BHCC HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1552

2023
ANNUAL REPORT

CONTENT

Corporate Information

EXECUTIVE DIRECTORS

Mr. Yang Xinping *(Chairman)*
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
Ms. Han Yuying
Mr. Kwong Choong Kuen (Huang Zhongquan)

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

No. 1 Tampines North Drive 3
#08-01
BHCC SPACE
Singapore 528499

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1205, 12th Floor
Far East Consortium Building
121 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Maybank Singapore Limited
2 Battery Road
Maybank Tower
Singapore 049907

COMPANY WEBSITE

www.bhcc.com.sg

STOCK CODE

1552

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the Board (the "Board") of Directors of BHCC Holding Limited (the "Company", together with its subsidiaries, collectively the "Group"), I present the annual results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022.

The Group's revenue for the year ended 31 December 2023 was approximately S$309.2 million. Gross profit for the year was approximately S$5.3 million. Profit before taxation was approximately S$2.0 million.

We are honored to have received notable recognitions in 2023, underscoring our commitment to excellence and innovation in the construction industry. We were privileged to be awarded the Safety and Health Award Recognition for Projects (SHARP) 2023. Additionally, our dedication to advancing productivity and innovation was acknowledged with the Bronze accolade at the SCAL Productivity & Innovation Awards 2023, particularly for our Construction Robotic Solutions.

However, amidst our achievements, we must acknowledge the challenges we faced in 2023. It is with profound sadness that we report a workplace fatality in October 2023, resulting from a tragic incident during a lifting operation. We extend our deepest condolences to the family and loved ones of the deceased. In response, we have diligently cooperated with authorities in their investigation, while simultaneously implementing comprehensive Workplace Safety and Health (WSH) enhancement measures. Furthermore, we have provided financial support to the bereaved family to alleviate their burden during this difficult time.

Despite this unfortunate incident, I report that our workplace injury rate in the first half of 2023 stood at 213 per 100,000 workers, which is notably below the National Annualized Workplace Injury Rate of 352 injuries per 100,000 workers. We stay committed to ensuring the safety and well-being of our workforce.

Looking ahead, we remain resolute in our pursuit of excellence, prioritizing safety, innovation, and sustainability in all our endeavors. As we navigate through the challenges and opportunities that lie ahead, we are confident in our ability to deliver value to our stakeholders while upholding the highest standards of corporate responsibility.

I would like to take this opportunity to express my gratitude to all our shareholders, fellow members of the Board, the senior management and staff of all levels for their dedication and effort over the years. In addition, on behalf of the Board, I would also like to express our most sincere thanks to all our customers, suppliers and business partners for their continuous support.

Yang Xinping
Chairman and Executive Director

28 March 2024

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, as compared to 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, as compared to 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.

Management Discussion and Analysis

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 before taxation was approximately S$2.0 million and profit attributable to owners of the Company amounted to approximately S$1.8 million (2022: loss before taxation of approximately S$8.7 million and loss attributable to owners of the Company of approximately S$8.8 million).

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

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.

Management Discussion and Analysis

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.

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 a 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.

Management Discussion and Analysis

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.

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).

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company ("AGM") will be held on Friday, 28 June 2024 at 10:00 a.m. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Monday, 24 June 2024.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yang Xinping ("Mr. Yang"), aged 54 founder of the Company, was appointed as a Director on 21 February 2017 and re-designated as the chairman and executive Director on 31 March 2017. Mr. Yang is also a member of the nomination committee of the Company (the "Nomination Committee") and a director of the subsidiaries of the Group. Mr. Yang is responsible for the Group's overall management, strategic planning and business development. Mr. Yang is the spouse of Ms. Chao Jie, a member of the senior management of the Company.

Mr. Yang started his career as an engineer in the Ministry of Coal Industry Xi'an Design & Research Institute which was principally engaged in the provision of design and engineering services for the construction industry from July 1992 to October 1996. He then joined Kok Onn Construction Pte Ltd from October 1996 to July 1999 as project manager. Prior to founding our Group in November 2003, Mr. Yang also worked as the general manager in CGW Construction & Engineering Pte Ltd from November 1999 to July 2003 and was responsible for all daily business matters and management of different departments and construction projects.

Mr. Yang obtained a Bachelor's Degree of Engineering from Xi'an Institute of Metallurgical Architecture, the People's Republic of China (the "PRC") in July 1992 and a Master's Degree in Science (Civil Engineering) in July 2002 from The National University of Singapore. Mr. Yang has over 30 years of experience in the construction industry.

Ms. Han Yuying ("Ms. Han"), aged 59, was appointed as an executive Director on 31 March 2017. Ms. Han is also a member of the remuneration committee of the Company (the "Remuneration Committee") and a director of the subsidiaries of the Group. Ms. Han joined the Group in November 2007 and is currently responsible for overseeing the tendering, contracts administration, purchasing departments, and providing guidance and management experience in contract negotiations. Ms. Han obtained a Bachelor's Degree in Engineering from Hohai University, the PRC in July 1988. She has more than 34 years of experience in the construction industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Bee Leng ("Ms. Chan"), FCA (Singapore) and CPA (Australia), aged 54, was appointed as an independent non-executive Director on 17 August 2017. She is currently the chairwoman of the audit committee of the Company (the "Audit Committee") and a member of the Nomination Committee and the Remuneration Committee. Ms. Chan holds a Bachelor's Degree of Accountancy from Nanyang Technological University of Singapore and a Degree of Master of Business Administration (Executive) from the University of Hull (United Kingdom). She is a Fellow Chartered Accountant of Singapore and a member of the Institute of Certified Public Accountants of Australia (CPA Australia). Ms. Chan has more than 23 years of experience in group finance, tax, accounting, corporate finance and treasury.

Mr. Ooi Soo Liat ("Mr. Ooi"), aged 79, was appointed as an independent non-executive Director on 17 August 2017. He is currently the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Ooi has more than 21 years of experience in stock broking and trading of securities. Mr. Ooi obtained a postgraduate Diploma in Business Studies from the University of Sheffield, United Kingdom in June 1971 and a Master of Science in Financial Studies from the University of Strathclyde, United Kingdom in October 1976. He was admitted as an associate member and subsequently a fellow of the Institute of Cost & Management Accountants in May 1979 and March 1985 respectively.

Directors and Senior Management

Mr. Kwong Choong Kuen (Huang Zhongquan) ("Mr. Kwong"), aged 52, was appointed as an independent non-executive Director on 9 March 2020. He is currently the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Kwong has over 23 years of experience in finance and accounting. Mr. Kwong graduated from the Nanyang Technological University, Singapore in June 1996 with a Bachelor of Accountancy. He was admitted as a member of Institute of Certified Public Accountants of Singapore in September 1999 and qualified as a Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants in July 2013. He was the chief financial officer of RMH Holdings Limited (a company whose shares are listed on GEM of the Stock Exchange) from October 2016 to December 2018 and the independent non-executive director of C&N Holdings Limited (a company whose shares are listed on GEM of the Stock Exchange) from September 2017 to August 2021. Mr. Kwong has been appointed as an independent non-executive director of Solis Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2227), since 23 June 2021 and an independent non-executive director of Lincotrade & Associates Holdings Limited, a company whose shares are listed on the Singapore Exchange Securities Trading Limited (SGX:BFT), since 3 January 2024.

SENIOR MANAGEMENT

Ms. Chao Jie ("Mrs. Yang"), aged 54, joined our Group as quantity surveyor in May 2005. She is the spouse of Mr. Yang, the chairman and executive Director. As a quantity surveyor, she was responsible for project tender, progress claims, budget analysis and cost control. Subsequently, Mrs. Yang was promoted to administrative, accounting and human resources manager in July 2008. She is responsible for overseeing the administrative, accounting and human resources functions of the Group. Mrs. Yang graduated from Xi'an Highway Transportation University, the PRC, with a Bachelor's Degree in Engineering in July 1993. Mrs. Yang also attended the workshop for CEO/Top Workshop for CEO/ Top Management (bizSAFE Level 1) in 2013. Mrs. Yang has over 21 years of experience in the construction industry in Singapore.

Mr. Chua Choon Haw, Joseph ("Mr. Chua"), aged 50, joined our Group in December 2017 and was promoted to Operation Director in January 2023. He is responsible for overseeing project Quality, Environmental, Health and Safety (QEHS) performance. Mr. Chua graduated from Heriot-Watt University, United Kingdom with a Bachelor Degree in Construction Management in June 2009. Prior to that, Mr. Chua obtained a technician Diploma in Civil Engineering from Singapore Polytechnic in May 1994. Mr. Chua has over 27 years of experience in the construction industry in Singapore.

Mr. Tang Yang Khang ("Mr. Tang"), aged 44, joined our Group in December 2015 and was promoted to Deputy Operation Director in January 2023. He is responsible for the overall management of various projects. Mr. Tang graduated from RMIT University, Singapore with a Bachelor Degree in Construction Management in June 2006. Prior to that, Mr. Tang obtained a technician Diploma in Architectural Technology from Singapore Polytechnic in May 2000. Mr. Tang has over 21 years of experience in the construction industry in Singapore.

Mr. Yeo Ngian Tee ("Mr. Yeo"), aged 61, joined the Group as project manager in February 2010 and was responsible for the overall management of various projects. He was promoted to his current position as a senior project manager with same role and responsibilities in November 2011. Mr. Yeo graduated from Heriot-Watt University, United Kingdom with a Bachelor Degree of Science in Construction Project Management in November 2012. Prior to that, Mr. Yeo obtained a technician Diploma in Civil Engineering from Singapore Polytechnic in May 1983. Mr. Yeo has over 16 years of experience in the construction industry in Singapore.

Directors and Senior Management

Ms. Zhang Zhiping ("Ms. Zhang"), aged 50, joined the Group as an accountant in April 2013. Ms. Zhang is responsible for financial, accounting, taxation, treasury and banking matters of the Group. Ms. Zhang graduated from Chinese People's University, the PRC, with a Bachelor's Degree in Economics (International Accounting) in July 1996. Ms. Zhang also obtained a Master's Degree in Business Administration from the University of Poitiers in March 2000 under the Sino-French Government education cooperation project. Ms. Zhang has over 22 years of experience in the construction industry in Singapore.

COMPANY SECRETARY

Ms. Chan So Fun ("Ms. S.F. Chan"), aged 55, was appointed as the company secretary of the Company on 17 August 2017. Ms. S.F. Chan is currently a partner at the law firm KS Ng Law Office, specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Ms. S.F. Chan is a practising solicitor and was admitted as a solicitor in Hong Kong in November 2007. She received a degree of Bachelor of Laws from the University of London in August 2004. She obtained a Master of Business Administration from The University of Hong Kong in December 1998 and she also obtained a degree of Bachelor of Social Science from The Chinese University of Hong Kong in December 1992.

Directors' Report

The Directors present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are provision of building construction services and properties investment including the leasing of industrial properties in Singapore. There were no significant changes to the Group's principal activities for the year ended 31 December 2023.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 31 December 2023 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 59 in this annual report. The business review of the Group for the year ended 31 December 2023 is set out in the section headed "Management Discussion and Analysis" on pages 5 to 8 in this annual report.

DIVIDENDS

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).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in Note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles"), or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company (the "Shareholders").

EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreement 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are the principal risks and uncertainties are summarised as follows:

(i) Changes in economic conditions may directly affect the property market and construction demand in Singapore. Moreover, the Group's building construction work business relies on successful tenders that determine the award of our projects contracts which are non-recurring in nature.

Directors' Report

(ii) The Group is exposed to financial risks including interest rate risk, currency risk, credit risk, liquidity risk and equity price risk in the normal course of its business.

(iii) The Group has policies and procedures in place to ensure full compliance with the relevant laws and regulations that have a significant impact on the Group's business and operations. Management regularly reviews and assesses the impact of any recent changes and developments in applicable laws, rules and regulations, and seeks external advice when deemed necessary.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders were as follows:

	As at 31 December	
	2023	2022
	S$	S$
Share premium	**14,176,517**	14,176,517
Accumulated losses	**(5,877,036)**	(5,477,470)
	8,299,481	8,699,047

RESERVES AND DISTRIBUTABLE RESERVES

The Company did not have distributable reserves as at 31 December 2023, calculated under the Companies Law, Cap 22 (Law 3 of 2961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses. However, the Company's share premium amount may be distributed as dividends provided that immediately following the date of which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group follows the principal to behave ethically and responsibly in daily operation to fulfill its environmental and social responsibilities. We have an Integrated Management System ("IMS") which comprise of (i) ISO 9001 (Quality Management System); (ii) ISO 45001 (Occupational Health & Safety Management System); (iii) ISO 14001 (Environmental Management System); and (iv) Green and Gracious Builder Scheme (GGBS) mandated by Singapore Building and Construction Authority for the provision of integrated building services works to promote environment protection and gracious practices during the construction phase of projects and to govern ESG-related aspect of our operations, the Group had taken steps in our GGBS programs to reduce pollution to the environment.

Further discussion on the Group's ESG-related policies and performance is set out in the Company's ESG Report which is included in this annual report.

Directors' Report

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements and have compliance procedures in place to ensure adherence to applicable laws, rules and regulations in particular, those that have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. The Group's operation are carried out in Singapore while the Company itself was incorporated in Cayman Islands and listed on Main Board of the Stock Exchange in Hong Kong. Our establishment and operations accordingly shall comply with relevant laws and regulations in Hong Kong, Cayman Islands and Singapore.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The Group treats every member of our employee as part of our big family, whether it is managerial, executive or rank-and-file employee positions and is committed to providing reasonable remunerations to all staff. To induce a sense of belonging in our Company, various team bonding events were organised annually for staff to interact with each other out of the workplace.

