

BHCC HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1552

INTERIM REPORT

2017



CONTENT

Corporate Information	2
Management Discussion and Analysis	3–5
Other Information	6–9
Interim Condensed Combined Statement of Profit or Loss and Other Comprehensive Income	10
Interim Condensed Combined Statement of Financial Position	11–12
Interim Condensed Combined Statement of Changes in Equity	13
Interim Condensed Combined Statement of Cash Flows	14–15
Notes to the Condensed Combined Interim Financial Statements	16–36

Corporate Information

EXECUTIVE DIRECTORS

Mr. Yang Xiping
Ms. Han Yuying

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Bee Leng
Ms. Li Xueling, Sharlene
Mr. Ooi Soo Liat

COMPANY SECRETARY

Ms. Chan So Fun
Solicitor, Hong Kong

AUTHORISED REPRESENTATIVES

Ms. Chan So Fun
Mr. Yang Xiping

AUDIT COMMITTEE

Ms. Chan Bee Leng (*Chairwoman*)
Mr. Ooi Soo Liat
Ms. Li Xueling, Sharlene

REMUNERATION COMMITTEE

Mr. Ooi Soo Liat (*Chairman*)
Ms. Chan Bee Leng
Ms. Li Xueling, Sharlene
Ms. Han Yuying

NOMINATION COMMITTEE

Ms. Li Xueling, Sharlene (*Chairwoman*)
Ms. Chan Bee Leng
Mr. Ooi Soo Liat
Mr. Yang Xiping

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

20 Sin Ming Lane
#06-66
Midview City
Singapore 573968

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Prosperity Tower
39 Queen's 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

Union Registrars Limited
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AUDITORS

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6 Shenton Way
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PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
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United Overseas Bank Limited
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Malayan Banking Berhad
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COMPANY WEBSITE

www.bhcc.com.sg

STOCK CODE

1552

Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of BHCC Holding Limited (the "Company") is pleased to present the unaudited combined results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 (the "Period"), together with the comparative figures for the corresponding period in 2016 (the "Previous Period"). These information should be read in conjunction with the prospectus of the Company dated 29 August 2017 (the "Prospectus").

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 were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 September 2017 (the "Listing") and a majority of the Group's business activities were covered in the Prospectus.

FINANCIAL REVIEW

The Group's revenue for the Period was approximately S\$71.7 million, representing a decline of 14.7% as compared that of approximately S\$84.1 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. Although the revenue contribution from the top customer increased from approximately S\$19.3 million to S\$40.9 million, the revenue contribution from the other main contractor project customers have decreased due to the substantial completion of certain private sector projects.

Gross profit for the Period rose by approximately S\$1.9 million to approximately S\$8.8 million (Previous Period: approximately S\$6.9 million), and the gross profit margin increased to 12.3% (Previous Period: 8.2%). The increase in the gross profit margin was mainly due to higher gross profit margin for main contractor with private customers particularly on an educational institution project. This can be attributed to additional works performed and certain budgeted costs for this project were not required.

Other income increased by approximately S\$0.1 million or 46% from approximately S\$0.3 million to approximately S\$0.4 million for the six months ended 30 June 2017 due to higher government grants received from the Singapore government.

The Group's other expenses was the listing expenses incurred in preparation for the listing of the shares of the Company.

The Group's income tax expenses increased by approximately S\$0.4 million from S\$0.9 million to S\$1.3 million for the six months ended 30 June 2017. The increase was primarily due to combined effect of an increase in the profit before taxation and an increase in expenses not deductible for tax purposes, such as the professional fees incurred for the Listing.

For the period ended 30 June 2017, profit after taxation increased from approximately S\$5.1 million to approximately S\$5.5 million mainly due to the better profit margin from an educational institution project net off against listing expenses of approximately S\$1.2 million.

