HUATIONG®

CIVIL
ENGINEERING

SALE OF
CONSTRUCTION
MATERIALS

2018
ANNUAL
REPORT

INLAND
LOGISTICS SUPPORT

ENHANCE | EXCEL | EXPAND

WITH A STRONG DEDICATION AND COMMITMENT, THE GROUP'S PERFORMANCE IS POWERED BY ITS DYNAMIC APPROACH TO **ENHANCE, EXCEL AND EXPAND** THROUGHOUT THE COMING YEARS.

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship, (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

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CORPORATE PROFILE

Huationg Global Limited ("Huationg Global" and together with its subsidiaries the "Group") is principally engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services. We are also involved in the sale of construction materials such as sand and granite aggregates, recycled concrete aggregate ("RCA") and liquefied soil stabiliser ("LSS").

VISION

Our vision is to provide value-added integrated solutions in civil engineering to various stakeholders and safely deliver projects on time for our customers. We also strive to enhance growth of our industry by fostering new ideas and innovation, creating long-term value for our stakeholders.

CIVIL ENGINEERING SERVICES

We are registered with the Building and Construction Authority of Singapore ("BCA") with the highest BCA grading of A1 under the category CW02 for civil engineering which allows us to tender for public sector projects in relation to civil engineering works of unlimited values. We have also obtained a higher BCA grading under the category CW01 for General Building of B2 which allows us to tender for projects up to S$13 million.

We provide a full range of civil engineering services from earthworks, infrastructure works, external works, demolition and excavation works, site clearance, drainage works, reinforcing bar installation, formwork, concrete installation, backfill and compaction to final handover.

With our comprehensive pool of construction equipment and specialist modular formwork, we are able to undertake concrete construction projects in Singapore. We are engaged in civil engineering works for numerous large infrastructural construction projects in Singapore and our customers in this segment include, among others, the Housing and Development Board, the Land Transport Authority of Singapore, JTC Corporation, Defence Science & Technology Agency, Changi Airport Group and Samsung C&T Corporation. In addition, we also provide stockpile management services.

INLAND LOGISTICS SUPPORT

We provide a wide range of construction equipment including articulated dump trucks, rollers, bulldozers, wheel loaders, telescopic clamshell, breakers, tipper trucks, compactors, excavators and concrete pumps.

SALE OF CONSTRUCTION MATERIALS

We sell construction materials such as sand and granite aggregates, RCA and LSS.

The RCA are primarily used to support our own civil engineering activities and depending on prevailing market conditions and demand, also sold to third parties.

We also manufacture and supply LSS, a self-flowable, self-compacting and self-levelling alternative to conventional compacted fill. LSS can be used as non-structural fill for buildings and other structures and for backfill in utility and road construction. Most of the LSS is used to support our civil engineering operations though we do supply them to third parties as and when there is market demand. As we are able to adjust the liquidity and strength of LSS mixtures, we are able to provide customised solutions to meet the different needs of our customers.

APPROVED TRAINING AND TESTING CENTRE

We are also the BCA approved training and testing centre to conduct various machinery handling courses and offer test enrolment services. Through the trainings, workers are able to enhance their productivity and quality in the construction industry.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report for Huationg Global Limited ("Huationg Global" and together with its subsidiaries, the "Group") for the financial year ended 31 December 2018 ("FY2018").

NG HAI LIONG
Executive Chairman

THE GROUP WILL CONTINUE TO LEVERAGE ON ITS STRENGTH IN CIVIL WORKS TO SEEK OPPORTUNITIES IN PUBLIC INFRASTRUCTURE PROJECTS.

WE WILL ALSO CONTINUE TO INVEST IN TECHNOLOGY AND INNOVATION TO ENHANCE OUR POSITION AS ONE OF THE LEADING CIVIL ENGINEERING SERVICE CONTRACTOR.

REVIEWING OUR FINANCIAL PERFORMANCE

The construction sector contracted by 3.4% in 2018[1], a more modest pace of decline than the 10.2 per cent contraction in 2017. Notwithstanding the difficult operating environment, the Group's revenue continued to improve in FY2018 backed by its healthy order book.

We generated strong sales both in our civil engineering service and inland logistics support segments. In FY2018, most of our civil engineering projects secured in prior year were in full swing. In addition, our new projects secured in FY2018 also contributed positively to our civil engineering revenue. The Group's revenue from the inland logistics segment also increased driven by higher demand for inland logistics support services from our customers. We experienced softer demand of construction materials from our customers' land reclamation projects during the year.

Construction material and operating cost have increased during the year. Our gross profit margin decreased to 18.8% in FY2018 compared to 20.7% in FY2017. We will continue to manage and optimise the use of our resources, adopt new technology on our equipment and retrain our manpower to increase our productivity.

We recorded a net profit after tax of approximately S$5.1 million in FY2018 as compared to approximately S$7.5 million in FY2017 representing a decrease of 32.1%.

FOCUSING OUR CORE BUSINESS

FY2018 was a challenging year. There was stiff competition in the construction industry and the competition for civil engineering projects continued to be intense in FY2018. Riding on our long-established track record and reputation in the industry, we actively pursued new tenders in infrastructure projects and have managed to strengthen our order book with new contract wins.

The notable projects in our order book include the temporary infrastructure works and services to support Changi

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[1] Ministry of Trade and Industry media release MTI Maintains 2019 GDP Growth Forecast at "1.5 to 3.5 Per Cent", 15 February 2019, https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/02/PR__AES2018.pdf

East Development, Earthworks contracts for sections of the North-South Corridor, Drain relocation and surcharge works at Chawan, Earthworks and surcharge works at Tuas Terminal Phase 1, Earthworks for Thomson-East Coast Line Mass Rapid Transit stations, infrastructure development works at Bukit Batok, Bidadari and Tuas South Boulevard, construction of roads and bus facilities at Buangkok and Operating agent for aggregate landing site at Changi East.

OUTLOOK AND BUSINESS STRATEGIES

BCA has projected the total construction demand or the value of construction contracts to be awarded in 2019 to range between S$27 billion and S$32 billion, comparable to the S$30.5 billion awarded in 2018, due to sustained public sector construction demand and steady private sector's construction demand[2].

Public construction demand is expected to be boosted by major infrastructure projects and a pipeline of major industrial building projects, contributing about 60% of the total construction demand. The private sector's construction demand is similarly expected to remain steady in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.

The Group will continue to leverage on its strength in civil works to seek opportunities in public infrastructure projects. At the same time, we will also continue to invest in technology and innovation to enhance our position as one of the leading civil engineering service contractor.

In addition, we will continue to look out for opportunities in forging strategic alliances with business partners for the benefit of generating business synergies and maximising our shareholders' value.

APPRECIATION

On behalf of the Board, we would like to express our sincere appreciation to our fellow directors for their guidance and invaluable contributions, to our management and staff for the dedication, commitment, professionalism and expertise they exhibited in their work. We would also like to thank all our shareholders, business partners and customers for their great confidence and support for our group amidst a challenging business environment. With your expertise and support, we would be able to enhance our position in the infrastructure sector, excel in our core areas and expand our business to optimise overall returns and deliver long-term value to our stakeholders.

Ng Hai Liong
Executive Chairman

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[2] BCA media release "Singapore's total construction demand remain strong this year", 14 January 2019 (https://www.bca.gov.sg/newsroom/MR_Prospects2019.html)

OPERATING AND FINANCIAL REVIEW

OPERATIONAL REVIEW

Projects Overview

Civil engineering services segment remained a strong contributor to the Group's revenue, accounting for S$157.0 million or 87.6% of overall revenue of S$179.3 million in the financial year ended 31 December 2018 ("FY2018"). The Group also recorded revenues of S$12.0 million and S$10.3 million from sale of construction materials and provision of inland logistic support respectively, reflecting a revenue share of 6.7% and 5.7% respectively in FY2018.

Some of the key civil engineering projects that contributed toward the Group's revenue in FY2018 included, among others, the following:

- Earthworks and surcharge works at Tuas Terminal Phase 1
- Temporary infrastructure works and services to support Changi East Development
- Earthworks and slope formation at Bukit Batok N4
- Widening of Bukit Batok West Avenue and construction of Bukit Batok West Avenue 5 (extension) and Bukit Batok West Avenue 8
- Proposed infrastructure works at Tuas South Boulevard extension
- Construction of Buangkok Drive (extension) in Hougang Town
- Drain relocation & Surcharge works at Chawan
- Construction of roads, drains, Sewers and Earthworks at Gambas Way and Gambas Link
- Earthworks for parts of Bidadari
- Drain Upgrading Along Bartley Road Between Upper Serangoon Road And Bartley MRT Station
- Managing agent for site management, earthworks and material stockpiles at Tuas View Extension
- Operating agent for aggregate landing site at Changi East
- Improvement works to surface car parks

In FY2018, the Group secured new projects that are targeted for delivery within the next one to eight years. They relate mainly to public infrastructure projects such as:

- Construction of roads, drains, Sewers and Earthworks at Gambas Way and Gambas Link

- Drain relocation & Surcharge works at Chawan
- Earthworks in relation to Design & Construction of North-South Corridor (Tunnel) between Novena Rise & Toa Payoh Rise
- Earthworks for Contract 307 Construction of Marine Parade Station and Tunnels for Thomson-East Coast Line

In addition, the Group is also actively sourcing and tendering for new projects in the public and private sectors as part of its ongoing business operations.

In relation to the Group's proposed dual primary listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "Proposed Dual Listing"), preparatory works are on-going and no application has been made (i) to the SEHK for the listing of, and permission to deal in, the Shares, on the Main Board of the SEHK, or (ii) to the "SGX-ST" in connection with the Proposed Dual Listing. The Company will make further announcements to keep Shareholders updated on any material updates in relation to the Proposed Dual Listing as and when appropriate.

FINANCIAL REVIEW

Group Revenue

Group revenue increased by approximately S$22.1 million or 14.0% from S$157.2 million in the financial year ended 31 December 2017 ("FY2017") to S$179.3 million in FY2018. This was due to higher contributions from the civil engineering services and inland logistics support segments, and partially offset by slowdown in sale of the construction materials segment.

On a year-on-year basis, civil engineering services recorded a revenue increase of approximately S$29.7 million or 23.3% from S$127.3 million in FY2017 to S$157.0 million in FY2018. This was because the contracts the Group secured in FY2017 being in full swing in FY2018 as well as the positive contributions from new contracts secured in FY2018. The Group's revenue from the inland logistics segment increased by approximately S$1.0 million or 10.8% from S$9.3 million in FY2017 to S$10.3 million in FY2018 driven by higher demand for inland logistics support services from our customers.

In contrast, due to lower demand of construction materials from customers' land reclamation projects in FY2018, the Group's revenue from the sale of construction materials segment decreased by approximately S$8.7 million or 42.0% from S$20.7 million in FY2017 to S$12.0 million in FY2018.

Operating Costs and Expenses

Cost of sales increased by approximately S$21.0 million or 16.9% from S$124.6 million in FY2017 to S$145.6 million in FY2018, mainly due to increased direct material costs, higher repair and maintenance costs and increased rental expenses.

Direct material costs increased by approximately S$14.2 million or 37.5% from S$37.9 million in FY2017 to S$52.1 million in FY2018, a result of increased raw materials purchased for the Group's civil engineering projects and increased fuel costs due to higher fuel prices in FY2018.

Repair and maintenance costs increased by approximately S$2.7 million or 28.7% from S$9.4 million in FY2017 to S$12.1 million in FY2018, a

OPERATING AND FINANCIAL REVIEW

result of intensive use of our machines and vehicles to support our projects during the financial year.

Rental of machinery and vehicles increased by approximately S$0.7 million or 15.9% from S$4.4 million in FY2017 to S$5.1 million in FY2018, a result of more machines and vehicles required to support our projects during the financial year.

Administrative expenses increased by approximately S$0.2 million or 0.9% from S$21.7 million in FY2017 to S$21.9 million in FY2018 mainly due to the initial professional fee of S$0.7 million incurred in relation to the Proposed Dual Listing, partially offset by decreased operating leases of S$0.4 million in FY2018.

Including allowance for impairment loss on trade receivables and contract assets, other expenses increased by approximately S$3.4 million or 137.3% from S$2.5 million in FY2017 to S$5.9 million in FY2018. This was the net effect of higher allowance for impairment loss on receivables and contract assets of S$3.7 million recorded in FY2018 and the allowance for impairment of available-for-sale financial assets of $0.3 million recorded in FY2017.

Meanwhile, finance costs increased by approximately S$0.7 million or 33.3% from S$2.1 million in FY2017 to S$2.8 million in FY2018 primarily due to higher utilisation of bank facilities for working capital purposes as well as higher interest rate in FY2018.

Other income increased by approximately S$0.4 million or 19.0% from S$2.1 million in FY2017 to S$2.5 million in FY2018. The increase was mainly due to the fair value gain on financial assets at fair value through profit or loss resulted from the adoption of SFRS(I) 9 in FY2018 and reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption in FY2018.

Profit

The Group posted a gross profit of S$33.7 million in FY2018 as compared to S$32.6 million in FY2017. Gross profit margin decreased from 20.7% in FY2017 to 18.4% in FY2018.

The Group recorded a profit of S$1.6 million from the share of profit of a joint venture company in FY2018 as compared S$96,000 in FY2017.

Overall, the Group recorded a profit attributable to owners of the parent of S$5.3 million in FY2018, 32.9% lower than S$7.9 million in FY2017.

Financial Position

As at 31 December 2018, the Group had cash and cash equivalents of S$8.5 million and equity attributable to owners of the parent of S$71.2 million.

The Group's total assets increased by approximately S$7.8 million to S$232.3 million as at 31 December 2018, compared to S$224.5 million as at 31 December 2017.

This was mainly due to an increase of contract assets of approximately S$24.8 million from S$48.5 million as at 31 December 2017 to S$73.3 million as at 31 December 2018 as a result of a higher amount of unbilled revenue as at 31 December 2018, an increase of Property, Plant and Equipment ("PPE") of approximately S$5.5 million from S$89.2 million as at 31 December 2017 to S$94.7 million as at 31 December 2018 as a result of additions of PPE of approximately S$15.0 million, the reclassification of S$9.6 million from non-current assets classified as held for sale ("AHS") as the Group did not sell all those items during the past twelve months (the "Reclassification") and a revaluation gain on the leasehold properties of S$1.1 million, partially offset by the depreciation charge of S$15.3 million and a disposal of PPE with a carrying amount of S$7.8 million.

Cash and cash equivalents increased by approximately S$4.3 million to S$8.5 million as at 31 December 2018 when compared to S$4.2 million as at 31 December 2017.

The Group's investment in a joint venture increased to S$1.8 million as at 31 December 2018 from S$0.2 million as at 31 December 2017 due to the share of profit of the joint venture in FY2018.

Trade and other receivables decreased by approximately S$15.8 million to S$44.2 million as at 31 December 2018 from S$60.0 million as at 31 December 2017 following collections from customers and allowance for impairment loss made in FY2018. Inventories also decreased by approximately S$1.7 million to S$0.9 million as at 31 December 2018 from S$2.6 million as at 31 December 2017, mainly due to sale of materials as well as drawdown of the hardware parts and consumables for repair and maintenance of Group's machineries, equipment and vehicles in FY2018.

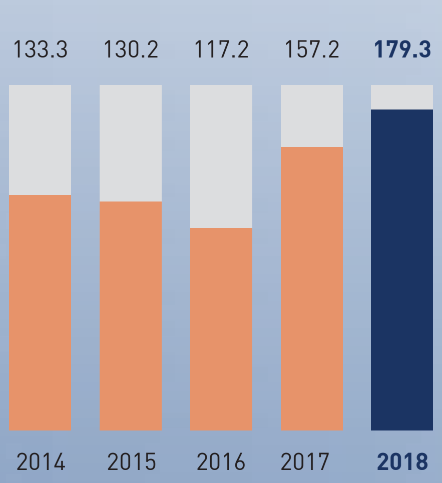
As at 31 December 2017, non-current assets classified as held for sale amounted to S$11.1 million. During FY2018, S$1.5 million were disposed and S$9.6 million were re-classed to PPE as the Group did not sell all of them during the past twelve months.

The Group's total liabilities increased by S$3.2 million to S$162.0 million as at 31 December 2018 compared to S$158.8 million as at 31 December 2017. This was attributable largely to increased bank borrowings of S$4.9 million for working capital purpose, increased trade and other payables of S$5.0 million in tandem with the increased cost of sales, increased finance lease payables of S$3.9 million resulted from additional purchase of PPE under finance leases, increased current income tax payable of S$1.5 million resulted from higher income tax recorded in FY2018, higher deferred income on sale and leaseback transactions of S$2.4 million and partially offset by the recognition of contract liabilities of S$11.5 million carried forward from 31 December 2017 in FY2018 and the de-recognition of the liabilities associated with assets classified as held for sale of S$2.6 million during the financial year.

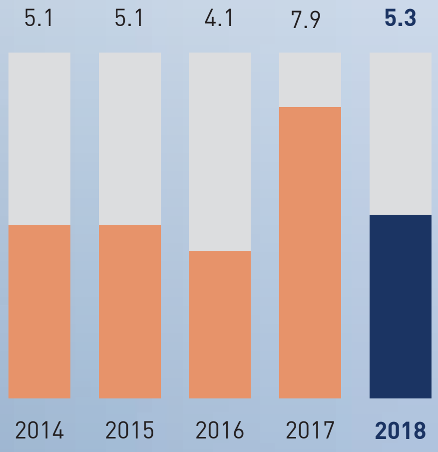
The Group posted a positive working capital of approximately S$13.5 million as at 31 December 2018.

FINANCIAL **HIGHLIGHTS**

REVENUE (S$ Million)



NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$ Million)



BOARD OF
DIRECTORS

MR NG HAI LIONG

Executive Chairman

Mr Ng Hai Liong, is the Executive Chairman of our Group. He was appointed as an Executive Director of our Company on 1 August 2014 and is currently also a Director of Huationg Contractor Pte. Ltd., Soil Engineering Pte. Ltd., Dandelion Capital Pte. Ltd., NHL-Capitals Pte. Ltd., NHL Holding Pte. Ltd. and NHL Investment Pte. Ltd.. Mr Ng Hai Liong is responsible for overseeing the strategic positioning and business expansion of our Group, including making major business and financial decisions.

Mr Ng Hai Liong has more than 44 years of experience in the civil engineering construction industry and has been instrumental in the development and growth of our Group's business. Mr Ng Hai Liong was first employed with Swee Construction & Transport Co. Pte Ltd in 1970 as a site supervisor before joining Ng Keam Teng Construction Pte Ltd, a company providing civil engineering services, in 1973. He later set up a partnership in 1978 which was involved in the provision of civil engineering services such as roadworks and drainage works. In 1980, Mr Ng Hai Liong left the partnership and set up Huationg Contractor, where he was responsible for, among others, managing our Company's civil engineering projects and securing various overseas projects in China and Myanmar.

