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BHCC Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1552)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the “Board”) of BHCC Holding Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 (the “Period”), together with the comparative figures for the corresponding period in 2017 (the “Previous Period”). The condensed consolidated interim financial statements has not been audited, but has been reviewed by the audit committee of the Company (the “Audit Committee”).

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

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	<i>Notes</i>	S\$	S\$
		Unaudited	Unaudited
Revenue	5	55,906,929	71,685,719
Costs of services		(52,632,819)	(62,849,373)
Gross profit		3,274,110	8,836,346
Other income	6	412,368	404,026
Other gains and losses		220,217	(33,169)
Selling expenses		(24,220)	(24,807)
Administrative expenses		(1,333,598)	(1,008,636)
Other expenses	7	—	(1,238,905)
Finance costs	8	(61,014)	(57,596)
Profit before taxation		2,487,863	6,877,259
Income tax expense	9	(461,796)	(1,334,158)
Profit and other comprehensive income for the period		<u>2,026,067</u>	<u>5,543,101</u>
Profit attributable to:			
Owners of the Company		2,026,067	4,845,226
Non-controlling interest		—	697,875
		<u>2,026,067</u>	<u>5,543,101</u>
Basic and diluted earnings per share (S\$ cents)	11	<u>0.25</u>	<u>0.81</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Note</i>	30 June 2018 S\$ Unaudited	31 December 2017 S\$ Audited
Non-current assets			
Property, plant and equipment	<i>12</i>	18,185,568	14,284,462
Intangible asset		175,000	175,000
Available-for-sale investments	<i>13</i>	—	2,724,910
Investment property		5,217,625	5,285,094
Deposit paid for performance bond		1,360,390	1,360,390
Pledged deposits for performance bond	<i>17</i>	988,770	—
		<u>25,927,353</u>	<u>23,829,856</u>
Current assets			
Trade receivables	<i>14</i>	15,987,413	17,592,755
Other receivables and deposits		1,300,651	1,452,053
Amounts due from customers for construction work	<i>15</i>	5,160,978	2,771,130
Amounts due from related companies	<i>16a</i>	1,643,190	3,748,877
Amounts due from shareholders	<i>16b</i>	182	182
Bank balances and cash	<i>17</i>	38,743,860	32,231,219
		<u>62,836,274</u>	<u>57,796,216</u>
Current liabilities			
Amounts due to customers for construction work	<i>15</i>	(7,730,805)	(4,240,761)
Trade and other payables	<i>18</i>	(31,996,526)	(29,751,417)
Obligations under finance leases		(14,676)	—
Borrowings	<i>19</i>	(294,997)	(292,101)
Income tax payable		(1,562,171)	(2,079,450)
		<u>(41,599,175)</u>	<u>(36,363,729)</u>
Net current assets		<u>21,237,099</u>	<u>21,432,487</u>

