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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 2023

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 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

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

For the financial year ended 31 December 2023

	<i>Note</i>	2023 S\$	2022 S\$
Revenue	3	309,180,303	205,313,730
Cost of services		<u>(303,928,300)</u>	<u>(211,119,387)</u>
Gross profit (loss)		5,252,003	(5,805,657)
Other income	4a	1,337,227	645,766
Other gains and losses	4b	(105,909)	33,071
Selling expenses		(13,561)	(24,820)
Administrative expenses		(3,830,413)	(3,141,966)
Finance costs	5	<u>(652,667)</u>	<u>(422,551)</u>
Profit (Loss) before taxation		1,986,680	(8,716,157)
Income tax expense	6	<u>(194,130)</u>	<u>(77,352)</u>
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	7	<u>1,792,550</u>	<u>(8,793,509)</u>
Earnings (Loss) per share			
Basic and diluted (S\$ cents)	8	<u>0.22</u>	<u>(1.10)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023 S\$	2022 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		12,644,835	14,135,387
Intangible assets		380,000	380,000
Investment properties		14,728,957	15,461,624
Right-of-use assets		226,609	275,237
Deposits		796,135	–
Pledged deposits for performance bond		2,828,400	–
Other assets		31,013	76,316
		<u>31,635,949</u>	<u>30,328,564</u>
Current assets			
Trade receivables	9	8,913,097	6,427,685
Other receivables and deposits		4,424,931	10,845,556
Other assets		71,854	63,234
Contract assets	10a	30,759,697	44,897,865
Amount due from shareholders		–	182
Bank balances and cash		56,700,787	29,893,541
		<u>100,870,366</u>	<u>92,128,063</u>
Current liabilities			
Trade and other payables	11	(77,329,820)	(67,630,565)
Contract liabilities	10a	(2,392,028)	–
Provision for onerous contracts	10b	(445,493)	(1,842,337)
Lease liabilities		(176,645)	(168,376)
Borrowings		(11,373,677)	(2,401,800)
Income tax payable		(199,040)	(190,714)
		<u>(91,916,703)</u>	<u>(72,233,792)</u>
Net current assets		<u>8,953,663</u>	<u>19,894,271</u>
Total assets less current liabilities		<u>40,589,612</u>	<u>50,222,835</u>

	<i>Note</i>	2023 S\$	2022 S\$
Non-current liabilities			
Deposits	<i>11</i>	(261,778)	(251,254)
Lease liabilities		(57,772)	(120,683)
Borrowings		<u>(1,074,684)</u>	<u>(12,448,070)</u>
		<u>(1,394,234)</u>	<u>(12,820,007)</u>
Net assets		<u>39,195,378</u>	<u>37,402,828</u>
EQUITY			
Capital and reserves			
Share capital		1,389,830	1,389,830
Reserves		<u>37,805,548</u>	<u>36,012,998</u>
Equity attributable to owners of the Company		<u>39,195,378</u>	<u>37,402,828</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 Xiping, 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 28 March 2024.

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

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied the amendments to IFRS Accounting 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 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements, except as disclosed below.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s material accounting policy information.

New and revised IFRS Accounting Standards 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 IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current¹</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>

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

² 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 IFRS Accounting Standards 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.

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

	2023	2022
	S\$	S\$
Types of services		
Building and Construction works		
— Main Contractor Projects	241,472,907	189,859,302
— Subcontractor Projects	<u>65,432,494</u>	<u>13,532,131</u>
Revenue from contracts with customers	306,905,401	203,391,433
Rental from Property Investment	<u>2,274,902</u>	<u>1,922,297</u>
Segment revenue (<i>Note 3(iv)</i>)	<u>309,180,303</u>	<u>205,313,730</u>
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	306,905,401	203,391,433
Fixed lease payments recognised on a straight-line basis over lease term	<u>2,274,902</u>	<u>1,922,297</u>
	<u>309,180,303</u>	<u>205,313,730</u>

(ii) Performance obligations for contracts with customers

Building and Construction works

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

Rental from Property Investment

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

(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:

	2023	2022
	S\$	S\$
Main Contractor Projects		
— Within one year	183,489,944	223,162,016
— More than one year but not more than two years	72,770,227	160,269,077
— More than two years but not more than five years	—	61,740,820
	<u>256,260,171</u>	<u>445,171,913</u>
Subcontractor Projects		
— Within one year	3,499,829	53,057,458
	<u>259,760,000</u>	<u>498,229,371</u>

During the year, majority of the construction contracts for services provided to external customers last 12 months (2022: 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 two 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.