The Group maintains a good relationship with its customers by having a customer feedback channel with the aim of improving service quality.

The Group is in good relationship with its suppliers and subcontractors and conducts a fair and strict appraisal of its suppliers and subcontractors.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this annual report were:

Executive Directors:

- Mr. Yang Xinping
- Ms. Han Yuying

Independent Non-Executive Directors ("INEDs"):

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

Directors' Report

In accordance with Article 84 of the Articles, one-third of the Directors of the Company, will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM, provided that every Director shall retire at least once every three years.

Accordingly, Mr. Yang Xinping, Ms. Chan Bee Leng and Mr. Kwong Choong Kuen (Huang Zhongquan) shall retire at the forthcoming AGM and being eligible, will offer themselves for re-election.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 9 to 11 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles and subject to the applicable laws and regulations, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. Such permitted indemnity provision has been in force since 12 September 2017 (the "Listing Date") up to 31 December 2023. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long positions in ordinary shares of the Company

Director	Number of Shares/Position	Percentage of shareholding	Capacity
Mr. Yang	409,050,000 *(Note 1)* Long position	51.13125%	Interest in controlled corporation
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.

Directors' Report

(b) Long positions in the shares of Huada Developments, an associated corporation

Director	Capacity/nature of interest	Number of shares in Huada Developments	Percentage of shareholding in Huada Development
Mr. Yang *(Note)*	Beneficial owner	80	80%

Note: The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and as to 20% by his spouse. Mr. Yang is deemed to be interested in (a) the shares in Huada Developments held by his spouse and (b) the shares of the Company in which Huada Developments is interested in under Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, none of the Directors 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.

(c) Substantial shareholders' interest in the Company

As at 31 December 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following Shareholders had notified the Company of relevant interests in the issued share capital of 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 2)*	409,050,000 Long position	51.13125%	Interest of spouse
Eagle Soar *(Note 3)*	136,350,000 Long position	17.04375%	Beneficial owner
Mr. Liu Hai *(Note 4)*	136,350,000 Long position	17.04375%	Interest of spouse
Wai Tian Holdings Limited *(Note 5)*	54,600,000 Long position	6.825%	Beneficial owner
Mr. Zhan Lixiong ("Mr. Zhan") *(Note 5)*	54,600,000 Long position	6.825%	Interest in controlled corporation
Ms. Zheng Dan *(Note 6)*	54,600,000 Long position	6.825%	Interest of spouse

Directors' Report

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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

Save as disclosed above, as at 31 December 2023, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme on 17 August 2017. The Share Option Scheme became effective on 12 September 2017 and its principal terms are summarised below:

(1) Purpose

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity").

(2) Eligible participant(s)

"Eligible Participant(s)" refer to:

(1) any employee (whether full-time or part-time) of the Group and any Invested Entity;

(2) any director (including executive and independent non-executive directors) of the Group or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

Directors' Report

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; or

(6) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(3) Total number of Shares available for issue

A maximum of 80,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date, may be issued upon exercise of all options to be granted under the Share Option Scheme.

The number of shares that may be issued in respect of options under the Share Option Scheme divided by the weighted average number of Shares in issue for the financial year ended 31 December 2023 is approximately 0.10.

(4) Maximum entitlement of each eligible person

Unless approved by the Shareholders in general meeting and subject to the following paragraph, the maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

Options granted to a substantial Shareholder or an INED or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) in any 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the total number of Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, must be approved by the Shareholders in general meeting in advance.

(5) Time of Vesting and Exercise of Options

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option (the "Option Period").

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which needs to be achieved by an option-holder before the option can be exercised. Any terms and conditions determined by the Board must not be contrary to the purpose of the Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

Directors' Report

(6) Restriction on the Time of Grant of Options

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of the results for any year, or half year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(7) Payment on acceptance of the option

Participants of the Share Option Scheme are required to submit to the Company a duly signed offer letter within 21 days from the offer date together with a payment in favour of the Company of S$1 as the consideration of the grant.

(8) Basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

(9) Remaining life

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further options shall be granted. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Apart from the related party transactions as disclosed in Note 28 to the consolidated financial statements, no transactions, arrangements and contracts of significance, to which the Company's holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, certain transactions as set out in Note 28 to the consolidated financial statements constituted connected transactions as defined in Chapter 14A of the Listing Rules but are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details of related party transactions entered into by the Group during the year, please refer to Note 28 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the executive Directors of the Company are determined by the Remuneration Committee and the emolument of the non-executive Directors of the Company are determined by the Board after considering the recommendations of the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to directors and eligible employees. The Share Option Scheme became effective on 12 September 2017.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 December 2023. The Group's employer contributions vest fully with the employees when contributed into the Central Provident Fund.

During the years ended 31 December 2023 and 2022, the Group had no forfeited contributions under the above schemes and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2023 and 2022 under the above scheme which may be used by the Group to reduce the contribution payable in future years.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year ended 31 December 2023 attributable to the Group' major customers and suppliers are as follow:

Sales

— the largest customer	77.8%
— five largest customers	99.3%

Directors' Report

Purchases

— the largest supplier	32.2%
— five largest suppliers	47.3%

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2023.

CHARITABLE DONATIONS

During the year ended 31 December 2023, the Group has donated S$50,000 to a charitable fund (2023: S$5,000).

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, pursuant to which (i) BHCC Development agreed to acquire 45% of the total issued share capital of Evermega Investment Holdings Pte. Ltd. (the "Target Company"), and the shareholder loan in the amount of S$5,490,169.20 for 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. 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.

Directors' Report

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 disposal of property

On 28 March 2024, Wan Yoong Construction Pte Ltd. ("Wan Yoong"), an indirect wholly-owned subsidiary of the Company, executed an option letter ("Option Letter") granting an option (the "Option") to 365 Cancer Prevention Society to purchase three 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 Option was exercised by the Purchaser on 9 April 2024, and completion of the disposal of the Property contemplated under the Option Letter is subject to the conditions set out in the Option Letter.

Pursuant to Rule 14.73 of the Listing Rules, the grant of the Option by Wan Yoong is treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) of the disposal of the Property (the "Disposal"). As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is under 75%, the grant of the Option and the Disposal constituted major transaction on the part of the Company under Chapter 14 of the Listing Rules. The grant of the Option and the Disposal were approved the major shareholder, Huada Developments Limited on 28 March 2024 by written approval. For details of the Option and Disposal, please refer to the announcements of the Company dated 28 March 2024 and 9 April 2024.

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

AUDITOR

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte & Touche LLP as auditor of the Company.

The Company has not changed its auditors in any of the preceding three years.

On behalf of the Board

Mr. Yang Xinping
Chairman and Executive Director

28 March 2024

Corporate Governance Report

BHCC Holding Limited is committed to fulfilling its responsibilities to its 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.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules. Save for the deviation on Code Provision C.2.1 of the CG Code, the Company has complied with all applicable Code Provisions as set out in the CG Code during the year ended 31 December 2023. Please refer to the section headed "Chairman and Chief Executive Officer" of this Corporate Governance Report for details of the deviation.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors or the controlling shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Articles. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Corporate Governance Report

BOARD COMPOSITION

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and the INEDs so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board comprises the following five Directors, of which the INEDs in aggregate represent 60% of the Board members:

Executive Directors

Mr. Yang Xinping *(Chairman)*
Ms. Han Yuying

INEDs

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

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

During the year ended 31 December 2023, the Company had three INEDs, representing 60% of the Board members, which has exceeded the requirement of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and met the requirement that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent.

Proper insurance coverage in respect of legal actions against the Directors has been arranged by the Company.

Corporate Governance Report

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under statute and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the year ended 31 December 2023 is summarised as follows:

Name of Directors	Type of trainings
Mr. Yang Xinping	A and B
Ms. Han Yuying	A and B
Ms. Chan Bee Leng	A and B
Mr. Kwong Choong Kuen (Huang Zhongquan)	A and B
Mr. Ooi Soo Liat	A and B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

All the Directors named above confirmed that they have complied with the Code Provision C.1.4 of the CG Code on Directors' continuous professional development during the year end 31 December 2023 by participating in appropriate continuous professional development activities, and reading materials relating to regulatory updates and handouts or reviewing the papers and circulars sent by the Company.

MEETINGS OF THE BOARD AND DIRECTORS' ATTENDANCE RECORDS

Code Provision C.5.1 of the CG Code stipulates that regular Board meetings should be held at least four times a year at approximately quarterly intervals. Notice of Board meeting should be given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the regular Board meeting, or such other period as agreed for other Board meetings. The company secretary (the "Company Secretary") of the Company is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

Corporate Governance Report

The Board held one annual general meeting and four board meetings during the year ended 31 December 2023 to, amongst other matters, consider and approve the audited consolidated financial information of the Group for the year ended 31 December 2022 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2023.

The Board held a meeting on 28 March 2024 and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 31 December 2023.

The attendance of each Director at the Board meetings and annual general meeting during the year ended 31 December 2023 is as follows:

Name of Directors	Board Meetings	Annual General Meeting
Mr. Yang Xinping	4/4	1/1
Ms. Han Yuying	3/4	1/1
Ms. Chan Bee Leng	4/4	1/1
Mr. Kwong Choong Kuen (Huang Zhongquan)	4/4	1/1
Mr. Ooi Soo Liat	4/4	1/1

BOARD DIVERSITY POLICY

During the year ended 31 December 2023, the Board has adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

These policies set out the approach and measurable objectives to achieving diversity of the Board and the approach and procedures that the Board adopts in respect of the nomination and selection of Directors.

The Company currently has two female Directors, and the Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. As at 31 December 2023, as set out in the section headed "EMPLOYMENT AND LABOUR PRACTICES" in the Environmental, Social and Governance Report as contained in this annual report, among the 360 employees (including senior management) of the Group, the percentages of male employees and female employees are 89.2% and 10.8%, respectively. The Board considers that the Group's workforce (including senior management) are diverse in terms of gender.

Corporate Governance Report

The Nomination Committee reviewed the structure, size, and diversity of the Board, to ensure that its composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

The Company is committed to creating a fair, unbiased, equal and diversified recruitment and working environment.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

AUDIT COMMITTEE

The Audit Committee 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. As at the date of this annual report, the Audit Committee comprises three INEDs, 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.

All the members are INEDs (including an INED who possess the appropriate professional qualifications, accounting or related financial management expertise). There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the Company's auditors.

Corporate Governance Report

The Audit Committee had reviewed the Group's annual results and consolidated financial statements for the year ended 31 December 2023. 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, and sufficient disclosures have already been made.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and handling any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditors to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements and annual report and accounts, and half-year report, as well as reviewing significant financial reporting judgments contained in them;
- reviewing the Company's financial controls, and risk management and internal control systems;
- discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have such effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditors' management letter, any material queries raised by the auditors to management about the accounting records, financial accounts or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letters;
- reporting the matters in this Code Provision to the Board; and
- considering other topics as defined by the Board.

Corporate Governance Report

During the year ended 31 December 2023, two Audit Committee meetings were held with the presence of the external auditor, to consider and approve the audited consolidated financial information of the Group for the year ended 31 December 2022 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2023.

The Audit Committee held a meeting on 28 March 2024 and, amongst other matters, considered and approved for presentation to the Board for consideration and approval the draft audited consolidated financial statements of the Group for the year ended 31 December 2023.

The attendance of each INED at the Audit Committee meetings during the year ended 31 December 2023 is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Ms. Chan Bee Leng	2/2
Mr. Kwong Choong Kuen (Huang Zhongquan)	2/2
Mr. Ooi Soo Liat	2/2

REMUNERATION COMMITTEE

The Remuneration Committee was established on 17 August 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. As at the date of this annual report, the Remuneration Committee comprises three INEDs, Ms. Chan Bee Leng, Mr. Kwong Choong Kuen (Huang Zhongquan) and Mr. Ooi Soo Liat and an executive Director, Ms. Han Yuying. Mr. Ooi Soo Liat is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;

- reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives;

- reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules;

- determining the remuneration packages of individual executive Directors and senior management including benefits-in-kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and making recommendations to the Board on the remuneration of non-executive Directors;

- considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;

- reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

Corporate Governance Report

- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and

- ensuring that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

During the year ended 31 December 2023, one Remuneration Committee meeting was held to review Company's current policy and structure for remuneration of Directors and senior management of the Company.

The attendance of each Director in the capacity of a member of the Remuneration Committee at its meeting during the year ended 31 December 2023 is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Ooi Soo Liat	1/1
Ms. Han Yuying	1/1
Ms. Chan Bee Leng	1/1
Mr. Kwong Choong Kuen (Huang Zhongquan)	1/1

NOMINATION COMMITTEE

The Nomination Committee was established on 17 August 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. As at the date of this annual report, the Nomination Committee comprises three INEDs, namely Ms. Chan Bee Leng, Mr. Kwong Choong Kuen (Huang Zhongquan), Mr. Ooi Soo Liat and an executive Director, Mr. Yang Xinping. Mr. Kwong Choong Kuen (Huang Zhongquan) is the chairman of the Nomination Committee.