MR NG KIAN ANN PATRICK

Executive Director & Chief Executive Officer

Mr Ng Kian Ann Patrick, is the Chief Executive Officer and Executive Director of our Group and was appointed as CEO and Executive Director to our Company on 1 August 2014. He currently also serves as a director of Huationg Contractor Pte. Ltd., HT Equipment Pte. Ltd., Banyan Capital Pte. Ltd., Golden Empire-Huationg Pte. Ltd., Dandelion Capital Pte. Ltd., NHL Holding Pte. Ltd. and NHL Investment Pte. Ltd..

Mr Ng Kian Ann Patrick has more than 18 years of experience in the civil engineering construction industry and has been responsible for the overall management, operations, strategic planning and business expansion of our Group since 2000. He was responsible for the expansion of our sale of construction materials business segment as he oversaw the development and marketing of LSS by our Group in 2002 and spearheaded the initiative to recycle construction waste and aggregates in 2004. Further, under Mr Ng Kian Ann Patrick's management, Huationg Contractor was awarded the BCA grading of A2 under the category CW02 for civil engineering in 2009, and was further upgraded to the BCA grading of A1 under the same category in 2016. This allowed our Group to tender for larger value contracts.

Mr Ng Kian Ann Patrick graduated from the University of London with a Bachelor's Degree in Engineering (First Class Honours) in 1999.

BOARD OF DIRECTORS

MR NG KIAN YEOW, VINCENT
Executive Director & Chief Operating Officer

Mr Ng Kian Yeow, Vincent, is the Chief Operating Officer and Executive Director of our Group and was appointed as Executive Director to our Company on 11 November 2014. Mr Ng Kian Yeow, Vincent is currently also a director of Huationg Contractor Pte. Ltd., Soil Engineering Pte. Ltd., HT Equipment Pte. Ltd., Banyan Capital Pte. Ltd. and Golden Empire-Huationg Pte. Ltd.

Mr Ng Kian Yeow, Vincent has more than 17 years of experience in the civil engineering construction industry and has been responsible for the project management and overall strategic planning for project completion of our Group since 2001. Mr Ng Kian Yeow, Vincent was involved in the development and commercialisation of our Group's LSS production in 2002 and oversaw the smooth completion of various contracts, including contract C487, a major contract awarded by Daelim Industrial Co. Ltd. in 2008 for the provision of earthworks and LSS backfill services in the design, construction and completion of the Marina Coastal Expressway. He was also instrumental in our Group securing our first contract for the design and build of a bus park with LTA in 2012.

Mr Ng Kian Yeow, Vincent graduated from the Curtin University of Technology with a Bachelor's Degree in Applied Science Construction Management and Economics in 2001.

MR YUEN SOU WAI
Lead Independent Director

Mr Yuen Sou Wai, is our Lead Independent Director and was appointed to our Board on 11 November 2014. Mr Yuen currently chairs the Audit Committee and is a member of our Remuneration Committee and Nominating Committee.

He is presently an independent director at YHI International Limited, a company listed on the Mainboard of the SGX-ST. Prior to his appointment as a non-executive director of YHI International Limited, Mr Yuen was the group chief financial officer as well as executive director responsible for YHI International Limited's operations in Australia, New Zealand, Italy, United States of America and Canada.

Mr Yuen has in total more than 36 years of broad-based financial management experiences in various large local and global multinational companies. He had held several senior financial positions including chief financial officer, regional finance director and group controller in the Asia Pacific region. Mr Yuen holds a Master in Business Administration Degree from the University of Leicester, United Kingdom. He is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

MR YEN SE-HUA STEWART
Independent Director

Mr Yen Se-Hua Stewart, is our Independent Director and was appointed to our Board on 11 November 2014. Mr Yen currently chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

He is currently the executive chairman of SECOM (Singapore) Pte Ltd, a company which engages in the provision of security services. Mr Yen is a non-executive chairman and independent director of APAC Realty Limited which listed on the Mainboard of the SGX-ST. Mr Yen is also a director of STT Communication (Shanghai) Co., Ltd., and a non-executive director of System-bilt Pte Ltd, System-bilt (Myanmar) Ltd, Verint Systems (Singapore) Pte Ltd, D'Garde Security Pte. Ltd., ProVision Technology (Asia Pacific) Pte Ltd. and Shenstone Investments Pte Ltd. Mr Yen was an independent director of Telechoice International Limited, a company listed on the Mainboard of the SGX-ST, from May 2004 to May 2015.

Mr Yen has held senior management positions in various industries such as defence marketing, construction and development, and security services. Mr Yen began his career as a systems engineer in the Ministry of Defence, Singapore, in 1973. In 1977, he was posted to the Singapore Embassy in Washington, D.C. as Second Secretary (Logistics), where he was responsible for defence procurement and liaison. Between 1979 and 1980, Mr Yen was employed at Unicorn International Pte Ltd as a manager overseeing the international marketing of Singapore-made defence systems. In 1980, he left Unicorn International Pte Ltd to join Duce International Pte Ltd as its regional sales manager. Mr Yen later formed part of the team which established CDC-Construction & Development Pte Ltd (now known as Sembawang Engineers & Constructors Pte Ltd), and was employed as the company's assistant general manager between 1982 and 1988. In 1988, Mr Yen rejoined Unicorn International Pte Ltd as its general manager for defence sales and marketing, before leaving his position in 1999 to join SECOM (Singapore) Pte Ltd as its chief executive officer and eventually its executive chairman.

Mr Yen graduated with a Bachelor's Degree in Engineering from McMaster University in 1972.

MR WEE HENG YI, ADRIAN
Independent Director

Mr Wee Heng Yi, Adrian, is our Independent Director and was appointed to our Board on 11 November 2014. Mr Wee currently chairs the Nominating Committee and is a member of our Audit Committee and Remuneration Committee.

He is presently an independent director at Pine Capital Group Limited, a company listed on the Catalist of the SGX-ST. Mr Wee began his career in Harry Elias Partnership LLP's civil and commercial litigation practice group in 2004. He left Harry Elias Partnership LLP in 2008 to join Characterist LLC as a director, and presently heads the criminal defence and advocacy practice group. Mr Wee's current practice areas are civil and commercial litigation and criminal defence.

Mr Wee obtained his Bachelor of Laws (Honours) from the National University of Singapore in 2003 and is admitted to the roll of solicitors in England and Wales. He is a member of the ASEAN Law Association and the Law Society of Singapore.

KEY EXECUTIVES

MS KAREN JI CUIHUA
Chief Financial Officer

Ms Karen Ji Cuihua, is our Chief Financial Officer. She was appointed as Chief Financial Officer of our Group on 6 May 2016. She is responsible for the Group's regulatory compliance and financial functions including accounting, financial reporting, taxation and treasury management, mergers and acquisition, internal controls and risk management.

Ms Karen Ji has valuable prior experience in auditing, internal control and finance operations. In September 2006, Ms Karen Ji joined Deloitte & Touche LLP Singapore where she worked as a senior auditor until December 2008. From December 2008 to January 2011, Ms Karen Ji was the assistant manager of internal audit department at the Ministry of Health, Singapore. From February 2011 to September 2012, Ms Karen Ji was the group finance manager of HG Metal Manufacturing Limited, a company listed on the Mainboard of the SGX- ST. In October 2012, Ms Karen Ji joined Hengyang Petrochemical Logistics Limited, a company listed on the Catalist board of the SGX-ST, as the chief financial officer.

Ms Karen Ji graduated with a Bachelor of Science (First Class Honours) in Applied Accounting from Oxford Brookes University. She is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

MR KHIN MAUNG TUN @ LIM MING HWEE
Project Manager

Mr Khin Maung Tun @ Lim Ming Hwee, is our Project Manager. He joined our Group in 1995 and is in charge of project management, project planning and procurement of technical support for projects.

Prior to joining our Group, Mr Khin began his career as a site engineer at Koh Bian Construction Pte Ltd in 1990, where he was involved in project planning and management. Mr Khin left Koh Bian Construction Pte Ltd in 1992 and joined HN Constructor Pte Ltd, where he was also employed as a site engineer.

Mr Khin graduated from Rangoon Institute of Technology, Myanmar, with a Bachelor of Engineering (Civil) in 1986 and received a Diploma in Public Health Engineering from Rangoon Institute of Technology, Myanmar in 1988. He also has a Certificate in Pavement Construction and Maintenance from the Construction Industry Development Board, Singapore and a Specialist Diploma in Construction Productivity from the Building & Construction Authority, Singapore in November 2016. Mr Khin is an associate member of the American Society of Civil Engineers and a resident technical officer of the Institute of Engineers Singapore.

MS HENG YANN SYIN
Senior Contract Administrator

Ms Heng Yann Syin, is our Senior Contract Administrator. Ms Heng joined our Group in 2002 as an Assistant Quantity Surveyor before being promoted as a Contract Administrator in 2004 and then as Senior Contract Administrator in 2012. As Senior Contract Administrator, Ms Heng oversees our contract department and is in charge of project tendering and procurement of projects.

Ms Heng graduated from Ngee Ann Polytechnic, Singapore, with a Diploma in Civil and Environmental Engineering in 2002.

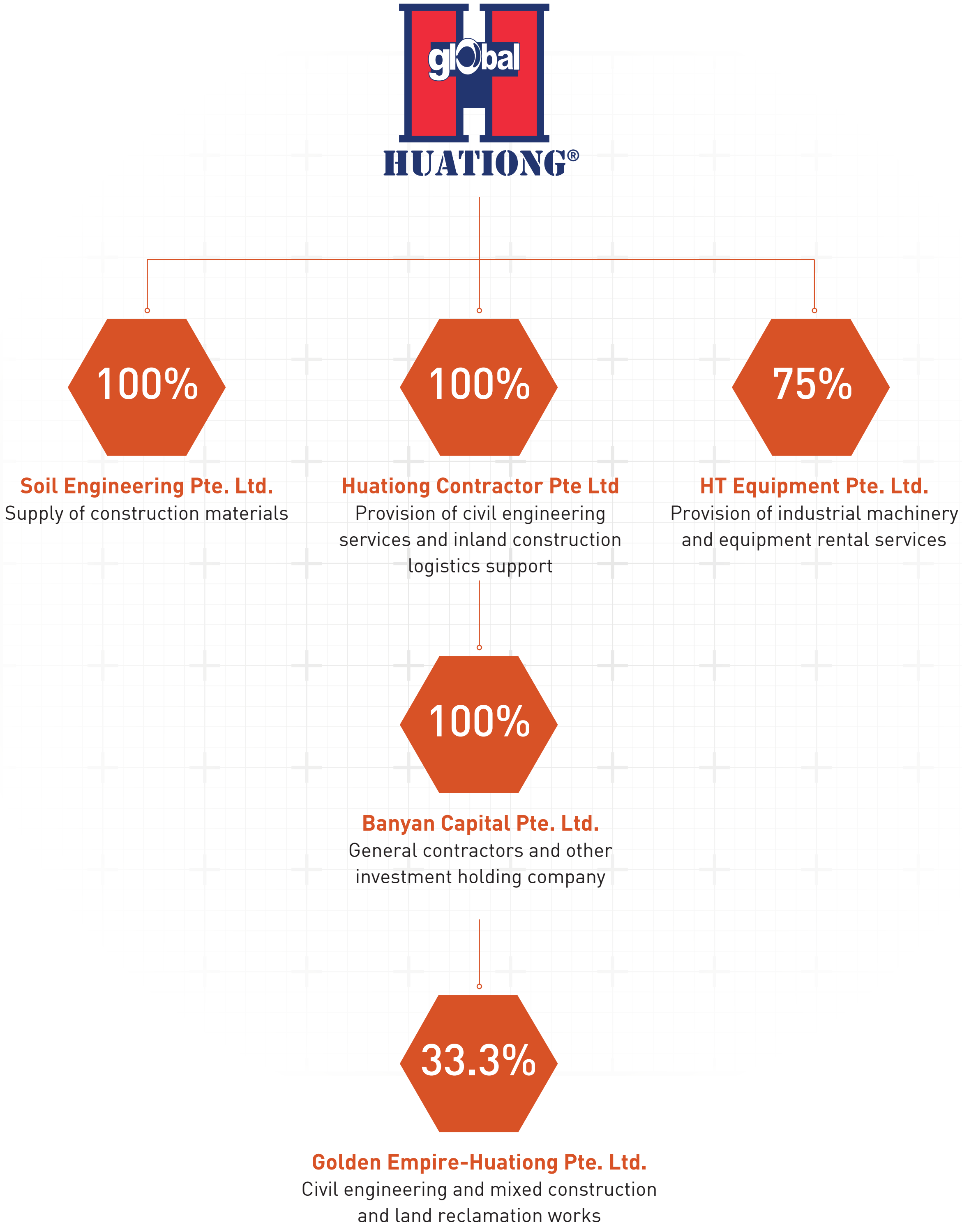
MS TEO BEE CHIN
Accountant

Ms Teo Bee Chin, is our accountant. She joined our Group in 2012 and is responsible for all treasury matters, the monitoring of cash flow as well as timely and accurate monthly financial closings.

Prior to joining our Group, Ms Teo began her career at Practical Secretarial Services in 1992 as an accountant, where she was involved in the company's book keeping, taxation and corporate secretarial matters. Between 1995 to 1997, she was employed as an accounts officer at A & I Commercial Management, where she was involved in audit and other corporate secretarial work. Ms Teo joined Vibro Holdings Pte Ltd in 1997 where she held the position of accounts executive and oversaw the company's financial and accounting matters and its compliance with financial reporting and regulatory requirements. Between 2001 to 2008, she was employed as an accounts executive at Visa Engineering Pte Ltd, where she was also responsible for the company's financial and accounting matters and its compliance with financial reporting and regulatory requirements. She was promoted to finance manager of Visa Engineering Pte Ltd in 2009.

Ms Teo completed Level 2 of the Chartered Certified Accountant qualification administered by the Association of Chartered Certified Accountants in 2011.

CORPORATE STRUCTURE



100%

Soil Engineering Pte. Ltd.
Supply of construction materials

100%

Huationg Contractor Pte Ltd
Provision of civil engineering services and inland construction logistics support

75%

HT Equipment Pte. Ltd.
Provision of industrial machinery and equipment rental services

100%

Banyan Capital Pte. Ltd.
General contractors and other investment holding company

33.3%

Golden Empire-Huationg Pte. Ltd.
Civil engineering and mixed construction and land reclamation works

CORPORATE GOVERNANCE
REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of Huationg Global Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2018 ("**FY2018**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**"), the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**") and the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

Guideline/ Catalist Rule	**Code, Guide and/or Catalist Rule Description**	**Company's Compliance or Explanation**
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2018.
BOARD MATTERS		
The Board's Conduct of Affairs		
1.1 1204(10B)	What is the role of the Board?	The Board has 6 Directors as follows: ***Table 1.1 – Composition of the Board***

Name of Director	**Designation**
Mr Ng Hai Liong	Executive Chairman
Mr Ng Kian Ann Patrick	Executive Director and Chief Executive Officer ("**CEO**")
Mr Ng Kian Yeow, Vincent	Executive Director and Chief Operating Officer ("**COO**")
Mr Yuen Sou Wai	Lead Independent Director
Mr Yen Se-Hua Stewart	Independent Director
Mr Wee Heng Yi, Adrian	Independent Director

Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
		The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board. The Board oversees the corporate policy and overall strategy for the Group. In addition to the aforementioned and its statutory and fiduciary duties, the Board's principle functions include: • Overseeing the overall strategic plans including considering sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; • Reviewing the operational and financial performance of the Group including reviewing the performance of the Management; • Approving half-yearly financial results announcements, circulars and audited financial statements and annual reports; • Approving changes in the composition of the Board; • Overseeing and safeguarding shareholders' interest and Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance; • Overseeing and enhancing corporate governance and practices within the Group; • Dealing with matters such as conflict of interest issues relating to Directors and substantial shareholders, major acquisitions and disposals of material assets, dividend and other distributions to shareholders, and those transactions or matters which require Board's approval under the provisions of the Catalist Rules, or any applicable regulations; • Appointing the senior management, approving the policies and guidelines for the Board and senior management executives' remuneration, in addition to approving the appointment of new Directors; • Identifying key stakeholder groups and recognizing that their perceptions affect the Company's reputation; and • Setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met.
1.2	Has the Directors discharged their duties and responsibilities as fiduciaries in the interests of the Company?	The Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company during FY2018.

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<table>
<tr><th>Guideline/ Catalist Rule</th><th>Code, Guide and/or Catalist Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3
1204(10B)</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). The compositions of the Board Committees are as follows:
<table>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Yuen Sou Wai</td><td>Wee Heng Yi, Adrian</td><td>Yen Se-Hua Stewart</td></tr>
<tr><td>Member</td><td>Yen Se-Hua Stewart</td><td>Yuen Sou Wai</td><td>Wee Heng Yi, Adrian</td></tr>
<tr><td>Member</td><td>Wee Heng Yi, Adrian</td><td>Yen Se-Hua Stewart</td><td>Yuen Sou Wai</td></tr>
<tr><td>Member</td><td>–</td><td>Ng Kian Ann Patrick</td><td>–</td></tr>
</table>
The AC had approved the formation of a Risk Committee in November 2015 which comprises Mr Ng Kian Ann Patrick as the Chairman and Mr Yuen Sou Wai, Mr Yen Se-Hua Stewart and Mr Wee Heng Yi, Adrian as members. The Chief Financial Officer of the Group ("CFO") is appointed as the Chief Risk Officer ("CRO"). At each AC meeting, the CRO will present matters in relation to enterprise risk management ("ERM") to the Risk Committee for discussion following internal ERM meetings which the CRO will hold with the sub-committee comprising key management personnel at the operational level.</td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a half-yearly basis, and as and when circumstances require. In FY2018, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of meetings held in FY2018</td><td>4</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr>
<tr><td>Mr Ng Hai Liong</td><td>4</td><td>3*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr Ng Kian Ann Patrick</td><td>4</td><td>3*</td><td>1</td><td>1*</td></tr>
<tr><td>Mr Ng Kian Yeow, Vincent</td><td>4</td><td>3*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr Yuen Sou Wai</td><td>4</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr Yen Se-Hua Stewart</td><td>4</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr Wee Heng Yi, Adrian</td><td>4</td><td>3</td><td>1</td><td>1</td></tr>
</table>
* <i>By invitation</i></td></tr>
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1.5	What are the types of material transactions which require approval from the Board?	The Group has adopted internal guidelines governing matters that require the Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and accordingly revised when necessary. Matters that require the Board's approval include, among others, the following: • corporate strategy and business plans; • material acquisitions and disposals of assets; • corporate or financial restructuring; • share issuances, declaration of dividends and other returns to shareholders; • changes in the composition of the Board • budgets, circulars, financial results announcements, annual report and audited financial statements; and • matters which require Board approval as specified under SGX's interested person transaction policy.
1.6 1.7	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, newly appointed Directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a letter of appointment setting out their duties and responsibilities. Where a new Director has no prior experience as a director of an issuer listed on the SGX-ST, he will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. If the NC is of the view that training is not required because the Director has other relevant experience, the basis of the NC's assessment will be disclosed. There were no new directors appointed in FY2018.