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

	2023	2022
	S\$	S\$
Segment revenues		
Building and Construction works	306,905,401	203,391,433
Property Investment	<u>2,274,902</u>	<u>1,922,297</u>
	<u>309,180,303</u>	<u>205,313,730</u>
Segment results		
Building and Construction works	3,964,279	(6,738,334)
Property Investment	<u>1,287,724</u>	<u>932,677</u>
	<u>5,252,003</u>	<u>(5,805,657)</u>
Unallocated:		
Other income	1,337,227	645,766
Other gains and losses	(105,909)	33,071
Selling expenses	(13,561)	(24,820)
Administrative expenses	(3,830,413)	(3,141,966)
Finance costs	<u>(652,667)</u>	<u>(422,551)</u>
Profit (Loss) before taxation	<u>1,986,680</u>	<u>(8,716,157)</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 external customers in Singapore based on the location of services delivered and the Group's property, plant and equipment, intangible assets, investment properties, and right-of-use assets 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:

	2023	2022
	S\$	S\$
Customer A	240,676,045	178,448,513
Customer B	<u>63,964,088</u>	<u>N/A*</u>

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

Revenue from the above customers A to B in 2023 and 2022 are from segment of Building and Construction works.

4a OTHER INCOME

	2023	2022
	S\$	S\$
Government grants (<i>Note</i>)	32,652	496,775
Service income on secondment of labour and subcontracting fee, net	–	42,634
Interest income	846,651	72,407
Others	457,924	33,950
	<u>1,337,227</u>	<u>645,766</u>

Note: Government grants in 2023 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.

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

	2023	2022
	S\$	S\$
Gain arising on disposal of property, plant and equipment	31,556	–
Net exchange (loss) gain	(137,465)	33,071
	<u>(105,909)</u>	<u>33,071</u>

5 FINANCE COSTS

	2023	2022
	S\$	S\$
Interest on:		
Borrowings	643,957	418,913
Lease liabilities	8,710	3,638
	<u>652,667</u>	<u>422,551</u>

6 INCOME TAX EXPENSE

	2023	2022
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	191,499	166,262
— Underprovision of current tax in prior year	2,631	3,691
Deferred tax		
— Current year	—	(92,601)
	<u>194,130</u>	<u>77,352</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 2023 and 2024.

7 PROFIT (LOSS) FOR THE YEAR

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

	2023	2022
	S\$	S\$
Depreciation of property, plant and equipment (<i>Note a</i>)	1,658,965	1,607,905
Depreciation of investment properties (<i>Note a</i>)	732,667	732,666
Depreciation of right-of-use assets (<i>Note a</i>)	209,398	224,402
Provision for onerous contracts (<i>Note 10b</i>)	221,479	1,842,337
Audit fees to auditors of the Company (<i>Note c</i>):		
— Annual audit fees	215,000	215,000
Audit fees to other auditors of the Company	15,000	15,000
Non-audit fees to other auditors of the Company	3,500	4,000
Directors' remuneration	1,347,592	1,348,718
Other staff costs:		
— Salaries and other benefits	11,939,023	11,628,207
— Contributions to CPF	533,819	505,968
Total staff costs (<i>Note b</i>)	13,820,434	13,482,893
Cost of materials recognised as cost of services	83,409,906	66,866,454
Subcontractor costs recognised as cost of services	193,157,468	113,948,218

Notes:

- a. Depreciation of S\$1,726,201 (2022: S\$1,688,247) are included in cost of services.
- b. Staff costs of S\$12,547,398 (2022: S\$12,544,378) are included in cost of services.
- c. There were no non-audit services provided by auditors of the Company in 2023 and 2022.

8 EARNINGS (LOSS) PER SHARE

	2023	2022
Profit (Loss) attributable to the owners of the Company (S\$)	1,792,550	(8,793,509)
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic earnings (loss) per share (S\$ cents)	<u>0.22</u>	<u>(1.10)</u>

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

No diluted earnings (loss) per share were presented as there were no potential ordinary shares in issue for 2023 and 2022.