		30 June	31 December
		2018	2017
	<i>Note</i>	S\$	S\$
		Unaudited	Audited
Non-current liabilities			
Obligations under finance leases		(24,432)	—
Borrowings	<i>19</i>	(5,773,285)	(5,921,675)
Deferred tax liabilities		(305,000)	(305,000)
		<u>(6,102,717)</u>	<u>(6,226,675)</u>
Net assets		<u>41,061,735</u>	<u>39,035,668</u>
Capital and reserves			
Share capital	<i>20</i>	1,389,830	1,389,830
Reserves		39,671,905	37,645,838
Equity attributable to owners of the Company		<u>41,061,735</u>	<u>39,035,668</u>
		<u>41,061,735</u>	<u>39,035,668</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Equity attributable to owners of the Company					Sub-total S\$	Non- controlling interest S\$	Total S\$
	Share capital S\$	Share premium S\$	Merger reserve S\$	Capital reserve S\$	Accumulated profits S\$			
At 1 January 2017	13,530,000	—	—	—	7,099,338	20,629,338	1,634,430	22,263,768
Profit and other comprehensive income for the period	—	—	—	—	4,845,226	4,845,226	697,875	5,543,101
Issue of share capital (Note 20)	182	—	—	—	—	182	—	182
Dividends (Note 10)	—	—	—	—	(4,500,000)	(4,500,000)	(500,000)	(5,000,000)
At 30 June 2017 (unaudited)	<u>13,530,182</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,444,564</u>	<u>20,974,746</u>	<u>1,832,305</u>	<u>22,807,051</u>
At 1 January 2018 (audited)	1,389,830	14,176,517	10,678,440	4,976,188	7,814,693	39,035,668	—	39,035,668
Profit and other comprehensive income for the period	—	—	—	—	2,026,067	2,026,067	—	2,026,067
At 30 June 2018 (unaudited)	<u>1,389,830</u>	<u>14,176,517</u>	<u>10,678,440</u>	<u>4,976,188</u>	<u>9,840,760</u>	<u>41,061,735</u>	<u>—</u>	<u>41,061,735</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	<i>S\$</i>	<i>S\$</i>
	Unaudited	Unaudited
Operating activities		
Profit before taxation	2,487,863	6,877,259
Adjustments for:		
Depreciation of property, plant and equipment	655,140	465,504
Depreciation of investment property	67,469	—
Finance costs	61,014	57,596
Loss on disposal of property, plant and equipment, net	—	2,887
Interest income	(46,160)	(69,475)
Gain on disposal of available-for-sale investment	(275,090)	—
Unrealised exchange (gain) loss	(220,217)	36,057
	<hr/>	<hr/>
Operating cash flow before movement in working capital	2,730,019	7,369,828
<i>Movements in working capital:</i>		
Decrease (increase) in trade receivables	1,605,342	(1,095,919)
Decrease (increase) in other receivables	165,416	(1,088,118)
(Increase) decrease in amounts due from customers for construction work	(2,389,848)	234,543
Decrease in amounts due from related companies	2,105,687	9,664,532
Increase (decrease) in trade and other payables	2,245,109	(9,297,383)
Decrease in amounts due to related companies	—	(1,873,612)
Increase in amounts due to customers for construction work	3,490,044	1,002,282
Increase in pledged deposit for performance bond	(988,770)	—
	<hr/>	<hr/>
Cash generated from operations	8,962,999	4,916,153
Income taxes paid	(979,075)	(1,173,059)
	<hr/>	<hr/>
Net cash from operating activities	7,983,924	3,743,094
	<hr/>	<hr/>

	Six months ended 30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Investing activities		
Purchase of property, plant and equipment (<i>Note A</i>)	(4,512,246)	(191,076)
Proceeds from disposal of property, plant and equipment	3,000,000	1,701
Deposits paid for acquisition of property or land	—	(2,054,203)
Interests received	32,146	25,193
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(1,480,100)</u>	<u>(2,218,385)</u>
Financing activities		
Interests paid	(61,014)	(57,596)
Repayment of borrowings	(145,494)	(125,512)
Repayment of finance leases	(4,892)	(111,993)
Advances from related companies	—	46,523
Repayment of advances from related companies	—	(71,384)
Repayment of advances from directors	—	(35,096)
Advances from a shareholder	—	422,719
Repayment to a shareholder	—	(179,828)
Dividends paid	—	(5,000,000)
	<u> </u>	<u> </u>
Net cash used in financing activities	<u>(211,400)</u>	<u>(5,112,167)</u>
Net increase (decrease) in cash and cash equivalents	6,292,424	(3,587,458)
Cash and cash equivalents at beginning of the period	32,231,219	29,729,924
Effect of foreign exchange rate changes on the balance of cash	220,217	(36,057)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u>38,743,860</u>	<u>26,106,409</u>

Note A:

During the current interim period, the Group acquired property, plant and equipment of S\$4,556,246, of which S\$44,000 is acquired under finance lease arrangement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

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 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 Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”) on 20 March 2017 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen’s Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 20 Sin Ming Lane, #06-66, Midview City, Singapore 573968. 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.