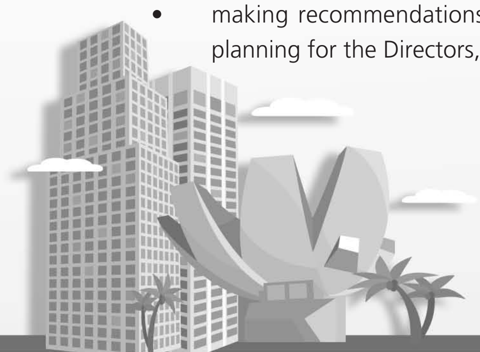
The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of the INEDs; and

- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman.



During the year ended 31 December 2023, one Nomination Committee meeting was held to (i) approve the re-election of Directors pursuant to the Articles at the annual general meeting of the Company held on Friday, 23 June 2023; (ii) consider the independence of the INEDs; and (iii) review the structure, size and composition including the skills knowledge and experience of the Board.

The Nomination Committee held a meeting on 28 March 2024 and among other things, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming AGM. Details of re-appointments will be set out in the circular of the Company dated 26 April 2024.

The attendance of each Director in the capacity of a member of the Nomination Committee at its meeting during the year ended 31 December 2023 is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Kwong Choong Kuen (Huang Zhongquan)	1/1
Mr. Yang Xinping	1/1
Ms. Chan Bee Leng	1/1
Mr. Ooi Soo Liat	1/1

The chairman of the Nomination Committee reports any findings and recommendations of the Nomination Committee resolved during its meeting to the Board at the subsequent Board meeting. The Nomination Committee considers a number of factors in making nominations to the Board, including but not limited to the skills and experience, commitment, character and integrity, and independence (in the case of INEDs) of the individuals nominated for directorships.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that corporate governance should be the collective responsibility of the Directors, which includes but is not limited to:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors;
- reviewing the Company's compliance with the CG Code and disclosure in this annual report; and

Corporate Governance Report

- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has renewed the appointment of each of the executive Directors pursuant to a service agreement for a term of 3 years commencing from 12 September 2023.

The Company has renewed the appointment of each of the INEDs, Ms. Chan Bee Leng and Mr. Ooi Soo Liat pursuant to a letter of appointment for a period of 3 years commencing from 12 September 2023, and renewed the appointment of the INED, Mr. Kwong Choong Kuen (Huang Zhongquan) pursuant to a letter of appointment for a period of 3 years commencing from 9 March 2022.

Any Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and the 5 highest paid employees for the year ended 31 December 2023 are set out in Note 10 to the consolidated financial statements.

Pursuant to Code Provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended 31 December 2023 by band is set out below:

Remuneration band (in HK$)	Number of individuals
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	2
HK$3,500,001 to HK$4,000,000	2

Corporate Governance Report

INDEPENDENT AUDITOR'S REMUNERATION

For the year ended 31 December 2023, Deloitte & Touche LLP was engaged as the Group's independent auditor. The remuneration paid/payable to Deloitte & Touche LLP is set out below:

Services	As at 31 December	
	2023	2022
	S$	S$
Audit services	**215,000**	215,000
Total	**215,000**	215,000

Save for the audit services, Deloitte & Touche LLP did not provide any non-audit services to the Group for the year ended 31 December 2023 and 2022.

The statement of the Auditor about their reporting responsibilities for the consolidated financial statements is set out in the section headed "Independent Auditor's Report" of this annual report. During the year ended 31 December 2023, the remuneration paid/payable to the Auditor was disclosed in Note 9 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2023.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has engaged an internal control consultant, an independent third party, to undertake a review of the internal control system of the Group for the year ended 31 December 2023. Such review is conducted annually and covers key areas of operations and processes of the Group. The Board and Audit Committee are of the view that there are no material internal control defects noted and that the risk management and internal control of the Company are effective and adequate in all material respect. All recommendations from the internal control consultant will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

Corporate Governance Report

DIVIDEND POLICY

Provided that the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account various factors, which include, but are not limited to, the operating results and performance, cash flow, financial position, capital requirements and future prospects of the Group, as well as the interests of the Shareholders. Declaration and payment of dividend by the Company are also subject to the laws of the Cayman Islands, the memorandum of association of the Company, the Articles and any applicable laws, rules and regulations. For the avoidance of doubt, there can be no assurance that a dividend will be proposed or declared in any specific period.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

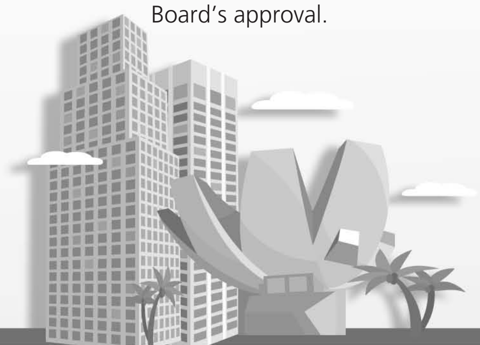
- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, the Company Secretary and the head of investor relations of the Company are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

Since 17 August 2017, the Company has appointed Ms. Chan So Fun as the Company Secretary who has a sound understanding of the operations of the Board and the Group. She was also closely involved in the preparation of the Listing. During the year ended 31 December 2023, Ms. S.F. Chan has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

As the Company Secretary, Ms. S.F. Chan has been reporting to the chairman of the Company. All members of the Board can have access to her advice and services. The appointment and removal of the Company Secretary will be subject to the Board's approval.



Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for putting forward proposals at Shareholders' meetings

There is no provision allowing Shareholders to make proposals or move resolutions at the annual general meetings (the "AGMs") under the memorandum of association of the Company and the Articles or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for Shareholders to convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to require an EGM to be called by the Board or the Company Secretary for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (Unit 1205, 12th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Corporate Governance Report

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong, presently at Unit 1205, 12th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong, by post for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows:

(a) corporate communications such as annual report, interim reports and circulars are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bhcc.com.sg;

(b) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(c) corporate information is made available on the Company's website;

(d) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(e) the Hong Kong branch share registrar of the Company, Boardroom Share Registrars (HK) Limited, serves the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the shareholders' communication policy has been properly in place during the Year and is effective.

The Company continues to promote investor relations and enhance communication with the existing shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

The second amended and restated articles of association (the "Articles") was adopted by the Company on 10 June 2022. The Articles have no change since the second amendment to the year ended 31 December 2023.

The memorandum of association of the Company and the second amended and restated Articles are available on the respective websites of the Stock Exchange and the Company.

Environmental, Social and Governance Report

BHCC Holding Limited (the "Company" or "We" and its subsidiaries, collectively, the "Group") is pleased to present this Environmental, Social and Governance ("ESG") Report, which describes the initiatives of the Group concerning ESG issues

REPORTING PERIOD

The reporting period of this report is from 1 January 2023 to 31 December 2023 (the "Review Year").

REPORTING BOUNDARY

This Report is prepared in compliance with Environmental, Social and Governance ("ESG") Reporting Guide set out in Appendix C2 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited.

This report provides the descriptions and key statistics of the Group's sustainability performance during the Review Year.

MESSAGE FROM THE CHAIRMAN

Dear Fellow Stakeholders,

It gives me great pleasure to present the Group's 2023 ESG Report to address concerns from our stakeholders regarding the Group's management and continual efforts on our sustainability performance.

The year 2023 is full of changes as we adapt to the 'new norm' after recovery from the COVID-19 pandemic to focus on challenges brought about by war, inflation and climate change. During this Review Year, the Group has set and reviewed its ESG objectives and strengthened its supervision of ESG risk management. This report is intended to give you an in-depth understanding of our ESG performance and how we remain progressive and resilient.

The Group is committed to adhere to Green and Gracious Builder Scheme and have in place a comprehensive Environmental Management System to reduce waste, conserve resources and minimize our environmental footprint in doing our part to mitigate climate change. The Group is adamant to enhance our efforts to go beyond statutory requirements to ensure the impact brought about by our operations is minimised. Even with the pressure of inflation and rising cost, it is our responsibility as a responsible global corporate citizen to continually improve our environment performance and strive for sustainability across all aspects of our operations. Moving forward, the management is leading the way for higher level of digitalisation in its business processes, paving the way to adopt sustainable business practices and future ready solutions.

Environmental, Social and Governance Report

Our team consist of multi racial talents from and diverse background. The Group is committed to foster an inclusive work environment, prioritising health, safety and well-being of our employees, customers, subcontractors and community. We believe in caring and nurturing our employees through workforce development training programmes, career advancement plan and developing people-oriented employment relationship to help them reach their full potential and support them. Additionally, we believe in supporting and investing in the community through donations and charity works.

The strength of the Group today is inseparable from our agile ability to adapt and innovate solutions to the industry's most complex challenges. We operate our business based on positive spirit of collaboration, integrity, principles of legal compliance and shared socio-economic value. Amongst many reasons for our continual profitability and robust balance sheet is the Group's commitment to pursuit business with integrity, transparency and ethical governance. I am confident that our Group possess the bright vision and tenacity that will enable us to prevail in these challenging times and continue achieve continual profitability and to deliver sustainable solutions for long-term business expansion and value to our shareholders.

Yang Xinping
Chairman and Executive Director

Environmental, Social and Governance Report

SUSTAINABILITY MANAGEMENT

Statement from the board

The Board has assessed sustainability as an integral part of our business operations and strive to deeply ingrain the sustainability culture. The Board is responsible for the decision making for all ESG matters that may affect the Company's business and operations.

The Group believes that achieving sustainability targets is a joint effort by our employees, vendors and customers. Efforts by each employee contributing toward our sustainability targets is appraised annually.

Communication with our stake holders

With the intensifying pace of green pursuits, the Group pays close attention to the needs and expectations of all our stakeholders.

Stakeholders	Communication Channel	Requests and Expectations	Response Measures
Government and regulatory agencies	News Publications	Compliance with regulatory requirements Government policies and initiatives Occupational health and safety performance and statistics Environmental protection Payment of taxes	Strictly abide by national laws and regulations Actively implement relevant policies and initiatives Annual audits and report Pay taxes and fees timely
Employees	Employee appraisals Career guidance meeting Employee survey Employee engagement meeting	Health and safe environment Remuneration and benefits Career progression	Reinforce health and safety management Improve remuneration system and benefits Provide upgrading training Conduct employee activities Prioritise promotion from within the Company
Customers	Customer satisfaction survey Customer communication meetings Customer relationship officer hotline	Health and safety performance Product quality and reliability Customer service and experience Privacy protection	Constantly seek to improve quality, health and safety standards above industry norm Establish and improve customer service, complaint handling process Protect rights, interest and information of customer Promote construction innovations and technologies

Environmental, Social and Governance Report

Stakeholders	Communication Channel	Requests and Expectations	Response Measures
Investors and shareholders	Annual general meeting Group website	Financial performance Corporate value Risk management and control Sustainability reporting, ratings and indices	Resilient proof balance sheet, sustain growth and improve profitability Improve corporate image through better performance and marketing
Vendors — Suppliers and Subcontractors	Vendor evaluation Vendor engagement interviews and meeting Vendor induction, training and meetings	Worker's health and safety Long term collaboration with positive financial outcome Business ethics and reliability	Enforce strict adherence of IMS policy Reinforce procurement system and improve vendor management Conduct regular exchanges and review operational standards for mutual benefits
Industrial associations	Industry seminars and forums Association membership	Promote industry development Set industry benchmarks	Contribute for industry feedback Support sustainable development for the industry Focus on environmental governance
Community associations	Community activities Association committee engagement Public information	Environment protection Promote community development Social welfare activities Community assistance requests	Strength management of business to lower carbon footprint Actively participate in community charity and voluntary activities Actively undertake construction requests

Materiality approach

The Group identified material topics through internal dialogue with top and middle management. The Board debated on integrating various industrial standards and guidelines and prioritised them through engaging internal and external stakeholders. These topics are then addressed in this Report.

Environmental, Social and Governance Report

Sustainability responsibility

The Group is recognized that environmental, social and governance factors are interconnected and essential to create a solid foundation for long-term business expansion. We have in place an Integrated Management System ("IMS") to allow for an integrated approach to implement sustainability concept in all aspects of our business operations.

The Integrated Management System ("IMS") comprises

(i) ISO 9001 (Quality Management System);

(ii) ISO 45001 (Occupational Health & Safety Management System);

(iii) ISO 14001 (Environmental Management System); and

(iv) Green and Gracious Builder Scheme ("GGBS") for the provision of integrated building services works to promote environmental protection and gracious practices during project construction phase and to govern ESG related aspect of our operations.

The Group has in place the policies to guide our employees on the implementation of our sustainability strategy:

Green and Gracious

- We shall prevent environmental pollution through compliance with environmental laws, regulations, agreements and the effective application of our Environmental, Health & Safety Management System (EHSMS), expand and continually improving environmental performance. conservation activities.

- We shall apply our Company Green and Gracious Builder procedure and practices. Such procedure and practices shall be communicated to all level of staff and subcontractors to raise awareness.

- During construction, we shall minimize noise, dust, soil erosion and promote the effective use of resources through the 3R Rules (Reduce, Reuse, Recycle).

- We shall actively implement Technologies for sustainable development in order to positively contribute to environmental preservation.

- We shall communicate effectively with local communities, and as a worthy corporate citizen, contribute to the conservation of environment.

- The dignity of every human person will be respected and upheld by employees and associates so as to create a warm and gracious environment in our worksites and their immediate surroundings.