Management Discussion and Analysis

Profit attributable to owners of the Company has decreased from approximately S\$5.1 million to S\$4.8 million owing to share of profits by non-controlling interests. Non-controlling interests shared 12.5% of the Company's profit for the period ended 30 June 2017, amounting to approximately S\$0.7 million.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2017.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group has commitment of approximately S\$5.6 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 2017, 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 future plans of the Group are detailed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As disclosed in the Prospectus, 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 Company successfully listed its shares on the Main Board of the Stock Exchange on 12 September 2017 and issued a total of 200,000,000 shares by way of public offer and placing at a price of HK\$0.50 each on Listing. The net proceeds from the share offer in association with the Listing amounted to approximately HK\$72.7 million. Please also refer to Note 23 for the subsequent events after 30 June 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's receivable turnover days as at 30 June 2017 decreased to 15 days as compared to 17 days as at 31 December 2016, mainly due to higher revenue contributed by Singapore Government projects which enabled the Group to collect its progress claims promptly.

The Group's cash and cash equivalents balances as at 30 June 2017 amounted to approximately S\$26.1 million, representing a decrease of approximately S\$3.6 million as compared to approximately S\$29.7 million as at 31 December 2016, which was attributable to deposit of approximately S\$2.1 million paid for acquisition of land at Tampines North Drive 3, Singapore and the payment of dividends to its shareholders of approximately S\$5 million.

As at 30 June 2017, the Group's indebtedness comprised bank borrowings of approximately S\$6.4 million, amount due to related companies of approximately S\$16,007 and amount due to shareholder of approximately S\$0.3 million.

The Group's equity balance increased to approximately S\$21.0 million as at 30 June 2017 from that of approximately S\$20.6 million as at 31 December 2016, which was attributable to the profits recorded for the Period.

The Group has certain bank balances denominated in US\$ other than the functional currency of respective group entities as at 30 June 2017, 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 265 employees as at 30 June 2017. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee.

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

Other Information

DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES

The shares of the Company were listed on the Stock Exchange on 12 September 2017 and the Company was not required to keep any register under Part XV of the Securities and Futures Ordinance ("SFO") as at 30 June 2017.

As at the date of this report, the interests and short positions of directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, are as follows:

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Director	Number of shares/Position	Percentage of shareholding	Capacity
Mr. Yang Xinping ("Mr. Yang")	409,050,000 (Note 1) Long position	51.13125%	Interest in controlled corporation
Ms. Han Yuying ("Ms. Han")	136,350,000 (Note 2) Long position	17.04375%	Interest in controlled corporation

Note:

- 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.
- 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' INTEREST IN THE SHARES OF HUADA DEVELOPMENTS, AN ASSOCIATED CORPORATION OF THE COMPANY

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

Save as disclosed above, as at the date of this report, none of the Directors or the chief executive of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at the date of this report, so far as the Directors are aware, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

Shareholder	Number of shares/Position	Percentage of shareholding	Capacity
Huada Developments (Note 1)	409,050,000 Long position	51.13125%	Beneficial owner
Ms. Chao Jie (Note 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

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.

Other Information

Save as disclosed above, as at the date of this report, the Directors are not aware of any other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the shares or underlying shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

On 17 August 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. No option has been granted up to the date of this report.

PLEDGE OF ASSETS

The borrowings as at 30 June 2017 was secured against the freehold land and buildings with carrying amount approximately S\$9.6 million (Note 12).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save disclosed in the Prospectus, 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 as the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2017.

CORPORATE GOVERNANCE

The code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules were not applicable to the Company for the Period as the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2017. The Company has adopted and complied with the code provisions, where applicable, upon Listing.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Model Code was not applicable to the Company during the Period as the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2017. The Company has adopted the Model Code as code of conduct regarding Directors' securities transactions upon Listing and all Directors have confirmed, upon specific enquiry made, that they complied with the Model Code from the date of Listing up to the date of this report.

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.

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 combined financial information of the Group for the Period.