The Company is a subsidiary of Huada Developments Limited (“Huada Developments”), incorporated in the British Virgin Islands (“BVI”), which is also the Company’s ultimate holding company. Huada Development is owned by Mr. Yang Xinping and his spouse Ms. Chao Jie. Upon the entering into of the concert party deed, Huada Developments, Mr. Yang, Mrs. Yang, Eagle Soar Global Limited (“Eagle Soar”) and Mdm. 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 an investment holding company and the principal activities of its operating subsidiaries are the provision of building construction services. The details of the subsidiaries are set out in Note 25.

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

Basis of consolidation

The condensed consolidated financial information incorporates the financial information of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

- 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.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

The condensed consolidated interim financial statements is presented in Singapore dollars (“S\$”) unless otherwise stated.

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 has not been audited.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied and method of computation used are consistent with those of the annual financial statement for the year ended 31 December 2017, as described in those annual financial statements.

2.1 Basis of preparation

This condensed consolidated interim financial statements for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the rules governing the Listing of securities on the Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial statements should be read in conjunction with the annual report of the company for the year ended 31 December 2017, which has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The preparation of this condensed consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements, are disclosed in note 4 below.

2.2 Application of IFRS

The Group has adopted all the new and revised IFRS that are effective and relevant to its operations for the financial year beginning on 1 January 2018. The adoption of these new/ revised IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period except as follow:

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies, but did not result in material adjustments to the amounts recognised in the condensed consolidated interim financial statements. The requirements for classification and measurement of financial assets and financial liabilities and impairment of financial assets have been applied retrospectively starting from 1 January 2018. IFRS 9 is not applicable to items that have already been derecognised as of 1 January 2018.

Classification and measurement

- Available-for-sale investments, stated at cost less impairment as disclosed in Note 13 qualifies for designation as measured at FVTOCI under IFRS 9, which has been disposed during the current interim period. The Group has concluded that the impact to OCI is insignificant as at 1 January 2018.
- All other financial assets and financial liabilities will continue to be measured as the same bases as currently adopted under IAS 39.

Impairment

Expected credit losses

The Group's financial assets carried at amortised cost are subject to IFRS 9's new expected credit loss model. The Group was required to revise its impairment methodology under IFRS 9 for these assets.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. The Group is concluded the impact of expected Credit losses is insignificant.

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018, which resulted in changes in accounting policies, but did not result in material adjustments to the amounts recognised in the condensed consolidated interim financial statements.

The Group has not early applied the following new and amendments to IFRSs, IAS and the new interpretations that have been issued but are not yet effective, which are relevant to the Group:

IFRS 16	Leases ¹
IFRIC 23	Uncertainty over Income Tax Treatments ¹

¹ Effective for annual periods beginning on or after 1 January 2019

Except as disclosed below, the management of the Group considers that the application of the amendments to IFRSs, IASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in future.

IFRS 16 Leases

As at 30 June 2018, the Group has non-cancellable operating lease commitments of S\$220,470, as disclosed in Note 21. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: market risk (including interest risk and currency risk), credit risk and liquidity risk.

The interim condensed consolidated financial statement do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report of the Group for the year ended 31 December 2017.

There have been no changes in the risk management or any risk management policies since the year end.

3.2 Fair value estimation

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate to their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial statements, the critical accounting estimates and judgements applied were consistent with those described in the annual financial statement for the year ended 31 December 2017.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the fair value of amounts received and receivable from provision of building and construction works, solely derived in Singapore for the six months ended 30 June 2018 and 2017 respectively.

(b) Segment information

Information is reported to the Executive Directors, being the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of contracts, i.e. “Main Contractor Projects” and “Subcontractor Projects” and profit for the period as a whole. No analysis of the Group’s results by type of projects nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.

An analysis of the Group’s revenue for the six months ended 30 June 2018 and 2017 is as follows:

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Revenue from:		
Main Contractor Projects	38,553,960	56,619,889
Subcontractor Projects	17,352,969	15,065,830
	<u>55,906,929</u>	<u>71,685,719</u>

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the six months ended 30 June 2018 and 2017 are as follows:

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Customer I	29,381,498	40,865,910
Customer II	8,178,511	13,302,741
Customer III	N/A*	N/A*
	<u>N/A*</u>	<u>N/A*</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore.