Environmental, Social and Governance Report

QUALITY, OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL ("QOHSE") POLICY

- Provide quality construction to meet the expectation of client

- Identify and implement continual improvement to enhance customer satisfaction

- Compliance with all applicable WSH Act and its subsidiary legislations, code of practices and other statutory requirements, rules and regulations, standard and procedures as laid down by the relevant Government Bodies and statutory Boards, as well as client requirements

- Commitment to resolve workplace safety & health, environmental and well-being issues by risk management approach to safe guard members of the public, staff, supervisors, workers and subcontractor and other interested parties

- Commitment to prevention of injury and ill health. Continuously ensuring well-being for all staff, workers and persons who go into the worksite are competent to carry out the job safely

- Commitment to provide sufficient and appropriate resources (Personnel, Equipment etc.) to achieve the workplace safety, health, environmental and well-being performance also to involve employees in WSH Management

- Providing training for our staff, supervisors and workers to enhance their capacity to work productively and safely, and to equip them with the necessary competency to help meet the challenges of the Company

- Encouraging employee, staff, supervisors, workers, sub-contractors and other interested parties to feedback, consult and participate on matters pertaining to the Environment, Health and Safety ("EHS") and well-being matters

- Commitment to continual improvement in EHS management and performance with the involvement, communication & participation from employees and workers in WSH Management

We actively communicate with our vendors though Safety Inductions, toolbox meetings as well as annual Safety Campaign at each project site. Our vendors are evaluated twice annual for their performance on supporting our GGBS initiatives. Annual customer satisfaction survey is conducted to obtain feedback on our performance.

Environmental, Social and Governance Report

ENVIRONMENTAL

Emissions

In the provision of integrated building services works, the Group strives to be efficient in using energy, water and materials and also complies with relevant local environmental regulations to reduce the use of natural resources and protect the environment.

For the Review Year, the total carbon emission from our diesel consumption is approximately 4,626.1 tonnes of CO_2e. We did not generate significant greenhouse gas emissions, hazardous and non-hazardous wastes or discharges into water and land.

The principal greenhouse gas ("GHG") emissions of the Group are direct GHG emissions from diesel consumed for our equipment and indirect GHG emissions generated mainly from purchased electricity and paper consumptions. For the Review Year, we extract below the summary of the resource consumption and GHG emissions performance:

Emissions	Unit	For the year ended 31 December 2023
Nitrogen Oxides (NOx)	kg	**2,864.6**
Sulfur Dioxide (SO_2)	kg	**1.7**
Particulate Matter (PM)	kg	**176.3**
Direct Emission of GHG, Scope 1	tonnes of CO_2e	**4,626.1**
Indirect Emission of GHG, Scope 2	tonnes of CO_2e	**922.4**
Other Indirect Emission of GHG, Scope 3	tonnes of CO_2e	**15.7**
Total GHG Emission	tonnes of CO_2e	**5,564.2**

We are committed to monitoring and managing our environmental footprint with our IMS relevant to our operations.

The Group actively adopts conservation and monitoring measures to manage our GHG emissions correctly. We digitise office processes to minimise paper usage, conducted regular vehicle maintenance and monitored fuel consumption, encouraged modern telecommunication systems to avoid unnecessary travel arrangements, and encouraged staff to switch off air-conditioners, lights and computers when not in use.

For the Review Year, we were unaware of any non-compliance with laws and regulations that significantly impacted the Group relating to emissions.

Non-hazardous and hazardous waste

Non-hazardous waste from the Group's operation includes general construction waste, such as earth and debris from excavation, organic waste, such as food waste and recyclable waste, such as hardcore and good earth. The total non-hazardous waste produced was approximately 13,496.8 tonnes. We did not generate hazardous waste.

We have in place waste management procedures to manage construction wastes to ensure proper disposal and maximise the reuse and recycling of construction wastes. All wastes must only be disposed of at designated and authorised dumping sites. We also engage external general waste collectors and licensed waste-removing contractors to dispose of non-hazardous and hazardous wastes. We recycle wastes such as hardcore or good earth to reduce waste disposal.

Environmental, Social and Governance Report

Our Group's policies on the efficient use of resources primarily reflect the "Reduce/Reuse/Recycle" concept. Regular campaigns and training are provided to our employees to instill the idea of "Reduce/Reuse/Recycle". One of our policies is the provision of recycling bins at strategic locations for different types of waste, such as paper, drink cans and plastic bottles. Sizeable worksites are segregated into zones for better management of housekeeping by assigned housekeeping team. We reuse second-hand air-conditioners, fans and other building systems in our temporary site offices and meeting rooms (where appropriate).

USE OF RESOURCES

Energy consumption

We consume water and electricity at our head office and site offices, which have a total area of 214,270.97 m^2. Electricity consumed by the Group was 2,138,755.5 kWh with a consumption intensity of 10.0 kWh/m^2. Water consumed by the Group was 200,441.8 CuM with a consumption intensity of 0.9 CuM/m^2. Diesel consumed by the Group was 1,760,578.74 litres.

Energy use efficiency initiatives and results

Our environmental control procedures also include procedures to save resources such as paper, water, diesel and electricity at our head office and construction sites. We monitor and review our water, electricity and diesel consumption at our head office and construction sites monthly to ensure that the usage is relatively stable compared to that of the previous months or of our similar projects.

Our energy saving initiatives includes use of solar panels as alternative energy for real-time noise dosimeter for all projects. Older, less efficient equipment are gradually replaced by newer more efficient equipment and appliances with Singapore energy label or Singapore green label. Energy-saving fluorescent tubes and LED lights are used extensively at our construction site wherever possible. Push button self-closing taps are default provisions.

We have in place provisions and settings to turn off or turn to energy saving modes for our computers and printers when not in use. The Group has no issue sourcing water that is fit for purpose and does not have packaging materials.

THE ENVIRONMENT AND NATURAL RESOURCES

Our Group embarks on the GGBS mandated by the Singapore Building and Construction Authority. Implementing the Green and Gracious practices will enhance and complement our environmental management system and raise the environmental consciousness and professionalism of our project teams. We are also aware of our responsibility to the environment and the general public; hence we are dedicated to working closely with the communities affected by our business operations.

For any possible incident that causes pollution to the environment, the Group will clarify the management responsibilities of each managerial position and take measures to protect the local environment and avoid the occurrence of such in the future. The Group's activities have no significant impacts on the environment and natural resources.

Environmental, Social and Governance Report

CLIMATE CHANGE

Some of the Group's assets, businesses and supply chain are located in geographies that would be affected in the medium to long term by the physical effects of climate change. Extreme weather events may pose an increased risk for the Group's stakeholders, such as the Group's employees, customers and suppliers living and working in those locations. Furthermore, as many countries seek to transition to low-carbon economies, the Group faces transition risks from increasing climate-related regulations introduced by the government to restrict emissions and incentivise environmental protection measures. Changing customer needs and preferences favouring more sustainable companies may also influence the Group's business. The Group is developing a group-wide climate risk management policy. We aim to conduct climate risk assessments to evaluate our operations' physical and transition risks.

EMPLOYMENT AND LABOUR PRACTICES

Employment and labour standards

Below sets out the basic information of employees based on gender, age and types of positions. All of our employees are based in Singapore during the Review year.

As at 31 December 2023, the Group has a total of 360 employees.

	Gender	
	Male	**Female**
Number of employees	321	39
Approximate percentage to the total number of employees in the Group	89.2%	10.8%
Employee turnover rate	35.2%	17.9%

	Age	
	30 and below	**Above 30**
Number of employees	144	216
Approximate percentage to the total number of employees in the Group	40.0%	60.0%
Employee turnover rate	32.6%	33.8%

	Types of Positions			
	Senior Management	**Mid-Management**	**Professional Position**	**General Position**
Number of employees	6	24	74	256
Approximate percentage to the total number of employees in the Group	1.7%	6.7%	20.6%	71.1%

	Geographical Region	
	Singapore	**Other Countries**
Number of employees	34	326
Approximate percentage to the total number of employees in the Group	9.4%	90.6%
Employee turnover rate	11.8%	35.6%

Environmental, Social and Governance Report

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subject to an annual review that are based on performance appraisals and other relevant factors. We strongly encourage internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited.

We advocate a community spirit that thrives on mutual respect and equal opportunities. We firmly comply to equal opportunities legislation and to ensure diversity and equality, our selection process is non-discriminatory and is solely based on the employees' performance, experience and skills. Employees are also encouraged to discuss their targets in job advancement and career development with their senior management.

The Group regularly reviews our employee policy which outlines the Group's compensation, working hours, rest periods and other benefits and welfare. We do not dismiss employees unnecessarily or unfairly, unless an employee fails to comply with our company policies and has committed an act of serious misconduct. Additionally, we are fully committed to comply with the equal opportunities legislations as well as any relevant law and regulation and do not engage in any forced or child labour. The Group's Human Resource department keeps all employment contracts and relevant documentation on the details of our employees. The Board shall also undertake random checks of the records. The Group has zero tolerance towards the use of child and forced labour and will eliminate such practices immediately when discovered.

At our Company, we treat every member of our employee as part of our big family, whether it is managerial, executive or rank-and-file employee positions. To induce a sense of belonging in our Company, various team bonding events were organised annually for staff to interact with each other out of the workplace.

To attract, retain and motivate employees, we are committed to offer professional development opportunities and a healthy work environment for all employees in office and on sites. One of our main tasks is to ensure the wage rates of our employees are reasonable and competitive among our peers in the market. In addition, our employees' total remuneration including the basic salary and bonus system are unbiased and correlated with their individual performance.

We maintain high standards of business ethics and sustains good personal conduct of our employee.

For the Review Year, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to employee and labour practices. Nor did we identify any incidents relating to the use of child or forced labour.

EMPLOYEE HEALTH AND SAFETY

We recognise the importance of maintaining a safe, effective and congenial working environment and policies to provide sufficient protection for our staff. Our businesses have their safety management systems certified in accordance with local and international standards. Hence, we have put various occupational health and safety measures and programs in place and regularly perform checks on the working environment, staff health, wellbeing and facilities.

Briefing, training and bulletins are provided to our employees to raise their awareness and to refresh their knowledge and practices on health and safety matters.

In the Review Year, our Group was honored with the Safety and Health Award Recognition for Projects (SHARP) 2023 and the SCAL Productivity & Innovation Awards 2023, earning the Bronze distinction.

Environmental, Social and Governance Report

While we proudly maintained zero work-related fatalities in 2021 and 2022, it is with profound sadness that we report one fatality due to a fall during a lifting operation. We actively engaged in the ongoing investigation by the Authority and have swiftly implemented a comprehensive Workplace Safety and Health ("WSH") enhancement action plan to prevent such incidents in the future.

Implemented WSH Enhancements:

1. Top Management attended top executive WSH Program;

2. Installation of a video surveillance system (VSS) at strategic locations to monitor high-risk activities e.g., confined spaces, working at heights, lifting operations, etc.;

3. Installation of CCTV on crawler crane to enhance visibility of lifting operations in the operator's cabin;

4. Deployment of one additional WSH Officer as a lifting coordinator to oversee all lifting operations;

5. Deployment of additional lifting signalmen for each lifting team;

6. Refresher training by Ministry of Manpower ("MOM") approved Accredited Training Provider for all lifting crews;

7. WSH Audit by MOM-approved Singapore Accreditation Council accredited auditing organization on a monthly basis;

8. Internal refresher training programs for all WSH Coordinators and Supervisors.

Additionally, we have extended support to the family affected by this loss, alleviating their financial burden. As we reflect on these challenges, we remain steadfast in our commitment to continuous improvement and unwavering safety standards. Due to the fatality, the lost days due to injury is 6,074. The fatality rate for 2023 is 20 per 100,000 workers.

SAFETY MANAGEMENT SYSTEM

Our occupational health and safety management system includes but is not limited to the following fundamental elements:

1. Hazard identification, risk assessment and controls' determination

We maintain a list of relevant occupational and health safety hazards, based on analysis of our services and works performed, inspection reports and incident reports. Upon identification of the potential hazards, a risk assessment will be carried out to designate certain potential hazards as significant. Particular attention will be paid to these significant hazards during our formulation and implementation of controls. The list of potential hazards is reviewed and changes are updated on an annual basis.

Environmental, Social and Governance Report

2. Competence, training and awareness

We allocate adequate resources and supervision commensurate with the size and the nature of its activities, and:

(a) ensure personnel have the necessary competencies to carry out their responsibilities;

(b) identify existing competencies actually required and any gaps between them at all levels within the organisation, and provide any necessary training;

(c) ensure persons under its control have the necessary awareness of Occupational Health & Safety ("OH&S") issues and are motivated to work or act in a safe manner.

3. Legal and regulatory compliance

We maintain a list of applicable OH&S regulations and ensure that this is up-to-date. Changes to these rules and regulations will be communicated to our relevant departments and evaluation of our OH&S compliance will be carried out.

4. Objectives, targets and key performance indicators

The process of setting and reviewing objectives, and implementing programmes to achieve them, provides a mechanism for the organisation to continually improve its OH&S management system and to improve its OH&S performance.

Setting objectives is an integral part of the planning of an OH&S management system. We set objectives to fulfil the commitments established in its OH&S policy, including its commitments to the prevention of injury and ill health.

The objectives should be measurable, practicable, and consistent with the OH&S policy.

For the Review Year, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to occupational health and safety.