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

Singapore, 25 September 2017

Interim Condensed Combined Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 S\$ Unaudited	2016 S\$ Unaudited
Revenue	5	71,685,719	84,105,639
Costs of services		(62,849,373)	(77,195,318)
Gross profit		8,836,346	6,910,321
Other income	6	404,026	276,424
Other gains and losses		(33,169)	(10,555)
Selling expenses		(24,807)	(35,110)
Administrative expenses		(1,008,636)	(1,136,714)
Other expenses	7	(1,238,905)	—
Finance costs	8	(57,596)	(9,362)
Profit before taxation		6,877,259	5,995,004
Income tax expense	9	(1,334,158)	(911,116)
Profit and other comprehensive income for the period		5,543,101	5,083,888
Profit attributable to:			
Owners of the Company		4,845,226	5,083,888
Non-controlling interest		697,875	—
		5,543,101	5,083,888
Basic and diluted earnings per share	11	N/A	N/A

The notes on pages 16 to 36 are an integral part of this condensed combined interim financial statements.

Interim Condensed Combined Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Non-current assets			
Property, plant and equipment	12	11,967,781	2,573,297
Intangible asset		175,000	175,000
Deposits paid for acquisition of property or land		2,054,203	6,377,213
Available-for-sale investments		2,724,910	2,724,910
		16,921,894	11,850,420
Current assets			
Trade receivables	13	22,905,538	21,809,619
Other receivables and deposits		2,235,561	1,103,161
Amounts due from customers for construction work	14	616,914	851,457
Amounts due from related companies	15a	2,291,667	11,956,199
Amounts due from shareholders	15b	182	—
Bank balances and cash		26,106,409	29,729,924
		54,156,271	65,450,360
Current liabilities			
Amounts due to customers for construction work	14	13,558,078	12,555,796
Amounts due to related companies	15c	16,007	1,914,480
Amounts due to directors	15d	—	35,096
Amount due to a shareholder	15e	336,756	93,865
Trade and other payables	16	25,942,646	34,298,233
Obligations under finance leases		—	69,875
Borrowings	17	289,152	182,025
Income tax payable		1,780,807	1,613,708
		41,923,446	50,763,078
Net current assets		12,232,825	14,687,282

Interim Condensed Combined Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Non-current liabilities			
Obligations under finance leases		—	42,118
Borrowings	17	6,071,668	3,949,816
Deferred tax liabilities		276,000	282,000
		6,347,668	4,273,934
Net assets		22,807,051	22,263,768
Capital and reserves			
Share capital	18	13,530,182	13,530,000
Accumulated profits		7,444,564	7,099,338
Equity attributable to owners of the Company		20,974,746	20,629,338
Non-controlling interest		1,832,305	1,634,430
		22,807,051	22,263,768

The notes on pages 16 to 36 are an integral part of this condensed combined interim financial statements.

Interim Condensed Combined Statement of Changes in Equity

For the six months ended 30 June 2017

	Equity attributable to owners of the Company			Non- controlling interest	Total
	Share capital	Accumulated profits	Sub-total		
	S\$	S\$	S\$		
At 1 January 2016	6,530,000	4,243,906	10,773,906	—	10,773,906
Profit and other comprehensive income for the period	—	5,083,888	5,083,888	—	5,083,888
At 30 June 2016 (unaudited)	6,530,000	9,327,794	15,857,794	—	15,857,794
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 18)	182	—	182	—	182
Dividends (Note 10)	—	(4,500,000)	(4,500,000)	(500,000)	(5,000,000)
At 30 June 2017 (unaudited)	13,530,182	7,444,564	20,974,746	1,832,305	22,807,051

The notes on pages 16 to 36 are an integral part of this condensed combined interim financial statements.