6 OTHER INCOME

	For the six months ended	
	30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Government grants (<i>note a</i>)	20,386	307,104
Service income on secondment of labour and subcontracting fee, net	8,032	5,747
Interest income	46,160	69,475
Rental income	62,700	—
Gain on disposal of available-for-sale investment (<i>Note 13</i>)	275,090	—
Other income	—	21,700
	412,368	404,026

Notes:

- a. Government grants mainly include Productivity Innovation Project Scheme (“PIP”) and Mechanisation Credit (“Mech C”), all of them are compensated for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs. Under the PIP, the government aims to encourage and facilitate Singapore-registered business to build up their capacity, identify productivity gaps and improve site processes so as to achieve higher site productivity. Under Mech C, the government provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects. The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial supports with no future related to any assets.

7 OTHER EXPENSES

	For the six months ended	
	30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Listing expenses	—	1,238,905

8 FINANCE COSTS

	For the six months ended	
	30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Interest on:		
Bank borrowings	60,750	55,660
Finance leases	264	1,936
	<u>61,014</u>	<u>57,596</u>

9 INCOME TAX EXPENSE

The amount of income tax charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended	
	30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	461,796	1,340,158
Deferred tax expense/(credit)	—	(6,000)
	<u>461,796</u>	<u>1,334,158</u>

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20%, capped at S\$10,000 for the Year of Assessment 2019. CIT rebate of 40% capped at S\$15,000 for the Year of Assessment (“YA”) 2018, and Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 of chargeable income.

10 DIVIDENDS

The Board does not recommend payment of any dividend in respect of the Period.

11 EARNINGS PER SHARE

	For the six months ended	
	30 June	30 June
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Profit attributable to the owners of the Company (S\$)	2,026,067	4,845,226
Weighted average number of ordinary shares in issue	800,000,000	599,999,990
Basic and diluted earnings per share (S\$ cents)	<u>0.25</u>	<u>0.81</u>

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

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the six months ended 30 June 2018 and 30 June 2017.

12 PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of \$4,556,246 (unaudited) (31 December 2017: \$18,200,078).

13 AVAILABLE-FOR-SALE INVESTMENTS

	As at	As at
	30 June	31 December
	2018	2017
	S\$	S\$
	Unaudited	Audited
Unquoted equity investment, at cost	—	100,000
Quasi-capital loan	—	2,624,910
	<u>—</u>	<u>2,724,910</u>

The balance as at 31 December 2017 represents paid-up capital for 10% equity interest and additional capital contribution made to Singhome (Paya Lebar) Pte. Ltd. where the repayment is up to the discretion of the investee. The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is significant and accordingly the fair values cannot be measured reliably.

On 26 March 2018, BHCC Construction Pte. Ltd., a wholly-owned subsidiary of the company, entered into an agreement with an independent third party not connected to the company and its connected persons, in relation to a disposal (the “Disposal”) of the available-for-sale Investment at an aggregate consideration of S\$3.0 million. The Disposal does not constitute a notifiable transaction under the Listing Rules.

14 TRADE RECEIVABLES

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Trade receivables	3,603,404	1,381,724
Unbilled revenue (<i>note a</i>)	9,134,403	11,378,557
Retention receivable (<i>note b</i>)	3,249,606	4,832,474
	<u>15,987,413</u>	<u>17,592,755</u>

Notes:

- a. Unbilled revenue are those accrued revenue which the construction certification is issued by the customers but no billing has been raised to customers.
- b. Retention monies withheld by customers of construction works are released after the completion of maintenance period of the relevant contracts, which is usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle. The carrying amounts approximate to the amounts expected to be realised at respective date of settlement.