TRAINING AND DEVELOPMENT

We are committed to providing staff training and development programmes designed to help our employees enhance their knowledge and skills to meet the challenges of a changing era. The Group recognises that the knowledge and skills of our employees are vital to the Group's continued business development and success. We, therefore, encourage our staff to pursue further with their professional development. We nominate staff to attend both internal and external training programmes from time to time and when appropriate. Our training programmes range from professional and technical training to personal development skills. In addition, the Group provides adequate job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites. Our internal training programmes are developed by the respective departments so as to be most relevant to their needs. To continuously attract new talents, the Group also provides education subsidies to encourage our staff in further developing their skills and broaden their knowledge.

Environmental, Social and Governance Report

Below sets out the statistics relating to the employee training of the Group based on gender and types of position:

	Gender	
	Male	Female
Number of employees	183	12
Approximate percentage to the total number of employees of the relevant gender	57.0%	30.8%

	Types of Positions			
	Senior Management	Mid-Management	Professional Position	General Position
Number of employees	1	14	32	148
Approximate percentage to the total number of employees of the relevant type of position	16.7%	58.3%	43.2%	57.8%

	Gender	
	Male (hour)	Female (hour)
Total training hours	3,491	191
Average number of training hours	10.9	4.9

	Types of Positions			
	Senior Management	Mid-Management	Professional Position	General Workers
Total training hours	3	163	497.5	3,018
Average number of training hours	0.5	6.8	6.7	11.8

OPERATING PRACTICES

Supply chain management

The Group relies on suppliers and subcontractors to ensure the quality and execute our works on a timely and reliable basis, consistent with the project requirements of our customers. All our suppliers and subcontractors are based in Singapore, effectively mitigating carbon emissions that result from haulage and transportation. For projects where we are the main contractor, our subcontractors are required to adhere to our IMS policy. In managing the environmental and social risks of our supply chain, we will perform assessments on all our suppliers and subcontractors prior to engaging them and inclusion in our approved suppliers list and our approved subcontractors list (the "Approved Lists"). ESG-related factors form an important part of the assessment process and have due weighting in our consideration of potential suppliers and subcontractors. We also assess their track records in relation to prior performance, reputation and corporate capacity. We also monitor and assess our suppliers and subcontractors annually whereby those with poor performance will be removed from our Approved Lists. One of the criteria in our assessment relates to the existence and performance of the suppliers' and subcontractors' environmental, health and safety systems.

Environmental, Social and Governance Report

All materials delivered are examined by designated site staff before the Group accepts the materials. Materials which are found to be defective or of low qualities will be returned and replaced.

As of 31 December 2023, the Group has over 300 suppliers and subcontractors all based in Singapore and ordering of supplies and engaging of subcontractors are diversified to reduce dependency on any one supplier or subcontractor.

Service responsibility

We recognise that good customer services are the key influential factors to our success and sustainability. Therefore, we have set up a customer communication channel dedicated to handle customers' queries and feedbacks efficiently. Similarly, customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. Protecting and safe-guarding our customers' privacy have been one of our top agenda. Review and revision of the financial data and privacy policy are carried out regularly to ensure its effectiveness and compliance with relevant laws. Moreover, we acquired an ISO 9001 as an identification of our success in meeting customer expectations and delivering customer satisfaction.

With regards to the protection of intellectual property rights, the Group complies with relevant regulations and insists to purchase and use licensed computer software and respects intellectual property rights. The Group has been in compliance with local laws and regulations in relation to intellectual property rights and data privacy that have a huge impact on the Group.

For the Review Year, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to service responsibility nor did we receive any service-related customer complaints.

Anti-corruption

We are committed to maintain the highest ethical standards and vigorously enforce the integrity of our business practices in all aspects of our operations. We have in place a policy to ensure the Group and our employees comply with anti-bribery, anti-corruption and anti-money laundering laws and governmental guidance. Our Group and employees (i) are prohibited from paying or receiving a bribe of any kind; (ii) are prohibited from giving or offering anything of value to a public official; (iii) are required to comply with the Group's guidelines and authorisation levels in relation to the giving and receiving of gifts and hospitality; and (iv) fully comply with the applicable laws and regulations relating to anti-money laundering and terrorist financing.

The Group has in place a whistle-blowing policy to encourage and enable our employees to report suspected or confirmed violations relating to bribery, extortion, fraud and money laundering. An independent internal investigation team will be set up and details of the investigation will be reported to our Executive Directors.

For the Review Year, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to anti-corruption. Nor did we have any legal case regarding corrupt practices brought against the Group or our employees.

Environmental, Social and Governance Report

COMMUNITY

Community investment

The Group is committed to doing our part for the community. We strive to minimise any inconvenience or negative impacts in the course of our business. This includes implementing measures to comply with local regulations on noise and vector control. All noise and vibration-related impacts on surrounding occupants are assessed and kept within permissible limits.

We actively seek opportunities to repay society and in hope of creating a better living environment for local community. The Group has high expectations and deep concern for the community and repeated stressed the need to care and support our neighbors. For the Review Year, the Company donated to a charitable fund.

Our volunteer group teamed up with the MacPherson Community Centre for a volunteer project "Refurbishment Help", which aims to help elderly residents in the MacPherson community on house cleaning and renovation. The volunteers coordinated and with the Community Centre representatives to visit and carry out the refurbishment works in September 2023.

In November 2023, we cooperated with the Ang Mo Kio Community Centre to renovate a HDB flat damaged by fire. The resident is an 80-year-old retiree who lives alone. He was injured and warded in hospital after the fire. The Group responded to the Community Centre's request to help with the renovation. The volunteer team cleaned up the damages and gave the unit new walls and floor tiles and a fresh coat of paint over newly plastered walls. New doors and windows are installed. Fittings and appliances were also donated for resident to resume daily live as before.

The Group promotes greater civic consciousness by embracing a culture of keeping community spaces and surroundings clean. The volunteer group stepped forward to rally our staff to clean up litter at the Bishan Park.

For the Review Year, the Company donated to a charitable fund. For the upcoming year, we are looking to set aside an agreed amount allocated to donations charity and support for good causes depending on the profitability of our Group. We are also looking into planning a series of charitable events in the upcoming year to incubate the culture of participating in community work and giving back to the society.

Independent Auditor's Report

To the Shareholders of BHCC HOLDING LIMITED
(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of BHCC Holding Limited (the "Company") and its subsidiaries (herein referred to as the "Group") set out on pages 59 to 120, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Contract Revenue Recognition (Note 5) and Accounting for Construction Contract (Note 18) The Group is involved in construction projects for which it applies the input method to measure the Group's progress towards satisfaction of a performance obligation and recognises revenue over time in accordance with IFRS 15 *Revenue from Contracts with Customers.* The revenue and profit or loss recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects). Significant judgement and estimation is required to determine the total budgeted construction costs and provision for onerous contracts. Any changes to the total budgeted construction costs will impact the stage of completion, and consequentially the revenue and profit or loss recognised. The Group's revenue recognition policy and key sources of estimation uncertainty are set out in Notes 5 and 4 to the consolidated financial statements respectively.	We obtained an understanding of management's process on the accounting for contract revenue, evaluated the design and tested the operating effectiveness of the relevant controls put in place by the Group in respect of revenue recognition. We assessed the Group's revenue recognition policy to determine that they are in accordance with IFRS 15 *Revenue from Contracts with Customers*, including the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects), and conducted site visits for major construction sites in-progress. For selected projects, our audit procedures included the following: i. agreed projects contract sum to signed contracts and variation orders; ii. vouched the actual costs incurred during the year to the supplier invoices and subcontractors invoices; iii. performed cut-off testing to verify contract costs were taken up in the appropriate financial year; iv. assessed and vouched the estimated costs to complete by substantiating costs that have been committed to quotations and contracts entered; v. performed retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
	vi. for projects in progress, we further recomputed the percentage of the progress of the contract based on the input method to test the accuracy of the percentage of the progress to determine the revenue; and vii. for projects completed during the year, we obtained the certificate of substantial completion or customer-issued project completion documents, and verified that the remaining revenue has been captured. We then reviewed management's assessment on the reasonableness of their provision for onerous contracts for projects that are in progress. We also examined the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, cost overruns, which may result in liquidated damages. Lastly, we assessed the appropriateness and adequacy of relevant disclosures in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors of the Company ("Directors") are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor’s Report

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mao Meijiao.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Singapore

28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 S$	2022 S$
Revenue	*5*	**309,180,303**	205,313,730
Cost of services		**(303,928,300)**	(211,119,387)
Gross profit (loss)		**5,252,003**	(5,805,657)
Other income	*6a*	**1,337,227**	645,766
Other gains and losses	*6b*	**(105,909)**	33,071
Selling expenses		**(13,561)**	(24,820)
Administrative expenses		**(3,830,413)**	(3,141,966)
Finance costs	*7*	**(652,667)**	(422,551)
Profit (Loss) before taxation		**1,986,680**	(8,716,157)
Income tax expense	*8*	**(194,130)**	(77,352)
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	*9*	**1,792,550**	(8,793,509)
Earnings (Loss) per share			
Basic and diluted (S$ cents)	*11*	**0.22**	(1.10)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	**2023** **S$**	2022 S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**12,644,835**	14,135,387
Intangible assets	*13*	**380,000**	380,000
Investment properties	*14*	**14,728,957**	15,461,624
Right-of-use assets	*15*	**226,609**	275,237
Deposits	*17a*	**796,135**	–
Pledged deposits for performance bond	*20*	**2,828,400**	–
Other assets	*17b*	**31,013**	76,316
		31,635,949	30,328,564
Current assets			
Trade receivables	*16*	**8,913,097**	6,427,685
Other receivables and deposits	*17a*	**4,424,931**	10,845,556
Other assets	*17b*	**71,854**	63,234
Contract assets	*18a*	**30,759,697**	44,897,865
Amount due from shareholders	*19*	**–**	182
Bank balances and cash	*20*	**56,700,787**	29,893,541
		100,870,366	92,128,063
Current liabilities			
Trade and other payables	*21*	**(77,329,820)**	(67,630,565)
Contract liabilities	*18a*	**(2,392,028)**	–
Provision for onerous contracts	*18b*	**(445,493)**	(1,842,337)
Lease liabilities	*22*	**(176,645)**	(168,376)
Borrowings	*23*	**(11,373,677)**	(2,401,800)
Income tax payable		**(199,040)**	(190,714)
		(91,916,703)	(72,233,792)
Net current assets		**8,953,663**	19,894,271
Total assets less current liabilities		**40,589,612**	50,222,835

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 S$	2022 S$
Non-current liabilities			
Deposits	*21*	**(261,778)**	(251,254)
Lease liabilities	*22*	**(57,772)**	(120,683)
Borrowings	*23*	**(1,074,684)**	(12,448,070)
Deferred tax liabilities	*24*	**–**	–
		(1,394,234)	(12,820,007)
Net assets		**39,195,378**	37,402,828
EQUITY			
Capital and reserves			
Share capital	*25*	**1,389,830**	1,389,830
Reserves		**37,805,548**	36,012,998
Equity attributable to owners of the Company		**39,195,378**	37,402,828

The consolidated financial statements on pages 59 to 120 were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Yang Xinping
Chairman and Executive Director

Han Yuying
Executive Director

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

As at 31 December 2023

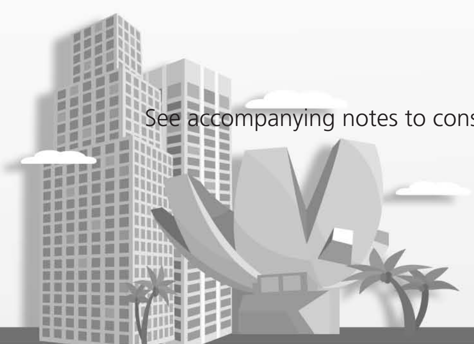
	Share capital S$	Share premium (Note a) S$	Merger reserve (Note b) S$	Capital reserve (Note c) S$	Accumulated profits S$	Total S$
Balance at 1 January 2022	1,389,830	14,176,517	10,678,440	4,976,188	14,975,362	46,196,337
Total comprehensive loss for the year:						
Loss for the year	–	–	–	–	(8,793,509)	(8,793,509)
Balance at 31 December 2022	**1,389,830**	**14,176,517**	**10,678,440**	**4,976,188**	**6,181,853**	**37,402,828**
Total comprehensive income for the year:						
Profit for the year	**–**	**–**	**–**	**–**	**1,792,550**	**1,792,550**
Balance at 31 December 2023	**1,389,830**	**14,176,517**	**10,678,440**	**4,976,188**	**7,974,403**	**39,195,378**

Notes:

a. Share premium represents the excess of share issue over the par value.

b. Merger reserve represents the difference between the cost of acquisition pursuant to the Group reorganisation in 2017 and the total value of share capital of the entities acquired under common control.

c. Capital reserve represents the share capital contribution and attributable profit of the non-controlling interests pursuant to the Group reorganisation in 2017.