Interim Condensed Combined Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Operating activities		
Profit before taxation	6,877,259	5,995,004
Adjustments for:		
Depreciation of property, plant and equipment	465,504	340,466
Finance costs	57,596	9,362
Loss on disposal of property, plant and equipment, net	2,887	10,555
Interest income	(69,475)	(27,796)
Unrealised exchange loss	36,057	—
Operating cash flow before movement in working capital	7,369,828	6,327,591
<i>Movements in working capital:</i>		
Increase in trade receivables	(1,095,919)	(1,831,466)
(Increase) decrease in other receivables	(1,088,118)	4,059
Decrease (increase) in amounts due from customers for construction work	234,543	(517,826)
Decrease (increase) in amounts due from related companies	9,664,532	(11,792,673)
(Decrease) increase in trade and other payables	(9,297,383)	5,048,612
Decrease in amounts due to related companies	(1,873,612)	(660,152)
Increase (decrease) in amounts due to customers for construction work	1,002,282	(2,186,230)
Cash generated from (used in) operations	4,916,153	(5,608,085)
Income taxes paid	(1,173,059)	(22,075)
Net cash from (used in) operating activities	3,743,094	(5,630,160)

Interim Condensed Combined Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	S\$ Unaudited	S\$ Unaudited
Investing activities		
Purchase of property, plant and equipment	(191,076)	(362,377)
Purchase of intangible asset	—	(175,000)
Proceeds from disposal of property, plant and equipment	1,701	6,728
Deposits paid for acquisition of property or land	(2,054,203)	—
Advance to related companies	—	334,913
Interests received	25,193	27,796
Net cash used in investing activities	(2,218,385)	(167,940)
Financing activities		
Interests paid	(57,596)	(9,362)
Repayment of borrowings	(125,512)	(5,772)
Repayment of finance leases	(111,993)	(9,371)
Advances from related companies	46,523	850
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)	—
Net cash used in financing activities	(5,112,167)	(23,655)
Net decrease in cash and cash equivalents	(3,587,458)	(5,821,755)
Cash and cash equivalents at beginning of the period	29,729,924	18,490,429
Effect of foreign exchange rate changes on the balance of cash	(36,057)	—
Cash and cash equivalents at end of the period, represented by bank balances and cash	26,106,409	12,668,674

During the six months ended 30 June 2017, (a) the additional cost of S\$3,296,287 for the properties was financed by a loan drawdown of S\$2,354,491, and the remaining of S\$941,796 remains payable as at 30 June 2017; (b) the additional cost of S\$6,377,213 for the properties pertains to the reclassification of deposits paid for acquisition of properties upon the notice of vacant possession of the properties.

The notes on pages 16 to 36 are an integral part of this condensed combined interim financial statements.

Notes to the Condensed Combined Interim Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 February 2017. The registered office of the Company is at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business in Hong Kong 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 Company is an investment holding company and the principal activities of its operating subsidiaries are provision of building construction services.

Pursuant to the group reorganisation as set out in the section headed "History and Development" in the Company's listing prospectus dated 29 August 2017 (the "Prospectus"), which was completed on 17 August 2017 (the "Reorganisation"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed on the Main Board of the Stock Exchange on 12 September 2017. The condensed combined interim financial statements of the Group has been prepared as if the Group had always been in existence throughout both periods presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

As at 30 June 2017, the legal group structure included only the Company and a subsidiary, Lion Metro Holdings Limited, which is an inactive investment holding company.

The following is the condensed consolidation financial information prepared based on the legal group structure before the completion of the Reorganisation.

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 combined 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.

Notes to the Condensed Combined Interim Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION (CONTINUED)

Basis of consolidation (Continued)

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.

Condensed Consolidated Financial Information

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from date of incorporation on 21 February 2017 to 30 June 2017

	S\$ Unaudited
Listing expenses	(1,238,905)
Loss before taxation	(1,238,905)
Income tax	0
Loss after taxation and total comprehensive expenses for the period attributable to owners of the Company	(1,238,905)

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	S\$ Unaudited
Current assets	
Amount due from shareholders	182
Other receivables	418,352
	418,534
Current liability	
Amount due to related company	1,657,257
Net current liabilities	1,238,723
Capital and reserves	
Share capital	182
Accumulated losses	(1,238,905)
Net capital deficiency	(1,238,723)

The condensed combined interim financial statements is presented in Singapore dollars ("S\$") unless otherwise stated.