The credit terms to customers is from 30 days to 60 days from the invoice date for trade receivables. The following is an analysis of trade receivables presented based on the invoice dates at the end of each reporting period:

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Within 60 days	3,174,959	1,257,670
61 days to 90 days	407,028	102,637
91 days to 180 days	—	—
181 days to 365 days	—	—
Over 1 year but not more than 2 years	—	—
More than 2 years	21,417	21,417
	<u>3,603,404</u>	<u>1,381,724</u>

15 AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORK

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Contract costs incurred plus recognised profits (less recognised losses) to date	264,753,947	220,063,475
Less: foreseeable losses	(1,697)	—
Less: progress billings	<u>(267,322,077)</u>	<u>(221,533,106)</u>
	<u>(2,569,827)</u>	<u>(1,469,631)</u>
<i>Analysed for reporting purposes as:</i>		
Amounts due from customers for construction work	5,160,978	2,771,130
Amounts due to customers for construction work	<u>(7,730,805)</u>	<u>(4,240,761)</u>
	<u>(2,569,827)</u>	<u>(1,469,631)</u>

16 AMOUNTS DUE FROM (TO) RELATED COMPANIES/DIRECTORS/SHAREHOLDERS

a. Amounts due from related companies

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Analysed as:		
<i>Trade related</i>	<u>1,643,190</u>	<u>3,748,877</u>
	<u>1,643,190</u>	<u>3,748,877</u>

The average credit period for provision of services is 30 days. The aging of trade related amounts due from related companies presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Within 90 days	1,643,190	3,748,877
91 days to 180 days	—	—
181 days to 365 days	—	—
	<u>1,643,190</u>	<u>3,748,877</u>

b. Amounts due from shareholders

The balance as at 30 June 2018 and 31 December 2017 is non-trade nature, unsecured, non-interest bearing and without a fixed repayment term.

17. BANK BALANCES AND CASH

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Cash at bank and in hand	39,732,630	32,231,219
Less: pledged deposits (<i>note</i>)	(988,770)	—
Bank balances and cash	<u>38,743,860</u>	<u>32,231,219</u>

Note: As at 30 June 2018, pledged deposit balance consisted of a deposit of S\$988,770 to secure a performance bond.

18. TRADE AND OTHER PAYABLES

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Trade payables	10,385,833	5,318,008
Trade accruals	<u>18,735,383</u>	<u>20,889,813</u>
	<u>29,121,216</u>	<u>26,207,821</u>
Accrued operating expenses	167,332	253,271
Other payables		
GST payable	7,402	5,246
Accrued payroll costs	1,758,780	2,343,283
Payable for acquisition of properties	<u>941,796</u>	<u>941,796</u>
	<u>31,996,526</u>	<u>29,751,417</u>

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

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Within 90 days	10,010,905	5,007,693
91 days to 180 days	322,731	268,313
181 days to 365 days	52,197	13,133
Over 1 year but not more than 2 years	—	28,869
Over 2 years	—	—
	<u>10,385,833</u>	<u>5,318,008</u>

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days or payable upon delivery.

19 BORROWINGS

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Bank loans — Secured	<u>6,068,282</u>	<u>6,213,776</u>
<i>Analysed as:</i>		
Carrying amount repayable within one year	294,998	292,101
Carrying amount repayable more than one year, but not exceeding two years	300,891	296,827
Carrying amount repayable more than two years, but not more than five years	778,666	1,251,050
Carrying amount repayable more than five years	<u>4,693,727</u>	<u>4,373,798</u>
	6,068,282	6,213,776
Less: Amount due within one year shown under current liabilities	<u>(294,997)</u>	<u>(292,101)</u>
Amounts shown under non-current liabilities	<u>5,773,285</u>	<u>5,921,675</u>

The loan at 30 June 2018 was secured against the freehold properties and investment properties with carrying amount of S\$9,351,050 (unaudited). The loan carries fixed interest rate of 1.98% per annum at 31 December 2017 and 30 June 2018, with repayment term of 20 years.

20 SHARE CAPITAL

On 21 February 2017, the company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 share of HK\$0.01 each.

During the interim period, there is no movement in share capital. A summary of the Company's share capital is as follows.