9 TRADE RECEIVABLES

	2023	2022
	S\$	S\$
Trade receivables	2,442,607	6,193,941
Unbilled revenue (<i>Note a</i>)	<u>6,470,490</u>	<u>233,744</u>
	<u>8,913,097</u>	<u>6,427,685</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 2022, trade receivables from contracts with customers amounted to S\$3,337,475.

The Group grants credit terms to customers typically between 0 to 45 days (2022: 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:

	2023	2022
	S\$	S\$
Within 60 days	2,410,107	6,142,441
181 days to 365 days	–	1,500
Above 365 days	<u>32,500</u>	<u>50,000</u>
	<u>2,442,607</u>	<u>6,193,941</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 2023 and 2022.

10a CONTRACT ASSETS/LIABILITIES

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

	2023	2022
	S\$	S\$
Contract assets	30,759,697	44,897,865
Contract liabilities	<u>(2,392,028)</u>	<u>–</u>

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

As at 1 January 2022, contract assets amounted to S\$37,550,240 and contract liabilities amounted to S\$244,848.

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:

	2023	2022
	S\$	S\$
Construction contracts — current		
Retention receivables	1,357,819	2,262,629
Others*	<u>29,401,878</u>	<u>42,635,236</u>
	<u><u>30,759,697</u></u>	<u><u>44,897,865</u></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 2023 and 2022.

Contract liabilities

The contract liabilities represent 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:

	2023	2022
	S\$	S\$
Construction contracts — current	<u>(2,392,028)</u>	<u>—</u>

The increase in contract liabilities from 31 December 2022 to 31 December 2023 is mainly due to contract works certified by representatives appointed by the customers but the relevant services yet to be completed at the end of each reporting period.

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

	2023	2022
	S\$	S\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>–</u>	<u>244,848</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 2023 and 2022, the Group recorded S\$445,493 and 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.

	2023	2022
	S\$	S\$
As at 1 January	1,842,337	–
Utilised during the year	(1,618,323)	–
Provision for onerous contracts recognised during the year (<i>Note 7</i>)	<u>221,479</u>	<u>1,842,337</u>
As at 31 December	<u>445,493</u>	<u>1,842,337</u>

11 TRADE AND OTHER PAYABLES

	2023	2022
	S\$	S\$
Current		
Trade payables	28,786,403	39,863,885
Trade accruals	43,614,427	24,356,086
	72,400,830	64,219,971
Accrued operating expenses	253,079	241,546
Other payables:		
GST payable	1,646,607	33,861
Interest payable	23,170	26,754
Accrued payroll costs	2,213,980	2,869,544
Deposits	751,908	144,211
Others	40,246	94,678
	77,329,820	67,630,565
Non-current		
Deposits	261,778	251,254

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

	2023	2022
	S\$	S\$
Within 90 days	27,432,494	37,112,236
91 to 180 days	1,053,547	2,692,858
181 days to 365 days	269,292	36,893
Over 1 year but not more than 2 years	15,760	2,460
More 2 years	15,310	19,438
	28,786,403	39,863,885

The credit period on purchases from suppliers and subcontractors is between 0 to 60 days (2022: 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 2023, 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 Russia-Ukraine war, Israel-Hamas war, and rising global and regional political tensions, the cost of energy and commodities 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 2.8 per cent on a year-on-year basis in the fourth quarter of 2023, faster than the 1.0 per cent growth in the previous quarter. The construction sector expanded by 9.1 per cent year-on-year in the fourth quarter, faster than the 6.2 per cent growth in the previous quarter. Both public and private sector construction output increased during the quarter.

With the gradual recovery of the construction industry, the Group's revenue rose to approximately S\$309.2 million in 2023, an increase of 50.6% from the previous year and we are pleased to turn from loss to profit in 2023.