The condensed combined interim financial statements of the Group for the six months ended 30 June 2017 has not been audited.

Notes to the Condensed Combined Interim Financial Statements

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 described in the Accountant's Report set out in Appendix I to the Prospectus.

2.1 Basis of preparation

This condensed combined interim financial statements for the six months ended 30 June 2017 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 combined interim financial statements should be read in conjunction with the Accountant's Report set out in Appendix I to the Prospectus, which has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of this condensed combined 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 combined interim financial statements, are disclosed in note 4 below.

2.2 Application of IFRS

The Group has consistently applied IFRSs that are effective for the financial year beginning on 1 January 2017.

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:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
IFRS 16	Leases ³
IFRS 17	Insurance Contracts ²
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty over Income Tax Treatments ³
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 40	Transfers of Investment Property ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle except for amendments to IFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

Except as described 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.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Application of IFRS (Continued)

IFRS 9 Financial Instruments

Application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria).

In addition, the expected loss model in relation to the Group's financial assets measured at amortised costs will result in early recognition of credit losses, which are not yet incurred in relation to the Group's financial assets measured at amortised cost based on an analysis of the Group's financial instruments as at 30 June 2017.

IFRS 15 Revenue from Contracts with Customers

Based on preliminary analysis, the management of the Group anticipates that the adoption of IFRS 15 in the future is unlikely to have significant impact on revenue recognition but will result in more disclosures.

IFRS 16 Leases

As at 30 June 2017, the Group has non-cancellable operating lease commitments of S\$420,303, as disclosed in Note 19. 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 combined financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountant's Report set out in Appendix I to the Prospectus.

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

Notes to the Condensed Combined Interim Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 combined 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 combined interim financial statements, the critical accounting estimates and judgements applied were consistent with those described in the Accountant's Report set out in Appendix I to the Prospectus.

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 2017 and 2016 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.

Notes to the Condensed Combined Interim Financial Statements

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

An analysis of the Group's revenue for the six months ended 30 June 2017 and 2016 is as follows:

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Revenue from:		
Main Contractor Projects	56,619,889	66,687,807
Subcontractor Projects	15,065,830	17,417,832
	71,685,719	84,105,639

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the six months ended 30 June 2017 and 2016 are as follows:

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Customer I	40,865,910	19,287,372
Customer II	13,302,741	14,553,300
Customer III	N/A*	18,779,247
Customer IV	N/A*	13,948,532
Customer V	N/A*	9,412,684

* 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.

Notes to the Condensed Combined Interim Financial Statements

6 OTHER INCOME

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Government grants (note a)	307,104	166,850
Service income on secondment of labour and subcontracting fee, net	5,747	—
Interest income	69,475	27,796
Others	21,700	81,778
	404,026	276,424

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	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Listing expenses	1,238,905	—

Notes to the Condensed Combined Interim Financial Statements

8 FINANCE COSTS

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Interest on:		
Bank borrowings	55,660	8,878
Finance leases	1,936	484
	57,596	9,362

9 INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	1,340,158	861,116
Deferred tax expense/(credit)	(6,000)	50,000
	1,334,158	911,116

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 50% and 20% capped at S\$25,000 and S\$10,000 for the Year of Assessment ("YA") 2017 and 2018, respectively, determined based on financial year end date of respective group companies. 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.

Notes to the Condensed Combined Interim Financial Statements

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the financial performance for each of the six months ended 30 June 2017 and 2016 on a combined basis as disclosed in Note 1 above.

12 PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of \$9,864,576 (unaudited) (six months ended 30 June 2016: \$362,377 (unaudited)).