	Number of shares	Par value HK\$	Share capital HK\$
Authorised share capital of the Company:			
At date of incorporation on 21 February 2017	38,000,000	0.01	380,000
Increase on 17 August 2017	<u>4,962,000,000</u>	<u>0.01</u>	<u>49,620,000</u>
At 31 December 2017	<u>5,000,000,000</u>	<u>0.01</u>	<u>50,000,000</u>
At 30 June 2018 (unaudited)	<u>5,000,000,000</u>	<u>0.01</u>	<u>50,000,000</u>
		Number of shares	Share capital S\$
Issued and fully paid of the Company:			
At date of incorporation on 21 February 2017		75	—
Issue of shares pursuant to the reorganisation		999,925	1,742
Issue of shares under the capitalisation issue		599,000,000	1,040,632
Issue of shares under the Share Offer		<u>200,000,000</u>	<u>347,456</u>
At 31 December 2017		<u>800,000,000</u>	<u>1,389,830</u>
At 30 June 2018 (unaudited)		<u>800,000,000</u>	<u>1,389,830</u>

21 COMMITMENTS

Operating lease commitments

(a) *The Group as lessee*

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Minimum lease payments paid during each of the period under operating lease in respect of staff dormitories, warehouse, office and heavy machineries	389,129	477,724

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Within one year	161,640	169,692
After one year but within five years	58,830	32,490
	220,470	202,182

The leases have tenures ranging from one to more than two years and no contingent rent provision included in the contracts.

(b) *The Group as lessor*

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
	Unaudited	Unaudited
Minimum lease income received during the year under operating lease in respect of investment properties and warehouse space	62,700	—

Future minimum rental receivable under non-cancellable leases as at the end of reporting period are as follows:

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Within one year	130,800	122,016
After one year but within five years	<u>52,900</u>	<u>115,296</u>
	<u>183,700</u>	<u>237,312</u>

The leases have tenures of two years (2017: two years) with no contingent rent provision included in the contracts.

22 CONTINGENT LIABILITIES

As at 30 June 2018, the Group has provided performance bonds in favour of the customers amounting to approximately S\$18.4 million.

23 CAPITAL COMMITMENTS

	As at 30 June 2018 S\$ Unaudited	As at 31 December 2017 S\$ Audited
Commitments for acquisition of property, plant and equipment	<u>1,332,000</u>	<u>490,000</u>

24 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The Group entered into the following transactions with related parties during the six months ended 30 June 2018 and 2017:

	For the six months ended 30 June	
	2018 S\$ Unaudited	2017 S\$ Unaudited
Fantasia (Novena) Pte Ltd. (note c)	53,000	144,633
Marshall Development P/L (note c)	<u>724,283</u>	<u>—</u>

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
Provision of site support	Unaudited	Unaudited
Top Star Builder Pte. Ltd. <i>(note a, d)</i>	—	374,121
	<u> </u>	<u> </u>

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
Purchases	Unaudited	Unaudited
Top Star Builder Pte. Ltd. <i>(note a, d)</i>	—	52,558
Wanda Airconditioning Pte. Ltd. <i>(note b)</i>	—	114,890
Sin Hill International Pte. Ltd. <i>(note b)</i>	—	160,551
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	—	327,999
	<u> </u>	<u> </u>

	For the six months ended 30 June	
	2018	2017
	S\$	S\$
Rental expense	Unaudited	Unaudited
Wanda Airconditioning Pte. Ltd. <i>(note b)</i>	20,340	20,340
Hong Chwee Real Estate Pte. Ltd. <i>(note a)</i>	44,880	44,880
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	65,220	65,220
	<u> </u>	<u> </u>

Notes:

- a. Mr. Yang Xinping and Ms. Han Yuying have controlling equity interests in these companies.
- b. Mr. Yang Xinping and Ms. Han Yuying have equity interests in these related parties with significant influence over them.
- c. Mr. Yang Xinping and Ms. Han Yuying are the key management personal in these companies.
- d. Following the disposal of their entire equity interest in Top Star Builder Pte. Ltd. in January 2017 to a third party by Mr. Yang Xinping and Ms. Han Yuying, the entity is no longer regarded as related party to the Group.