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	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	Directors are encouraged to join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company also encourages Directors to attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, Chapter 50 of Singapore ("Companies Act") and industry-related matters, to develop themselves professionally, at the Company's expense. Briefings, updates and trainings for the Directors during FY2018 included: • Contracts & Practice: Conditions of Contracts in Today's Built Environment- Risk and Responsibilities conducted by SCAL Academy; • ACRA-SGX-SID Audit Committee Seminar 2018 – Rebooting Corporate Governance; • SID Directors Conference – Rebooting Globalisation and Governance in an Era of Disruption conducted by the Singapore Institutes of Directors; • The Company's Hong Kong legal counsel briefed the Board on the Responsibilities of Directors of Hong Kong Listed Companies; and • The Company circulates to Directors all Company's announcements, resolutions and Board Meeting agenda via email.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Mr Ng Hai Liong is the Chairman of the Board and an Executive Director. Mr Ng Kian Ann Patrick is the CEO. The Chairman, Mr Ng Hai Liong, is the father of the CEO, Mr Ng Kian Ann Patrick. The Chairman and the CEO are immediate family members. Guideline 2.2 of the Code has been complied as the Independent Directors make up half of the Board. The three non-executive and Independent Directors are Mr Yuen Sou Wai, Mr Yen Se-Hua Stewart and Mr Wee Heng Yi, Adrian. Mr Yuen Sou Wai has been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings. The Board has noted Provision 2.2 of the Code of Corporate Governance dated 6 August 2018 which will be effective for financial years commencing from 1 January 2019, requires independent directors to make up a majority of the Board where the Chairman is not independent. The Board will endeavour to comply with the recommendations of Provision 2.2 of the Code of Corporate Governance dated 6 August 2018 for the financial years commencing from 1 January 2019.

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2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual directors' declaration in their assessment of independence. In determining Directors' independence, the Board further considered the new Rule 406(3)(d) of the Catalist Rules, which took effect on 1 January 2019. Pursuant to Rule 406(3)(d) of the Catalist Rules, the Board considers an Independent Director as one who is not or has not been employed by the Company or any of its related corporations during FY2018 or any of the past three financial years. An Independent Director will also not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC of the Company. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and the Catalist Rules. The Independent Directors have also confirmed that each of them (i) is not or has not been employed by the Company or any of its related corporations for FY2018 or any of the past three financial years; and (ii) does not have immediate family members who are or have been employed by the Company or any of its related corporations for the past three financial years and whose remuneration is determined by the RC of the Company. The Board, with the recommendation and concurrence of the NC, has reviewed and determined that the Independent Directors are independent.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

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<tr><td>2.4</td><td>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</td><td>There are no Independent Directors who has served beyond nine years since the date of his first appointment.</td></tr>
<tr><td>2.5</td><td>What are the steps taken by the Board to progressively renew the Board composition?</td><td>The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving Directors while concurrently recommend progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board's dynamics remain optimal.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?

(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The current Board composition provides a diversity of skills, experience and knowledge of the Company, to the Company as follows:

<i>Table 2.6 – Balance and Diversity of the Board</i>
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>2</td><td>33%</td></tr>
<tr><td>– Project management</td><td>3</td><td>50%</td></tr>
<tr><td>– Legal or corporate governance</td><td>2</td><td>33%</td></tr>
<tr><td>– Engineering</td><td>3</td><td>50%</td></tr>
<tr><td>– Strategic planning experience</td><td>6</td><td>100%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>5</td><td>83%</td></tr>
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	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board has taken the following steps to maintain or enhance its balance and diversity: • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise and diversity which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.
2.7	Does the Independent Director (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?	The Independent Directors had constructively challenged and helped develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors have met once in the absence of key management personnel during FY2018.
Chairman and Chief Executive Officer		
3.1 3.2	Are the duties between Chairman and CEO segregated?	The roles of the Chairman and CEO in the Company are separate. Mr Ng Hai Liong is the Executive Chairman of the Board. Mr Ng Kian Ann Patrick is the CEO. The CEO has the executive responsibility for the day-to-day operations of the Group whilst the Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the CEO and fellow Directors and other executives, and if warranted, with professional advisors. The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Non-Executive Directors and Independent Directors during the Board meetings, as well as effective communication with shareholders.

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		Notwithstanding the Chairman and CEO are father and son, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities and the strong independent element on the Board. Mr Yuen Sou Wai, being the Lead Independent Director of the Company, will make himself available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management are inappropriate or inadequate.
3.4	Have the Independent Directors met in the absence of other directors?	The Independent Directors have met once in the absence of other directors during FY2018.
Board Membership		
4.1 4.2	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (i) reviewing and approving any new employment of related persons and the proposed terms of their employment; (ii) nominating and re-nominating of Directors for re-election in accordance with the Constitution of the Company at each annual general meeting and having regard to the Director's contribution and performance; (iii) determining annually, and as and when required, whether or not a Director of the Company is independent; (iv) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director, considering issues including the Director's competencies, commitment, contribution and performance; (v) deciding how our Board's performance may be evaluated and propose objective performance criteria, as approved by our Board that allows comparison with its industry peers, and address how our Board has enhanced long-term Shareholders' value; (vi) recommending and reviewing board succession plans for Directors, in particular, for the Chairman and for the CEO to the Board; and (vii) recommending training and professional development programs for the Board.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.

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<tr><td rowspan="3"></td><td>(b) If a maximum has not been determined, what are the reasons?</td><td>During FY2018, the Board did not set a maximum number of directorships given that all Independent Directors were able to dedicate their time to the business of the Company and that the multiple board representations held by Directors of the Company did not impede their performance in carrying out their duties to the Company.

Nevertheless, if the NC finds that time commitment is lacking from any particular Director, the NC may consider imposing a cap in future.</td></tr>
<tr><td>(c) What are the specific considerations in deciding on the capacity of directors?</td><td>The considerations in assessing the capacity of Directors include the following:
• expected and/or competing time commitments of Directors;
• geographical location of Directors;
• size and composition of the Board; and
• nature and scope of the Group's operations and size.
The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:
• declarations by individual Directors of their other listed company board directorships and principal commitments; and
• annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments.</td></tr>
<tr><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately during FY2018.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company does not have any alternate directors.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td><i>Table 4.6(a) – Process for the Selection and Appointment of New Directors</i>
<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board, taking into account the current needs of the Board in terms of skills, experience, gender and knowledge to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
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<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
<p>At each Annual General Meeting ("AGM") of the Company, the Constitution of the Company requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) to retire from office by rotation, being one third of those who have been longest in office since their last re-election. The retiring Directors submit themselves for re-nomination and re-election. Newly appointed Directors are required to submit themselves for re-election.</p>
<p>The NC (with any member of the NC who is interested in the discussion having abstained from the deliberations) has recommended to the Board that Mr Ng Kian Ann Patrick and Mr Yuen Sou Wai be nominated for re-election at the forthcoming AGM.</p>
<p>Mr Ng Kian Ann Patrick will upon re-appointment as a Director of the Company, remain as Executive Director and Chief Executive Officer of the Company. Mr Ng Kian Ann Patrick holds 69,000 ordinary shares (or 0.05%) of the Company and is deemed interested in the 121,759,600 ordinary shares (or 80.43%) of the Company held by Dandelion Capital Pte. Ltd. ("Dandelion") by virtue of his 25% shareholdings in Dandelion. He is the son of Mr Ng Hai Liong, the Company's Executive Chairman and brother of Mr Ng Kian Yeow, Vincent, the Company's COO and Executive Director.</p>
<p><i>Table 4.6(b) – Process for the Re-electing of Incumbent Directors</i></p>
<table>
<tr><td>1.</td><td>Assessment of director</td><td>The NC would assess the performance of the Director in accordance with the performance criteria set by the Board; and
The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</td></tr>
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<tr><td></td><td></td><td>Mr Yuen Sou Wai will upon re-appointment as a Director of the Company, remain as the Lead Independent Director, Chairman of the AC and a member of the RC and the NC. The Board considers Mr Yuen Sou Wai to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Save as disclosed, Mr Yuen Sou Wai does not have any other material relationships (including family relationships) between himself and the directors, the Company or its 10% shareholders.</td></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out as follows:
<table>
<tr><th>Name of Director</th><th>Ng Hai Liong</th><th>Ng Kian Ann Patrick</th><th>Ng Kian Yeow, Vincent</th><th>Yuen Sou Wai</th><th>Yen Se-Hua Stewart</th><th>Wee Heng Yi, Adrian</th></tr>
<tr><td>Age</td><td>71</td><td>43</td><td>40</td><td>65</td><td>69</td><td>40</td></tr>
<tr><td>Country of principal residence</td><td>Singapore</td><td>Singapore</td><td>Singapore</td><td>Singapore</td><td>Singapore</td><td>Singapore</td></tr>
<tr><td>Current Directorships in listed companies (other than the Company)</td><td>Nil</td><td>Nil</td><td>Nil</td><td>YHI International Limited</td><td>APAC Realty Limited</td><td>Pine Capital Group Limited</td></tr>
<tr><td>Past Directorships in listed companies (preceding three years)</td><td>Nil</td><td>Nil</td><td>Nil</td><td>1. Libra Group Limited
2. Chew's Group Limited</td><td>Telechoice International Limited</td><td>Nil</td></tr>
<tr><td>Date of initial appointment</td><td>1 Aug 2014</td><td>1 Aug 2014</td><td>11 Nov 2014</td><td>11 Nov 2014</td><td>11 Nov 2014</td><td>11 Nov 2014</td></tr>
<tr><td>Date of last re-election</td><td>26 Apr 2017</td><td>28 Apr 2016</td><td>25 Apr 2018</td><td>28 Apr 2016</td><td>25 Apr 2018</td><td>26 Apr 2017</td></tr>
<tr><td>Other principal commitments</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Executive Chairman of SECOM (Singapore) Pte Ltd.</td><td>Director of Characterist LLC</td></tr>
</table>
</td></tr>
<tr><td colspan="3">Board Performance</td></tr>
<tr><td>5.1
5.2
5.3</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>Table 5 below sets out the performance criteria of the Board and Board Committees, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:</td></tr>
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<tr><td></td><td></td><td>
<p>Table 5</p>
<table>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Strategic planning
5. Board accountability
6. Risk management</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Contribution and performance at Board and Board Committee meetings
5. Independence (if applicable)
6. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Performance of the Company’s share price over a one-year period vis-à-vis the Singapore Straits Time Index and a benchmark of the Company’s industry peers
2. Return on equity
3. Earnings per share</td><td>1. Attendance at Board and Board Committee meetings</td></tr>
</table>
<p>The NC reviews the criteria on a periodic basis to ensure an accurate and effective assessment taking into consideration industry standards and the economic climate with the objective to enhance long-term shareholders, value, thereafter propose amendments if any, to the Board for approval.</p>
<p>The NC did not propose any changes to the performance criteria of the Board and Board Committees for FY2018 as the economic climate, Board composition and the Group’s principal business activities remained relatively the same since FY2017.</p>
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<tr><td></td><td>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least once a year and when the individual Director is due for re-election.
During FY2018, the review process was as follows:
1. all Directors collectively as a whole completed a board evaluation questionnaire on the effectiveness of the Board and the Board Committees and individual Directors based on criteria disclosed in Table 5 above;
2. the questionnaire results were presented to the NC Chairman; and
3. the NC discussed the report and concluded the performance results during the NC meeting.
All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.
No external facilitator was used in the evaluation process.</td></tr>
<tr><td></td><td>(b) Has the Board met its performance objectives?</td><td>The Board has met its performance objectives for FY2018.</td></tr>
<tr><td colspan="3"><u>Access to Information</u></td></tr>
<tr><td>6.1
6.2
6.5
10.3</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td><i>Table 6 – Types of information provided by key management personnel to Independent Directors</i>
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Every meeting</td></tr>
<tr><td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Every meeting</td></tr>
<tr><td>3.</td><td>Budgets and/or forecasts (with variance analysis) and EA' report(s)</td><td>Annually</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>Every meeting</td></tr>
<tr><td>5.</td><td>Enterprise risk framework and internal auditors' ("IA") report(s)</td><td>Half-yearly</td></tr>
<tr><td>6.</td><td>Research report(s)</td><td>As required</td></tr>
<tr><td>7.</td><td>Shareholding statistics</td><td>Annually</td></tr>
<tr><td>8.</td><td>Management accounts and such related explanation and information</td><td>Half-yearly or as the Board may require</td></tr>
</table>
Key management personnel will also provide additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
The Directors are able to, either individually or as a group, obtain independent professional advice in furtherance of their duties at the Company's expense.</td></tr>
</table>

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Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	The role of the Company Secretary, is as follows: • ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with; • assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhance long-term shareholder value; • assisting the Chairman to ensure good information flows within the Board and its committees and key management personnel. In facilitation of this, all Board members are given the names and contact details of the Company's senior management and the Company Secretary to facilitate direct, separate and independent access; • training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • attends and prepares minutes for all general meetings of the Company, Board and Board Committee meetings; • as secretary to all the other Board Committees, assisting to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and • assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.
6.4	Confirmation that the Board decides the appointment and removal of the company secretary	The Board reviews and approves the appointment and removal of the company secretary.

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Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.3 7.4 8.1 8.2	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Executive Director and key management personnel; (b) review and approve the quantum of the bonus of the Executive Directors and CEO; (c) review and submit its recommendations for endorsement by the Board, share-based incentives or awards or any long term incentive schemes such as the Huationg Employee Share Option Scheme ("ESOS") and the Huationg Performance Share Plan ("PSP"), in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith; (d) to function as the committee referred to in the ESOS and PSP and have all powers as set out in the ESOS and PSP; (e) review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and (f) review and recommend to the Board all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, remuneration of senior management and employees related to the Directors (if any), options and benefits-in-kind.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company during FY2018.
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual performance of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

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<table>
<tr><th>Guideline/ Catalist Rule</th><th>Code, Guide and/or Catalist Rule Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Disclosure on Remuneration</u></td></tr>
<tr><td>9</td><td>What is the Company’s remuneration policy?</td><td>The Company’s remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company’s business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.</td></tr>
<tr><td>8.3
9.2</td><td>Has the Company disclosed each Director’s and the CEO’s remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>
<p>The breakdown for the remuneration of the Directors for FY2018 is as follows (No director or any of his associates has been involved in deciding his own remuneration):</p>
<p><i>Table 9 – Directors’ Remuneration</i></p>
<table>
<tr><th>Name of Director/ Remuneration Band</th><th>Salary and allowance* (%)</th><th>Annual Wage Supplement (“AWS”) (%)</th><th>Performance Bonus (%)</th><th>Directors Fees (%)</th><th>Total</th></tr>
<tr><td><i>S$500,000 to S$750,000</i></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ng Kian Ann Patrick</td><td>71.0</td><td>5.4</td><td>23.6</td><td>–</td><td>100.0</td></tr>
<tr><td>Ng Kian Yeow, Vincent</td><td>71.1</td><td>5.4</td><td>23.5</td><td>–</td><td>100.0</td></tr>
<tr><td><i>S$250,000 to S$500,000</i></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ng Hai Liong</td><td>72.5</td><td>5.4</td><td>22.1</td><td>–</td><td>100.0</td></tr>
<tr><td><i>S$250,000 and below</i></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Yuen Sou Wai</td><td>–</td><td>–</td><td>–</td><td>100.0</td><td>100.0</td></tr>
<tr><td>Yen Se-Hua Stewart</td><td>–</td><td>–</td><td>–</td><td>100.0</td><td>100.0</td></tr>
<tr><td>Wee Heng Yi, Adrian</td><td>–</td><td>–</td><td>–</td><td>100.0</td><td>100.0</td></tr>
</table>
<p>• These amounts are inclusive of employer’s CPF contribution and transport allowances.</p>
<p>After reviewing the industry practice and analyzing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</p>
<p>There are no termination, retirement, post-employment benefits that may be granted to Directors, the CEO and key management personnel.</p>
<p>The Independent Directors are not over compensated to the extent that their independence may be compromised.</p>
</td></tr>
</table>

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<table>
<tr><th>Guideline/ Catalist Rule</th><th>Code, Guide and/or Catalist Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">9.1
9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2018 is as follows:
Table 9.3 – Remuneration of Key Management Personnel
<table>
<tr><th>Name of key executives/ remuneration#</th><th>Designation</th><th>Salary and allowance* (%)</th><th>AWS/ Bonus (%)</th><th>Total (%)</th></tr>
<tr><td colspan="5">*S$250,000 and below*</td></tr>
<tr><td>Karen Ji Cui Hua</td><td>CFO</td><td>87.0</td><td>13.0</td><td>100.0</td></tr>
<tr><td>Khin Maung Tun @ Lim Ming Hwee</td><td>Project Manager</td><td>91.3</td><td>8.7</td><td>100.0</td></tr>
<tr><td>Heng Yann Syin</td><td>Senior Contract Administrator</td><td>81.7</td><td>18.3</td><td>100.0</td></tr>
<tr><td>Teo Bee Chin</td><td>Accountant</td><td>83.6</td><td>16.4</td><td>100.0</td></tr>
</table>
* These amounts are inclusive of employer's CPF contribution, transport allowances.
Given the highly competitive conditions of the Group's industry, and the prevalent poaching of experienced executives, the Company believes that the disclosure of the total remuneration of each individual key management personnel as recommended by the Code may not be in the best interest of the Group. Nevertheless, the Company has sought to provide the remuneration of these executives in the bands of S$250,000 and also a breakdown in percentage terms.</td></tr>
<tr><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The Company has 4 key management personnel (who are not also Directors or the CEO). The total remuneration paid to the top 4 key management personnel (who are not also Directors or the CEO) for FY2018 was S$612,000.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>Ms Lee Swee Chu is the spouse of Mr Ng Hai Liong and mother to Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent. The remuneration of Ms Lee Swee Chu is between S$100,000 to S$150,000 in FY2018.
Mr Ng Kian Haw Douglas is the son of Mr Ng Hai Liong and brother of Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent. The remuneration of Mr Ng Kian Haw Douglas is between S$50,000 to S$100,000 in FY2018.</td></tr>
</table>

CORPORATE GOVERNANCE
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Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
9.5	Please provide details of the employee share scheme(s).	The Company has in place the Huationg PSP and the Huationg ESOS (collectively, the "Share-Based Incentive Plans"). The Share-Based Incentive Plans are administered by the NC and the RC (the "Administration Committee"). The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward the Directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to the success and greater growth of the Group. Under the ESOS, the total number of shares over which the Administration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the Share Plan; and (c) any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the date of the relevant grant. Options under the ESOS may be granted with the exercise price set at market price or with the exercise price set at a discount to market price. The former shall only be exercisable after the first anniversary of the date of grant and expire on the fifth anniversary of such date of grant, while the latter shall only be exercisable after the second anniversary of the date of grant and expire on the fifth anniversary of such date of grant. The PSP is designed to reward its participants through the issue of fully-paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods. No minimum vesting periods are prescribed under the PSP for awards, and the length of the vesting period in respect of each award shall be determined on a case-by-case basis. The size of the Award granted to a participant will be determined based on, amongst others, his rank, job performance, potential for future development and his contribution to the success and development of the Group as determined by the Administration Committee prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set and measured over the performance period. The final Award is determined by the performance achievement over the performance period. Awards may comprise fully paid shares, cash or a combination of fully paid shares and cash. The performance period, vesting period and other conditions will be determined by the Administration Committee. There were no share awards or share options granted to any participant under any of the Share-Based Incentive Plans in FY2018.

