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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 2022

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 2022, together with the comparative figures for the year ended 31 December 2021, as follows:

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

For the financial year ended 31 December 2022

	<i>Note</i>	2022 S\$	2021 S\$
Revenue	3	205,313,730	114,427,397
Cost of services		<u>(211,119,387)</u>	<u>(110,602,248)</u>
Gross (loss) profit		(5,805,657)	3,825,149
Other income	4a	645,766	1,485,227
Other gains and losses	4b	33,071	156,908
Selling expenses		(24,820)	(51,797)
Administrative expenses		(3,141,966)	(3,511,833)
Finance costs	5	<u>(422,551)</u>	<u>(354,091)</u>
(Loss) profit before taxation		(8,716,157)	1,549,563
Income tax expense	6	<u>(77,352)</u>	<u>(643,711)</u>
(Loss) profit and total comprehensive (loss) income for the year	7	<u>(8,793,509)</u>	<u>905,852</u>
Basic (loss) earnings per share (S\$ cents)	8	<u>(1.10)</u>	<u>0.11</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	2022 S\$	2021 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		14,135,387	14,825,006
Intangible assets		380,000	380,000
Investment properties		15,461,624	16,194,290
Right-of-use assets		275,237	197,473
Deposits		–	308,135
Other assets		76,316	23,289
		<u>30,328,564</u>	<u>31,928,193</u>
Current assets			
Trade receivables	9	6,427,685	3,337,475
Other receivables and deposits		10,845,556	5,099,107
Other assets		63,234	135,591
Contract assets	10a	44,897,865	37,550,240
Amount due from shareholders		182	182
Bank balances and cash		29,893,541	37,142,570
		<u>92,128,063</u>	<u>83,265,165</u>
Current liabilities			
Trade and other payables	11	(67,630,565)	(50,601,138)
Contract liabilities	10a	–	(244,848)
Provision for onerous contracts	10b	(1,842,337)	–
Lease liabilities		(168,376)	(188,460)
Borrowings		(2,401,800)	(2,318,116)
Income tax payable		(190,714)	(532,983)
		<u>(72,233,792)</u>	<u>(53,885,545)</u>
Net current assets		<u>19,894,271</u>	<u>29,379,620</u>
Total assets less current liabilities		<u>50,222,835</u>	<u>61,307,813</u>

	<i>Note</i>	2022 S\$	2021 S\$
Non-current liabilities			
Deposits	<i>11</i>	(251,254)	(239,522)
Lease liabilities		(120,683)	(13,126)
Borrowings		(12,448,070)	(14,766,227)
Deferred tax liabilities		–	(92,601)
		<u>(12,820,007)</u>	<u>(15,111,476)</u>
Net assets		<u>37,402,828</u>	<u>46,196,337</u>
EQUITY			
Capital and reserves			
Share capital		1,389,830	1,389,830
Reserves		<u>36,012,998</u>	<u>44,806,507</u>
Equity attributable to owners of the Company		<u>37,402,828</u>	<u>46,196,337</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 Unit 1205, 12th Floor, Far East Consortium Building, 121 Des Voeux 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 2023.

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

Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

For the year ended 31 December 2022, the Group has recognised provision for onerous contracts of \$1,842,337, as disclosed in Note 10b.

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:

IFRS 17 (including the October 2020 and February 2022 amendments to IFRS 17)	Insurance Contracts 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
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

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 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

	2022	2021
	S\$	S\$
Types of services		
Building and Construction works		
— Main Contractor Projects	189,859,302	93,885,150
— Subcontractor Projects	13,532,131	14,567,763
	<u>203,391,433</u>	<u>108,452,913</u>
Revenue from contracts with customers	203,391,433	108,452,913
Rental from Property Investment	1,922,297	1,685,964
Rental from Operation of Temporary Dormitories	—	4,288,520
	<u>—</u>	<u>4,288,520</u>
Segment revenue (<i>Note 3(iv)</i>)	<u>205,313,730</u>	<u>114,427,397</u>
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	203,391,433	108,452,913
Fixed lease payments recognised on a straight-line basis over lease term	1,922,297	5,974,484
	<u>1,922,297</u>	<u>5,974,484</u>
	<u>205,313,730</u>	<u>114,427,397</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:

	2022	2021
	S\$	S\$
Main Contractor Projects		
— Within one year	223,162,016	314,522,596
— More than one year but not more than two years	160,269,077	236,861,706
— More than two years but not more than five years	61,740,820	73,304,118
	<u>445,171,913</u>	<u>624,688,420</u>
Subcontractor Projects		
— Within one year	53,057,458	2,335,455
	<u>498,229,371</u>	<u>627,023,875</u>

During the year, majority of the construction contracts for services provided to external customers last 12 months (2021: 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.

