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BHCC HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1552)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “**Board**”) of BHCC Holding Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”), together with the comparative figures for the corresponding period in 2021 (the “**Previous Period**”). The condensed consolidated interim financial statements has not been audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yang Xinping
Ms. Han Yuying

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Bee Leng
Mr. Ooi Soo Liat
Mr. Kwong Choong Kuen
(Huang Zhongquan)

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
Mr. Kwong Choong Kuen
(Huang Zhongquan)

REMUNERATION COMMITTEE

Mr. Ooi Soo Liat (*Chairman*)
Ms. Chan Bee Leng
Mr. Kwong Choong Kuen
(Huang Zhongquan)
Ms. Han Yuying

NOMINATION COMMITTEE

Mr. Kwong Choong Kuen
(Huang Zhongquan) (*Chairman*)
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

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BHCC SPACE
Singapore 528499

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

CORPORATE INFORMATION

AUDITORS

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Public Accountants and Chartered Accountants
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Maybank Singapore Limited
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COMPANY WEBSITE

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 2022 (the “Period”), together with the comparative figures for the corresponding period in 2021 (the “Previous Period”).

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.

FINANCIAL REVIEW

The Group’s revenue for the Period was approximately S\$94.0 million, representing a growth of approximately 75.4% as compared to that of approximately S\$53.6 million for the Previous Period. The increase was mainly due to more construction activities performed during the Period comparing with the Previous Period. Revenue from building and construction works accounted for approximately 99.0% (Previous Period: approximately 94.6%) or approximately S\$93.1 million (Previous Period: approximately S\$50.7 million) of the Group’s total revenue. Revenue from property investment contributed approximately 1.0% (Previous Period: approximately 1.5%) or approximately S\$0.9 million (Previous Period: approximately S\$0.8 million). In the Previous Period, revenue from operation of temporary dormitories contributed approximately 3.9% or approximately S\$2.1 million. The Group has completed the contract for operation of temporary dormitories during the year ended 31 December 2021.

Loss attributable to owners of the Company for the Period amounted to approximately S\$11.4 million (Previous Period: profit attributable to owners of the Company of approximately S\$0.2 million). The loss was mainly attributable to (i) the impact of the Covid-19 pandemic which has caused global inflation and resulted in significant increases in material and labour costs, which also led to lower profit margins of the projects undertaken by the Group compared to that in the Previous Period; and (ii) a S\$3.1 million provision for onerous contracts was provided in consideration of the above-mentioned factors.

Notwithstanding the above, the Board is of the view that the financial position of the Group remains sound as sufficient reserve and liquidity are maintained.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2022, the Group has provided performance bonds and security bonds for foreign workers in favour of the customers amounting to approximately S\$54.9 million.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had no commitment in respect of acquisition of property, plant and equipment.

PROSPECTS

With the worldwide easing of social restrictions and country borders reopening, 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 has helped in alleviating the labour shortage and delay of materials supply within the industry. Even with above implementations to ease COVID-19 impact on construction industry, the Group is still facing challenges as a result of global inflation and continued increase in materials and labour costs. However, management believes the Group will be able to control its project costs in the medium to longer term, and 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

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENT

In terms of building technologies, the Group has actively used BIM in its projects, upgraded BIM functionally from 3D to 5D and is gradually moving towards the utilization of Integrated Digital Delivery in conjunction with other smart office technologies such as the Office Automation System.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's cash and cash equivalents balances as at 30 June 2022 amounted to approximately S\$22.5 million, representing a decrease of approximately S\$14.6 million as compared to approximately S\$37.1 million as at 31 December 2021.

As at 30 June 2022, the Group's indebtedness comprised bank borrowings of approximately S\$15.8 million (2021: approximately S\$16.9 million), hire purchase financing of approximately S\$0.3 million (2021: approximately S\$0.2 million), and lease liabilities of approximately S\$0.1 million (2021: approximately S\$0.2 million).

The Group's equity balance decreased to approximately S\$34.8 million as at 30 June 2022 from that of approximately S\$46.2 million as at 31 December 2021 due to the loss 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 2022, which exposes 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 356 employees as at 30 June 2022 (Previous Period: 354 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 2022, 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 Xinping ("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.