Included in the additions of plant and machinery and motor vehicles amounting to nil and S\$20,000, were acquired under hire purchase arrangements during the periods ended 30 June 2017 and 2016, respectively. These constituted as non-cash transactions during respective years/period.

13 TRADE RECEIVABLES

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Trade receivables	4,437,167	7,332,069
Unbilled revenue (<i>note a</i>)	13,861,937	8,853,541
Retention receivable (<i>note b</i>)	4,606,434	5,624,009
	22,905,538	21,809,619

Notes:

- Unbilled revenue are those accrued revenue which the construction certification is issued by the customers but no billing has been raised to customers.
- 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.

Notes to the Condensed Combined Interim Financial Statements

13 TRADE RECEIVABLES (CONTINUED)

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:

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Within 60 days	4,415,750	7,310,652
61 days to 90 days	—	—
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
	4,437,167	7,332,069

14 AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORK

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Contract costs incurred plus recognised profits (less recognised losses) to date	276,082,414	243,143,967
Less: progress billings	(289,023,578)	(254,848,306)
	(12,941,164)	(11,704,339)
<i>Analysed for reporting purposes as:</i>		
Amounts due from customers for construction work	616,914	851,457
Amounts due to customers for construction work	(13,558,078)	(12,555,796)
	(12,941,164)	(11,704,339)

Notes to the Condensed Combined Interim Financial Statements

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

a. Amounts due from related companies

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Analysed as:		
<i>Non-trade related*</i>		
Wanda Airconditioning Pte. Ltd.	6,780	6,780
Hong Chwee Real Estate Pte. Ltd.	14,960	14,960
	21,740	21,740
<i>Trade related</i>		
Top Star Builder Pte. Ltd. (formerly known as "BHCC Builder Pte. Ltd.")	—	8,833,611
Fantasia (Novena) Pte. Ltd.	2,269,927	3,100,848
	2,269,927	11,934,459
	2,291,667	11,956,199

* The balances as at 31 December 2016, and 30 June 2017 comprised of rental deposits for office, which were unsecured, non-interest bearing and repayable at the end of the lease term.

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:

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Within 90 days	2,269,927	11,932,854
91 days to 180 days	—	—
181 days to 365 days	—	1,605
	2,269,927	11,934,459

Notes to the Condensed Combined Interim Financial Statements

15 AMOUNTS DUE FROM (TO) RELATED COMPANIES/DIRECTORS/SHAREHOLDERS (CONTINUED)

b. Amounts due from shareholders

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

c. Amounts due to related companies

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Trade related	—	1,889,619
Non-trade related*	16,007	24,861
	16,007	1,914,480
Analysed as:		
Sin Hill International Pte. Ltd.	—	95,687
Hong Chwee Real Estate Pte. Ltd.	16,007	24,011
Top Star Builder Pte. Ltd.	—	1,686,572
Fantasia (Novena) Pte Ltd.	—	8,987
Wanda Airconditioning Pte. Ltd.	—	98,373
ISPACE Innovations Asia Pacific Pte. Ltd.	—	850
	16,007	1,914,480

* The balances as at 31 December 2016 and 30 June 2017 were unsecured, non-interest bearing and without a fixed repayment term.

Notes to the Condensed Combined Interim Financial Statements

15 AMOUNTS DUE FROM (TO) RELATED COMPANIES/DIRECTORS/SHAREHOLDERS (CONTINUED)

c. Amounts due to related companies (Continued)

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

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Within 90 days	—	1,888,098
91 days to 180 days	—	651
181 days to 365 days	—	870
	—	1,889,619

d. Amounts due to directors

The balances as at 31 December 2016 were non-trade nature, unsecured, non-interest bearing and without a fixed repayment term.

e. Amount due to a shareholder

The balances as at 31 December 2016 and 30 June 2017 were non-trade nature, unsecured, non-interest bearing and without a fixed repayment term.