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2018 and 2017 were as follows:

	For the six months ended 30 June	
	2018 S\$ Unaudited	2017 S\$ Unaudited
Short-term benefits	264,000	264,000
Post-employment benefits	12,240	12,240
	<u>276,240</u>	<u>276,240</u>

25 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2018 are set out below.

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest	Held by the Company	Principal activities
Lion Metro	BVI	US\$1	100%	100%	Investment holding
BHCC Construction	Singapore	S\$15,000,000	100%	—	Provision of building construction services
Wan Yoong	Singapore	S\$30,000	100%	—	Provision of building construction services and investment holding
BHCC Space	Singapore	S\$2	100%	—	Property development

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

26 SUBSEQUENT EVENTS

Saved as elsewhere disclosed in this report, no significant events occurred since the end of the interim period.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of BHCC Holding Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2018 (the “Period”), together with the comparative figures for the corresponding period in 2017 (the “Previous Period”).

BUSINESS REVIEW

The Group is principally engaged as a main contractor in the provision of building and construction works in Singapore. The Group is also specialised in reinforcement concrete works which it has undertaken on a selected basis in the subcontractor projects.

The shares of the Company (the “Shares”, each a “Share”) were successfully listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 September 2017 (the “Listing Date” and the “Listing”, respectively).

FINANCIAL REVIEW

The Group’s revenue for the Period was approximately S\$55.9 million, representing a decline of approximately 22.0% as compared that of approximately S\$71.7 million for the Previous Period. The decrease in revenue is due to a lower building and construction works activity level as compared to the Previous Period.

Gross profit for the Period dropped by approximately S\$5.5 million to approximately S\$3.3 million (Previous Period: approximately S\$8.8 million), and the gross profit margin decreased to approximately 5.9% (Previous Period: approximately 12.3%). The decrease in the gross profit margin was mainly due to new projects introduced this year with lower budgeted gross profit margin. The costs of rebar and concrete have increased by approximately 10% since the start of the year.

Other income increased by approximately S\$0.01 million or approximately 2.5% from approximately S\$0.40 million to approximately S\$0.41 million for the six months ended 30 June 2018 due to the net proceeds from disposal of available-for-sale investment amounted to approximately \$0.3 million.

The Group’s income tax expenses decreased by approximately S\$0.8 million from approximately S\$1.3 million to approximately S\$0.5 million for the six months ended 30 June 2018. The decrease was primarily due to combined effect of a decrease in the profit before taxation.

As a result of the above factors, the Company recorded a profit after tax of approximately S\$2.0 million for the six months ended 30 June 2018 (Previous Period: S\$5.5 million).

Profit attributable to owners of the Company has decreased from approximately S\$4.8 million to approximately S\$2.0 million owing to lower profit after taxation. Non-controlling interest is NIL for the six months ended 30 June 2018 (Previous Period: S\$0.7 million).

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on the Listing Date with net proceeds from the Listing of approximately HK\$72.7 million. After the Listing, the net proceeds are used in accordance with the future plans as set out in the prospectus of the Company dated 29 August 2017. During the Period, there is no material change or delay in the use of proceeds.

The use of the net proceeds from the Listing as at 30 June 2018 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK\$ million)	Balance as at 31 December 2017 (in HK\$ million)	Amount utilised during the period (in HK\$ million)	Balance as at 30 June 2018 (in HK\$ million)
— Purchase equipment and machineries to strengthen market position	40.1%	29.1	26.7	2.0	24.7
— Initial capital contribution required for larger value projects	26.9%	19.6	15.6	1.5	14.1
— Expand and enhance workforce to support business expansion	17.9%	13.0	10.0	2.6	7.4
— Recruit new staff and train existing staff to improve productivity via investment in BIM and ERP	10.3%	7.5	6.2	0.8	5.4
— Working capital	4.8%	3.5	0.5	0.3	0.2
Total	100%	72.7	59.0	7.2	51.8

The unused net proceeds are deposited into licensed banks in Hong Kong and Singapore.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group has provided performance bonds in favour of the customers amounting to approximately S\$18.4 million.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group has commitment of approximately S\$1.3 million to complete the acquisition of the leasehold interests of a property.