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<table>
<tr><th>Guideline/ Catalist Rule</th><th>Code, Guide and/or Catalist Rule Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>
<p>The remuneration received by key management personnel is made up of fixed compensation consisting of an annual base salary and allowance. Included in the remuneration was also bonus to key management personnel for FY2018.</p>
<p>The remuneration received by each of the Executive Directors, Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent takes into consideration his individual performance and contribution towards the overall performance of the Group in FY2018. The remuneration of the Executive Directors is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, allowance and annual wage supplement. The variable compensation is a performance bonus determined based on (the “Performance Bonus”) the Group’s profit before income tax (“PBT”) for each financial year. For this purpose, “PBT” refers to the audited consolidated profit before income tax of the Group (before the Incentive Bonus, non-recurring exceptional items and minority interests) for the relevant financial year. The amount of Performance Bonus is determined as follows:</p>
<table>
<tr><th>PBT</th><th>Mr Ng Hai Liong (Executive Chairman)</th><th>Mr Ng Kian Ann Patrick (CEO)</th><th>Mr Ng Kian Yeow, Vincent (COO)</th></tr>
<tr><td>Less than S$4.0 million</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Exceeds S$4.0 million but does not exceed or equal to S$6.0 million</td><td>2.0% of the amount in excess of S$4.0 million</td><td>3.5% of the amount in excess of S$4.0 million</td><td>3.2% of the amount in excess of S$4.0 million</td></tr>
<tr><td>Exceeds S$6.0 million but does not exceed or equal to S$8.0 million</td><td>S$40,000 and 2.5% of the amount in excess of S$6.0 million</td><td>S$70,000 and 4.0% of the amount in excess of S$6.0 million</td><td>S$64,000 and 3.7% of the amount in excess of S$6.0 million</td></tr>
<tr><td>Exceeds S$8.0 million</td><td>S$90,000 and 3.0% of the amount in excess of S$8.0 million</td><td>S$150,000 and 4.5% of the amount in excess of S$8.0 million</td><td>S$138,000 and 4.2% of the amount in excess of S$8.0 million</td></tr>
</table>
</td></tr>
</table>

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<table>
<tr><th>Guideline/ Catalist Rule</th><th>Code, Guide and/or Catalist Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<i>Table 9.6(b)</i>
<table>
<tr><th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th><th>Long-term Incentives (such as the Employee Share Option Scheme and the Performance Share Plan)</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Group's major project or developments
2. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. PBT of at least S$4 million</td><td></td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>Yes, the RC has reviewed and is satisfied that the performance conditions were met in FY2018.</td></tr>
<tr><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td colspan="3"><u>ACCOUNTABILITY</u></td></tr>
<tr><td>10.1</td><td>Has the Board provided a balanced and understandable assessment of the Company's performance, position and prospects that extends to interim and other price sensitive public reports, and reports to regulators (if required)?</td><td>The Board reviews and approves the results announcements before it is released. Shareholders are provided with the half-year and the full-year financial statements no later than 45 days from the end of the half-year and within 60 days from the financial year end respectively.
In presenting the annual financial statements and half-year announcements to shareholders, it is the aim of the Board to provide shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects.
Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.</td></tr>
</table>

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Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
10.2	Did the Board take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate?	During FY2018, the CEO and the CFO have provided assurance to the Board on the integrity of the Group's financial statements. The Board has also provided opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational, compliance and information technology controls. (Please refer to Guideline 11.3 below) In line with the Catalist Rules, the Board provides a negative assurance statement to the shareholders in its interim half-year financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The Directors and the executive officers have provided undertakings that they will use their best endeavours to ensure that the Company is in compliance with the provisions of the Catalist Rules, the Securities and Futures Act, the Code on Takeovers & Mergers, and the Companies Act and will also procure the Company to do so.
Risk Management and Internal Controls		
11.1	Has the Board determined the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems?	The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making. Risk assessment and evaluation has become an essential part of the business planning and monitoring process. The Group has put in place a documentation on its risk profile which summarises the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the Board at least annually.

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Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
11.2 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is of the view that the Company's internal controls including financial, operational, compliance and information technology controls and risk management systems were adequate and effective during FY2018. The basis for the Board's view are as follows: (i) assurance has been received from the CEO and CFO (refer to Section 11.3(b) below); (ii) an internal audit has been done by the internal auditor (whom has unfettered access to all the Company's documents, records, properties and personnel) and significant matters highlighted to the AC and key management personnel were appropriately addressed; (iii) key management personnel regularly evaluates, monitors and reports to the AC and the Board on material risks; (iv) the AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance controls and information technology and risk management policies and systems established by Management; (v) discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and (vi) an enterprise risk management framework was established to identify, manage and mitigate significant risks.
	(b) Has the Board received assurance from the CEO and the CFO as well as the EA and IA that in FY2018: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has obtained assurance from the CEO and CFO that during FY2018: (i) the financial records have been properly maintained and the financial statements given are true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective. The Board has further relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's finances. The Board has also relied on the reports of the IA's examination of the Company's system of internal control and risk management as assurance that the Company's risk management and internal control system are effective.

Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.3	What is the composition of the AC?	The AC is chaired by Mr Yuen Sou Wai and the members of the AC are Mr Yen Se-Hua Stewart and Wee Heng Yi, Adrian. All of the AC members are Independent Directors. The AC has the authority to investigate on matters within the terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.
12.2	Does at least 2 of the AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement?	The Board considers Mr Yuen Sou Wai, who has extensive and practical accounting and financial management knowledge and experience, is well qualified to chair the AC. The majority members of the AC collectively have accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.
12.4	What are the duties of the AC?	The Board has delegated to the AC the authority to investigate any matter within its terms of reference. The duties and functions of the AC include the following: (a) assist the Board in the discharge of its responsibilities on financial and reporting matters; (b) review, with the IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of audits compiled by the IA and EA; (c) review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements; (d) review the effectiveness and adequacy of the internal control and procedures, including accounting and financial controls and procedures and ensure coordination between the IA and EA, and the management, reviewing the assistance given by management to the independent auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the independent auditors may wish to discuss (in the absence of management where necessary); (e) review the scope and results of the external audit, and the independence and objectivity of the EA; (f) review and discuss with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

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<table>
<tr><th>Guideline/ Catalist Rule</th><th>Code, Guide and/or Catalist Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>(g) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;
(h) review significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
(i) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the CFO and the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA;
(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Rules of Catalist (if any);
(k) review any potential conflicts of interest;
(l) review and approve all hedging policies and instruments (if any) to be implemented by the Group;
(m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC;
(n) review and establish procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
(o) generally to undertake such other functions and duties as may be required by statute or the Rules of Catalist, and by such amendments made thereto from time to time.</td></tr>
<tr><td>12.5</td><td>Has the AC met with the auditors in the absence of key management personnel?</td><td>Yes, the AC has met with the IA and EA once in the absence of key management personnel in FY2018.</td></tr>
<tr><td rowspan="2">12.6</td><td>Has the AC reviewed the independence of the external auditors?</td><td>The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.</td></tr>
<tr><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>***Table 12.6(a) – Fees Paid/Payable to the EA for FY2018***
<table>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>**Audit fees**</td><td>87,000</td><td>83</td></tr>
<tr><td>**Non-audit fees (Tax services)**</td><td>17,500</td><td>17</td></tr>
<tr><td>**Total**</td><td>104,500</td><td>100</td></tr>
</table></td></tr>
</table>

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Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2018 were not substantial.
12.7	Does the Company have a whistle-blowing policy?	The Company has a whistle-blowing policy whereby staff of the Group may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to any of the whistle-blowing committee members. In the event that the whistle-blowing matter to be raised concerns any particular member of the whistle-blowing committee, the whistle blower may direct the email to any other member of the whistle-blowing committee who has no conflict of interest. The whistle-blowing committee comprises of all the current Directors of the Company. The whistle-blowing committee will direct an independent investigation to be conducted on the complaint when received in writing, via email or in person. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. Findings from any investigations shall be reported to the AC for their further actions. There were no whistle-blowing reports received by the whistle-blowing committee during FY2018.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2018, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards, as and when there are material updates to the financial reporting standards when the AC meets with the EA during AC meetings and the AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

CORPORATE GOVERNANCE
REPORT

Guideline/ Catalist Rule	**Code, Guide and/or Catalist Rule Description**	**Company's Compliance or Explanation**
12.9	(a) Were any of the members of the AC previous partners or directors of the existing auditing firm or auditing corporation within the previous 12 months?	None of the AC members were former partners or directors of the existing auditing firm or auditing corporation of the Company.
	(b) Does any member of the AC have any financial interest in the auditing firm or auditing corporation?	None of the AC members have any financial interest in the auditing firm or auditing corporation of the Company.
Internal Audit		
13.1 13.2 13.3 13.4 13.5 719(3)	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd. that reports directly to the AC and administratively to the CEO. The AC is responsible for the hiring, removal and evaluation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that Nexia TS Risk Advisory Pte. Ltd. is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. The internal audit function is therefore staffed with persons with the relevant qualifications and experience and is independent of the activities it audits. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC reviews the IA's proposed work plan annually to assess whether there are adequate resources for the IAs to perform and discharge its functions during the financial year, whether the proposed work plan is aligned with the risk management framework of the Company and also the overall effectiveness of IA.

CORPORATE GOVERNANCE
REPORT

Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.2	Are shareholders informed of the rules, including voting procedures that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may appoint more than two proxies to attend and vote at general meetings.
Communication with Shareholders		
14.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company solicits feedback from and addresses the concerns of shareholders via the following: • a dedicated investor relations page on the Group's website; and • annual general meetings. In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments which will also act as platforms to solicit and understand the views of shareholders and investors. The Company's CEO is responsible for the Company's communication with shareholders and serve as the dedicated contact point for investor relations.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.huationg-global.com.

CORPORATE GOVERNANCE
REPORT

Guideline/ Catalist Rule	Code, Guide and/or Catalist Rule Description	Company's Compliance or Explanation
15.5 704(23) Appendix 7C(12)	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy at present. The declaration and payment of dividends by the Group is subject to many factors, including but not limited to, the level of the Group's cash and retained earnings, the Group's actual and projected performance, the projected levels of capital requirements and general financing conditions and restrictions on payment of dividends imposed on the Group by the financing arrangement (if any).
	Is the Company is paying dividends for the financial year? If not, please explain why.	No dividend has been declared or recommended for FY2018, as the Board deems it appropriate to reserve adequate resources for the Group's business activities.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	A shareholder may vote in person or appoint not more than two proxies to attend and vote in his stead. In the case of a shareholder who is a relevant intermediary (as defined in the Companies Act), he may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Pursuant to Regulation 77(3)(c) of the Constitution of the Company, Members who are unable to vote in person at any general meeting may, at the discretion of the Directors, have the option of voting in absentia, including but not limited to voting by mail, electronic mail, or facsimile. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the IA's report. At the general meeting of the Company, shareholders are informed of the rules, including voting procedures before all resolutions are put to vote by poll, and their detailed results of the number of votes for and against each resolution and their respective percentages will be announced via SGXNET after the conclusion of the general meeting. All the Directors were present at the general meetings of shareholders in FY2018. All minutes of general meetings were made available to shareholders upon their request.

CORPORATE GOVERNANCE
REPORT

<table>
<tr><th colspan="3">COMPLIANCE WITH APPLICABLE CATALIST RULES</th></tr>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>712, 715 and 716</td><td>Appointment of Auditors</td><td>The Company and all its Singapore-incorporated subsidiaries are audited by the EA, save for Banyan Capital Pte. Ltd. ("BCPL") a wholly-owned indirect subsidiary which is audited by RSM Chio Lim LLP, Singapore. Notwithstanding, the Board and the AC are satisfied that the appointment of a different auditing firm for BCPL would not compromise the standards and effectiveness of the audit of the Company by the EA. Therefore, the Company confirms its compliance with Catalist Rules 712, 715 and 716.</td></tr>
<tr><td>720(5)</td><td>Candidates standing for re-election at the upcoming AGM</td><td>
<table>
<tr><th rowspan="2">Key Information</th><th colspan="2">Name of Director</th></tr>
<tr><th>Ng Kian Ann Patrick</th><th>Yuen Sou Wai</th></tr>
<tr><td>Date of appointment</td><td>1 August 2014</td><td>11 November 2014</td></tr>
<tr><td>Date of last re-appointment</td><td>28 April 2016</td><td>28 April 2016</td></tr>
<tr><td>Age</td><td>43</td><td>65</td></tr>
<tr><td>Country of principal residence</td><td>Singapore</td><td>Singapore</td></tr>
<tr><td>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</td><td>The Board of Directors has approved the re-election of Mr Ng Kian Ann Patrick as Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Ng Kian Ann Patrick has the requisite experience, qualifications and capabilities as required by the Board as an Independent Director.</td><td>The Board of Directors has approved the re-election of Mr Yuen Sou Wai as Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Yuen Sou Wai has the requisite experience, qualifications and capabilities as required by the Board as an Independent Director.</td></tr>
<tr><td>Whether the appointment is executive and if so, please state the area of responsibility</td><td>Executive Director (the "ED") and Chief Executive Officer (the "CEO")</td><td>Non-executive</td></tr>
<tr><td>Job title (e.g. Lead ID, AC Chairman, AC member, etc)</td><td>ED and CEO</td><td>Lead ID, AC Chairman and a member of the RC and the NC</td></tr>
</table>
</td></tr>
</table>

CORPORATE GOVERNANCE
REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**

Key Information	**Name of Director**	
	Ng Kian Ann Patrick	**Yuen Sou Wai**
Professional memberships/ qualifications	Bachelor's Degree in Engineering (First Class Honours)	– Master in Business Administration (University of Leicester, United Kingdom); – Fellow of the Chartered Institute of Management Accountants of the United Kingdom; – Fellow of the Institute of Singapore Chartered Accountants; and – Member of the Singapore Institute of Directors.
Working experience and occupation(s) during the past 10 years	Huationg Global Limited and group of companies: – Huationg Global Limited (ED and CEO) – Huationg Contractor Pte. Ltd. (ED and CEO) – HT Equipment Pte. Ltd. (ED and CEO) – Soil Engineering Pte Ltd. (CEO) – Banyan Capital Pte. Ltd. (Director) – Golden Empire Huationg Pte. Ltd. (Director) Dandelion Capital Pte. Ltd. (Director) NHL Holding Pte. Ltd. (Director) NHL Investment Pte. Ltd. (Director)	YHI International Limited – February 2014 to present, Independent director – September 2009 to February 2014 (Non-executive director) – May 2003 to August 2009 (Executive director, CFO)
Shareholding interest in the Company and its subsidiaries	Mr Ng Kian Ann Patrick holds 69,000 ordinary shares (or 0.05%) of the Company and is deemed interested in the 121,759,600 ordinary shares (or 80.43%) of the Company held by Dandelion Capital Pte. Ltd. ("Dandelion") by virtue of his 25% shareholdings in Dandelion.	Nil
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Ng Kian Ann Patrick is the son of Mr Ng Hai Liong, the Company's Executive Chairman and brother of Mr Ng Kian Yeow, Vincent, the Company's COO and Executive Director.	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes
Other Principal Commitments Including Directorships		
Present	- Huationg Contractor Pte. Ltd. - HT Equipment Pte. Ltd. - Banyan Capital Pte. Ltd. - Golden Empire Huationg Pte. Ltd. - Dandelion Capital Pte. Ltd. - NHL Holding Pte. Ltd. - NHL Investment Pte. Ltd.	Nil
Past (for the last 5 years)	Same as present	Nil

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
1204(8)	Material Contracts	Save for as disclosed in Note 31 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.
719(1) 1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate and effective in FY2018 to address the financial, operational, compliance and information technology risks based on the following: • internal controls and the risk management system established by the Company; • work performed by the IA and EA; • assurance from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel.
1204(10C)	Confirmation of the independence, effectiveness and adequacy of the resources of internal audit function	The AC confirms that the internal audit function is independent, effective and adequately resourced.
711A, 711B	Sustainability Reporting	The Group recognises the importance of sustainability that creates long-term value to our stakeholders by embracing opportunities and managing risks derived from the environment, social developments and governance. The Group is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of stakeholders and business growth. Details of the sustainability practices are presented in our 2018 Sustainability Report which will be published on the SGXNET by 31 May 2019.