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\$309.2 million, representing an increase of approximately 50.6% as compared with that of approximately S\$205.3 million for the previous year. The increase was mainly due to a significant increase in revenue of the Group due to the significantly larger progress made on the Group's projects in 2023 as compared to 2022. Revenue from building and construction works, the Group's major business segment, accounted for approximately 99.3% (2022: approximately 99.1%) or S\$306.9 million (2022: approximately S\$203.4 million) of the Group's total revenue. Revenue from property investment contributed approximately 0.7% (2022: approximately 0.9%) or S\$2.3 million (2022: approximately S\$1.9 million).

Total gross profit for the year amounted to approximately S\$5.3 million (2022: total gross loss of approximately S\$5.8 million). The profit was mainly attributable to (i) a significant increase in revenue of the Group due to the significantly larger progress made on the Group's projects in 2023 as compared to 2022; (ii) lower provision for onerous contracts made in 2023 due to the utilisation of provision made in 2022; and (iii) higher profit margin of the private sector projects undertaken by the Group as compared to that in the year ended 31 December 2022.

Other income increased by approximately S\$0.7 million or 107.1% from approximately S\$0.6 million to approximately S\$1.3 million for the year ended 31 December 2023. Such increase was mainly due to higher bank interest income earned as a result of more placement of short-term deposits.

The Group has recorded a decrease in other gains and losses from a gain of approximately S\$0.03 million in the year ended 31 December 2022 to a loss of approximately S\$0.1 million in the year ended 31 December 2023, which is mainly attributable to net foreign exchange loss.

For the year ended 31 December 2023, administrative expenses increased by approximately S\$0.7 million or 21.9%, from approximately S\$3.1 million for the year ended 31 December 2022 to approximately S\$3.8 million, which was mainly due to increase in staff costs.

For the year ended 31 December 2023, the Group's finance costs increased to approximately S\$0.7 million (2022: approximately S\$0.4 million) mainly due to interest rate hikes for bank borrowings.

The Group's income tax expense increased to approximately S\$0.2 million for the year ended 31 December 2023 from approximately S\$0.1 million for the year ended 31 December 2022.

As a result of the aforementioned, for the year ended 31 December 2023, profit attributable to owners of the Company amounted to approximately S\$1.8 million for the year ended 31 December 2023 (2022: loss attributable to owners of the Company of approximately S\$8.8 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

The Group had no material contingent liabilities as at 31 December 2023 (2022: Nil).

CAPITAL COMMITMENTS

As at 31 December 2023 and 2022, 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 2023 was 9 days (2022: 9 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 2023 amounted to approximately S\$55.3 million, representing an increase of approximately S\$25.4 million as compared to approximately S\$29.9 million as at 31 December 2022.

As at 31 December 2023, the Group's indebtedness comprised bank borrowings of approximately S\$12.4 million (2022: approximately S\$14.7 million), hire purchase financing of approximately S\$0.1 million (2022: approximately S\$0.2 million), and lease liabilities of approximately S\$0.2 million (2022: approximately S\$0.3 million). As at 31 December 2023, the gearing ratio (calculated by dividing total debts by equity attributable to owners of the Company) of the Group was 0.32 times as compared to 0.40 times as at 31 December 2022.

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 (2022: approximately S\$9.0 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 360 employees as at 31 December 2023 (as at 31 December 2022: 362 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 2023 and there was no outstanding option as at 31 December 2023.

CHARGES OF ASSETS

As at 31 December 2023, charges of assets included (i) the carrying amount of leasehold land, leasehold property, and investment properties, amounting to approximately S\$18.2 million (2022: approximately S\$19.6 million) that were pledged to banks to secure bank borrowings, and (ii) the deposits of S\$4.3 million (2022: Nil) that were pledged to banks for two performance bonds and an uncommitted fixed advance loan facility which remains undrawn as at 31 December 2023.

PROSPECTS

The outlook for the construction industry in Singapore remains positive, with an anticipation of growth and a stable influx of projects. The company is adapting to the challenges by implementing strategies like advanced planning, simplifying construction methods, and optimizing designs to ensure continued success and profitability.

The Building Construction Authority (the “**BCA**”) of Singapore forecasts total construction demand, including contract values, to range from S\$32 billion to S\$38 billion in 2024. Notably, the public sector is set to lead this demand, contributing between S\$18 billion and S\$21 billion.

