in S\$	<u>—</u>	<u>10,005,169</u>

The Group invested in 9,752,577 units of a S\$ money market fund as a tool to earn higher returns on its bank balances as compared to short-term time deposits. The money market fund invests in highly liquid and short-term investments, intended to offer investors a relatively low-risk investment option with a return comparable to that of S\$ short-term deposits. With no fixed maturity, this net asset value (NAV) fund has no restrictions on redemption (i.e. the investment can be realised at any time with proceeds calculated at the then-NAV per unit).

Money market fund investments are classified as FVTPL and any gain or loss component is included in the fair value movement recognised in profit or loss. During the year ended 31 December 2021, the group has fully withdrawn these money market fund investments and recorded a gain of S\$11,703 (Note 4b) (2020: S\$5,169) in profit or loss.

12 TRADE AND OTHER PAYABLES

	2021	2020
	S\$	S\$
Current		
Trade payables	28,807,509	23,408,300
Trade accruals	<u>18,350,798</u>	<u>23,442,496</u>
	47,158,307	46,850,796
Accrued operating expenses	282,204	227,563
Other payables:		
GST payable	28,511	200,161
Interest payable	9,000	17,155
Accrued payroll costs	2,276,986	1,816,820
Deferred grant income (<i>Note</i>)	–	241,695
Deposits	664,910	521,765
Others	<u>181,220</u>	<u>125,238</u>
	<u>50,601,138</u>	<u>50,001,193</u>
Non-current		
Deposits	<u>239,522</u>	<u>86,150</u>

Note: During the year ended 31 December 2021, the Group received government grants of S\$584,807 (2020: S\$983,793) in cash in connection with JSS for the purpose of retaining local employees during the period of economic uncertainty as explained in Note 4a. As at 31 December 2021, grant receivables of S\$Nil (2020: S\$319,519) have been recognised as there is reasonable assurance that the conditions attached to the grants have been fulfilled under the JSS.

The grants relating to the relevant staff costs are recognised in other income over the period necessary to match them with the costs that the grants are intended to compensate. This scheme has resulted in a credit to income in the year ended 31 December 2021 of S\$506,983 (2020: S\$1,061,617). As at 31 December 2021, an amount of S\$Nil (2020: S\$241,695) remains to be deferred.

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

	2021	2020
	S\$	S\$
Within 90 days	23,074,467	19,867,156
91 to 180 days	2,290,155	3,323,400
181 days to 365 days	1,158,453	148,072
Over 1 year but not more than 2 years	2,257,241	66,205
More 2 years	<u>27,193</u>	<u>3,467</u>
	<u>28,807,509</u>	<u>23,408,300</u>

The credit period on purchases from suppliers and subcontractors is between 0 to 60 days (2020: 0 to 60 days).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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.

The outbreak of COVID-19 has caused disruptions to many industries globally. In 2021, the Group's Building and Construction works were continually impacted, and faced delays due to foreign worker labour shortages as well as border restrictions slowing down delivery of materials.

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 and foreign worker levies. The Group has insofar adhered to all the requirements set out by the Singapore government, particularly relating to its business operations. The consolidated financial statements for the year ended 31 December 2021 has included the financial effects as a result of the COVID-19 outbreak up to 31 December 2021.

As of the date of this announcement, all of the Group's Building and Construction works are in progress, albeit at a reduced capacity as compared to pre-pandemic times due to additional safe distancing measures that will be applied at project sites to prevent a resurgence of the pandemic.

In Singapore, the current situation is improving as the country moves towards endemic living. The Singapore government has eased public-imposed measures, and has also been easing its border restrictions, which will allow easing of the foreign worker labour crunch as well as delay of materials supply.

The Group will closely monitor the development of the pandemic and assess its impact on its operations continuously. Notwithstanding, the Group will have sufficient liquidity to enable the Company to continue as a going concern for at least the next 12 months from the end of the reporting period.

FINANCIAL REVIEW

The Group's revenue for the year was approximately S\$114.4 million, representing a decrease of approximately 8.0% as compared with that of approximately S\$124.3 million for the previous year. The decrease was mainly attributable to the decrease in building and construction works. Revenue from building and construction works, the Group's major business segment, accounted for approximately 94.8% (2020: approximately 98.5%) or S\$108.5 million (2020: approximately S\$122.4 million) of the Group's total revenue. Revenue from property investment contributed approximately 1.5% (2020: approximately 1.2%) or S\$1.7 million (2020: approximately S\$1.5 million). Revenue from operation of temporary dormitories contributed approximately 3.7% (2020: approximately 0.3%) or S\$4.3 million (2020: S\$0.4 million). Details of the operation of temporary dormitories are included in Note 3 to the consolidated financial statements.