OTHER INFORMATION

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 2022, 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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:

OTHER INFORMATION

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 1)	409,050,000 Long position	51.13125%	Interest of spouse
Eagle Soar (Note 2)	136,350,000 Long position	17.04375%	Beneficial owner
Mr. Liu Hai (Note 2)	136,350,000 Long position	17.04375%	Interest of spouse
Wai Tian Holdings Limited (Note 3)	54,600,000 Long position	6.825%	Beneficial owner
Mr. Zhan Lixiong ("Mr. Zhan") (Note 3)	54,600,000 Long position	6.825%	Interest in controlled corporation
Ms. Zheng Dan (Note 3)	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. 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.
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 in 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 in 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 in 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 in under Part XV of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2022, 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 2022.

PLEDGE OF ASSETS

The bank borrowings as at 30 June 2022 were secured against the leasehold land and leasehold property of the Group with carrying amount of approximately S\$20.3 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.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its shareholders (the “Shareholders”) 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.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, 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 Period, 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.

Save for the deviation on Code Provision C.2.1 of the CG Code, the Company has adopted 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.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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.

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, 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 has reviewed the accounting standards and policies adopted by the Group and the interim report including the unaudited interim condensed consolidated financial information of the Group for the Period. The Audit Committee is of the view that the unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the Period.

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

Singapore, 31 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June	
		2022 S\$ Unaudited	2021 S\$ Unaudited
Revenue	5	94,022,889	53,565,805
Cost of services		(104,541,945)	(52,443,166)
Gross (loss)/profit		(10,519,056)	1,122,639
Other income	6a	449,992	738,663
Other gains and losses	6b	226,878	162,716
Selling expenses		(1,800)	(15,548)
Administrative expenses		(1,297,029)	(1,478,947)
Finance costs	7	(172,170)	(192,656)
(Loss)/Profit before taxation		(11,313,185)	336,867
Income tax expense	8	(51,990)	(122,428)
(Loss)/Profit and other comprehensive income for the period	9	(11,365,175)	214,439
(Loss)/Profit attributable to:			
Owners of the Company		(11,365,175)	214,439
Basic (losses)/earnings per share (S\$ cents)	11	(1.42)	0.03

See accompanying notes to interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	30 June 2022 S\$ Unaudited	31 December 2021 S\$ Audited
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	14,547,562	14,825,006
Intangible assets	13	380,000	380,000
Investment properties	14	15,827,956	16,194,290
Right-of-use assets		95,797	197,473
Deposits paid for performance bond		308,135	308,135
Other assets		14,619	23,289
		31,174,069	31,928,193
Current assets			
Trade receivables	15	751,912	3,337,475
Other receivables and deposits		13,133,626	5,099,107
Other assets		31,131	135,591
Contract assets	16	39,786,629	37,550,240
Amount due from shareholders	18	182	182
Cash and cash equivalents	19	22,539,712	37,142,570
		76,243,192	83,265,165
Current liabilities			
Trade and other payables	20	(52,468,454)	(50,601,138)
Contract liabilities	16	(176,353)	(244,848)
Provision for onerous contracts	17	(3,079,270)	–
Lease liabilities		(98,984)	(188,460)
Borrowings	21	(2,391,004)	(2,318,116)
Income tax payable		(323,998)	(532,983)
		(58,538,063)	(53,885,545)
Net current assets		17,705,129	29,379,620
Total assets less current liabilities		48,879,198	61,307,813

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	30 June 2022 S\$ Unaudited	31 December 2021 S\$ Audited
Non-current liabilities			
Deposits	20	(303,430)	(239,522)
Lease liabilities		(8,862)	(13,126)
Borrowings	21	(13,643,143)	(14,766,227)
Deferred tax liabilities		(92,601)	(92,601)
		(14,048,036)	(15,111,476)
Net assets		34,831,162	46,196,337
EQUITY			
Capital and reserves			
Share capital	22	1,389,830	1,389,830
Reserves		33,441,332	44,806,507
Equity attributable to owners of the Company		34,831,162	46,196,337

See accompanying notes to interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2022

	Share capital S\$	Share premium S\$	Merger reserve S\$	Capital reserve S\$	Accumulated profits/ (losses) S\$	Total S\$
Balance at 1 January 2021 (audited)	1,389,830	14,176,517	10,678,440	4,976,188	14,069,510	45,290,485
Total comprehensive income for the period						
Profit for the period	-	-	-	-	214,439	214,439
Balance at 30 June 2021 (unaudited)	1,389,830	14,176,517	10,678,440	4,976,188	14,283,949	45,504,924
Balance at 1 January 2022 (audited)	1,389,830	14,176,517	10,678,440	4,976,188	14,975,362	46,196,337
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(11,365,175)	(11,365,175)
At 30 June 2022 (unaudited)	1,389,830	14,176,517	10,678,440	4,976,188	(3,610,187)	(34,831,162)