Despite the construction sector's gradual rebound in 2023, the market environment remains challenging due to the rising operating costs, notably the significant increases in material and labour costs. Contrastingly, the property prices in Singapore have been rising throughout the Covid-19 pandemic and continues to demonstrate positive growth during the post-pandemic period. With the rising operating costs and increasing competitive construction sector in sight, the Group plans to venture into the property development business, which will enable the Group to strategically utilise the Group's existing resources, diversify the Group's revenue streams and capture new opportunities in the booming industrial property market in Singapore.

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 2023 (2022: 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 C1 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 2023 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 2023, 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 C3 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 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, 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 2023 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 2023.

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 2023 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 Board and consequently no opinion or assurance conclusion has been expressed by Deloitte & Touche LLP on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

Very substantial acquisition in relation to acquisition of 45% of the equity interest in and capital commitment to Evermega Investment Holdings Pte. Ltd.

On 4 January 2024, BHCC Development Pte. Ltd. (“**BHCC Development**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Teo Wai Leong (“**Mr. Teo**”), pursuant to which (i) BHCC Development has conditionally agreed to acquire, and Mr. Teo has conditionally agreed to sell, 450 ordinary shares in, representing 45% of the total issued share capital of Evermega Investment Holdings Pte. Ltd. (the “**Target Company**”), and the outstanding loans and other debts owed to Mr. Teo by the Target Company in the amount of S\$5,490,169.20 in the aggregate consideration of S\$5,490,619.20 (the “**Acquisition**”); and (ii) BHCC Development has conditionally agreed to make capital contribution to the Target Company in the aggregate amount of up to S\$17,010,000 (together with the Acquisition, the “**Transactions**”). Completion of the Acquisition took place on 20 March 2024, and upon completion, the Company indirectly holds 45% equity interest in the Target Company. As BHCC Development will retain control of the board of directors of the Target Company, and subject to the confirmation of the auditors of the Company, the Target company will become an indirect non-wholly owned subsidiary of the Company and the financial statements of the Target Company will be consolidated into the consolidated financial statements of the Company.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Transactions exceeds 100%, the Transactions constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. For details of the Transactions, please refer to the announcements of the Company dated 4 January 2024, 18 March 2024 and 20 March 2024, and the circular of the Company dated 28 February 2024.

Connected transaction in relation to project management agreement

Prior to the completion of the Acquisition, on 19 March 2024, the Target Company and Apex Asia Development Pte. Ltd. (“**AA Development**”) entered into a project management agreement (the “**Project Management Agreement**”), pursuant to which AA Development shall, on a project basis, provide project management services in respect of the redevelopment project of the property owned by the Target Company.

Given AA Development is the indirect holding company of Apex Asia Playfair Pte. Ltd. (“**Apex Asia**”), the latter of which is the holder of 10% shareholding in the Target Company and a connected person of the Company at subsidiary level upon completion of the Acquisition, AA Development is therefore also a connected person of the Company at subsidiary level and the transactions contemplated under the Project Management Agreement constituted a connected transaction of the Company upon completion of the Acquisition and the Company will comply with the annual reporting requirements under Chapter 14A of the Listing Rules.

For further details of the Project Management Agreement and the transactions contemplated thereunder, please refer to the announcement of the Company dated 20 March 2024.

Major transaction in relation to the grant of option for the possible disposal of property

On 28 March 2024, Wan Yoong Construction Pte Ltd. (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, granted an option (the “**Option**”) to an independent third party purchaser to purchase the units located at 11 Irving Place #08-01/02/03 Tai Seng Point Singapore 369551 (the “**Property**”) at the consideration of S\$7,840,000. The offer under the Option remains open for acceptance until 4:00 pm on 9 April 2024. In the event that the purchaser accepts the offer and exercises the Option within the prescribed time, it will constitute a major disposal on the part of the Company. As at the date of this announcement, the Purchaser has not exercised the Option.

Pursuant to Rule 14.73 of the Listing Rules, the grant of the Option constitutes a transaction as the exercise of the Option is not at the Company’s discretion. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Option, i.e. the disposal of the Property (the “**Possible Disposal**”) exceeds 25% but is under 75%, the grant of the Option constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. For details of the grant of the Option and the Possible Disposal, please refer to the announcement of the Company dated 28 March 2024.

Saved 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 2023 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, 28 March 2024

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.