Notes to the Condensed Combined Interim Financial Statements

16 TRADE AND OTHER PAYABLES

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Trade payables	5,953,537	6,585,805
Trade accruals	17,400,267	24,006,911
	23,353,804	30,592,716
Accrued operating expenses	596	305,808
Other payables		
GST payable	132,418	246,156
Accrued payroll costs	1,417,769	3,142,650
Others	1,038,059	10,903
	2,588,842	3,705,517
	25,942,646	34,298,233

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

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Within 90 days	5,799,243	6,287,982
91 days to 180 days	14,181	74,953
181 days to 365 days	140,113	134,942
Over 1 year but not more than 2 years	—	86,576
Over 2 years	—	1,352
	5,953,537	6,585,805

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

Notes to the Condensed Combined Interim Financial Statements

17 BORROWINGS

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Bank loans — Secured	6,360,820	4,131,841
<i>Analysed as:</i>		
Carrying amount repayable within one year	289,152	182,025
Carrying amount repayable more than one year, but not exceeding two years	294,929	185,556
Carrying amount repayable more than two years, but not more than five years	920,619	579,005
Carrying amount repayable more than five years	4,856,120	3,185,255
	6,360,820	4,131,841
Less: Amount due within one year shown under current liabilities	(289,152)	(182,025)
Amounts shown under non-current liabilities	6,071,668	3,949,816

In 2015, the Group obtained a term loan facility of S\$7.5 million to partially finance the Group's acquisition of 5 units of an industrial property under development ("Property"). The loan has been progressively drawn down to finance the progress payments for the acquisition. The loan as at 31 December 2016 was secured by a legal charge over the sale agreement for the Property which obtained the notice of vacant possession in March 2017 and was recognised as freehold land and buildings in the interim condensed combined statement of financial position, together with a corporate guarantee from a group entity, and a joint and several personal guarantee by Mr. Yang Xinping and Ms. Han Yuying. The loan at 30 June 2017 was secured against the freehold land and buildings with carrying amount of S\$9,592,888 (unaudited) (Note 12). The loan carries fixed interest rate of 1.98% per annum at 31 December 2016 and 30 June 2017, with repayment term of 20 years.

Notes to the Condensed Combined Interim Financial Statements

18 SHARE CAPITAL

The issued share capital as at 31 December 2016 represented the combined share capital of the Company, BHCC Construction Pte Ltd (“BHCC Construction”) and Wan Yoong Construction Pte Ltd. (“Wan Yoong”).

On 29 August 2016, BHCC Construction issued 6,200,000 ordinary shares to the Mr. Yang Xinping and Ms. Han Yuying by way of capitalisation of retained earnings amounted to S\$3,350,000. All shares issued rank pari passu in all aspects with the existing issued ordinary shares in the capital of BHCC Construction.

On 29 August 2016, BHCC Construction issued 800,000 ordinary shares for cash consideration of S\$800,000 to Mr. Yang Xinping and Ms. Han Yuying in proportion to their respective equity interest percentage in BHCC Construction before new issuing, and 1,500,000 ordinary shares for cash consideration of S\$4,350,000 to Mr. Zhan Lixiong, an individual not connected to the Group. All shares issued rank pari passu in all aspects with the existing issued ordinary shares in the capital of BHCC Construction.

On 21 February 2017, the Company was incorporated and 75 shares of HK\$0.01 each were issued and allotted. On 31 March 2017, 99,925 shares of HK\$0.01 each were further issued and allotted.

The issued share capital as at 30 June 2017 represented the combined share capital of the Company, BHCC Construction and Wan Yoong.