See accompanying notes to interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	S\$ Unaudited	S\$ Unaudited
Operating activities		
(Loss)/Profit before taxation	(11,313,185)	336,867
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	781,833	733,068
Depreciation of right-of-use assets	101,676	102,803
Depreciation of investment properties	366,334	366,334
Gain on disposal of property, plant and equipment	–	(8,000)
Fair value gain on investments in money market fund	–	(6,827)
Provision for onerous contracts	3,079,270	–
Finance costs	172,170	192,656
Interest income	(8,257)	(22,025)
Unrealised exchange gain	(226,878)	(147,889)
Operating cash flows before working capital changes	(7,047,037)	1,546,987
<i>Movements in working capital:</i>		
Trade receivables	2,585,563	(694,570)
Other receivables and deposits	(8,034,519)	967,474
Other assets	113,130	75,063
Contract assets	(2,236,389)	9,727,954
Amounts due from related companies	–	280,866
Trade and other payables	1,926,182	(9,766,204)
Contract liabilities	(68,495)	93,259
Amount due to related companies	–	(11,341)
Cash (used in)/from operations	(12,761,565)	2,219,488
Income tax paid	(260,975)	(696,575)
Net cash (used in)/from operating activities	(13,022,540)	1,522,913

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Investing activities		
Purchase of property, plant and equipment	(387,389)	(89,936)
Proceeds from disposal of property, plant and equipment	–	8,000
Interest received	8,257	22,025
Net cash used in investing activities	(379,132)	(59,911)
Financing activities		
Interest paid	(167,128)	(200,432)
Repayments of borrowings	(1,167,196)	(6,787,488)
Repayments of lease liabilities	(93,740)	(94,375)
Net cash used in financing activities	(1,428,064)	(7,082,295)
Net decrease in cash and cash equivalents	(14,829,736)	(5,619,293)
Cash and cash equivalents at beginning of the period	36,153,800	33,476,340
Effect of foreign exchange rate changes on the balance of cash	226,878	147,887
Cash and cash equivalents at end of the period (Note 19)	21,550,942	28,004,934

See accompanying notes to interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 property investment including leasing of industrial properties (“Property Investment”).

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

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

2 BASIS OF PREPARATION

This interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2021, which has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

3 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 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these interim condensed consolidated financial statements.

New and revised IFRSs in issue but not yet effective

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

Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ 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 Group’s consolidated financial position and performance as well as disclosures in the period of their initial adoption.

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 of a performance obligation at the end of the reporting period. Progress towards complete satisfaction is measured based on the input method, where the revenue and profit recognised in a year is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction project (i.e. contract cost incurred for work performed) relative to the expected inputs to the construction project (i.e. estimated total budgeted contract cost committed for the project).

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. Where necessary, provision for onerous contracts is recognised. The actual outcomes in terms of total contract costs or contract revenue may be higher or lower than estimated at the end of each 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 contract liabilities arising from construction contracts, as well as provision for onerous contracts, are disclosed in Notes 16 and 17 to the interim condensed consolidated financial statements.

Estimated impairment of trade receivables, other receivables and deposits, and contract assets (Notes 15 and 16)

The Group recognises lifetime ECL for trade receivables and contract assets. For other receivables and deposits, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, then the Group would recognise lifetime ECL. Assessment is done 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 and contract assets, are disclosed in Notes 15 and 16 to the interim condensed consolidated financial statements respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5 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.

The Group was 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'.

An analysis of the Group's revenue for the six months ended 30 June 2022 and 2021 is as follows:

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

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Types of services		
Building and Construction Works		
— Main Contractor Projects	91,152,618	47,132,343
— Subcontractor Projects	1,936,028	3,539,898
Revenue from contracts with customers	93,088,646	50,672,241
Rental from Property Investment	934,243	798,222
Rental from Operation of Temporary Dormitories	–	2,095,342
Segment revenue (Note 5(iv))	94,022,889	53,565,805
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	93,088,646	50,672,241
Fixed lease payments recognised on straight-line basis over lease term	934,243	2,893,564

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (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:

	As at 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Main Contractor Projects		
— Within one year	264,249,460	95,317,220
— More than one year but not more than two years	203,344,462	60,276,475
— More than two years but not more than five years	68,030,413	38,307,894
	535,624,335	193,901,589
Subcontractor Projects		
— Within one year	7,986,442	3,881,984
	543,610,777	197,783,573

During the Period, majority of the construction contracts for services provided to external customers lasts over 12 months (Previous Period: 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

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

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Segment revenues		
Building and Construction Works	93,088,646	50,672,241
Property Investment	934,243	798,222
Operation of Temporary Dormitories	–	2,095,342
	94,022,889	53,565,805
Segment results		
Building and Construction Works	(10,871,447)	715,380
Property Investment	352,391	188,075
Operation of Temporary Dormitories	–	219,184
	(10,519,056)	1,122,639
Unallocated:		
Other income	449,992	738,663
Other gains and losses	226,878	162,716
Selling expenses	(1,800)	(15,548)
Administrative expenses	(1,297,029)	(1,478,947)
Finance costs	(172,170)	(192,656)
(Loss)/Profit before taxation	(11,313,185)	336,867

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(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 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	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Customer A	82,924,424	26,955,970
Customer B	N/A*	5,480,505
Customer C	N/A*	14,695,868

Revenue from customers A to C above are from the Building and Construction works segment.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

6 a. OTHER INCOME

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Government grants (Note)	399,953	576,262
Service income on secondment of labour and subcontracting fee, net	–	38,134
Interest income	8,257	22,025
Others	41,782	102,242
	449,992	738,663

Note: Government grants in 2022 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 and the Jobs Support Scheme (“JSS”).

Other government grants recognised during the Period include the Productivity Innovation Project Scheme (“PIP”), Wage Credit Scheme (“WCS”) and Government-Paid Childcare Leave (“GPCL”), similar to the Previous Period.

All government grants recognised 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.

b. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Gain arising on disposal of property, plant and equipment	–	8,000
Fair value gain on investments in money market fund	–	6,827
Exchange gain, unrealised	226,878	147,889
	226,878	162,716

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

7 FINANCE COSTS

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Interest on:		
Bank borrowings	164,106	189,204
Lease liabilities	8,064	3,452
	172,170	192,656

8 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	51,990	149,731
Deferred tax	—	(27,303)
	51,990	122,428

Singapore CIT is calculated at 17% (YA2022: 17%) of the estimated assessable profit eligible for 75% (YA2022: 75%) tax exemption on the first S\$10,000 (YA2022: S\$10,000) of normal chargeable income and further 50% (YA2022: 50%) tax exemption on the next S\$190,000 (YA2022: S\$190,000) of normal chargeable income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

9 (LOSS)/PROFIT FOR THE PERIOD

(Loss)/Profit for the period has been arrived at after charging:

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Depreciation of property, plant and equipment (Note a)	781,833	733,068
Depreciation of investment properties (Note a)	366,334	366,334
Depreciation of right-of-use assets (Note a)	101,676	102,803
Provision for onerous contracts	3,079,270	–
Directors' remuneration	465,066	464,622
Other staff costs		
— Salaries and other benefits	5,277,687	4,604,362
— Contributions to Central Provident Fund	199,828	195,444
Total staff costs (Note b)	5,942,581	5,264,428
Cost of materials recognised as cost of services	31,593,078	9,957,573
Subcontractor costs recognised as cost of services	56,058,523	29,649,917

Notes:

- a. Depreciation of S\$811,206 (Previous Period: S\$762,463) are included in cost of services.
- b. Staff costs of S\$5,660,067 (Previous Period: S\$4,839,150) are included in cost of services.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

10 DIVIDENDS

No dividend was paid or declared by the Company or group entities during the six months ended 30 June 2022 and 30 June 2021.

11 (LOSS)/EARNINGS PER SHARE

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
(Loss)/Profit attributable to the owners of the Company (S\$)	(11,365,175)	214,439
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic (loss)/earnings per share (S\$ cents)	(1.42)	0.03

The calculation of basic (loss)/earnings per share is based on the (loss)/earnings for the period attributable to owners of the Company and the weighted average number of shares in issue.