	2022	2021
	S\$	S\$
Segment revenues		
Building and Construction works	203,391,433	108,452,913
Property Investment	1,922,297	1,685,964
Operation of Temporary Dormitories	–	4,288,520
	<u>205,313,730</u>	<u>114,427,397</u>
Segment results		
Building and Construction works	(6,738,334)	2,440,924
Property Investment	932,677	670,298
Operation of Temporary Dormitories	–	713,927
	<u>(5,805,657)</u>	<u>3,825,149</u>
Unallocated:		
Other income	645,766	1,485,227
Other gains and losses	33,071	156,908
Selling expenses	(24,820)	(51,797)
Administrative expenses	(3,141,966)	(3,511,833)
Finance costs	(422,551)	(354,091)
	<u>(8,716,157)</u>	<u>1,549,563</u>
(Loss) Profit before taxation	<u>(8,716,157)</u>	<u>1,549,563</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:

	2022	2021
	S\$	S\$
Customer A	178,448,513	60,639,943
Customer B	N/A*	27,216,658

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

Revenue from the above customers A to B in 2022 and 2021 are from segment of Building and Construction works.

4a OTHER INCOME

	2022	2021
	S\$	S\$
Government grants (<i>Note</i>)	496,775	1,225,400
Service income on secondment of labour and subcontracting fee, net	42,634	38,134
Interest income	72,407	32,649
Others	33,950	189,044
	<u>645,766</u>	<u>1,485,227</u>

Note: Government grants in 2021 and 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, 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. During the year ended 31 December 2022, the Group received government grants under JSS of S\$Nil (2021: S\$548,807). These 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 2022 of S\$Nil (2021: S\$506,983).

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

	2022	2021
	S\$	S\$
Gain arising on disposal of property, plant and equipment	–	8,000
Gain on withdrawal of investments in money market fund	–	11,703
Net exchange gain	<u>33,071</u>	<u>137,205</u>
	<u><u>33,071</u></u>	<u><u>156,908</u></u>

5 FINANCE COSTS

	2022	2021
	S\$	S\$
Interest on:		
Borrowings	<u>418,913</u>	<u>348,136</u>
Lease liabilities	<u>3,638</u>	<u>5,955</u>
	<u><u>422,551</u></u>	<u><u>354,091</u></u>

6 INCOME TAX EXPENSE

	2022	2021
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	<u>166,262</u>	<u>525,442</u>
— Underprovision of current tax in prior year	<u>3,691</u>	<u>148,201</u>
Deferred tax		
— Current year	<u>(92,601)</u>	<u>(19,072)</u>
— Overprovision of deferred tax in prior year	<u>–</u>	<u>(10,860)</u>
	<u><u>77,352</u></u>	<u><u>643,711</u></u>

The Company is exempted from taxation under the laws of the Cayman Islands.

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 2022 and 2023.

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

	2022	2021
	S\$	S\$
(Loss) Profit before taxation	<u>(8,716,157)</u>	<u>1,549,563</u>
Tax at applicable tax rate of 17%	(1,481,747)	263,426
Effect of different tax rate of the Company operating in other jurisdiction	65,745	73,965
Tax effect of expenses not deductible for tax purpose	330,566	372,378
Effect of income that is exempt from taxation	(5,279)	(115,813)
Effect of tax concessions and partial tax exemptions	(32,677)	(84,638)
Underprovision of current tax in prior year	3,691	148,201
Overprovision of deferred tax in prior year	–	(10,860)
Deferred tax assets not recognised	1,192,836	–
Others	<u>4,217</u>	<u>(2,948)</u>
Taxation for the year	<u>77,352</u>	<u>643,711</u>

The unrecognised deferred tax assets relate to the following:

	2022	2021
	S\$	S\$
Net surplus of tax written down value over net book value	(268,929)	–
Unutilised capital allowance	227,126	–
Unutilised tax losses	5,216,146	–
Provisions	<u>1,842,337</u>	<u>–</u>
	<u>7,016,680</u>	<u>–</u>

The tax losses carried forward is available to set off against future taxable profits subject to agreement by the tax authorities and compliance with certain tax provisions. In view of the above unutilised capital allowance, unutilised tax losses and other temporary timing differences available to the Group, no provision for deferred tax has been provided in the financial statements during the financial year. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