CORPORATE GOVERNANCE
REPORT

<table>
<tr><th colspan="3">COMPLIANCE WITH APPLICABLE CATALIST RULES</th></tr>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(17)</td><td>Interested Persons Transaction ("IPT")</td><td>
<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p>
<p>Other than IPTs as disclosed at paragraph (c)(i) of page 156 of the Company's offer document dated 1 December 2014 and the IPTs as set out in the table below, there were no additional IPTs of S$100,000 and above during FY2018:</p>
<table>
<tr><th>Name of Interested Person</th><th>Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th><th>Aggregate value of all IPTs during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)</th></tr>
<tr><td>NHL Holding Pte. Ltd. ("NHL")
– Lease of construction equipment and vehicles from NHL.</td><td>S$3,147,000</td><td>Not applicable</td></tr>
<tr><td>NB Auto Pte. Ltd. ("NB Auto")
– Lease of commercial vehicles from NB Auto</td><td>S$124,000</td><td>Not applicable</td></tr>
<tr><td>Total</td><td>S$3,271,000</td><td>–</td></tr>
</table>
</td></tr>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>The Company has in place a policy prohibiting dealings of the Company's securities by the Company, its Directors and employees on short-term considerations or when they are in possession of price sensitive information and during the period of one month prior to the announcement of the Company's half-year and full-year results, as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor fees</td><td>No non-sponsorship fees were paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2018.</td></tr>
</table>

<table>
<tr><th colspan="3">COMPLIANCE WITH APPLICABLE CATALIST RULES</th></tr>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(22)</td><td>Use of IPO Proceeds</td><td>
The Company refers to the net proceeds amounting to S$4.1 million (excluding listing expenses of approximately S$1.4 million) raised from the initial public offering ("IPO") on the Catalist of the SGX-ST on 9 December 2014. As at 31 December 2018, the status on the use of the IPO net proceeds are as follows:
<table>
<tr><th>Use of Proceeds</th><th>Amount Allocated (S$'000)</th><th>Amount Utilised (S$'000)</th><th>Amount Unutilised (S$'000)</th></tr>
<tr><td>To explore opportunities in mergers and acquisitions, joint ventures and strategic alliances</td><td>1,500</td><td>(170)</td><td>1,330</td></tr>
<tr><td>To increase LSS production</td><td>1,000</td><td>(1,000)</td><td>–</td></tr>
<tr><td>General working capital purposes</td><td>1,611</td><td>(1,611)[1]</td><td>–</td></tr>
<tr><td>Listing expenses</td><td>1,389</td><td>(1,389)</td><td>–</td></tr>
<tr><td>**Total**</td><td>**5,500**</td><td>**(4,170)**</td><td>**1,330**</td></tr>
</table>
Notes:
(1) This amount comprises general and administrative expenses.
The above use of proceeds is in accordance with the intended use of the IPO net proceeds and percentage allocated, as stated in the offer document dated 1 December 2014.
</td></tr>
</table>

DIRECTORS' STATEMENT

The Directors of Huationg Global Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

Ng Hai Liong
Ng Kian Ann Patrick
Ng Kian Yeow, Vincent
Yuen Sou Wai
Yen Se-Hua Stewart
Wee Heng Yi, Adrian

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Act, none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.1.2018	Balance as at 31.12.2018	Balance as at 1.1.2018	Balance as at 31.12.2018
	Number of ordinary shares			
The Company				
Ng Hai Liong	–	–	121,759,600	121,759,600
Ng Kian Ann Patrick	68,900	69,000	121,759,600	121,759,600
Ng Kian Yeow, Vincent	–	–	121,759,600	121,759,600
Ultimate holding company				
Dandelion Capital Pte. Ltd.				
Ng Hai Liong	17	17	35	35
Ng Kian Ann Patrick	25	25	–	–
Ng Kian Yeow, Vincent	23	23	–	–

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (Continued)

By virtue of Section 7 of the Act, Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent are deemed to have an interest in all related corporations of the Company at the beginning and at the end of the financial year. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2019 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2018.

5. SHARE OPTIONS

Huationg Employee Share Option Scheme

The Huationg Employee Share Option Scheme (the "Share Option Scheme") was approved and adopted at the Company's extraordinary general meeting held on 18 November 2014. The Share Option Scheme is administered by the members of both Remuneration Committee and Nominating Committee comprising Mr Yen Se-Hua Stewart, Mr Yuen Sou Wai, Mr Wee Heng Yi, Adrian and Mr Ng Kian Ann Patrick (collectively, the "Administration Committee"). The Share Option Scheme provides for the grant of incentive share options to employees and Directors of the Group.

Under the Share Option Scheme, the total number of shares over which the Administration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the Share Option Scheme; (b) all awards granted under the Huationg Performance Share Plan; and (c) any other share option schemes of the Company, shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the date of the relevant grant.

Options granted with the exercise price set at market price shall only be exercisable after the first anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

Options granted with the exercise price set at a discount to market price shall only be exercisable after the second anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. SHARE AWARDS

Huationg Performance Share Plan

The Huationg Performance Share Plan (the "Share Plan") was approved at the Company's extraordinary general meeting held on 18 November 2014. The Share Plan is administered by the Remuneration Committee, which provides for the grant of incentive share awards to employees and Directors.

The Share Plan is designed to reward its participants through the issue of fully-paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

DIRECTORS' STATEMENT

6. **SHARE AWARDS** (Continued)

Huationg Performance Share Plan (Continued)

No minimum vesting periods are prescribed under the Share Plan for awards, and the length of the vesting period in respect of each award shall be determined on a case-by-case basis.

Since the inception of the Share Plan, no award has been granted.

7. AUDIT COMMITTEE

The Audit Committee as at the date of this statement comprises the following members, all of whom are non-executive independent Directors:

Yuen Sou Wai (Chairman)
Yen Se-Hua Stewart
Wee Heng Yi, Adrian

The Audit Committee performed the functions specified in Section 201B(5) of the Act, the Listing Manual – (Section B: Rules of Catalist) of the SGX-ST and the Code of Corporate Governance.

In performing its functions, the Audit Committee met with the Company's external and internal auditors to review the audit plans and overall scope of examination by the internal and external auditors and the reports of the internal auditors' examination of the Group's systems of internal accounting control.

The Audit Committee also reviewed the following:

(i) assistance provided by the Company's officers to the internal and external auditors;

(ii) consolidated financial statements of the Group and the statement of financial position of the Company and external auditor's report on those financial statements before their submission to the Directors of the Company;

(iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);

(iv) re-appointment of the external and internal auditors of the Company; and

(v) the half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Group and the Company.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has carried out an annual review of non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

8. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Ng Hai Liong *Director*	**Ng Kian Ann Patrick** *Director*

Singapore

23 May 2019

INDEPENDENT
AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Huationg Global Limited (the "Company") and its subsidiaries (the "Group"), as set out from pages 61 to 140, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
1 **Revenue from construction contracts**	
One of the Group's main revenue streams relate to the provision of civil engineering services which account for 88% of the Group's total revenue. The revenue is recognised over time and the stage of completion is measured based on inputs to the satisfaction of a performance obligation (cost incurred to date relative to the estimated total contract costs). We focused our audit on the Group's revenue from construction contracts due to the high level of management judgements and estimates involved, particularly relating to, for each contract: ▪ Estimating the total contract revenue, including an assessment of the expected recovery of costs arising from claims and variation orders. ▪ Estimating total contract costs, including estimated costs to complete, at the inception of the contract and at the end of each reporting period. ▪ Determining the stage of completion of each contract at the end of each reporting period, including an assessment of the appropriateness of contract costs incurred to date. Refer to notes 2.14, 3.2(i), 10, and 24 of the accompanying financial statements.	Our procedures included, amongst others, the following: ▪ We tested the Group's controls relating to its construction contracts, including the tender acceptance and budgeting process. ▪ For a sample of contracts selected, we assessed the reasonableness of management's estimated total contract revenue, estimated total contract costs and the stage of completion at the end of the year by: ○ Agreeing the initial contract revenue to the letter of award of the contract, and checking subsequent claims and variation orders to customers' acceptance and approval. ○ Checking the actual costs incurred to date against supporting documents such as supplier invoices and delivery orders. ○ Assessing the reasonableness of the costs to complete of the projects. ○ Evaluating the revised profit margin of the contract against the initial budgeted profit margin. ○ Evaluating the revenue computed using the stage of completion against the certified progress billings for the contract.

INDEPENDENT
AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

KEY AUDIT MATTER	AUDIT RESPONSE
2 **Expected credit losses on trade receivables (including retention sums) and contract assets**	
As at 31 December 2018, the carrying amount of the Group's trade receivables, net of loss allowance of $9.7 million, amounted to $42.8 million, comprising approximately 18.4% of the Group's total assets. The Group's contract assets, net of loss allowance of $0.8 million, amounted to $73.3 million, comprising approximately 31.6% of the Group's total assets. The Group determines expected credit losses ("ECL") on trade receivables and contract assets by making individual assessment of expected credit loss for any amount that is long overdue and using a provision matrix for the remaining amounts that is based on its historical credit loss experience with forward looking assumptions. Management takes into account historical provision trend and other relevant factors. Determining ECL on trade receivables and contract assets is a key audit matter due to the significant management judgement involved.	Our procedures included, amongst others, the following: ▪ Obtained an understanding of and assessed the inputs and information, including the aged trade receivables and historical discounts reports, used in designing the provision matrix. ▪ Recomputed ECL of trade receivables and contract assets using the provision matrix and evaluated management's assessment of the ECL rates, including assumptions surrounding current conditions and forecast of future economic conditions. ▪ Checked for subsequent receipts of selected samples of trade receivables. ▪ Assessed the appropriateness of credit-impaired receivables identified and reasonableness of the ECL on those receivables. ▪ Assessed the adequacy of the related disclosures made in the financial statements.
Refer to notes 3.2(ii), 10, 13 and 35.1 of the accompanying financial statements.	

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Aw Vern Chun Philip.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
23 May 2019

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		
	Note	31 December 2018	31 December 2017	1 January 2017
		$'000	$'000	$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	94,654	89,163	104,966
Financial assets at fair value through profit or loss	5	5,221	4,957	5,185
Investment in a joint venture	7	1,806	177	81
Prepayments	8	23	207	440
Intangible assets	9	114	106	76
		101,818	94,610	110,748
Current assets				
Contract assets	10	73,327	48,476	21,961
Financial assets at fair value through other comprehensive income	11	2,248	2,344	2,599
Inventories	12	940	2,633	2,076
Trade and other receivables	13	44,158	59,972	32,317
Prepayments	8	1,334	1,060	1,049
Cash and cash equivalents	14	8,509	4,228	14,313
		130,516	118,713	74,315
Non-current assets classified as held for sale	15	-	11,156	-
		130,516	129,869	74,315
Total assets		232,334	224,479	185,063
EQUITY AND LIABILITIES				
Equity				
Share capital	16	38,676	38,676	38,676
Other reserves	17	(14,292)	(14,906)	(15,991)
Accumulated profits	18	46,777	42,448	35,154
Equity attributable to owners of the parent		71,161	66,218	57,839
Non-controlling interests		(847)	(587)	(148)
Total equity		70,314	65,631	57,691

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Non-current liabilities				
Other payables	19	-	-	1,852
Finance lease payables	20	22,279	20,217	29,424
Bank borrowings	21	15,387	16,602	13,646
Deferred income	22	1,750	41	141
Deferred tax liabilities	23	5,545	6,107	5,509
		44,961	42,967	50,572
Current liabilities				
Contract liabilities	10	91	11,508	7,999
Trade and other payables	19	50,539	45,465	29,666
Finance lease payables	20	14,950	13,209	17,079
Bank borrowings	21	48,475	42,374	21,343
Deferred income	22	834	99	99
Current income tax payable		2,170	645	614
		117,059	113,300	76,800
Liabilities directly associated with non-current assets classified as held for sale	15	-	2,581	-
		117,059	115,881	76,800
Total liabilities		162,020	158,848	127,372
Total equity and liabilities		232,334	224,479	185,063

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2018

			Company	
	Note	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
ASSETS				
Non-current assets				
Investments in subsidiaries	6	41,735	41,735	41,735
Intangible assets	9	19	22	23
		41,754	41,757	41,758
Current assets				
Trade and other receivables	13	3,018	3,029	3,029
Prepayments	8	238	8	8
Cash and cash equivalents	14	164	264	1,196
		3,420	3,301	4,233
Total assets		45,174	45,058	45,991
EQUITY AND LIABILITIES				
Equity				
Share capital	16	38,676	38,676	38,676
Accumulated profits	18	5,361	6,257	7,212
Total equity		44,037	44,933	45,888
Current liabilities				
Trade and other payables	19	1,137	125	103
Total liabilities		1,137	125	103
Total equity and liabilities		45,174	45,058	45,991

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	**2018** **$'000**	**2017** **$'000**
Revenue	24	179,311	157,234
Cost of sales and services		(145,644)	(124,630)
Gross profit		33,667	32,604
Other item of income			
Other income	25	2,451	2,059
Other items of expense			
Administrative expenses		(21,914)	(21,655)
Other expenses		(998)	(1,293)
Loss allowance on trade receivables and contract assets		(4,926)	(1,203)
Finance costs	26	(2,770)	(2,097)
Share of results of a joint venture	7	1,629	96
Profit before income tax	27	7,139	8,511
Income tax expense	28	(2,073)	(1,050)
Profit for the financial year		5,066	7,461
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income	11	(9)	20
Reversal of fair value loss in available-for-sale reserve upon redemption	17	-	5
Reclassification of fair value loss in available-for-sale financial assets to profit or loss	17	-	214
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment	4	1,136	846
Other comprehensive income, net of tax		1,127	1,085
Total comprehensive income for the financial year		6,193	8,546
Profit attributable to:			
Owners of the parent		5,326	7,900
Non-controlling interests		(260)	(439)
		5,066	7,461
Total comprehensive income attributable to:			
Owners of the parent		6,453	8,985
Non-controlling interests		(260)	(439)
		6,193	8,546
Earnings per share attributable to owners of the parent:			
- Basic and diluted (in cents)	29	3.52	5.22

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Accumulated profits $'000	Other reserves $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1.1.2018, FRS framework		38,676	42,448	(14,906)	66,218	(587)	65,631
Effects on adoption of SFRS(I) 9		-	(164)	(513)	(677)	-	(677)
Balance as at 1.1.2018, as restated		38,676	42,284	(15,419)	65,541	(587)	64,954
Profit for the financial year		-	5,326	-	5,326	(260)	5,066
Other comprehensive income:							
- Gain on revaluation of property, plant and equipment	4	-	-	1,136	1,136	-	1,136
- Fair value changes on financial assets at fair value through other comprehensive income	5	-	-	(9)	(9)	-	(9)
		-	-	1,127	1,127	-	1,127
Total comprehensive income for the financial year		-	5,326	1,127	6,453	(260)	6,193
Transactions with owners of the parent:							
Dividends	30	-	(833)	-	(833)	-	(833)
Total transactions with owners of the parent		-	(833)	-	(833)	-	(833)
Balance as at 31.12.2018		38,676	46,777	(14,292)	71,161	(847)	70,314

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Accumulated profits $'000	Other reserves $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1.1.2017, FRS framework		38,676	35,154	(15,991)	57,839	(148)	57,691
Profit for the financial year		-	7,900	-	7,900	(439)	7,461
Other comprehensive income:							
- Gain on revaluation of property, plant and equipment	4	-	-	846	846	-	846
- Fair value changes on available-for-sale financial assets	5	-	-	20	20	-	20
- Reversal of fair value loss in available-for-sale reserve upon redemption	17	-	-	5	5	-	5
- Reclassification of fair value loss in available-for-sale financial assets to profit or loss	17	-	-	214	214	-	214
		-	-	1,085	1,085	-	1,085
Total comprehensive income for the financial year		-	7,900	1,085	8,985	(439)	8,546
Transactions with owners of the parent:							
Dividends	30	-	(606)	-	(606)	-	(606)
Total transactions with owners of the parent		-	(606)	-	(606)	-	(606)
Balance as at 31.12.2017		38,676	42,448	(14,906)	66,218	(587)	65,631

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit before income tax	7,139	8,511
Adjustments for:		
Changes in allowance for impairment of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets)	(214)	297
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) upon redemption	(49)	(20)
Allowance for impairment of property, plant and equipment	166	153
Loss allowance on trade receivables and contract assets	4,926	1,203
Amortisation of intangible assets	14	9
Depreciation of property, plant and equipment	15,246	15,162
Loss on disposal of plant and equipment	155	40
Amortisation of gain on sale and leaseback transactions	(298)	(99)
Interest expenses	2,549	1,902
Interest income	(200)	(197)
Share of results of a joint venture	(1,629)	(96)
Fair value gain of financial assets at fair value through profit or loss	(159)	-
Unrealised exchange differences, net	15	71
Operating cash flows before working capital changes	27,661	26,936
Working capital changes:		
Trade and other receivables	11,002	(28,452)
Prepayments	(91)	222
Contract assets, net	(37,058)	(23,006)
Inventories	1,693	(557)
Trade and other payables	6,134	12,695
Cash from/(used in) operations	9,341	(12,162)
Interest received	20	19
Income tax paid	(1,110)	(421)
Net cash from/(used in) operating activities	8,251	(12,564)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,692)	(3,505)
Deposit for purchase of property, plant and equipment	-	(200)
Additions to intangible assets	(22)	(39)
Interest received	182	176
Proceeds from disposal of plant and equipment	8,987	998
Proceeds from partial redemption of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets)	348	50
Net cash from/(used in) investing activities	7,803	(2,520)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Cash flows from financing activities		
Proceeds from trust receipts	96,395	87,859
Repayment of trust receipts	(98,249)	(69,574)
Proceeds from term loans	14,773	8,827
Repayment of term loans	(8,153)	(2,799)
Interest paid	(2,549)	(1,902)
Dividends paid	(833)	(606)
Repayment of finance lease payables	(12,902)	(16,806)
Decrease in amounts due to related parties	(255)	-
Net cash (used in)/from financing activities	(11,773)	4,999
Net change in cash and cash equivalents	4,281	(10,085)
Cash and cash equivalents as at the beginning of the financial year	4,228	14,313
Cash and cash equivalents as at the end of the financial year (Note 14)	8,509	4,228

Reconciliation of liabilities arising from financing activities

	Bank borrowings $'000	Finance lease payables $'000
Balance as at 1.1.2018	58,976	33,426
Cash flows	4,766	(12,902)
Non-cash changes		
- Additions of property, plant and equipment under finance leases	-	12,330
- Settlement of acquisition of property, plant and equipment under trade and other payables in prior year via finance leases	-	1,794
- Foreign exchange differences	120	-
- Reclassification from liabilities associated with non-current assets held for sale	-	2,581
Balance as at 31.12.2018	63,862	37,229
Balance as at 1.1.2017	34,989	46,503
Cash flows	24,313	(16,806)
Non-cash changes		
- Additions of property, plant and equipment under finance leases	-	5,757
- Settlement of acquisition of property, plant and equipment under trade and other payables in prior year via finance leases	-	553
- Foreign exchange differences	(326)	-
- Reclassification as liabilities associated with non-current assets held for sale	-	(2,581)
Balance as at 31.12.2017	58,976	33,426

The accompanying notes form an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

Huationg Global Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's registered office address and principal place of business is at 9 Benoi Crescent, Singapore 629972. The Company's registration number is 201422395Z.

The Company's immediate and ultimate holding company is Dandelion Capital Pte. Ltd., a company incorporated in Singapore, which is controlled by Ng Hai Liong, Ng Kian Ann Patrick and Ng Kian Yeow, Vincent.

The principal activity of the Company is that of investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2018 were authorised for issue in accordance with a Directors' resolution dated 23 May 2019.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), including related interpretations of SFRS(I) ("SFRS(I) INTs") under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are the Group and the Company's first financial statements prepared in accordance with SFRS(I)s. The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRSs"). As required by SFRS(I) 1 First-time adoption of Singapore Financial Reporting Standards (International), the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 January 2017 and throughout all reporting periods presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1 as disclosed in Note 37 to the financial statements. The transition from FRSs to SFRS(I)s does not have material financial impact on the comparatives in these financial statements.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values presented are rounded to the nearest thousand ($'000), unless otherwise indicated.

2. Significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 of the financial statements.

SFRS(I) and Interpretations of SFRS(I) ("SFRS(I) INTs") issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT that were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
SFRS(I) 1-28 (Amendments)	: Long-term Interests in Associates and Joint Ventures	1 January 2019
SFRS(I) 9 (Amendments)	: Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle		
- SFRS(I) 3 (Amendments)	: Business Combinations	1 January 2019
- SFRS(I) 11 (Amendments)	: Joint Arrangements	1 January 2019
- SFRS(I) 1-12 (Amendments)	: Income Tax	1 January 2019
- SFRS(I) 1-23 (Amendments)	: Borrowing Costs	1 January 2019
SFRS(I) 16	: Leases	1 January 2019
SFRS(I) INT 23	: Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-19 Amendments	: Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 3 (Amendments)	: Definition of a Business	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8 (Amendments)	: Definition of Material	1 January 2020
SFRS(I) 17	: Insurance Contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to References to the Conceptual Framework in SFRS(I) Standards		1 January 2020
Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements		1 January 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

2. Significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Management anticipates that the adoption of the above SFRS(I) and SFRS(I) INT in the future periods, will not have a material impact on the financial statements of the Group and the Company in the period of initial adoption except as discussed below.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of SFRS(I) 16, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee, currently accounts for as operating leases. On adoption of SFRS(I) 16, the Group will be required to capitalise its leasehold properties, construction sites, equipment and vehicles and other operating facilities on the statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on balance sheet as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 December 2019.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

2. **Significant accounting policies** (Continued)

2.2 **Basis of consolidation** (Continued)

Non-controlling interests

Non-controlling interests in a subsidiary relate to the equity in the subsidiary which is not attributable directly or indirectly to the owners of the parent. This is shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's ownership interest in existing subsidiaries

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

2.3 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.4 Property, plant and equipment

Leasehold properties are initially measured at cost and subsequently carried at its revalued amount, being the fair value at the date of revaluation, less accumulated depreciation and impairment loss, if any, recognised after the date of the revaluation.

Valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the fair values at the end of the reporting period. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Revaluation surpluses are taken to the asset revaluation reserve, unless they offset previous revaluation losses of the same asset that were recognised in profit or loss. Revaluation losses are taken to the asset revaluation reserve, to the extent that they offset previous revaluation surpluses of the same asset that were taken to the asset revaluation reserve. Other revaluation surpluses or losses are recognised in profit or loss.

2. Significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

Plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is charged so as to write off the depreciable amounts of assets, over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Leasehold properties	Remaining lease period of between 3 and 23 years
Computers	3 years
Container offices	5 years
Office equipment and electrical fittings	10 years
Plant and machineries	10 years
Worksite equipment	5 years
Trucks and vehicles	10 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposed or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year when the asset is derecognised. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

2. Significant accounting policies (Continued)

2.5 Intangible asset

Club membership

Club membership is initially measured at cost and is subsequently carried at cost less any accumulated impairment losses.

Trademarks

Trademarks represent costs associated with the protection of the Group's trademark registration. Trademarks are initially measured at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The costs are amortised to profit or loss using the straight-line method over the estimated useful life of 10 years.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense for intangible assets with finite useful lives is recognised in profit or loss through the 'amortisation of intangible assets' line item.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.6 Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries (Note 2.3). The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

2.7 Joint ventures

Joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is accounted as goodwill and is included in the carrying amount of the investment in joint venture.

2. Significant accounting policies (Continued)

2.7 Joint ventures (Continued)

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the joint venture.

Where the Group transacts with a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2.8 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible asset with indefinite useful lives is tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

2.9 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

2. Significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

The Group classifies its financial assets as financial assets measured at amortised cost, or fair value based on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. The lifetime ECL are determined by making individual assessment of expected credit loss for any amount that is long overdue and using a provision matrix for the remaining amounts that is based on its historical credit loss experience with forward looking assumptions. Management takes into account historical provision trend and other relevant factors.

Impairment provisions for non-trade amounts due from subsidiaries are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2. Significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

The Group's and Company's financial assets measured at amortised cost comprise trade and other receivables (excluding non-refundable deposits), contract assets and cash and cash equivalents in the statement of financial position.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group has a number of quoted debt securities. These assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of comprehensive income and recognised in "other income". Interest income from these financial assets is included in "other income" using the effective interest rate method.

Financial assets at fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within "other income" in the period in which it arises. Interest income from these financial assets is included in the "other income and gains".

The Group's and Company's FVTPL comprise Investments in life insurance.

Credit-impaired financial assets

At each reporting date, the Group assess on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
(i) Significant financial difficulty of debtors;
(ii) A breach of contract such as a default or past due events;
(iii) It is becoming probable that the debtors will enter bankruptcy or other financial reorganisation.

2. Significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Derecognition of financial assets

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

Accounting policy for financial assets prior to 1 January 2018

Financial assets are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classified their financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

All financial assets are initially recognised at fair value, plus transaction costs.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding non-refundable deposits), gross amounts due from contract customers and cash and cash equivalents.

2. Significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 January 2018 (Continued)

Financial assets (Continued)

Available-for-sale financial assets ("AFS")

Quoted debt securities and investment in life insurance held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in other comprehensive income and accumulated in the available-for-sale reserve, with the exception of any related foreign exchange component, impairment losses, interest calculated using the effective interest method which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the period. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

2. Significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group classifies all financial liabilities as liabilities that are subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss and financial guarantee contracts.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Borrowings

Borrowings and finance lease payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of financial year, in which case they are presented as non-current liabilities.

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks or financial institutions for borrowings of subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if the subsidiary breaches any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of amount initially recognised less amortisation and the expected amounts payable to the banks or financial institutions in the event it is probable that the Company will reimburse the banks or financial institutions.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.10 Contract assets and contract liabilities

For contract where the customer is invoiced on a milestone payment schedule, a contract assets is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from customer exceed the value of the contract work transferred by the Group.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated costs to be incurred in marketing, selling and distribution. Obsolete, slow-moving and defective inventories are written down to its net realisable value.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2. Significant accounting policies (Continued)

2.13 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.14 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from civil engineering contract works

The Group provides civil engineering contract works to customers. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether Group transfers controls of the contract work over time or at a point in time by determining if the entity performance creates or enhances an asset that the customer controls as the asset is created or enhanced or the customer simultaneously receives and consumes the benefits provided by the entity's performance as the work progresses. Revenue is recognised over time on a cost-to-cost method, i.e. based on inputs to the satisfaction of a performance obligation incurred to date relative to the estimated total contract costs.

The Group progressively invoices the customer on progress claims, where the Group has right over payment over the value of services transferred to the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

2. Significant accounting policies (Continued)

2.14 Revenue recognition (Continued)

Revenue from civil engineering contract works (Continued)

The costs of fulfilling contracts do not result into a recognition of contract assets if such costs fall within the scope of other SFRS(I)s. The Group will only recognise fulfilment costs within the scope of SFRS(I) 15 as contract asset if:

- these costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- these costs generate or enhance resources that will be used in satisfying performance obligations in the future; and
- these costs are expected to be recovered.

Inland logistics support service income

Inland logistics support service income are recognised at point in time when services are provided.

Sales of construction materials

Revenue from the sales of construction materials is recognised at point in time when the goods are delivered to customers.

Rental income

Revenue are recognised over time on a straight-line basis over the lease term.

Interest income

Interest income is recognised using the effective interest rate method.

2.15 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to expenditure which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included in profit or loss to match such related expenditure.

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.17 Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution plan.

2. Significant accounting policies (Continued)

2.18 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for unutilised annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.19 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Assets held under finance leases are capitalised as property, plant and equipment at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Gains or losses arising from sale and finance leaseback, determined based on differences between sale proceeds and carrying amounts are deferred and amortised over the minimum lease terms.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. Instead, it shall be deferred and amortised over the lease term.

If the leaseback is a finance lease, the transaction is a means whereby the lessor provides finance to the lessee, with the asset as security. For this reason it is not appropriate to regard an excess of sales proceeds over the carrying amount as income. Such excess is deferred and amortised over the lease term.

Operating leases

The Group as a lessee

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Significant accounting policies (Continued)

2.19 Leases (Continued)

Operating leases (Continued)

The Group as a lessor

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.20 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authority and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and investment in a joint venture, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2. Significant accounting policies (Continued)

2.20 Taxes (Continued)

Deferred tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.22 Foreign currency transactions and translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2. Significant accounting policies (Continued)

2.22 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group’s accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Impairment of financial assets at fair value through other comprehensive income

The Group records impairment charges on financial assets at fair value through other comprehensive income when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(ii) Non-current Assets classified as Held for Sale

In the prior year, the Group follows the guidance of FRS 105 in determining whether its non-current assets held for sale meet the criteria set out for it to be classified as such. The determination of the sale being highly probable–requires judgement. The Group has determined that sale of these assets would be expected to be completed within one year from the date of classification through its active marketing programme to locate buyers.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Contract revenue

The Group recognises contract revenue over time by reference to the stage of completion of the contract work. The stage of completion is measured by reference to the contract costs incurred to-date to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract revenue, including an assessment of the expected recovery of costs arising from claims and variation orders, total contract costs, including estimated costs to complete, at the inception of the contract and at the end of each reporting period and determining the stage of completion of each contract at the end of each reporting period, including an assessment of the appropriateness of contract costs incurred to date. In making these estimates, management has relied on past experience.

The carrying amounts of the Group's contract assets and contract liabilities as at 31 December 2018 were $73,327,000 (31 December 2017: $48,476,000, 1 January 2017: $21,961,000) and $91,000 (31 December 2017: $11,508,000, 1 January 2017: $7,999,000) respectively.

(ii) Estimating expected credit loss allowance on trade receivables (including retention sums) and contract assets

The Group and the Company has elected to apply the simplified approach within SFRS (I) 9, based on lifetime expected credit losses ("ECL"), in determining the loss allowance on trade receivables (including retention sums) and contract assets at the end of each reporting period.

The Group and Company determine ECL on trade receivables and contract assets by making individual assessment of expected credit loss for any amount that is long overdue and using a provision matrix for the remaining amounts that is based on its historical credit loss experience with forward looking assumptions. Management takes into account historical provision trend and other relevant factors.

During the financial year, the loss allowance on trade receivables (including retention sums) of $4,813,000 was recognised in the Group's profit or loss. The loss allowance on trade receivables for the previous financial year of $1,203,000 was accounted based on incurred loss model. The carrying amount of the Group's trade receivables (including retention sums) as at 31 December 2018 were approximately $42,777,000 (31 December 2017: $58,724,000, 1 January 2017: $30,046,000,000).

During the financial year, the loss allowance on contract assets of $113,000 was recognised in the Group's profit or loss. The opening balance adjustment on initial application of SFRS(I) 9 was $677,000. The loss allowance on contract assets for the previous financial year of $nil was accounted based on incurred loss model. The carrying amount of the Group's contract assets as at 31 December 2018 were approximately $73,327,000 (31 December 2017: $48,476,000, 1 January 2017: $21,961,000).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the CGU by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2018 was $41,735,000 (31 December 2017: $41,735,000, 1 January 2017: $41,735,000) (Note 6).

(iv) Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment on a straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

The carrying amounts of the Group's property, plant and equipment as at 31 December 2018 was $94,654,000 (31 December 2017: $89,163,000, 1 January 2017: $104,966,000).

(v) Income taxes

Significant judgement is involved in determining the provision for income taxes. The Group recognises expected liabilities for income tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

The carrying amounts of the Group's current income tax payable and deferred tax liabilities as at 31 December 2018 were $2,170,000 (31 December 2017: $645,000, 1 January 2017: $614,000) and $5,545,000 (31 December 2017: $6,107,000, 1 January 2017: $5,509,000) respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(vi) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value on a recurring or non-recurring basis:

- Revalued leasehold properties - Property, Plant and Equipment (Note 4)
- Financial instruments (Note 36.1)

For more detailed information in relation to the fair value measurement of the items above including the carrying amounts and the estimation uncertainty involved, please refer to the applicable notes.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Property, plant and equipment

	Leasehold properties $'000	Computers $'000	Container offices $'000	Office equipment and electrical fittings $'000	Plant and machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group								
Cost or valuation								
Balance as at 1.1.2018	22,500	419	288	792	80,517	4,019	37,244	145,779
Additions	-	64	26	14	16,127	829	2,928	19,988
Reclassified from held for sale	-	-	-	-	23,964	-	-	23,964
Disposals	-	-	-	-	(26,297)	(136)	(7,937)	(34,370)
Revaluation	(600)	-	-	-	-	-	-	(600)
Balance as at 31.12.2018	21,900	483	314	806	94,311	4,712	32,235	154,761
Representing:								
At cost	-	483	314	806	94,311	4,712	32,235	132,861
At valuation	21,900	-	-	-	-	-	-	21,900
	21,900	483	314	806	94,311	4,712	32,235	154,761

4. **Property, plant and equipment** (Continued)

	Leasehold properties $'000	Computers $'000	Container offices $'000	Office equipment and electrical fittings $'000	Plant and machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group								
Accumulated depreciation								
Balance as at 1.1.2018	-	280	226	554	36,074	2,274	17,055	56,463
Depreciation	1,736	87	24	49	9,227	640	3,483	15,246
Reclassified from held for sale	-	-	-	-	14,292	-	-	14,292
Disposals	-	-	-	-	(18,749)	(130)	(5,445)	(24,324)
Elimination of depreciation on revaluation	(1,736)	-	-	-	-	-	-	(1,736)
Balance as at 31.12.2018	-	367	250	603	40,844	2,784	15,093	59,941
Accumulated impairment								
Balance as at 1.1.2018	-	-	-	-	153	-	-	153
Impairment loss recognised	-	-	-	-	53	-	113	166
Disposals	-	-	-	-	(153)	-	-	(153)
Balance as at 31.12.2018	-	-	-	-	53	-	113	166
Carrying amount								
Balance as at 31.12.2018	21,900	116	64	203	53,414	1,928	17,029	94,654

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. **Property, plant and equipment** (Continued)

	Leasehold properties $'000	Computers $'000	Container offices $'000	Office equipment and electrical fittings $'000	Plant and machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group								
Cost or valuation								
Balance as at 1.1.2017	23,300	299	231	713	104,137	3,257	34,911	166,848
Additions	13	120	57	79	6,607	1,190	2,999	11,065
Reclassified as held for sale	-	-	-	-	(26,569)	-	-	(26,569)
Charged to work-in-progress	-	-	-	-	-	(428)	-	(428)
Disposals	-	-	-	-	(3,658)	-	(666)	(4,324)
Revaluation	(813)	-	-	-	-	-	-	(813)
Balance as at 31.12.2017	22,500	419	288	792	80,517	4,019	37,244	145,779
Balance as at 31.12.2017 Representing:								
At cost	-	419	288	792	80,517	4,019	37,244	123,279
At valuation	22,500	-	-	-	-	-	-	22,500
	22,500	419	288	792	80,517	4,019	37,244	145,779

4. **Property, plant and equipment** (Continued)

	Leasehold properties $'000	Computers $'000	Container offices $'000	Office equipment and electrical fittings $'000	Plant and machineries $'000	Worksite equipment $'000	Trucks and vehicles $'000	Total $'000
Group								
Accumulated depreciation								
Balance as at 1.1.2017	-	195	201	507	44,825	2,010	14,144	61,882
Depreciation	1,659	85	25	47	9,442	487	3,417	15,162
Reclassified as held for sale	-	-	-	-	(15,413)	-	-	(15,413)
Charged to work-in-progress	-	-	-	-	-	(223)	-	(223)
Disposals	-	-	-	-	(2,780)	-	(506)	(3,286)
Elimination of depreciation on revaluation	(1,659)	-	-	-	-	-	-	(1,659)
Balance as at 31.12.2017	-	280	226	554	36,074	2,274	17,055	56,463
Accumulated impairment								
Balance as at 1.1.2017	-	-	-	-	-	-	-	-
Impairment loss recognised	-	-	-	-	153	-	-	153
Balance as at 31.12.2017	-	-	-	-	153	-	-	153
Carrying amount								
Balance as at 01.01.2017	23,300	104	30	206	59,312	1,247	20,767	104,966
Balance as at 31.12.2017	22,500	139	62	238	44,290	1,745	20,189	89,163

4. Property, plant and equipment (Continued)

As at 31 December 2018, the Group's plant and machineries with a carrying amount of $47,962,000 (31 December 2017: $40,116,000, 1 January 2017: $51,058,000) and trucks and vehicles with a carrying amount of $10,911,000 (31 December 2017: $12,652,000, 1 January 2017: $17,745,000) were purchased under finance lease agreements. Finance lease assets are pledged as securities for the related finance lease payables (Note 20).

The Group's leasehold properties as at 31 December 2018 with a fair value of $20,000,000 (31 December 2017: $20,000,000, 1 January 2017: $23,300,000) were pledged as securities for the banking facilities granted to the Group (Note 21).

During the financial year, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2018	2017
	$'000	$'000
Additions to property, plant and equipment	19,988	11,065
Acquired under sale and leaseback transactions*	(4,977)	-
Acquired under finance lease agreements	(12,330)	(5,757)
Acquired under trade and other payables**	(989)	(1,803)
Cash payments to acquire property, plant and equipment	1,692	3,505

* During the financial year, the Group entered into sale and leaseback arrangement for certain plant and machines. The excess of sale proceed over the carrying amount is recorded as deferred income and amortised over the lease term as disclose in Note 22.

** The amount in 2018 could subsequently be either converted to finance lease or settled in cash. For 2017, $1,794,000 out of the $1,803,000 was subsequently converted to finance lease.

Particulars of the leasehold properties held by the Group are as follows:

Location	Description	Tenure
3 Kranji Loop Singapore 739539	Industrial building with a floor area of 2,213 square metre	30 years from 1 April 1981 (renewed until 31 December 2020)
9 Benoi Crescent Singapore 629972	Industrial building, including a 3-storey dormitory, with a floor area of 8,457 square metre	52 years from 1 January 1989 (expiring 31 December 2040)

The Group's leasehold properties were revalued on 30 June 2018, 31 December 2017 and 1 January 2017 by Messrs GB Global Pte Ltd, an accredited independent valuation firm. The valuation on 31 December 2018 of the Group's leasehold properties was estimated by management which is not materially different from the valuation on 30 June 2018. The fair value on 31 December 2018 of leasehold properties has been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as property size. The surpluses of $1,136,000 (31 December 2017: $846,000, 1 January 2017: $874,000) arising from the revaluations have been credited to other comprehensive income and accumulated in equity under asset revaluation reserve (Note 17). The valuation conforms to International Valuation Standards and is based on the asset's highest and best use, which is in line with their actual use. There were no changes to the valuation techniques during the year. Details of valuation techniques and inputs used are disclosed in Note 36.2 to the financial statements.

4. Property, plant and equipment (Continued)

If the revalued leasehold properties of the Group had been included in the financial statements at historical cost less accumulated depreciation and impairment loss, if any, the carrying amount as at 31 December 2018 would have been approximately $13,568,000 (31 December 2017: $14,190,000, 1 January 2017: $14,799,000).

As at 31 December 2018, the Group carried out a review of the recoverable amount of its plant and equipment, trucks and vehicles. The review led to the recognition of an impairment loss of $166,000 (31 December 2017: $153,000, 1 January 2017: $nil) that has been recognised in profit or loss as the recoverable amount based on fair value less cost of disposal was below its carrying amount (Level 3 hierarchy).