No diluted (loss)/earnings per share were presented as there were no potential ordinary shares in issue for 2022 and 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

12 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S\$	Computers S\$	Motor vehicles S\$	Furniture and fittings S\$	Leasehold land and property S\$	Total S\$
Cost:						
At 1 January 2021 (audited)	4,403,654	345,989	2,045,193	279,467	16,244,054	23,318,357
Additions	577,246	-	94,703	-	-	671,949
Disposals	(47,500)	-	-	-	-	(47,500)
At 31 December 2021 (audited)	4,933,400	345,989	2,139,896	279,467	16,244,054	23,942,806
Additions	478,389	26,000	-	-	-	504,389
At 30 June 2022 (unaudited)	5,411,789	371,989	2,139,896	279,467	16,244,054	24,447,195
Accumulated depreciation:						
At 1 January 2021 (audited)	3,736,925	341,195	1,285,375	171,666	2,149,777	7,684,938
Charge for the year	361,211	3,432	246,870	17,789	851,060	1,480,362
Disposals	(47,500)	-	-	-	-	(47,500)
At 31 December 2021 (audited)	4,050,636	344,627	1,532,245	189,455	3,000,837	9,117,800
Charge for the period	220,430	1,465	127,704	6,704	425,530	781,833
At 30 June 2022 (unaudited)	4,271,066	346,092	1,659,949	196,159	3,426,367	9,899,633
Carrying amount:						
At 31 December 2021 (audited)	882,764	1,362	607,651	90,012	13,243,217	14,825,006
At 30 June 2022 (unaudited)	1,140,723	25,897	479,947	83,308	12,817,687	14,547,562

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

13 INTANGIBLE ASSETS

The intangible assets represent the club memberships in Singapore Island Country Club that are held for long-term purposes. The memberships are stated at cost less impairment. They have indefinite useful lives and are not amortised.

14 INVESTMENT PROPERTIES

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Cost:		
At beginning and end of the period/year	18,712,955	18,712,955
Accumulated depreciation:		
At beginning of the period/year	2,518,665	1,785,997
Charge for the period/year	366,334	732,668
At end of the period/year	2,884,999	2,518,665
Carrying amount:		
At end of the period/year	15,827,956	16,194,290

As at 30 June 2022, investment properties of the Group comprises of (i) freehold properties consist of five strata title light industrial units located at 11 Irving Place, Singapore 369551, leased out mainly as offices or warehouses; and (ii) leasehold property at Tampines North Drive 3, Singapore 528499 with a tenure of 18.4 years.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

15 TRADE RECEIVABLES

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Trade receivables	518,168	3,103,731
Unbilled revenue (Note a)	233,744	233,744
	751,912	3,337,475

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 to the unbilled revenue are unconditional.

The Group grants credit terms to customers typically between 0 to 45 days (2021: 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:

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Within 60 days	199,558	2,843,085
61 days to 90 days	16,787	7,169
91 days to 180 days	209,988	145,861
181 days to 365 days	91,835	73,440
Above 365 days	–	34,176
	518,168	3,103,731

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

15 TRADE RECEIVABLES (CONTINUED)

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 which 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 ECL for trade receivables is insignificant as at 30 June 2022 and 31 December 2021.

16 CONTRACT ASSETS/LIABILITIES

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

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Contract assets	36,707,359	37,550,240
Contract liabilities	(176,353)	(244,848)

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

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

16 CONTRACT ASSETS/LIABILITIES (CONTINUED)

Contract assets (Continued)

The Group's contract assets are analysed as follows:

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Construction contracts — current		
Retention receivables	2,201,354	2,314,528
Others*	34,506,005	35,235,712
	36,707,359	37,550,240

* 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 ECL for contract assets is insignificant as at 30 June 2022 and 31 December 2021.

There were provisions made for contract losses amounting to S\$23,483 recorded during the six months ended 30 June 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

16 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. Contract liabilities as at 30 June 2022 mainly relates to advances received from customers.

The Group's contract liabilities are analysed as follows:

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Construction contracts — current	(176,353)	(244,848)

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

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Revenue recognised that was included in the contract liabilities balance at the beginning of the period/year	244,848	81,131

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

17 PROVISION FOR ONEROUS CONTRACTS

As at 30 June 2022, the Group recorded S\$3,079,270 provision for the unavoidable costs of fulfilling certain construction contracts with customers, that were in excess of the economic benefits expected to be received under the contracts. The provision for the onerous contracts is expected to be utilised at the end of the respective contract terms.