Total gross profit remained relatively stable at approximately S\$3.8 million for the years ended 31 December 2021 and 2020, and the gross profit margin increased to approximately 3.3% (2020: approximately 3.1%). Gross profit from building and construction works for the year was approximately S\$2.4 million, representing a decrease of approximately 25.0% as compared to approximately S\$3.3 million for the previous year. The decrease was primarily due to industry-wide cost increases in materials, labour and subcontracting fees.

Other income decreased by approximately S\$2.15 million or 59.2% from approximately S\$3.6 million to approximately S\$1.5 million for the year ended 31 December 2021. Such decrease was mainly due to lesser government grants received from the Singapore Government to assist in defraying costs as a result of COVID-19, considering the gradual recovery of the economy.

Other gains and losses increased from approximately S\$0.1 million in the year ended 31 December 2020 to approximately S\$0.2 million in the year ended 31 December 2021, which is mainly attributable to foreign exchange gain.

The Group's administrative expenses remained relatively stable at approximately S\$3.5 million for the years ended 31 December 2021 and 2020.

For the year ended 31 December 2021, the Group's finance costs decreased to approximately S\$0.4 million (2020: approximately S\$0.5 million) mainly due to the redemption of bank borrowings of S\$6.2 million in February 2021.

The Group's income tax expense increased to approximately S\$0.6 million for the year ended 31 December 2021 from approximately S\$0.5 million for the year ended 31 December 2020.

As a result of the aforementioned, for the year ended 31 December 2021, profit after taxation, representing profit attributable to owners of the Company decreased from approximately S\$2.8 million to approximately S\$0.9 million.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had provided performance bonds and security bonds for foreign workers in favour of the customers amounting to approximately S\$55.2 million (2020: approximately S\$35.3 million).

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had no commitment in respect of any acquisition of property, plant and equipment (2020: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's receivable turnover days as at 31 December 2021 was 12 days (2020: 16 days). The Group is able to maintain its receivable turnover days as a significant portion of revenue was generated from customers in public sectors, who make payments promptly.

The Group's cash and cash equivalents balance as at 31 December 2021 amounted to approximately S\$37.1 million, representing an increase of approximately S\$2.6 million as compared to approximately S\$34.5 million as at 31 December 2020.

As at 31 December 2021, the Group's indebtedness comprised bank borrowings of approximately S\$16.9 million (2020: approximately S\$24.4 million), hire purchase financing of approximately S\$0.2 million (2020: approximately S\$0.1 million), and lease liabilities of approximately S\$0.2 million (2020: approximately S\$0.4 million). As at 31 December 2021, the gearing ratio (calculated by dividing total debts by equity attributable to owners of the Company) of the Group was 0.37 times as compared to 0.55 times as at 31 December 2020.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group has certain bank balances denominated in United States dollars and Hong Kong dollars amounting to approximately S\$9.2 million (2020: approximately S\$9.1 million) which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 369 employees as at 31 December 2021 (as at 31 December 2020: 322 employees). Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee. The local employees are also entitled to discretionary bonus depending on their respective performance and the profitability of the Group. The foreign workers are typically employed on a one-year basis depending on the period of their work permits, and are subject to renewal based on their performance, and are remunerated according to their work skills.

The Company has adopted a share option scheme (the “**Share Option Scheme**”) pursuant to which the directors and employees of the Group are entitled to participate. Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 December 2021 and there was no outstanding option as at 31 December 2021.

CHARGES OF ASSETS

As at 31 December 2021, the carrying amount of leasehold land, leasehold property, and investment properties, amounting to approximately S\$20.9 million (2020: approximately S\$31.0 million) were pledged to banks to secure bank borrowings.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The table below sets out the significant investment held by the Group during the year ended 31 December 2021:

Manager	Product type	Principal business	Investment cost as at		Fair value as at		Realised gain from disposal during the year ended	Size relative to the Company's total asset as at	
			30 June	31 December	30 June	31 December	31 December 2021	30 June	31 December
			2021	2021	2021	2021		2021	2021
UOB Asset Management Ltd	Singapore dollar money market fund	Asset management	S\$10,000,000	S\$0	S\$10,011,996	S\$0	S\$11,703	9.6%	0%

On 10 November 2021, the Company completed the disposal of the 9,752,577.13 units of Class B SGD of the United SGD Money Market Fund (the “**Fund**”) held by the Company (the “**Disposal**”), for the consideration of S\$10,016,872, representing a realised gain of S\$11,703 (2020: unrealised gain of S\$5,169). Details of the Disposal are set out in the announcement and circular of the Company dated 9 September 2021 and 14 September 2021, respectively.