5. Financial assets at fair value through profit or loss (2017: Available-for-sale financial assets)

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Investments in life insurances, at fair value			
- Life Insurance Policy I	2,508	2,370	2,459
- Life Insurance Policy II	2,713	2,587	2,726
	5,221	4,957	5,185

Movements of investments in life insurance are as follows:

	Group	
	2018	2017
	$'000	$'000
Balance as at the beginning of the financial year	4,957	5,185
Unrealised foreign exchange gain/(loss) recognised in profit or loss	105	(397)
Fair value gain recognised in profit or loss (2017: Fair value gain recognised in other comprehensive income)	159	169
Balance as at the end of the financial year	5,221	4,957

During the financial year ended 31 December 2014, the Group entered into a Flexible Premium Universal Life Insurance Policy – Asian Wealth Prestige Plus (the "Policy I") for an executive Director of the Company with a single premium amounting to US$1,929,910 (approximately $2,410,458) by taking up a term loan (Note 21). Policy I's total initial sum insured is US$10,000,000, and has a guaranteed return of 4.2% per annum within the 5 years lock-in period.

During the financial year ended 31 December 2015, the Group entered into a Life Insurance Policy - PruUniversal Vantage Zenith (the "Policy II") for an executive Director of the Company with a single premium amounting to US$2,296,910 (approximately $3,116,447) by taking up a revolving loan (Note 21). Policy II's total initial sum insured is US$12,000,000, and has a guaranteed return of 3.6% per annum within the 1 year lock-in period.

Policy I and Policy II (collectively known as the "Policies") both provide the Group with the sum insured or return on investment when the Policies are surrendered to the insurer based on the cash value as determined by the insurer.

5. Financial assets at fair value through profit or loss (Continued)

5 years from the date of the Policies taken up by the Group on the life of the Director, the Director shall become the beneficiary of the Policies and be entitled to (a) all payments and other benefits arising therefrom after deducting for the amounts paid under the respective loans (Note 21), as well as (b) the surrender value of the insurance policies.

The initial cash value of the Policies was recognised as an available-for-sale financial asset. The difference between the premium paid and the initial cash value was recognised as prepayments and amortised over 5 years.

The interest earned on investments in life insurance amounting to $180,000 (2017: $178,000) is recognised in profit or loss under the "Other income" line item.

The investments in life insurance are denominated in United States dollars.

6. Investments in subsidiaries

	Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	41,735	41,735	41,735

Country of incorporate and principal place of business for all the subsidiaries are in Singapore. The details of the subsidiaries are as follows:

Name of companies	Principal activities	Proportion of ownership interest held by the Group			Proportion of ownership interest held by the non-controlling interests		
		31 December		1 January	31 December		1 January
		2018	2017	2017	2018	2017	2017
		%	%	%	%	%	%
Held by the Company							
Huationg Contractor Pte Ltd(1)	Provision of civil engineering services and inland construction logistics support	100	100	100	-	-	-
Soil Engineering Pte. Ltd.(1)	Supply of construction materials	100	100	100	-	-	-
HT Equipment Pte. Ltd.(1)	Provision of industrial machinery and equipment rental services	75	75	75	25	25	25

6. Investments in subsidiaries (Continued)

Name of companies	**Principal activities**	**Proportion of ownership interest held by the Group**			**Proportion of ownership interest held by the non-controlling interests**		
Held by Huationg Contractor Pte Ltd							
Banyan Capital Pte. Ltd.(2)	General contractors and other investment holding company	100	100	100	-	-	-

(1) Audited by BDO LLP, Singapore

(2) Audited by RSM Chio Lim LLP, Singapore

Non-controlling interests

Summarised financial information in relation to the subsidiary that has non-controlling interests ("NCI"), before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	HT Equipment Pte. Ltd. 31 December 2018 $'000	**2017 $'000**
Revenue	500	171
Loss before income tax	(852)	(1,582)
Income tax expense	(186)	(172)
Loss for the financial year	(1,038)	(1,754)
Loss allocated to NCI	(260)	(439)
Total comprehensive income allocated to NCI	(260)	(439)
Cash flows used in operating activities	336	(166)
Cash flows from investing activities	16	31
Cash flows used in financing activities	(393)	(110)
Net cash outflows	41	(245)

6. Investments in subsidiaries (Continued)

	HT Equipment Pte. Ltd.		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Assets:			
Current assets	353	237	590
Non-current assets	1,788	2,321	3,097
Liabilities:			
Current liabilities	(5,341)	(4,784)	(3,485)
Non-current liabilities	(186)	(122)	(795)
Net assets	(3,386)	(2,348)	(593)
Accumulated non-controlling interests	(847)	(587)	(148)

7. Investment in a joint venture

	Group	
	2018	2017
	$'000	$'000
Unquoted equity shares		
Balance as at the beginning of the financial year	177	81
Share of post-acquisition results	1,629	96
Balance as at the end of the financial year	1,806	177

The details of the joint venture are as follows:

Name of joint venture	Country of incorporation and principal place of business	Principal activities	Effective equity interest held by the Group		
			31 December		1 January
			2018	2017	2017
			%	%	%
Golden Empire-Huationg Pte. Ltd.(1)	Singapore	Civil engineering and mixed construction and land reclamation works	33.3	33.3	33.3

(1) Audited by RSM Chio Lim LLP, Singapore

7. **Investment in a joint venture** (Continued)

Summarised financial information of the joint venture is presented below:

	31 December 2018 $'000	 2017 $'000	1 January 2017 $'000
Assets:			
Current assets	14,473	5,670	1,246
Non-current assets	61	27	-
Liabilities:			
Current liabilities	9,113	5,161	1,002
Non-current liabilities	2	5	-
Net assets	5,419	531	244
Included in the above amounts are:			
Cash and cash equivalents	8,069	1,945	2,261

Reconciliation to carrying amounts:

	2018 $'000	2017 $'000
Opening net assets	531	244
Profit for the year	4,888	287
Other comprehensive income	-	-
Closing net assets	5,419	531
Group's share in %	33.3%	33.3%
Group's share in S$	1,806	177
Carrying amount	1,806	177
The Group's share of profit for the financial year	1,629	96

	2018 $'000	2017 $'000
Revenues	31,956	14,100
Profit for the year	4,888	287
Included in the above amounts are		
Depreciation and amortisation	15	1
Income tax expense	953	49

8. Prepayments

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Prepaid life insurance (Note 5)	207	441	674
Other prepaid operating expenses	1,150	826	815
Less: Current portion	(1,334)	(1,060)	(1,049)
Non-current portion	23	207	440

The Company's prepayments as at 31 December 2018, 31 December 2017 and 1 January 2017 relate to prepaid operating expenses.

9. Intangible assets

	Trademarks $'000	Club membership $'000	Total $'000
Group			
Cost			
Balance as at 1.1.2018	107	54	161
Additions	22	-	22
Balance as at 31.12.2018	129	54	183
Accumulated amortisation			
Balance as at at 1.1.2018	(12)	-	(12)
Amortisation for the financial year	(14)	-	(14)
Balance as at 31.12.2018	(26)	-	(26)
Accumulated impairment			
Balance as at 1.1.2018 and 31.12.2018	-	(43)	(43)
Carrying amount			
Balance as at 31.12.2018	103	11	114
Cost			
Balance as at 1.1.2017	68	54	122
Additions	39	-	39
Balance as at 31.12.2017	107	54	161
Accumulated amortisation			
Balance as at 1.1.2017	(3)	-	(3)
Amortisation for the financial year	(9)	-	(9)
Balance as at 31.12.2017	(12)	-	(12)

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9. Intangible assets (Continued)

	Trademarks $'000	Club membership $'000	Total $'000
Group			
Accumulated impairment			
Balance as at 1.1.2017 and 31.12.2017	-	(43)	(43)
Carrying amount			
Balance as at 01.01.2017	65	11	76
Balance as at 31.12.2017	95	11	106

	Trademarks $'000
Company	
Cost	
Balance as at 1.1.2018	26
Additions	-
Balance as at 31.12.2018	26
Accumulated amortisation	
Balance as at 1.1.2018	(4)
Amortisation for the financial year	(3)
Balance as at 31.12.2018	(7)
Carrying amount	
Balance as at 31.12.2018	19
Cost	
Balance as at 1.1.2017	24
Additions	2
Balance as at 31.12.2017	26
Accumulated amortisation	
Balance as at 1.1.2017	(1)
Amortisation for the financial year	(3)
Balance as at 31.12.2017	(4)
Carrying amount	
Balance as at 01.01.2017	23
Balance as at 31.12.2017	22

10. Contract assets/Contract liabilities

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Contract assets	74,117	48,476	21,961
Less: Loss allowance	(790)	-	-
	73,327	48,476	21,961
Contract liabilities	91	11,508	7,999

The contract assets/contract liabilities are denominated in Singapore dollar.

Movements in loss allowance on contract assets were as follows:

	Group	
	2018	2017
	$'000	$'000
Balance as at the beginning of the financial year	-	-
Opening balance adjustment on initial application of SFRS(I)	677	-
Loss allowance made (Note 27)	113	-
Balance as at the end of the financial year	790	-

Significant changes in the contract assets and the contract liabilities during the year are as follows:

	2018	2017
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at beginning of year	11,508	7,999
Transfers from the contract assets recognised at the beginning of year to trade receivables	21,830	14,632

11. Financial assets at fair value through other comprehensive income (2017: Available-for-sale financial assets)

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Quoted debt securities, at fair value			
- Instrument I	1,238	1,450	1,380
- Instrument II	1,010	894	1,219
	2,248	2,344	2,599

Movements of investments in quoted debt securities are as follows:

	Group	
	2018	2017
	$'000	$'000
Balance as at the beginning of the financial year	2,344	2,599
Partial redemption during the year	(299)	(25)
Interest earned	180	178
Interest received	(182)	(176)
Fair value loss recognised in other comprehensive income, net	(9)	(149)
Impairment loss reversed to/(recognised in) profit or loss	214	(83)
Balance as at the end of the financial year	2,248	2,344

During the financial year, there was a partial redemption of 250,000 shares of the quoted debt security Instrument I at approximately its carrying amount of $248,000.

During the financial year, there was a partial redemption of 100,000 (2017:50,000) shares of the quoted debt security Instrument II at S$100,000 (2017: $50,000) with a carrying amount of $51,000 (2017: $25,000). The Group has recognised a reversal of $49,000 (2017: $20,000), being part allowance for impairment for available-for-sale financial assets made in the previous year and a reversal of nil (2017: $5,000), being fair value loss recorded in the available-for-sale reserve in the current financial year, as the available-for-sale financial assets were redeemed above the carrying amount.

During the financial year ended 31 December 2017, prior to the partial redemption of debt Instrument II, the fair value loss of $219,000 was taken into the available-for-sale reserve, out of which $214,000 was subsequently reclassified to profit or loss as there was an impairment loss due to a significant and prolonged decline in the fair value of this investment below its costs. At the end of the financial year ended 31 December 2017, the Group recognised a further impairment loss of $83,000 for quoted debt securities Instrument II.

11. Financial assets at fair value through other comprehensive income (2017: Available-for-sale financial assets)(Continued)

Quoted debt securities

	Group					
	31 December				1 January 2017	
	2018		2017			
	Coupon rate	Maturity	Coupon rate	Maturity	Coupon rate	Maturity
Instrument I	4.25%	3 April 2019	4.25%	3 April 2019	4.25%	3 April 2019
Instrument II	5.85 - 6.35%	1 October 2021	5.35 - 5.85%	1 October 2021	5.35%	1 October 2018

The management has the intention to dispose the remaining quoted debt securities within 12 months after the end of the reporting period.

The fair value of the above-mentioned debt securities as at 31 December 2018 is presented in Note 36.1 to the financial statements.

The investments in quoted debt securities are denominated in Singapore dollars.

12. Inventories

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Raw materials	212	1,809	-
Hardware parts and consumables	728	824	2,076
	940	2,633	2,076

The cost of inventories recognised as expenses and recorded in "cost of sales" in profit or loss amounted to $30,192,000 (2017: $11,611,000).

13. Trade and other receivables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables						
- third parties	37,946	47,762	22,060	-	-	-
- joint venture	2,051	4,065	149	-	-	-
Retention sums on construction contracts	12,508	12,054	11,791	-	-	-
	52,505	63,881	34,000	-	-	-
Less:						
Loss allowance[1]	(9,728)	(5,157)	(3,954)	-	-	-
	42,777	58,724	30,046	-	-	-
Other receivables						
- third parties	15	5	5	-	-	-
- employees	24	-*	33	-	-	-
- subsidiaries	-	-	-	3,000	3,029	3,029
	39	5	38	3,000	3,029	3,029
Deposits						
- refundable[2]	1,065	963	723	18	-	-
- non-refundable	277	280	1,510	-	-	-
	1,342	1,243	2,233	18	-	-
Trade and other receivables	44,158	59,972	32,317	3,018	3,029	3,029
Add/(Less):						
Cash and cash equivalents	8,509	4,228	14,313	164	264	1,196
Contract assets	73,327	48,476	21,961	-	-	-
Non-refundable deposits	(277)	(280)	(1,510)	-	-	-
Financial assets at amortised cost (2017: Loans and receivables)	125,717	112,396	67,081	3,182	3,293	4,225

* *Denotes an amount of less than $1,000*

[1] *Includes loss allowance for retention sums on construction contracts of $1,567,000 (31 December 2017: $1,496,000, 1 January 2017: $1,306,000).*

[2] *Includes deposit for purchase of plant and equipment of $nil (31 December 2017: $200,000, 1 January 2017: $nil).*

Trade receivable from third parties and joint venture are unsecured, non-interest bearing and generally on 30 to 60 days' (2017: 30 to 60 days') credit terms.

Non-trade receivable from subsidiaries are unsecured, non-interest bearing and repayable on demand and are to be settled in cash.

These receivables are not secured by any collateral or credit enhancements.

13. Trade and other receivables (Continued)

Movements in loss allowance on trade receivables and retention sums were as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance as at the beginning of the financial year	5,157	3,954	-	-
Loss allowance made (Note 27)	4,813	1,203	-	-
Bad debts written-off	(242)	-	-	-
Balance as at the end of the financial year	9,728	5,157	-	-

As at 31 December 2018, trade receivables of $242,000 (31 December 2017: $nil) were past due and fully impaired and written-off. The receivables written-off at the end of financial year relate to customers which the recoverability is remote.

Trade receivables of approximately $4,795,000 (31 December 2017: $3,095,000, 1 January 2017:$732,000) are subject to a negative pledge as security for the banking facilities as set out in Note 21 to the financial statements.

Trade and other receivables are denominated in Singapore dollar.

14. Cash and cash equivalents

Cash and cash equivalents are denominated in the following currencies:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017		2018	2017	
	$'000	$'000		$'000	$'000	
Singapore dollar	7,006	4,158	14,206	164	264	1,196
United States dollar	1,416	66	104	-	-	-
British pound sterling	1	1	-	-	-	-
Euro	86	3	3	-	-	-
	8,509	4,228	14,313	164	264	1,196

15. Non-current assets classified as held for sale

During the financial year ended 31 December 2017, the management resolved to dispose of certain items of machineries under property, plant and equipment (Note 4) which are no longer in use and available for immediate sale. Management have developed a plan to sell these assets and initiated actions to locate buyers. Negotiations with several interested parties have taken place. The assets and liabilities attributable to these machineries, which are expected to be sold within twelve months, have been classified as assets and liabilities held for sale and are presented separately in the Group's statement of financial position.

15. Non-current assets classified as held for sale

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these machineries as held for sale.

During the financial year, assets with net carrying amount of $1,482,000 were disposed and $9,672,000 were reclassified to property, plant and equipment as the Group did not sell all of them during the past twelve months and no longer have a committed plan that will lead to a highly probable sale of those assets.

The assets and liabilities classified as held for sale are as follows:

	2018 $'000	2017 $'000
Non-current assets classified as held for sale	-	11,156
Liabilities directly associated with non-current assets classified as held for sale	-	(2,581)

	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
2017			
Liabilities directly associated with non-current assets classified as held for sale	2,628	(47)	2,581

The liabilities directly associated with non-current assets classified as held for sale are secured by certain non-current assets classified as held for sale.

16. Share capital

	Group and Company			
	Number of ordinary shares		$'000	$'000
	2018	2017	2018	2017
Issued and fully-paid				
Balance as at the beginning and end of the financial year	151,384,600	151,384,600	38,676	38,676

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

17. Other reserves

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Asset revaluation reserve	11,969	10,833	9,987
Merger reserve	(26,160)	(26,160)	(26,160)
Fair value reserve (2017: Available-for-sale reserve)	(101)	421	182
	(14,292)	(14,906)	(15,991)

Asset revaluation reserve

The asset revaluation reserve arises from the revaluation of leasehold properties and is not available for distribution.

	Group	
	2018	2017
	$'000	$'000
Balance as at the beginning of the financial year	10,833	9,987
Gain on revaluation (Note 4)	1,136	846
Balance as at the end of the financial year	11,969	10,833

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired.

	Group	
	2018	2017
	$'000	$'000
Balance as at the beginning and end of the financial year	(26,160)	(26,160)

17. **Other reserves** (Continued)

Fair value reserve (2017: Available-for-sale reserve)

Fair value reserve (2017: Available-for-sale reserve) represents the cumulative fair value changes of financial assets until they are derecognised or impaired.

	Group	
	2018	**2017**
	$'000	**$'000**
Balance as at the beginning of the financial year under FRS39	421	182
Re-class to accumulated profits at 1 January 2018 upon adoption of SFRS(I) 9	(513)	-
Fair value changes on financial assets at fair value through other comprehensive income (Note 11)	(9)	20
Reversal of fair value loss in available-for-sale financial assets upon redemption (Note 11)	-	5
Reclassification of fair value loss in available-for-sale financial assets to profit or loss (Note 11)	-	214
Balance as at the end of the financial year	(101)	421

18. **Accumulated profits**

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at the beginning of the financial year	42,448	35,154	6,257	7,212
Effects on adoption of SFRS(I) 9	(164)	-	-	-
Profit/(Loss) for the financial year	5,326	7,900	(63)	(349)
Dividends (Note 30)	(833)	(606)	(833)	(606)
Balance as at the end of the financial year	46,777	42,448	5,361	6,257

19. Trade and other payables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Trade payables						
- third parties	29,939	27,893	16,050	-	-	-
- related parties (Note 31)	7,073	5,566	4,486	-	-	-
Retention sums payable to subcontractors	2,154	2,322	2,499	-	-	-
	39,166	35,781	23,035	-	-	-
Other payables						
- third parties	1,207	843	612	430	32	14
- a related party	351	15	-	-	-	-
- staff retention monies	187	214	271	-	-	-
- Directors	890	820	94	63	62	62
- related parties*	3,240	3,495	1,995	-	-	-
- a subsidiary	-	-	-	598	-	-
	5,875	5,387	2,972	1,091	94	76
Refundable deposits	1,867	453	382	-	-	-
Advance from contract customers	-	-	200	-	-	-
Accrued expenses	3,631	3,844	3,077	46	31	27
	50,539	45,465	29,666	1,137	125	103
Non-current						
Other payables						
- Directors	-	-	352	-	-	-
- related parties*	-	-	1,500	-	-	-
	-	-	1,852	-	-	-
Trade and other payables	50,539	45,465	31,518	1,137	125	103

19. Trade and other payables (Continued)

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	50,539	45,465	31,518	1,137	125	103
Add/(Less):						
Advances from contract customers	-	-	(200)	-	-	-
Goods and services tax payable	(746)	(36)	(520)	-	-	-
Provision for unutilised leave	(203)	(257)	(253)	-	-	-
Finance lease payables	37,229	33,426	46,503	-	-	-
Liabilities directly associated with non-current assets classified as held for sale	-	2,581	-	-	-	-
Bank borrowings	63,862	58,976	34,989	-	-	-
Other financial liabilities at amortised cost	150,681	140,155	112,037	1,137	125	103

* These balances relate to amounts owing to former shareholders of subsidiaries (who are currently certain Directors and their immediate family members) in relation to dividends declared by these subsidiaries before the shares of the Company were listed.