See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

As at 31 December 2023

	2023 S$	2022 S$
Operating activities		
Profit (Loss) before taxation	**1,986,680**	(8,716,157)
Adjustments for:		
Depreciation of property, plant and equipment	**1,658,965**	1,607,905
Depreciation of investment properties	**732,667**	732,666
Depreciation of right-of-use assets	**209,398**	224,402
Gain on disposal of property, plant and equipment	**(31,556)**	–
Provision for onerous contracts	**221,479**	1,842,337
Finance costs	**652,667**	422,551
Interest income	**(846,651)**	(72,407)
Exchange loss (gain), net	**137,464**	(33,071)
Operating cash flows before working capital changes	**4,721,113**	(3,991,774)
Movements in working capital:		
Trade receivables	**(2,485,412)**	(3,090,210)
Other receivables and deposits	**5,685,152**	(5,398,450)
Other assets	**36,683**	19,330
Contract assets	**14,138,168**	(7,347,625)
Trade and other payables	**8,095,040**	17,023,405
Contract liabilities	**2,392,028**	(244,848)
Cash generated from (used in) operations	**32,582,772**	(3,030,172)
Income tax paid	**(185,804)**	(512,222)
Net cash from (used in) operating activities	**32,396,968**	(3,542,394)
Investing activities		
(Increase) Decrease in pledged deposits	**(4,264,930)**	988,770
Purchase of property, plant and equipment *(Notes 12 and 30)*	**(168,413)**	(797,043)
Proceeds from disposal of property, plant and equipment	**31,556**	–
Repayment from shareholder	**182**	–
Interest received	**785,989**	32,543
Net cash (used in) from investing activities	**(3,615,616)**	224,270

Consolidated Statement of Cash Flows

As at 31 December 2023

	2023 S$	2022 S$
Financing activities		
Interest paid *(Note 30)*	**(656,251)**	(404,797)
Repayments of borrowings *(Note 30)*	**(2,401,509)**	(2,355,716)
Repayment of lease liabilities *(Note 30)*	**(215,412)**	(214,693)
Net cash used in financing activities	**(3,273,172)**	(2,975,206)
Net increase (decrease) in cash and cash equivalents	**25,508,180**	(6,293,330)
Cash and cash equivalents at beginning of the year	**29,893,541**	36,153,800
Effect of foreign exchange rate changes on the balance of cash	**(137,464)**	33,071
Cash and cash equivalents at end of the year *(Note 20)*	**55,264,257**	29,893,541

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

1 GENERAL INFORMATION

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 details of the subsidiaries are set out in Note 29.

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 of Directors of the Company on 28 March 2024.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

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 set out in Note 3.2 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (Continued)

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	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by IASB.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and the applicable disclosures required by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policy information below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies adopted are set out below.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Details of the Group's subsidiaries and composition of the group are disclosed in Note 29.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Group. *All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.* Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 18a and 18b.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments made to Central Provident Fund ("CPF") Board are recognised as expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Short-term and long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment, including leasehold properties, held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

Assets under construction included in property, plant and equipment mainly relate to all directly attributable costs incurred for the construction of warehouse properties. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment loss.

Depreciation is recognised so as to write off the cost of items of investment properties less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment of property, plant and equipment, investment properties, and right-of-use assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its property, plant and equipment, investment properties, and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, investment properties, and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair values less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets are initially measured at fair value (except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15), net of transaction costs that are directly attributable to the acquisition or issue of financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All recognised financial assets are measured subsequently in their entirety at amortised cost, based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on financial assets (including trade receivables, other receivables and deposits, amounts due from related companies, amount due from shareholders, and bank balances and cash) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group applies the simplified approach in IFRS 9. The Group always recognises lifetime ECL for trade receivables and contract assets and measures the lifetime ECL for portfolios of trade receivables and contract assets that share similar economic risk characteristics.

For all other financial instruments, 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, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

The ECL incorporates forward-looking information and is a probability-weighted estimate of 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 original effective interest rate. Details about the Group's credit risk management are disclosed in Note 33(c).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over two years, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial liabilities and equity

Classification of financial liabilities and equity instruments

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables, borrowings, and amounts due to related companies. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method except for short-term payables where the effect of discounting would be immaterial.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract which include both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has applied the practical expedient under IFRS 16 that permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as lessee (Continued)

Lease payments included in the measurement of the Group's lease liabilities comprise mainly of fixed lease payments over the lease terms.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease terms commencing from the date of the lease, and are tested for impairment in accordance with the policy as described in "Impairment of property, plant and equipment, investment properties, and right-of-use assets".

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term upon exercising extension options not previously included in the determination of the lease term. A corresponding adjustment is made to the related right-of-use asset.

The Group has assessed that there is no indication of impairment for its right-of-use assets.

Foreign currency transactions and translation

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

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.

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. Budgeted 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 onerous contracts whenever there is an indication that the estimated contract revenue is lower than the estimated total contract costs. The actual outcomes in terms of total contract costs or contract revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Revenue from contracts with customers and the carrying amounts of contract assets and contract liabilities arising from construction contracts are disclosed in Notes 5 and 18a to the consolidated financial statements respectively.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of trade receivables, other receivables and deposits, and contract assets (Notes 16, 17a and 18a)

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, the Group recognises 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, other receivables and deposits, and contract assets, are disclosed in Notes 16, 17a and 18a to the consolidated financial statements respectively.

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.

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

	2023 S$	2022 S$
Types of services		
Building and Construction works		
— Main Contractor Projects	**241,472,907**	189,859,302
— Subcontractor Projects	**65,432,494**	13,532,131
Revenue from contracts with customers	**306,905,401**	203,391,433
Rental from Property Investment	**2,274,902**	1,922,297
Segment revenue *(Note 5(iv))*	**309,180,303**	205,313,730
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	**306,905,401**	203,391,433
Fixed lease payments recognised on straight-line basis over lease term	**2,274,902**	1,922,297
	309,180,303	205,313,730

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

5 REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies

Material accounting policy information

Building and Construction works

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

Revenue from project works is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Rental from Property Investment

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

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:

	2023 S$	2022 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
	256,260,171	445,171,913
Subcontractor Projects		
— Within one year	**3,499,829**	53,057,458
	259,760,000	498,229,371

During the year, majority of the construction contracts for services provided to external customers last over 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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

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.

	2023 S$	2022 S$
Segment revenues:		
Building and Construction works	**306,905,401**	203,391,433
Property Investment	**2,274,902**	1,922,297
	309,180,303	205,313,730
Segment results:		
Building and Construction works	**3,964,279**	(6,738,334)
Property Investment	**1,287,724**	932,677
	5,252,003	(5,805,657)
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	**(652,667)**	(422,551)
Profit (Loss) before taxation	**1,986,680**	(8,716,157)

The accounting policies for segment information are the same as the Group's material accounting policy information described in Note 3.2.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

5 REVENUE AND SEGMENT INFORMATION (Continued)

(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 **S$**	2022 S$
Customer A	**240,676,045**	178,448,513
Customer B	**63,964,088**	N/A*

* 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 the segment of Building and Construction works.

6a OTHER INCOME

	2023 **S$**	2022 S$
Government grants *(Note)*	**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
	1,337,227	645,766

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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

6b OTHER GAINS AND LOSSES

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

7 FINANCE COSTS

	2023 S$	2022 S$
Interest on:		
Borrowings	**643,957**	418,913
Lease liabilities	**8,710**	3,638
	652,667	422,551

8 INCOME TAX EXPENSE

	2023 S$	2022 S$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	**191,499**	166,262
— Under provision of current tax in prior year	**2,631**	3,691
Deferred tax *(Note 24)*		
— Current year	**–**	(92,601)
	194,130	77,352

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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

8 INCOME TAX EXPENSE (Continued)

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

	2023 S$	2022 S$
Profit (Loss) before taxation	**1,986,680**	(8,716,157)
Tax at applicable tax rate of 17%	**337,736**	(1,481,747)
Effect of different tax rate of the Company operating in other jurisdiction	**67,926**	65,745
Tax effect of expenses not deductible for tax purpose	**367,951**	330,566
Effect of income that is exempt from taxation	**(5,364)**	(5,279)
Effect of tax concessions and partial tax exemptions	**(49,654)**	(32,677)
Under provision of current tax in prior year	**2,631**	3,691
Effect of utilisation of deferred tax assets previously not recognised	**(568,706)**	–
Deferred tax assets not recognised	**58,901**	1,192,836
Others	**(17,291)**	4,217
Taxation for the year	**194,130**	77,352

The unrecognised deferred tax assets relate to the following:

	2023 S$	2022 S$
Net surplus of tax written down value over net book value	**(79,135)**	(268,929)
Unutilised capital allowance	**–**	227,126
Unutilised tax losses	**3,513,972**	5,203,646
Unutilised donations	**137,500**	12,500
Provisions	**445,493**	1,842,337
	4,017,830	7,016,680

The tax losses carried forward have no expiry, and 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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

9 PROFIT (LOSS) FOR THE YEAR

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

	2023 **S$**	2022 S$
Depreciation of property, plant and equipment *(Note a)*	**1,658,965**	1,607,905
Depreciation of investment properties *(Note a)*	**732,667**	732,666
Depreciation of right-of-use assets *(Note a)*	**209,398**	224,402
Provision for onerous contracts *(Note 18b)*	**221,479**	1,842,337
Audit fees to auditors of the Company *(Note c)*:		
— 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 *(Note 10)*	**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 *(Note b)*	**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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

10 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to the directors of the Company are as follows:

	Fees (Note c) S$	Discretionary bonus (Note a) S$	Salaries and allowances S$	Contributions to retirement benefit scheme (Note b) S$	Total S$
Year ended 31 December 2023					
Executive Directors					
Mr. Yang Xinping	**100,000**	**105,000**	**420,000**	**17,340**	**642,340**
Ms. Han Yuying	**100,000**	**105,000**	**420,000**	**14,792**	**639,792**
Independent Non-Executive Directors					
Ms. Chan Bee Leng	**21,820**	**–**	**–**	**–**	**21,820**
Mr. Ooi Soo Liat	**21,820**	**–**	**–**	**–**	**21,820**
Mr. Kwong Choong Kuen (Huang Zhongquan)	**21,820**	**–**	**–**	**–**	**21,820**
	265,460	**210,000**	**840,000**	**32,132**	**1,347,592**
Year ended 31 December 2022					
Executive Directors					
Mr. Yang Xinping	100,000	105,000	420,000	17,340	642,340
Ms. Han Yuying	100,000	105,000	420,000	15,918	640,918
Independent Non-Executive Directors					
Ms. Chan Bee Leng	21,820	–	–	–	21,820
Mr. Ooi Soo Liat	21,820	–	–	–	21,820
Mr. Kwong Choong Kuen (Huang Zhongquan)	21,820	–	–	–	21,820
	265,460	210,000	840,000	33,258	1,348,718

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

10 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' emoluments (Continued)

Notes:

a. The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

b. No other retirement benefits were paid to Mr. Yang Xinping and Ms. Han Yuying in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

c. Annual emoluments of the two Executive Directors include S$100,000 of director's fees each.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

None of the directors have waived any emoluments during the year.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2022: two) were directors of the Company during the year ended 31 December 2023 whose emoluments are included in the disclosures above. The emoluments of the remaining three (2022: three) individuals were as follows:

	2023 **S$**	2022 S$
Salaries and allowances	**660,300**	585,800
Discretionary bonus	**172,890**	156,500
Contributions to retirement benefits scheme	**52,020**	52,496
	885,210	794,796

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

10 DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' emoluments (Continued)

The emoluments of these five individuals (including two directors of the Company) were within the following bands presented in Hong Kong Dollars ("HK$"):

	Number of Employees	
	2023	2022
Emolument bands		
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**2**	1
HK$3,500,001 to HK$4,000,000	**2**	2
	5	5

During the years ended 31 December 2023 and 2022:

(i) No remuneration was paid by the Group to any director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office;

(ii) No resigned directors during the year;

(iii) No loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities, and the Company's holding company.

No significant transactions, arrangements, and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years ended 31 December 2023 and 2022 or at any time during the years.

11 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)	**0.22**	(1.10)

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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

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 2022	4,933,400	345,989	2,139,896	279,467	16,244,054	23,942,806
Additions	892,286	26,000	–	–	–	918,286
At 31 December 2022	**5,825,686**	**371,989**	**2,139,896**	**279,467**	**16,244,054**	**24,861,092**
Additions	**50,697**	**10,800**	**106,916**	**–**	**–**	**168,413**
Disposal	**(4,300)**	**–**	**(145,634)**	**–**	**–**	**(149,934)**
At 31 December 2023	**5,872,083**	**382,789**	**2,101,178**	**279,467**	**16,244,054**	**24,879,571**
Accumulated depreciation:						
At 1 January 2022	4,050,636	344,627	1,532,245	189,455	3,000,837	9,117,800
Charge for the year	481,880	6,417	255,408	13,140	851,060	1,607,905
At 31 December 2022	**4,532,516**	**351,044**	**1,787,653**	**202,595**	**3,851,897**	**10,725,705**
Charge for the year	**529,358**	**11,367**	**254,778**	**12,402**	**851,060**	**1,658,965**
Disposal	**(4,300)**	**–**	**(145,634)**	**–**	**–**	**(149,934)**
At 31 December 2023	**5,057,574**	**362,411**	**1,896,797**	**214,997**	**4,702,957**	**12,234,736**
Carrying amount:						
At 31 December 2022	1,293,170	20,945	352,243	76,872	12,392,157	14,135,387
At 31 December 2023	**814,509**	**20,378**	**204,381**	**64,470**	**11,541,097**	**12,644,835**

Included above is leasehold land of net book value S$4,833,086 (2022: S$5,193,316), which is a right-of-use asset with a lease term of 20 years, and has been fully paid for during the year ended 31 December 2017. The Group has no option to purchase its leasehold land at the end of the lease term.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Plant and machinery	3 to 10 years
Computers	3 years
Motor vehicles	5 years
Furniture and fittings	Shorter of 3 to 10 years, or remaining lease period
Leasehold land and property	Shorter of 20 years or remaining lease period

The carrying amount of leasehold land and leasehold property amounting to S$11,541,097 (2022: S$12,392,157) are pledged to banks to secure bank borrowings as disclosed in Note 23.