The Company’s share capital as at 30 June 2017 was as follows:

	Number of shares	HK\$
Ordinary shares of HK\$0.01 each		
Authorised — At 2 February 2017 (date of incorporation)	38,000,000	380,000
Issued and fully paid	100,000	1,000
Issued on date of incorporation	75	1
Issue of shares on 31 March 2017	99,925	999
At 30 June 2017 (unaudited)	100,000	1,000
		S\$
Share capital presented in interim condensed combined statement of financial position		13,530,182

Notes to the Condensed Combined Interim Financial Statements

19 COMMITMENTS

Operating lease commitments

(a) The Group as lessee

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Minimum lease payments paid during each of the period under operating lease in respect of staff dormitories, warehouse, office and heavy machineries	477,724	995,050

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

	30 June 2017 S\$ Unaudited	31 December 2016 S\$ Audited
Within one year	420,303	952,707
After one year but within five years	—	61,187
	420,303	1,013,894

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

20 CONTINGENT LIABILITIES

As at 30 June 2017, the Group has no material contingent liabilities.

21 CAPITAL COMMITMENTS

As at 30 June 2017, the Group has commitment of S\$5,617,500 to complete the acquisition of the leasehold interests of an industrial land located at Tampines North Drive 3, Singapore.

Notes to the Condensed Combined Interim Financial Statements

22 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 2017 and 2016:

	For the six months ended 30 June	
	2017	2016
	S\$	S\$
	Unaudited	Unaudited
Provision of building and construction works		
Fantasia (Novena) Pte Ltd. (note c)	144,633	14,154,667

	For the six months ended 30 June	
	2017	2016
	S\$	S\$
	Unaudited	Unaudited
Provision of site support		
Top Star Builder Pte. Ltd. (note a, d)	374,121	2,059,400

	For the six months ended 30 June	
	2017	2016
	S\$	S\$
	Unaudited	Unaudited
Miscellaneous service		
ISPAC Innovations Asia Pacific Pte. Ltd. (note c)	—	5,100

Notes to the Condensed Combined Interim Financial Statements

22 RELATED PARTY TRANSACTIONS (CONTINUED)

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Purchases		
Top Star Builder Pte. Ltd. (note a, d)	52,558	604,741
Wanda Airconditioning Pte. Ltd. (note b)	114,890	219,677
Sin Hill International Pte. Ltd. (note b)	160,551	350,884
	327,999	1,175,302

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Rental expense		
Wanda Airconditioning Pte. Ltd. (note b)	20,340	20,340
Hong Chwee Real Estate Pte. Ltd. (note a)	44,880	44,880
	65,220	65,220

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.

22 RELATED PARTY TRANSACTIONS (CONTINUED)

Guarantees from Controlling Shareholders

Mr. Yang Xinping and Ms. Han Yuying provided personal guarantees in respect of performance guarantees and security bonds of which S\$25,673,398 and S\$28,937,798 remained outstanding as at 31 December 2016 and 30 June 2017 respectively.

The Controlling Shareholders also provided personal guarantees in respect of borrowings of which S\$4,131,841 and S\$6,360,820 (Note 17) remained outstanding as at 31 December 2016 and 30 June 2017 respectively.

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2017 and 2016 were as follows:

	For the six months ended 30 June	
	2017 S\$ Unaudited	2016 S\$ Unaudited
Short-term benefits	264,000	264,000
Post-employment benefits	12,240	12,240
	276,240	276,240

Notes to the Condensed Combined Interim Financial Statements

23 SUBSEQUENT EVENTS

Saved as elsewhere disclosed in this report, the following events and transactions took place subsequent to 30 June 2017:

- (a) On 17 August 2017, it was resolved, among other things:
 - (i) the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 shares;
 - (ii) approved and adopted a Share Option Scheme, the principle terms of which are set out in Appendix V to the Prospectus; and
 - (iii) conditional on the share premium account of the Company being credited as a result of the share offer, an amount of HK\$5,990,000 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 599,000,000 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company at the close of business on 17 August 2017 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company ("Capitalisation Issue"), and the directors of the Company were authorised to give effect to the Capitalisation Issue and such distribution and the shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank pari passu in all respects with all the then existing shares.
- (b) The Company successfully listed its shares on the Main Board of the Stock Exchange on 12 September 2017 and issued a total of 200,000,000 shares by way of public offer and placing at a price of HK\$0.50 each on Listing.