PROSPECTS

The Group continues to focus on strengthening its market position for the building construction works in Singapore. In the first half of 2018, there was no material adverse change in the general economic and market conditions in Singapore or the industry in which it operates that had affected or would affect the business operations or financial condition materially and adversely.

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;
- (c) enhance and expand the Group's workforce to keep up with the Group's business expansion; and
- (d) improve productivity with investments in BIM and ERP software.

RECENT DEVELOPMENT

The Group has implemented Office Automation System ("OA System") since June 2018 to improve its productivities and efficiencies in areas of inventory, human resources, administrative and contract management. The OA System digitally creates, collects, stores, and relays office information needed for accomplishing daily tasks and is highly customizable to suit the Group's needs. The Group intends to further develop the OA System to encompass more aspects of the Group's business.

In terms of building technologies, the Group has actively used Building Information Modeling ("BIM") in its projects, upgraded BIM functionally from 3D to 5D and are gradually moving towards the utilization of Integrated Digital Delivery ("IDD") in conjunction with other smart office technologies such as the OA System.

The Company is applying to be a Prefabricate Prefinished Volumetric Construction specialist contractor. Given the current competitive market environment, the Company intends to pursue advance construction technologies to improve productivities and efficiencies.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's receivable turnover days as at 30 June 2018 increased to 16 days as compared to 11 days as at 31 December 2017, mainly due to lower revenue contributed by Singapore Government projects and higher revenue contributed by Singapore Private Projects.

The Group's cash and cash equivalents balances as at 30 June 2018 amounted to approximately S\$38.7 million, representing an increase of approximately S\$6.5 million as compared to approximately S\$32.2 million as at 31 December 2017, which was attributable to the cash generated for operation during the period, and gross proceeds from disposal of an available-for-sale investment at an aggregate consideration of S\$3.0 million on 26 March 2018 by BHCC Construction Pte. Ltd., a wholly-owned subsidiary of the Company (Note 13).

As at 30 June 2018, the Group's indebtedness comprised bank borrowings of approximately S\$6.1 million.

The Group's equity balance increased to approximately S\$41.1 million as at 30 June 2018 from that of approximately S\$39.0 million as at 31 December 2017, which was attributable to the profits recorded for the Period.

The Group has certain bank balances denominated in HK\$ and US\$ other than the functional currency of respective group entities as at 30 June 2018, which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 399 employees as at 30 June 2018. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. The foreign workers are typically employed on a one-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

SHARE OPTION SCHEME

On 17 August 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. No option has been granted since its adoption on 17 August 2017, and there is no outstanding share option as at 30 June 2108.

PLEDGE OF ASSETS

The borrowings as at 30 June 2018 was secured against the freehold properties and investment properties with carrying amount of approximately S\$9.4 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company has adopted the corporate governance code (the "Corporate Governance Code") contained in Appendix 14 of the Listing Rules, and has complied with all applicable code provisions under the Corporate Governance Code during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of listed issuers as contained in Appendix 10 of the Listing Rules as the guidelines for the Director's dealings in the securities of the Company. The Directors has confirmed their compliance with the required standards set out in the Model Code during the Period.

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any dividend in respect of the Period (Previous Period: Nil).

AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, namely Ms. Chan Bee Leng, Mr. Ooi Soo Liat and Ms. Li Xueling, Sharlene, has reviewed the accounting standards and policies adopted by the Group and the interim report including the unaudited condensed consolidated financial information of the Group for the Period.

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

Singapore, 28 August 2018

As at the date of this announcement, the Executive Directors are Mr. Yang Xinping and Ms. Han Yuying, and the Independent Non-executive Directors are Ms. Chan Bee Leng, Mr. Ooi Soo Liat and Ms. Li Xueling, Sharlene.