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

	2023 S$	2022 S$
Cost:		
At beginning and end of the year	**18,712,955**	18,712,955
Accumulated depreciation:		
At beginning of the year	**3,251,331**	2,518,665
Charge for the year	**732,667**	732,666
At end of the year	**3,983,998**	3,251,331
Carrying amount:		
At end of the year	**14,728,957**	15,461,624

As at 31 December 2023, 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 Consolidated Financial Statements

For the financial year ended 31 December 2023

14 INVESTMENT PROPERTIES (Continued)

The leasehold property is a mixed commercial and industrial building. Half of the building is intended for the Group's own use as office and storage facilities, and classified as property, plant and equipment. The other half of the building is intended to earn rental income by being leased out mainly as shops, warehouses or offices, and are reclassified as investment properties.

The Group's property interests held to earn rental income under operating leases are classified and accounted for as investment properties and measured using the cost model.

The freehold properties and leasehold property are depreciated on a straight-line basis over 40 years and 18.4 years respectively.

As at 31 December 2023, the fair values of the freehold properties and leasehold property classified as investment properties amounted to S$11,100,000 (2022: S$11,100,000) and S$14,000,000 (2022: S$15,000,000) respectively. Fair value measurements of the Group's freehold properties and leasehold property as at 31 December 2023 and 2022 were carried out by RHT Valuation Pte. Ltd., an independent valuer not related to the Group, and who has the appropriate qualifications and relevant experience.

The fair values were determined using the comparison approach, where it is based on comparable market transactions that considered the sales of similar properties that have been transferred in the open market with the significant unobservable input being the price per square metre where any significant isolated increases (decreases) in this input would result in a significantly higher (lower) fair value measurement.

The investment properties are categorised within level 3 of the fair value hierarchy. There were no transfers into and out of level 3 of the fair value hierarchy in 2023 and 2022.

In estimating the fair value of the properties, the highest and best use of the property is their current use.

The property rental income from the Group's freehold and leasehold properties, all of which are leased out under operating leases, amounted to S$2,274,902 (2022: S$1,922,297). Direct operating expenses (including repairs and maintenance) arising from the rental-generating freehold and leasehold properties amounted to S$987,178 (2022: S$989,620).

The carrying amount of investment properties amounting to S$6,708,011 (2022: S$7,198,841) are pledged to banks to secure bank borrowings as disclosed in Note 23.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

15 LEASES (GROUP AS A LESSEE)

Right-of-use assets

	Dormitories and site office premises S$	Furniture and fittings S$	Machinery S$	Motor vehicles S$	Total S$
Cost:					
At 1 January 2022	**514,125**	**33,973**	**7,270**	**77,923**	**633,291**
Additions	302,166	–	–	–	302,166
At 31 December 2022	816,291	33,973	7,270	77,923	935,457
Additions	160,770	–	–	–	160,770
At 31 December 2023	**977,061**	**33,973**	**7,270**	**77,923**	**1,096,227**
Accumulated depreciation:					
At 1 January 2022	337,855	27,865	6,460	63,638	435,818
Charge for the year	203,199	6,108	810	14,285	224,402
At 31 December 2022	**541,054**	**33,973**	**7,270**	**77,923**	**660,220**
Charge for the year	**209,398**	**–**	**–**	**–**	**209,398**
At 31 December 2023	**750,452**	**33,973**	**7,270**	**77,923**	**869,618**
Carrying amount					
At 31 December 2022	275,237	–	–	–	275,237
At 31 December 2023	**226,609**	**–**	**–**	**–**	**226,609**

The Group leases several assets including staff dormitories, site office premises, office equipment and motor vehicles. The lease term is 21.5 months to five years (2022: two to five years).

The Group has no options to purchase any of its leased assets at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

15 LEASES (GROUP AS A LESSEE) (Continued)

Right-of-use assets (Continued)

New leases of site office premises were entered into in 2023 and 2022, resulting in additions to right-of-use assets of S$160,770 and S$222,158 respectively.

In addition, a lease for site office premises was extended in the previous financial year. This resulted in additions to right-of-use assets of S$80,008 in 2022.

The maturity analysis of lease liabilities is presented in Note 22.

Amounts recognised in profit or loss

	2023 **S$**	2022 S$
Depreciation expense on right-of-use assets *(Note 9)*	**209,398**	224,402
Interest expense on lease liabilities *(Note 7)*	**8,710**	3,638
Expense relating to short-term leases	**523,181**	725,729

The total cash outflow for leases in 2023 amount to S$0.7 million (2022: S$0.9 million).

At 31 December 2023, the Group is committed to S$0.1 million for short-term leases (2022: S$0.2 million).

16 TRADE RECEIVABLES

	2023 **S$**	2022 S$
Trade receivables	**2,442,607**	6,193,941
Unbilled revenue *(Note a)*	**6,470,490**	233,744
	8,913,097	6,427,685

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.

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16 TRADE RECEIVABLES (Continued)

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 **S$**	2022 S$
Within 60 days	**2,410,107**	6,142,441
61 days to 90 days	**–**	–
91 days to 180 days	**–**	–
181 days to 365 days	**–**	1,500
Above 365 days	**32,500**	50,000
	2,442,607	6,193,941

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. The impairment methodology is set out in Notes 3.2 and 33(c) of the consolidated financial statements.

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. Details of the credit risk assessment are included in Note 33(c).

The directors of the Company considered that the ECL for trade receivables is insignificant as at 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

17a OTHER RECEIVABLES AND DEPOSITS

	2023 S$	2022 S$
Current		
Deposits	**624,876**	2,068,523
Deposits paid for performance bond	**551,205**	859,340
Back charges to subcontractors and suppliers	**1,063,408**	701,070
Advances to subcontractors	**1,888,497**	7,078,162
Interest receivables	**100,526**	39,864
Goods and Service Tax ("GST") receivable	**–**	59,792
Others	**196,419**	38,805
	4,424,931	10,845,556
Non-current		
Deposits paid for performance bond	**796,135**	–

Included in deposits as at 31 December 2022 is an amount of S$1,659,400 which relates to tender deposit paid in November 2022 for the bidding of a project. This was subsequently refunded in February 2023.

Other receivables and deposits of the Group are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

Accordingly, for the purpose of impairment assessment for these other receivables and deposits, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The directors of the Company considered that the ECL for other receivables and deposits is insignificant as at 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

17b OTHER ASSETS

	2023 S$	2022 S$
Current		
Prepayments	**49,216**	42,963
Accrued rental income	**22,638**	20,271
	71,854	63,234
Non-current		
Prepayments	**24,387**	66,667
Accrued rental income	**6,626**	9,649
	31,013	76,316

18a CONTRACT ASSETS/LIABILITIES

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

	2023 S$	2022 S$
Contract assets	**30,759,697**	44,897,865
Contract liabilities	**(2,392,028)**	–

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

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For the financial year ended 31 December 2023

18a CONTRACT ASSETS/LIABILITIES (Continued)

Contract assets (Continued)

The Group's contract assets are analysed as follows:

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

* 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 in 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 include 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 balances 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 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 S$	2022 S$
Construction contracts — current	**(2,392,028)**	–

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For the financial year ended 31 December 2023

18a CONTRACT ASSETS/LIABILITIES (Continued)

Contract liabilities (Continued)

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 **S$**	2022 S$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	244,848

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

18b 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 **S$**	2022 S$
As at 1 January	**1,842,337**	–
Utilised during the year	**(1,618,323)**	–
Provision for onerous contracts recognised during the year *(Note 9)*	**221,479**	1,842,337
As at 31 December	**445,493**	1,842,337

19 AMOUNT DUE FROM SHAREHOLDERS

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

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For the financial year ended 31 December 2023

20 BANK BALANCES AND CASH AND PLEDGED DEPOSITS

	2023 S$	2022 S$
Bank balances and cash and pledged deposits	**59,529,187**	29,893,541
Less: pledged deposits *(Note a)*	**(4,264,930)**	–
Cash and cash equivalents in the statement of cash flows	**55,264,257**	29,893,541

Included in bank balances and cash are short term deposits of S$25,041,700 (2022: S$7,816,500), which carry interest at interest rates ranging from 3.65% to 4.00% per annum (2022: 1.85% to 3.65%).

Note a: As at 31 December 2023, the Group has pledged deposits of S$4,264,930 for two performance bonds and a loan facility, as follows:

- S$2.8 million pledged to a performance bond will mature in September 2026 and has been classified as non-current assets. It carries interest at 2.85% per annum.
- S$1.1 million pledged to a performance bond will mature in January 2024, and has been classified as current assets. It is interest-free.
- S$0.3 million is pledged as collateral to the Group's S$10.0 million uncommitted fixed advance loan facility, which remains undrawn as at 31 December 2023. The bank has the right to set-off any outstanding balances against this deposit. It has a 180-day auto renewal, and has been classified as current assets. It carries interest at 2.4% per annum.

21 TRADE AND OTHER PAYABLES

	2023 S$	2022 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

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For the financial year ended 31 December 2023

21 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:

	2023 S$	2022 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).

22 LEASE LIABILITIES

	2023 S$	2022 S$
Lease liabilities payable:		
Within one year	**176,645**	168,376
Within a period of more than one year but not more than two years	**57,772**	120,683
	234,417	289,059
Less: Amount due for settlement with 12 months (shown under current liabilities)	**(176,645)**	(168,376)
Amount due for settlement after 12 months (shown under non-current liabilities)	**57,772**	120,683

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

The above represents leases for certain staff dormitories, site office premises, office equipment and motor vehicle of the Group. The weighted average incremental borrowing rate was 3.44% (2022: 2.74%) per annum.

The Group's lease does not contain variable lease payments and accordingly no expense relating to variable lease payments is included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. These extension options are exercisable by the Group and not by the lessor.

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23 BORROWINGS

	2023 S$	2022 S$
Bank loan — secured *(Notes a, b)*	**12,389,882**	14,657,728
Other borrowings — secured *(Note c)*	**58,479**	192,142
	12,448,361	14,849,870
Analysed as:		
Carrying amount repayable within one year	**11,373,677**	2,401,800
Carrying amount repayable more than one year, but not exceeding two years	**1,074,684**	11,373,687
Carrying amount repayable more than two years, but not exceeding five years	**–**	1,074,383
	12,448,361	14,849,870
Less: Amount due within one year shown under current liabilities	**(11,373,677)**	(2,401,800)
Amount shown under non-current liabilities	**1,074,684**	12,448,070

Notes:

a. As at 31 December 2023, a loan with an outstanding balance of S$10.0 million (2022: S$11.1 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 31 December 2023, a five-year temporary bridging loan with an outstanding balance of S$2.3 million (2022: S$3.6 million) carries a fixed interest rate of 2% (2022: 2%). It is secured by a corporate guarantee provided by the Company.

c. The Group purchased certain copiers 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.

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For the financial year ended 31 December 2023

24 DEFERRED TAX LIABILITIES

	2023 **S$**	2022 S$
As at 1 January	–	92,601
Recognised in profit or loss during the year:		
Accelerated tax depreciation *(Note 8)*	–	(92,601)
As at 31 December	–	–

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

25 SHARE CAPITAL

	Number of shares	**Par value** HK$	**Share capital** HK$
Authorised share capital of the Company:			
At 1 January 2022, 31 December 2022 and 2023	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 2022, 31 December 2022 and 2023	800,000,000	1,389,830

26 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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

26 OPERATING LEASE COMMITMENTS (Continued)

Maturity analysis of operating lease payments:

	2023 S$	2022 S$
Within one year	**1,876,868**	1,628,511
In the second year	**793,067**	839,897
In the third year	**24,891**	303,479
Total	**2,694,826**	2,771,887

Lease income on operating leases is disclosed in Note 5(i).

27 RETIREMENT BENEFIT PLAN

As prescribed by the CPF Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For the years ended 31 December 2023 and 2022, the Group contributes up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S$6,000 per month (increased to S$6,300 per month from 1 September 2023 onwards).

The total costs charged to profit or loss amounting to S$565,951 for the year ended 31 December 2023 (2022: S$539,226) represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2023, contributions of S$219,907 (2022: S$219,195) were due respectively but had not been paid to the CPF. The amounts were paid subsequent to the end of the year.

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

Apart from disclosure elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

	2023 S$	2022 S$
Progress billing for provision of building and construction works to related parties	**–**	280,760

Notes to the Consolidated Financial Statements

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28 RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

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

	2023 S$	2022 S$
Short term benefits	2,316,190	1,776,800
Post-employment benefits	108,813	77,073
Total compensation	2,425,003	1,853,873

29 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 31 December 2023 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 Holdings Limited	BVI	US$1	100%	100%	Investment holding
BHCC Construction Pte Ltd	Singapore	S$15,000,000	100%	–	Provision of building construction services
Wan Yoong Construction Pte Ltd	Singapore	S$30,000	100%	–	Property development and investment holding
BHCC Space Pte Ltd	Singapore	S$1,000,000	100%	–	Property development and investment holding
BHCC Development Pte Ltd[1]	Singapore	S$1,000	100%	–	Property development and investment holding

[1] BHCC Development Pte Ltd is newly incorporated during the year.