7 (LOSS) PROFIT FOR THE YEAR

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

	2022	2021
	S\$	S\$
Depreciation of property, plant and equipment (<i>Note a</i>)	1,607,905	1,480,362
Depreciation of investment properties (<i>Note a</i>)	732,666	732,668
Depreciation of right-of-use assets (<i>Note a</i>)	224,402	205,605
Provision for onerous contracts	1,842,337	–
Audit fees to auditors of the Company:		
— Annual audit fees	215,000	230,000
Audit fees to other auditors of the Company	15,000	–
Non-audit fees to other auditors of the Company	–	3,500
Directors' remuneration	1,348,718	1,348,244
Other staff costs:		
— Salaries and other benefits	11,628,207	10,122,438
— Contributions to CPF	505,968	546,712
Total staff costs (<i>Note b</i>)	13,482,893	12,017,394
Cost of materials recognised as cost of services	66,866,454	23,165,292
Subcontractor costs recognised as cost of services	113,948,218	56,041,120

Notes:

- a. Depreciation of S\$1,688,247 (2021: S\$1,536,718) are included in cost of services.
- b. Staff costs of S\$12,544,378 (2021: S\$10,935,384) are included in cost of services.

8 (LOSS) EARNINGS PER SHARE

	2022	2021
(Loss) Profit attributable to the owners of the Company (S\$)	(8,793,509)	905,852
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic (loss) earnings per share (S\$ cents)	<u>(1.10)</u>	<u>0.11</u>

The calculation of basic (loss) earnings per share is based on the (loss) profit for the year 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.

9 TRADE RECEIVABLES

	2022 S\$	2021 S\$
Trade receivables	6,193,941	3,103,731
Unbilled revenue (<i>Note a</i>)	233,744	233,744
	<u>6,427,685</u>	<u>3,337,475</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 2021, trade receivables from contracts with customers amounted to S\$4,082,455.

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:

	2022 S\$	2021 S\$
Within 60 days	6,142,441	2,843,085
61 days to 90 days	–	7,169
91 days to 180 days	–	145,861
181 days to 365 days	1,500	73,440
Above 365 days	50,000	34,176
	<u>6,193,941</u>	<u>3,103,731</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. Credit 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 2022 and 2021.

10a CONTRACT ASSETS/LIABILITIES

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

	2022 S\$	2021 S\$
Contract assets	44,897,865	37,550,240
Contract liabilities	—	(244,848)
	<u>44,897,865</u>	<u>(244,848)</u>

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

As at 1 January 2021, contract assets amounted to S\$33,251,977 and contract liabilities amounted to S\$81,131.

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:

	2022 S\$	2021 S\$
Construction contracts — current		
Retention receivables	2,262,629	2,314,528
Others*	42,635,236	35,235,712
	<u>44,897,865</u>	<u>37,550,240</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 2022 and 2021.

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:

	2022 S\$	2021 S\$
Construction contracts — current	—	(244,848)

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

	2022 S\$	2021 S\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>244,848</u>	<u>81,131</u>

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

10b PROVISION FOR ONEROUS CONTRACTS

As at 31 December 2022, the Group recorded S\$1,842,337 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.

11 TRADE AND OTHER PAYABLES

	2022	2021
	S\$	S\$
Current		
Trade payables	39,863,885	28,807,509
Trade accruals	24,356,086	18,350,798
	64,219,971	47,158,307
Accrued operating expenses	241,546	282,204
Other payables:		
GST payable	33,861	28,511
Interest payable	26,754	9,000
Accrued payroll costs	2,869,544	2,276,986
Deposits	144,211	664,910
Others	94,678	181,220
	67,630,565	50,601,138
Non-current		
Deposits	251,254	239,522

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

	2022	2021
	S\$	S\$
Within 90 days	37,112,236	23,074,467
91 to 180 days	2,692,858	2,290,155
181 days to 365 days	36,893	1,158,453
Over 1 year but not more than 2 years	2,460	2,257,241
More 2 years	19,438	27,193
	39,863,885	28,807,509

The credit period on purchases from suppliers and subcontractors is between 0 to 60 days (2021: 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.

In year 2022, the inflationary pressures around the world triggered a sharp increase in the interest rate in most of the economies and it affected every industry. Together with the complications of the war in Ukraine, the cost of energy and commodity may persist at a high level. Despite the challenging market environment, Singapore's construction industry rebound gradually with the pandemic situation stabilised. The Singapore's Ministry of Trade and Industry ("MTI") revealed that the Singapore economy grew by 2.2 per cent on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.2 per cent growth in the previous quarter. The construction sector grew by 10.4 per cent year-on-year in the fourth quarter, accelerating from the 7.8 per cent growth in the previous quarter, as both public and private sector construction output continued to recover.

With the gradual recovery of the construction industry, the Group's revenue rose to approximately S\$205.3 million in 2022, an increase of 79.5% from the previous year.