18 AMOUNTS DUE FROM SHAREHOLDERS

The balance as at 30 June 2022 and 31 December 2021 is non-trade nature, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

19 BANK BALANCES AND CASH AND PLEDGED DEPOSITS

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Bank balances and cash	22,539,712	37,142,570
Less: pledged deposit for performance bond (Note A)	(988,770)	(988,770)
Cash and cash equivalents in the statement of cash flows	21,550,942	36,153,800

Note A: As at 30 June 2022 and 31 December 2021, the Group has pledged a deposit of S\$988,770 for a performance bond which will mature on 7 July 2022 (2020: 4 January 2022). Due to its maturity date, the pledged deposit has been classified as current and included in cash and bank balances.

Subsequent to 30 June 2022, the maturity of the pledged deposit has been extended for an additional six months to 7 January 2023.

20 TRADE AND OTHER PAYABLES

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Trade payables	18,759,149	28,807,509
Trade accruals	32,568,735	18,350,798
Accrued operating expenses	51,327,884	47,158,307
Other payables	1,900	282,204
GST payable	82,596	28,511
Interest payable	14,042	9,000
Accrued payroll costs	757,574	2,276,986
Deferred grant income	-	-
Deposits	99,094	664,910
Others	185,364	181,220
	52,468,454	50,601,138
Non-current deposits	303,430	239,522

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

20 TRADE AND OTHER PAYABLES (CONTINUED)

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 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Within 90 days	16,831,376	23,074,467
91 to 180 days	1,751,281	2,290,155
181 days to 365 days	23,609	1,158,453
Over 1 year but not more than 2 years	152,883	2,257,241
More than 2 years	–	27,193
	18,759,149	28,807,509

The credit period on purchases from suppliers and subcontractors is between 0 to 60 days (2021: 0 to 60 days) or payable upon delivery.

21 BORROWINGS

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Bank loan — secured (Notes a, b)	15,782,420	16,901,261
Other borrowings — secured (Note c)	251,727	183,082
	16,034,147	17,084,343
Analysed as:		
Carrying amount repayable within one year	2,391,004	2,318,116
Carrying amount repayable more than one year, but not exceeding two years	11,915,793	2,341,597
Carrying amount repayable more than two years, but not exceeding five years	1,727,350	12,424,630
Carrying amount repayable more than five years	–	–
	16,034,147	17,084,343
Less: Amount due within one year shown under current liabilities	(2,391,004)	(2,318,116)
Amount shown under non-current liabilities	13,643,143	14,766,227

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

21 BORROWINGS (CONTINUED)

Notes:

- a. As at 30 June 2022, a loan with an outstanding balance of approximately S\$11.6 million (2021: S\$12.1 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 30 June 2022, a five-year temporary bridging loan with an outstanding balance of approximately S\$4.2 million (2021: S\$4.8 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, equipment, and motor vehicles via hire purchase agreements, constituting in-substance purchases with financing arrangements. The motor vehicles under hire purchase financing arrangements are secured by personal guarantees provided by the Company's directors.

22 SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
Authorised share capital of the Company: At 1 January 2021, 31 December 2021 and 30 June 2022	5,000,000,000	0.01	50,000,000
		Number of shares	Share capital S\$
Issued and fully paid of the Company At 1 January 2021, 31 December 2021 and 30 June 2022	800,000,000		1,389,830

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

23 OPERATING LEASE COMMITMENTS

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between less than a year to five years, mostly with a one to three years extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	As at 30 June 2022 S\$ Unaudited	As at 31 December 2021 S\$ Audited
Within one year	1,591,756	1,471,152
In the second year	742,021	737,334
In the third year	108,825	239,121
In the fourth year	–	2,350
Total	2,442,602	2,449,957

The following table presents the amounts reported in profit or loss:

	For the six months ended 30 June 2022 S\$ Unaudited	2021 S\$ Unaudited
Lease income on operating leases (Note 5(i))	934,243	798,222

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

24 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 interim condensed consolidated financial statements. Related companies refer to entities in which directors of the Group and his/her spouse have beneficial interest in.

The Group had no transactions with related companies for the six months ended 30 June 2022 and 30 June 2021.

Compensation of key management personnel

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

	For the six months ended 30 June	
	2022 S\$ Unaudited	2021 S\$ Unaudited
Short term benefits	739,330	671,730
Post-employment benefits	31,172	21,252
Total compensation	770,502	692,982

25 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2022 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%	-	Property development and investment holding
BHCC Space	Singapore	S\$1,000,000	100%	-	Property development and investment holding

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

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

Singapore, 31 August 2022

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