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

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30 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings (Note 23) S$	Lease liabilities (Note 22) S$	Interest payable (Note 21) S$	Total S$
1 January 2022	17,084,343	201,586	9,000	17,294,929
Financing cash flows	(2,355,716)	(214,693)	(404,797)	(2,975,206)
Non-cash changes				
Additions to property, plant and equipment via hire purchase financing arrangements	121,243	–	–	121,243
Additions to right-of-use assets *(Note 15)*	–	302,166	–	302,166
Finance costs *(Note 7)*	–	–	422,551	422,551
31 December 2022	**14,849,870**	**289,059**	**26,754**	**15,165,683**
Financing cash flows	**(2,401,509)**	**(215,412)**	**(656,251)**	**(3,273,172)**
Non-cash changes				
Additions to right-of-use assets *(Note 15)*	**–**	**160,770**	**–**	**160,770**
Finance costs *(Note 7)*	**–**	**–**	**652,667**	**652,667**
31 December 2023	**12,448,361**	**234,417**	**23,170**	**12,705,948**

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For the financial year ended 31 December 2023

31 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 S$	2022 S$
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	**1**	1
Current assets		
Amount due from a subsidiary	**9,791,727**	10,209,416
Amount due from shareholders	**–**	182
Bank balances and cash	**52,583**	37,429
	9,844,310	10,247,027
Current liability		
Other payables	**(155,000)**	(158,151)
Net current assets	**9,689,310**	10,088,876
Total assets less current liability, representing net assets	**9,689,311**	10,088,877
EQUITY		
Capital and reserves		
Share capital	**1,389,830**	1,389,830
Share premium	**14,176,517**	14,176,517
Accumulated losses	**(5,877,036)**	(5,477,470)
Equity attributable to owners of the Company	**9,689,311**	10,088,877

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31 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

A summary of the Company's reserves is as follows:

	Share premium S$	Accumulated losses S$	Total S$
At 1 January 2022	14,176,517	(5,090,735)	9,085,782
Total comprehensive loss for the year:			
Loss for the year	–	(386,735)	(386,735)
At 31 December 2022	**14,176,517**	**(5,477,470)**	**8,699,047**
Total comprehensive loss for the year:			
Loss for the year	**–**	**(399,566)**	**(399,566)**
At 31 December 2023	**14,176,517**	**(5,877,036)**	**8,299,481**

32 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes lease liabilities and borrowings as disclosed in Notes 22 and 23 respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

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33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2023 S$	2022 S$
Financial assets		
— *Amortised cost*		
Trade receivables	**8,913,097**	6,427,685
Other receivables and deposits*	**6,160,969**	3,707,602
Amount due from shareholders	**–**	182
Bank balances and cash	**56,700,787**	29,893,541
	71,774,853	40,029,010
Financial liabilities		
— *Amortised cost*		
Trade and other payables*	**75,944,991**	67,847,958
Borrowings	**12,448,361**	14,849,870
	88,393,352	82,697,828

* Advances to subcontractors, GST receivables and GST payables are excluded.

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, trade and other payables, amount due from shareholders, and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and lease liabilities include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is also exposed to fair value interest rate risk in relation to variable-rate borrowings, leases and fixed interest on time deposits.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

As at 31 December 2023, the Group has borrowings at variable rates totalling S$10,048,890 (2022: S$11,075,555) and is therefore exposed to interest rate risks arising from the variability of cash flows.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the profit before taxation for the year ended 31 December 2023 of the Group would decrease/increase by S$50,244 (2022: loss before taxation of the Group would increase/decrease by S$55,378).

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33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(b) Currency risk

The Group has certain bank balances denominated in US$ and HK$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Group's monetary assets denominated in foreign currency at the end of reporting period is as below:

	2023 **S$**	2022 S$
Assets		
Hong Kong Dollars ("HK$")	**8,290,203**	8,288,883
United States Dollars ("US$")	**680,134**	690,516

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against HK$ would result in an increase/decrease in the Group's profit for the year of approximately S$829,020 for the year ended 31 December 2023 (2022: decrease/increase in the Group's loss for the year of approximately S$828,888).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against US$ would result in an increase/decrease in the Group's profit for the year of approximately S$68,013 for the year ended 31 December 2023 (2022: decrease/increase in the Group's loss for the year of approximately S$69,052).

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

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For the financial year ended 31 December 2023

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL-not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group is exposed to concentration of credit risk at 31 December 2023 on trade receivables from the Group's top three (2022: four) major customers, which accounted for 95% (2022: 93%) of the Group's total trade receivables. The major customers of the Group are certain reputable organisations.

Included in financial assets as at 31 December 2023 as a component of bank balances and cash is S$52,583 (2022: S$37,429) placed in a bank in Hong Kong. The remaining bank deposits and balances are placed in three banks (2022: three banks) in Singapore. All these counterparties have been assessed by management to be financially sound.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

Other than the concentration of credit risk of bank balances and cash in Hong Kong, the Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total remaining financial assets as at 31 December 2023 and 2022.

Other than concentration of credit risk on bank deposits and balances and on trade receivables from top three (2022: four) customers as disclosed above, the Group has no other significant concentration of credit risk on other receivables and deposits, with exposure spread over a number of counterparties.

ECL assessment of financial assets

For portfolios of trade receivables and contract assets that share similar economic risk characteristics, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these financial assets are estimated using an analysis of assets by risk level of customers and apply a probability-weighted estimate of the credit losses within the relevant risk type. The probability-weighted estimate of the credit losses is determined 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, including time value of money where appropriate.

The Group reassesses the lifetime ECL for trade receivables and contract assets at the end of each reporting period to ensure that adequate impairment losses are made for significant increase in the likelihood or risk of a default occurring since initial recognition. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

For other receivables and deposits and amount due from shareholders, the Group has assessed the credit profile and background of the counterparties and concluded that there is no significant increase in credit risk of the counterparties since initial recognition. The ECL for these financial assets is measured at 12-month ECL, which is considered to be insignificant based on the Group's assessment on the risk of default of that counterparty.

Bank balances and cash are placed with financial institutions that are externally credit-rated with investment grade, and are hence determined to have low credit risk at the reporting date.

The directors of the Company considered that the ECL for trade receivables, other receivables and deposits, contract assets and amount due from shareholders, is insignificant as at 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial assets

All financial assets of the Group as at 31 December 2023 and 2022 are non-interest bearing, except the short term deposits and pledged deposits as disclosed in Note 20.

All are also repayable on demand or due within one year, except for the non-current deposits paid for performance bond and the S$2.8 million pledged deposit to a performance bond in 2023 as disclosed in Note 17a and Note 20 respectively, which are due between one to five years as at 31 December 2023.

Non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk (Continued)

Non-derivative financial liabilities (Continued)

	Weighted average effective interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$
As at 31 December 2023							
Non-interest bearing instruments							
Trade and other payables	**–**	**75,526,165**	**70,250**	**86,798**	**261,778**	**75,944,991**	**75,944,991**
Fixed interest bearing instruments							
Lease liabilities	**3.44**	**46,562**	**45,827**	**89,315**	**58,136**	**239,840**	**234,417**
Borrowings	**2.06**	**348,540**	**343,811**	**668,790**	**1,084,545**	**2,445,686**	**2,399,471**
Variable interest bearing instruments							
Borrowings	**5.37**	**302,341**	**9,877,778**	**–**	**–**	**10,180,119**	**10,048,890**
Total		**76,223,608**	**10,337,666**	**844,903**	**1,404,459**	**88,810,636**	**88,627,769**
As at 31 December 2022							
Non-interest bearing instruments							
Trade and other payables	–	67,452,494	36,053	108,157	251,254	67,847,958	67,847,958
Fixed interest bearing instruments							
Lease liabilities	2.74	43,060	43,060	86,120	124,404	296,644	289,059
Borrowings	2.06	361,565	361,565	719,287	2,449,380	3,891,797	3,774,315
Variable interest bearing instruments							
Borrowings	5.51	401,583	401,583	803,167	10,048,889	11,655,222	11,075,555
Total		68,258,702	842,261	1,716,731	12,873,927	83,691,621	82,986,887

As at 31 December 2023, the Group had available S$22.5 million (2022: S$17.5 million) of project-related repayable on demand overdraft facilities and S$10.0 million of uncommitted fixed advance loan facility, that are undrawn.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(e) Fair value

The Group had no financial assets or liabilities carried at fair value in 2023 and 2022.

The management of the Group considers that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their respective fair values.

34 PERFORMANCE BONDS

As at 31 December 2023, the Group has, through insurance companies and financial institutions, provided performance bonds and security bonds for foreign workers in favour of the customers amounting to approximately S$51,159,220 (2022: S$46,557,600).

35 GUARANTEES

As at 31 December 2023, the Company has provided guarantees to a bank in respect of loans granted to other subsidiaries, with outstanding balance amounting to S$12.4 million (2022: S$14.7 million).

The management is of the view that the fair value of the financial guarantees provided by the Company are not significant.

36 COMMITMENTS

The Group's commitments under leases are disclosed in Notes 22 and 26. There were no other commitments as at 31 December 2023 and 2022.

37 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

38 SHARE OPTION SCHEME

Pursuant to a share option scheme approved by a written resolution passed by the shareholder of the Company on 17 August 2017 (the "Share Option Scheme"), the Company may within the period of 10 years after the date of adoption of the Share Option Scheme, grant options to eligible directors of the Group, eligible employees of the Group and other selected participants, for the recognition of their contributions, to subscribe for shares ("Shares") in the Company with a payment of S$1 upon each grant of options offered.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

38 SHARE OPTION SCHEME (Continued)

The exercise price of the share option will be not less than the highest of:

(i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date (the "Offer Date") of grant of the particular option, which must be a business day;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date of the option; and

(iii) the nominal value of a Share on the Offer Date.

The share options are exercisable at any time during a period of not more than 10 years commencing on the date of the offer letter, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of Company. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of grant of the options exceed 1% of the total number of shares in issue.

Up to the date of issuance of the consolidated financial statements, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

During the years ended 31 December 2023 and 2022, no share options have been granted nor exercised and there is no outstanding share option of the Company as at 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

39 EVENTS AFTER THE REPORTING PERIOD

Acquisition of Evermega Investment Holdings Pte. Ltd. ("Evermega")

On 4 January 2024, BHCC Development Pte Ltd ("BHCC Development"), an indirect wholly-owned subsidiary of the Company, and a third party vendor (the "Vendor") entered into a Sale and Purchase Agreement ("SPA"), pursuant to which BHCC Development had conditionally agreed to acquire (i) the Sale Shares, representing 45% of the total issued share capital of Evermega, and (ii) the Sale Loan, at the total consideration of S$5,490,619. In addition, BHCC Development had agreed to provide the Capital Commitment to Evermega from time to time upon completion, by way of subscription of further share capital and/or provision of shareholder's loan(s) in the aggregate amount of up to S$17,010,000. Upon completion, the Company will indirectly hold 45% equity interest in Evermega.

Evermega is in the property development business, and has successfully tendered for the collective purchase of all the strata lots and common property in a freehold land and light industrial property development, at a purchase price of S$81,180,000. Its intention is to redevelop the property into a modern food processing facility for strata sale to third party in the market.

An Extraordinary General Meeting has been convened on 18 March 2024 and shareholders' approval for the transaction has been obtained. The acquisition has been completed on 20 March 2024.

Project management agreement

On 19 March 2024, Evermega and one of its other shareholders (the "Evermega Shareholder") entered into a project management agreement, pursuant to which the Evermega Shareholder shall, on a project basis, provide management services in respect of the abovementioned redevelopment project.

Sale of investment properties

On 28 March 2024, Wan Yoong Construction Pte. Ltd. ("Wan Yoong"), an indirect wholly-owned subsidiary of the Company, granted an option (the "Option") to an independent third party purchaser ("Purchaser") to purchase three of its freehold strata title light industrial units located at 11 Irving Place, Singapore 369551 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. Up to the date of issuance of the consolidated financial statements, the Purchaser has not exercised the Option.

Five-Year Financial Summary

RESULTS

A Summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows:

	Year ended 31 December				
	2023	2022	2021	2020	2019
	S$	S$	S$	S$	S$
Revenue	**309,180,303**	205,313,730	114,427,397	124,324,257	122,555,657
Profit (loss) before taxation	**1,986,680**	(8,716,157)	1,549,563	3,321,896	536,249
Income tax expense	**(194,130)**	(77,352)	(643,711)	(542,288)	(481,660)
Profit (loss) for the year, representing total comprehensive income (loss) for the year	**1,792,550**	(8,793,509)	905,852	2,779,608	54,589
Profit (loss) attributable to:					
Owners of the Company	**1,792,550**	(8,793,509)	905,852	2,779,608	54,589

ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	S$	S$	S$	S$	S$
Assets					
Non-current assets	**31,635,949**	30,328,564	31,928,193	34,178,896	36,878,281
Current assets	**100,870,366**	92,128,063	83,265,165	86,867,947	62,106,167
Total assets	**132,506,315**	122,456,627	115,193,358	121,046,843	98,984,448
Equity and liabilities					
Non-current liabilities	**1,394,234**	12,820,007	15,111,476	23,330,279	19,765,355
Current liabilities	**91,916,703**	72,233,792	53,885,545	52,426,079	36,708,216
Total liabilities	**93,310,937**	85,053,799	68,997,021	75,756,358	56,473,571
Total equity	**39,195,378**	37,402,828	46,196,337	45,290,485	42,510,877
Total equity and liabilities	**132,506,315**	122,456,627	115,193,358	121,046,843	98,984,448