In view of the continued rising operating costs, the Group strives to control costs and increase operational efficiency. 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\$205.3 million, representing an increase of approximately 79.5% as compared with that of approximately S\$114.4 million for the previous year. The increase was mainly due to more construction activities performed during the year as compared to the previous year. Revenue from building and construction works, the Group's major business segment, accounted for approximately 99.1% (2021: approximately 94.8%) or S\$203.4 million (2021: approximately S\$108.5 million) of the Group's total revenue. Revenue from property investment contributed approximately 0.9% (2021: approximately 1.5%) or S\$1.9 million (2021: approximately S\$1.7 million). In the previous year, revenue from operation of temporary dormitories contributed approximately 3.7% or S\$4.3 million. The Group has completed the contract for operation of temporary dormitories during the year ended 31 December 2021.

Total gross loss for the year amounted to approximately S\$5.8 million (2021: total gross profit of approximately S\$3.8 million). The loss was mainly attributable to (i) significant increases in material and labour costs as a result of global inflation in light of Covid-19 pandemic and Ukraine war, which has led to lower or negative profit margins in 2022 as compared to 2021; and (ii) a S\$1.8 million provision for onerous contracts was made for the affected ongoing projects in consideration of the above-mentioned factors.

Other income decreased by approximately S\$0.9 million or 56.5% from approximately S\$1.5 million to approximately S\$0.6 million for the year ended 31 December 2022. Such decrease was mainly due to less government grants received from Singapore Government to assist to defray operating costs as the economy gradually recovers.

Other gains and losses decreased from approximately S\$0.16 million in the year ended 31 December 2021 to approximately S\$0.03 million in the year ended 31 December 2022, which is mainly attributable to foreign exchange loss.

For the year ended 31 December 2022, administrative expenses decreased by approximately S\$0.4 million or 10.5%, from approximately S\$3.5 million for the year ended 31 December 2021 to approximately S\$3.1 million.

For the year ended 31 December 2022, the Group's finance costs remained relatively stable at approximately S\$0.4 million for the years ended 31 December 2022 and 2021.

The Group's income tax expense decreased to approximately S\$0.1 million for the year ended 31 December 2022 from approximately S\$0.6 million for the year ended 31 December 2021.

As a result of the aforementioned, for the year ended 31 December 2022, loss attributable to owners of the Company amounted to approximately S\$8.8 million for the year ended 31 December 2022 (2021: profit attributable to owners of the Company of approximately S\$0.9 million).

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.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had provided performance bonds and security bonds for foreign workers in favour of the customers amounting to approximately S\$46.6 million (2021: approximately S\$55.2 million).

CAPITAL COMMITMENTS

As at 31 December 2022 and 2021, the Group had no commitment in respect of any acquisition of property, plant and equipment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's receivable turnover days as at 31 December 2022 was 9 days (2021: 12 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 2022 amounted to approximately S\$29.9 million, representing a decrease of approximately S\$7.2 million as compared to approximately S\$37.1 million as at 31 December 2021.

As at 31 December 2022, the Group's indebtedness comprised bank borrowings of approximately S\$14.7 million (2021: approximately S\$16.9 million), hire purchase financing of approximately S\$0.2 million (2021: approximately S\$0.2 million), and lease liabilities of approximately S\$0.3 million (2021: approximately S\$0.2 million). As at 31 December 2022, the gearing ratio (calculated by dividing total debts by equity attributable to owners of the Company) of the Group was 0.40 times as compared to 0.37 times as at 31 December 2021.

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\$9.0 million (2021: approximately S\$9.2 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 362 employees as at 31 December 2022 (as at 31 December 2021: 369 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**”) on 17 August 2017 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 2022 and there was no outstanding option as at 31 December 2022.

CHARGES OF ASSETS

As at 31 December 2022, the carrying amount of leasehold land, leasehold property, and investment properties, amounting to approximately S\$19.6 million (2021: approximately S\$20.9 million) were pledged to banks to secure bank borrowings.

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 in 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 2022 (2021: 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 2022 except for the following deviation:

Pursuant to code provision C.2.1 of the CG Code, 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 2022, 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 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, 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 chairlady of the Audit Committee.

The Audit Committee had reviewed the Group’s annual results and consolidated financial statements for the year ended 31 December 2022 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 2022.

SCOPE OF WORK OF DELOITTE & TOUCHE LLP

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Deloitte & Touche LLP, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Auditing and Assurance Standards and consequently no opinion or assurance conclusion has been expressed by Deloitte & Touche LLP on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

In February 2023, a subsidiary of the Group set up a newly incorporated entity with a third party. The principal activity of the newly incorporated entity is that of provision of building construction services.

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 2022 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 2023

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.