Having considered 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 and in the interests of the Group to dispose of the Fund and to reallocate its resources for other appropriate investment opportunities or future development. In the future, the Group will continue to explore and identify potential investment opportunities, as at the date of this announcement, no such investment opportunity has been identified.

Save as disclosed above, the Group did not have any other significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

PROSPECTS

With increasing vaccination rate of the population, the global economy has been recovering gradually as compared to last year. The Singapore government has eased public-imposed measures from 15 March 2022 onwards, and has also been easing its border restrictions which will help alleviating the labour shortage and delay of materials supply within the industry. The Board expects a steady improvement in construction demand in Singapore over the medium term and the public sector is expected to lead the demand.

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.

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

DIVIDEND

The Board takes into account, among other factors, the Group's overall results of operation, financial position and capital requirements, in considering the declaration of dividends. The Board does not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

CORPORATE GOVERNANCE

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

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

The Company has adopted the corporate governance code (the “**CG Code**”) contained in Appendix 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange, and has complied with all applicable code provisions as set out in the CG Code during the year ended 31 December 2021 except for the following deviation:

Pursuant to code provision A.2.1 of the CG Code (which has been renumbered as C.2.1 since 1 January 2022), the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2021, the Company did not have a position of the title “chief executive officer”. Mr. Yang Xinping, chairman of the Board, has been playing a leading role in both the overall strategic planning and day-to-day management of the business of the Group.

Having considered the current composition of the Board which comprises two executive Directors and three independent non-executive Directors, and that all major decisions are made with prior consultation with the members of the Board, the Board is of the view that the role of chief executive is jointly undertaken and sufficiently balanced amongst the members of the Board.

The Board considers that the current structure facilitates the implementation of the Group’s business strategies, maximises the effectiveness of the Group’s operation and will not impair the balance of power and authority of the Board. Nonetheless, the Board will review the structure of management from time to time and ensure that appropriate action be taken as and when appropriate.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the year ended 31 December 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company was established on 17 August 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Bee Leng, Mr. Kwong Choong Kuen (Huang Zhongquan) and Mr. Ooi Soo Liat. Ms. Chan Bee Leng is the chairwoman of the Audit Committee.

The Audit Committee had reviewed the Group’s annual results and consolidated financial statements for the year ended 31 December 2021 with the Group’s external auditor. Based on the review and discussions with management, 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, sufficient disclosures have been made and fairly present the Group’s financial position and results for the year ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

In 2019, the Group made advance payments amounting to S\$200,000 to one of its subcontractor at their request. This was secured by an advance payment bond taken out by the subcontractor from its insurance company. In 2020, the Group began legal proceedings against the subcontractor’s insurance company to demand claim from the subcontractor’s advance payment bond, as the subcontractor had allegedly not paid the Group back.

On 10 March 2022, the parties reached a settlement, whereby the insurance company will pay the Group S\$120,000 by or within 21 days, and the Group shall reimburse the subcontractor S\$7,000. In the event the sum is not paid within 21 days, the Group will be entitled to enter Judgement in default against the insurance company for the full sum of S\$120,000 plus interests.

As at the date of this announcement, the Group has received the S\$120,000 from the insurance company, and has paid out S\$7,000 to the subcontractor.

Save as disclosed above, the Directors confirmed that there are no significant events after the reporting period.

APPRECIATION

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

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.bhcc.com.sg). The annual report of the Company for the year ended 31 December 2021 containing all the relevant information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
BHCC Holding Limited
Yang Xinping
Chairman

Singapore, 31 March 2022

As at the date of this announcement, the Board comprises Mr. Yang Xinping and Ms. Han Yuying as executive Directors; and Ms. Chan Bee Leng, Mr. Kwong Choong Kuen (Huang Zhongquan) and Mr. Ooi Soo Liat as independent non-executive Directors.