Trade payable due to third parties are unsecured, non-interest bearing and generally on 30 to 60 days' (2017: 30 to 60 days') credit terms. Trade payable due to related parties is unsecured, non-interest bearing and repayable on demand.

The current portion of the amounts due to Directors and related parties are unsecured, non-interest bearing and repayable on demand and are to be settled in cash. As at 1 January 2017, the non-current portion of the amounts due to Directors and related parties were unsecured, non-interest bearing and not repayable within the next twelve months.

Trade and other payables are denominated in Singapore dollar.

20. Finance lease payables

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	$'000	$'000	$'000
Group			
31 December 2018			
Not later than one year	15,497	(547)	14,950
Later than one year and not later than five years	23,629	(1,350)	22,279
	39,126	(1,897)	37,229

20. Finance lease payables (Continued)

Group	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
31 December 2017			
Not later than one year	13,608	(399)	13,209
Later than one year and not later than five years	21,028	(811)	20,217
	34,636	(1,210)	33,426
1 January 2017			
Not later than one year	17,618	(539)	17,079
Later than one year and not later than five years	30,547	(1,123)	29,424
	48,165	(1,662)	46,503

The finance lease term is 3 to 5 (31 December 2017: 4 to 5, 1 January 2017: 4 to 5) years. The average effective interest rates for the finance lease payables are 3.38% (31 December 2017: 2.54%, 1 January 2017: 2.15%) per annum. The finance lease payables are secured by the leased asset (Note 4) and a corporate guarantee by the Company (Note 35.3).

The finance lease payables are denominated in Singapore dollar.

21. Bank borrowings

	Group		
	31 December		1 January
	2018	2017	2017
Current	$'000	$'000	$'000
Secured			
Revolving loan I	-	-	3,322
Revolving loan II	5,000	2,000	1,000
Term loan I	660	660	660
Term loan VI	1,115	491	-
Trust receipts I	12,467	9,403	4,984
	19,242	12,554	9,966
Unsecured			
Trust receipts II	16,637	21,555	7,689
Revolving loan III	2,000	2,000	-
Revolving loan IV	6,000	5,000	2,000
Revolving loan V	1,000	-	-
Revolving loan VI	2,300	-	-
Term loan II	-	-	688
Term loan III	1,024	1,000	1,000
Term loan V	272	265	-
	29,233	29,820	11,377
Total current bank borrowings	48,475	42,374	21,343

21. Bank borrowings (Continued)

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Non-current			
Secured			
Term loan I	7,535	8,195	8,855
Term loan IV	2,634	2,580	2,791
Term loan VI	2,037	1,415	-
Term loan VII	3,135	3,070	-
Unsecured			
Term loan III	-	1,023	2,000
Term loan V	46	319	-
Total non-current bank borrowings	15,387	16,602	13,646
Total bank borrowings	63,862	58,976	34,989

The weighted average effective interest rates per annum of the borrowings were as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	%	%	%
Revolving loans	2.89	2.36	2.13
Term loans	2.42	1.93	2.44
Trust receipts	2.97	2.51	2.08

As at 1 January 2017, the revolving loan I is secured through the legal mortgage over a leasehold property of the Group (Note 4), a corporate guarantee by the Company (Note 35.3), and first legal assignment of all the rights, title, interests and benefits arising from Policy II (Note 5).

As at 31 December 2018, the revolving loan II is secured through the legal mortgage over a leasehold property of the Group (Note 4), a corporate guarantee by the Company (Note 35.3) and first legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 5).

Term loan I is repayable over a period of 20 years by monthly instalments commencing from May 2011. As at 31 December 2018, term loan I is secured by the legal mortgage over a leasehold property of the Group (Note 4), and a corporate guarantee from the Company (Note 35.3).

Term loan VI is repayable over a period of 4 years by monthly instalments commencing from October 2017. As at 31 December 2018, term loan VI is secured through the legal mortgage over a leasehold property of the Group (Note 4), and a corporate guarantee from the Company (Note 35.3).

As at 31 December 2018, the trust receipts I are secured through the legal mortgage over a leasehold property of the Group (Note 4), first legal assignment of all the rights, title, interests and benefits arising from Policies I and II (Note 5) and by a negative pledge on trade receivables (Note 13) for a subsidiary. As at 31 December 2018, the trust receipts I and II are supported by a corporate guarantee from the Company (Note 35.3).

21. Bank borrowings (Continued)

As at 31 December 2018, the revolving loans III, IV, V and VI are supported by a corporate guarantee from the Company (Note 35.3).

Term loan II is repayable over a period of 3 years by monthly instalments commencing from June 2014. As at 1 January 2017, term loan II is supported by a corporate guarantee from the Company (Note 35.3).

Term loan III is repayable over a period of 3 years by monthly instalments commencing from January 2017. As at 31 December 2018, term loan III is supported by a corporate guarantee from the Company (Note 35.3).

Term loan V is repayable over a period of 3 years by monthly instalments commencing from March 2017. As at 31 December 2018, term loan V is supported by a corporate guarantee from the Company (Note 35.3).

Term loan IV is repayable in full in year 2022. As at 31 December 2018, term loan IV is secured through the legal mortgage over a leasehold property of the Group (Note 4), a corporate guarantee from the Company (Note 35.3), and first and legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 5).

Term loan VII is repayable in full in year 2019. As at 31 December 2018, the term loan VII is secured through a corporate guarantee by the Company (Note 35.3), and first legal assignment of all the rights, title, interests and benefits arising from Policy II (Note 5).

Bank borrowings are denominated in the following currencies:

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Singapore dollar	58,093	53,326	28,876
United States dollar	5,769	5,650	6,113
	63,862	58,976	34,989

22. Deferred income

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current			
Deferred gain on sale and leaseback transactions			
- finance leases	834	99	99
Non-current			
Deferred gain on sale and leaseback transactions			
- finance leases	1,750	41	141
	2,584	140	240

23. Deferred tax liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the financial year.

	Accelerated tax depreciation $'000	Others $'000	Total $'000
Group			
Balance as at 1.1.2018	6,147	(40)	6,107
Charged to profit or loss	(571)	9	(562)
Balance as at 31.12.2018	5,576	(31)	5,545
Balance as at 1.1.2017	5,703	(194)	5,509
Charged to profit or loss	444	154	598
Balance as at 31.12.2017	6,147	(40)	6,107

24. Revenue

(a) Disaggregation of revenue

	Group 2018 $'000	 2017 $'000
By nature		
Revenue from civil engineering contract works	157,030	127,266
Inland logistics support service income	10,295	9,298
Sales of construction materials	11,986	20,670
	179,311	157,234
By timing of revenue recognition		
At a point in time	22,281	29,968
Over time	157,030	127,266
	179,311	157,234

(b) Transaction price allocated to remaining performance obligations

As at 31 December 2018, the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) in relation to project works are as follows:

Group	Remaining performance obligations $'000
Within two years	110,323
Later than two years and not later than five years	34,069
Later than five years	23,679
	168,071

25. Other income

	Group	
	2018	2017
	$'000	$'000
Amortisation of gain on sale and leaseback transactions	298	99
Fair value gain of financial assets at fair value through profit or loss	159	-
Foreign exchange gain, net	7	87
Government grants	281	301
Insurance claim monies received	54	26
Interest income from		
- banks	20	19
- financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets)	180	178
Operating lease income		
- leasehold properties	38	276
- sublease of other operating lease facilities	540	683
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	214	-
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	49	-
Sundry income	611	390
	2,451	2,059

26. Finance costs

	Group	
	2018	2017
	$'000	$'000
Interest expenses		
- bank overdrafts	-*	-
- finance leases	1,022	893
- late payment	3	2
- revolving loans	492	221
- term loans	346	270
- trust receipts	686	476
- others	-*	40
	2,549	1,902
Bank charges	221	195
	2,770	2,097

** Denotes an amount of less than $1,000*

27. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2018	2017
	$'000	$'000
Cost of sales and services		
Employee benefits expense		
- salaries, wages and other benefits	17,342	17,203
- contribution to Central Provident Fund	135	64
Depreciation of property, plant and equipment	14,603	14,495
Diesel/fuel costs	16,564	13,540
Material costs	35,508	24,359
Operating lease expense		
- trucks and equipment	5,139	4,448
- rental of premises	1,277	1,002
Repair and maintenance	12,074	9,360
Subcontract costs	35,293	34,232
Administrative expenses		
Employee benefits expense		
- salaries, wages and other benefits	14,823	14,861
- contribution to Central Provident Fund	680	670
Directors' fees	125	125
Directors' remuneration		
- salaries, wages and other benefits	1,768	1,856
- contribution to Central Provident Fund	52	64
Depreciation of property, plant and equipment	643	667
Operating lease expense		
- construction site and other operating facilities	1,102	1,524
Expenses related to proposed dual listing	719	-
Other expenses		
Changes in allowance for impairment of available-for-sale financial assets	-	297
Allowance for impairment of plant and equipment	166	153
Amortisation of intangible assets	14	9
Loss on disposal of plant and equipment	155	40
Reversal of allowance for impairment of available-for-sale financial assets upon redemption	-	(20)
Penalty and fine	102	320
Loss allowance on trade receivables and contract assets		
Loss allowance on trade receivables	4,813	1,203
Loss allowance on contract assets	113	-

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28. Income tax expense

	Group	
	2018	2017
	$'000	$'000
Current income tax		
- current financial year	2,500	850
- under/(over)provision in prior financial years	135	(398)
	2,635	452
Deferred tax		
- current financial year	(619)	543
- underprovision in prior financial years	57	55
	(562)	598
	2,073	1,050

Reconciliation of effective income tax rate

Singapore income tax is calculated at 17% of the estimated assessable profit for the financial year. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate to profit before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
Profit before income tax	7,139	8,511
Income tax calculated at Singapore's statutory tax rate	1,214	1,447
Tax effect of:		
- income not subject to tax	(204)	(84)
- expenses not deductible for tax purposes	1,043	530
- tax rebates and enhanced allowances	(127)	(452)
- Singapore statutory stepped income exemption	(26)	(26)
Under/(Over)provision of current income tax in prior financial years	135	(398)
Underprovision of deferred tax in prior financial years	57	55
Others	(19)	(22)
	2,073	1,050

29. Earnings per share

Basic earnings per share

The calculation for earnings per share is based on:

	Group	
	2018	2017
Profit attributable to owners of the parent ($'000)	5,326	7,900
Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share	151,384,600	151,384,600
Basic earnings per share (in cents)	3.52	5.22

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners for the financial years ended 31 December 2018 and 2017 divided by the actual number of ordinary shares in the relevant periods.

Diluted earnings per share

The dilutive earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive potential ordinary shares for the relevant periods.

30. Dividends

	Group and Company	
	2018	2017
	$'000	$'000
Final tax-exempt dividend of $0.004 per ordinary share in respect of financial year ended 31 December 2016	-	606
Final tax-exempt dividend of $0.0055 per ordinary share in respect of financial year ended 31 December 2017	833	-
	833	606

The Board of Directors proposed that a final tax-exempt dividend of $nil (2017: $0.0055) per ordinary share amounting to $nil (2017: $833,000) to be paid for the financial year ended 31 December 2018. These dividends have not been recognised as a liability as at the end of the reporting period as it is subject to the approval of the shareholders at the Annual General Meeting.

31. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2018	2017
	$'000	$'000
With related parties*		
Rental of other operating facilities from a related party	159	291
Rental of equipment and trucks from related parties	3,271	3,324
With a joint venture		
Provision of subcontract services to a joint venture	8,530	3,653
Soil disposal service provided to the Group	325	-

The outstanding balances as at 31 December 2018 with related parties are disclosed in Note 19.

* The related parties refer to entities controlled by or associated with the executive Directors of the Company which are not within the Group.

Compensation of key management personnel

Key management personnel are Directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of key management personnel of the Group during the financial years ended 31 December 2018 and 2017 were as follows:

	Group	
	2018	2017
	$'000	$'000
Directors of the Company		
- Directors' fees	125	125
- short-term employee benefits	1,768	1,856
- post-employment benefits	52	64
	1,945	2,045
Directors of subsidiaries		
- short-term employee benefits	105	105
- post-employment benefits	7	11
	112	116
Other key management personnel		
- short-term employee benefits	547	548
- post-employment benefits	65	66
	612	614
	2,669	2,775

32. Operating lease commitments

The Group as lessee

The commitments in respect of non-cancellable operating leases in respect of leasehold properties, construction sites and other operating facilities to third parties at the end of the financial year are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	1,192	568
Later than one year and not later than five years	1,101	1,214
Later than five years	4,366	4,772
	6,659	6,554

Leases for leasehold properties have tenure of between 30 to 52 years (2017: 30 to 52 years) with no provisions for contingent rent. The leases include a clause to enable upward revision of the rental charge based on prevailing market rate.

Leases for construction sites and other operating facilities are negotiated for an average of 1 to 3 years (2017: 1 to 5 years) and rentals are fixed for an average of 1 to 5 years (2017: 1 to 5 years) with no provisions for contingent rent or upward revision of rent based on market price indices.

The Group as lessor

During the prior year, the Group has entered into commercial property leases on its leasehold properties. These non-cancellable leases have remaining lease terms within 1 year. All leases include a clause to enable upward revision of the rental charge of an annual basis based on prevailing market conditions.

As at 31 December 2017, future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	-	72
	-	72

33. Capital commitments

	Group	
	2018	2017
	$'000	$'000
Capital expenditure approved and contracted for but not provided for in the financial statements		
- Commitments for the acquisition of property, plant and equipment	-	10,897

34. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.23). For management purposes, the Group is organised into business units based on its services, and has three reportable operating segments as follows:

(a) Civil engineering services;

(b) Inland logistics support; and

(c) Sales of construction materials.

Civil engineering services includes construction projects on earthworks, infrastructure works, external works, demolition and excavation works, drainage works and road diversion. The Group also operates and manage entire stockpile sites.

Inland logistics support includes rental of construction equipment including tipper trucks, compactors and excavators.

Sale of construction materials includes the supplies of Liquefied Soil Stabiliser, as well as other construction related equipment and consumables.

The Group's reportable segments are strategic business units that are organised based on their function.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise other corporate expenses which are not directly attributable to a particular reporting segment.

Due to the nature of the Group's operations, no segment assets and liabilities are presented to the chief operating decision maker. Chief operating decision maker manages the assets, liabilities, finance costs and income taxes on a Group basis.

34. Segment information (Continued)

Business segment	Civil engineering contract works $'000	Inland logistics support $'000	Sale of construction materials $'000	Unallocated $'000	Elimination $'000	Consolidated $'000
2018						
Revenue						
External revenue	157,030	10,295	11,986	-	-	179,311
Inter-segment revenue	4,229	1,568	972	-	(6,769)	-
	161,259	11,863	12,958	-	(6,769)	179,311
Results						
Segment results	31,122	1,095	(4,267)	(19,346)	(745)	7,859
Share on results in a joint venture	1,629	-	-	-	-	1,629
Interest income						200
Interest expenses						(2,549)
Profit before income tax						7,139
Income tax expense						(2,073)
Profit for the financial year						5,066
Non-cash items						
Amortisation of gain on sale and leaseback transactions	298	-	-	-	-	298
Loss on disposal of plant and equipment	-	-	-	(155)	-	(155)
Depreciation of property, plant and equipment	(12,102)	(1,164)	(1,337)	(643)	-	(15,246)
Amortisation of intangible assets	-	-	-	(14)	-	(14)
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	-	-	-	214	-	214
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	-	-	-	49	-	49
Allowance for impairment of plant and equipment	(53)	(113)	-	-	-	(166)
Loss allowance on trade receivables and contract assets	(354)	-	(4,722)	-	150	(4,926)

34. **Segment information** (Continued)

Business segment	**Civil engineering contract works $'000**	**Inland logistics support $'000**	**Sale of construction materials $'000**	**Unallocated $'000**	**Elimination $'000**	**Consolidated $'000**
2017						
Revenue						
External revenue	127,266	9,298	20,670	-	-	157,234
Inter-segment revenue	3,214	1,653	765	-	(5,632)	-
	130,480	10,951	21,435	-	(5,632)	157,234
Results						
Segment results	29,101	857	399	(20,095)	(142)	10,120
Share on results in a joint venture	96	-	-	-	-	96
Interest income						197
Interest expenses						(1,902)
Profit before income tax						8,511
Income tax expense						(1,050)
Profit for the financial year						7,461
Non-cash items						
Amortisation of gain on sale and leaseback transactions	99	-	-	-	-	99
Loss on disposal of plant and equipment	-	-	-	(40)	-	(40)
Depreciation of property, plant and equipment	(12,739)	(701)	(1,055)	(667)	-	(15,162)
Amortisation of intangible assets	-	-	-	(9)	-	(9)
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	-	-	-	(297)	-	(297)
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	-	-	-	20	-	20
Allowance for impairment of plant and equipment	(153)	-	-	-	-	(153)
Allowance for impairment of trade receivables	(479)	-	(724)	-	-	(1,203)

34. Segment information (Continued)

Major customers

For the financial year ended 31 December 2018, the revenue from 2 (2017: 2) major customers of the Group amounted to approximately $69,404,000 (2017: $78,293,000) of the total revenue from civil engineering services and sale of construction materials segments.

Geographic information

The Group's sales and assets are mainly derived and located in Singapore. Accordingly, no geographical segment information is presented during the financial years.

35. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

35.1 Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

As at 31 December 2018, approximately 16% (2017: 16%) of the Group's trade receivable from third parties (including retention sums on construction contracts) were due from 1 customer.

As at 31 December 2018, approximately 57% (2017: 57%) of the Group's contract assets were due from 4 customers (2017: 2 customers).

The Company has no concentration of credit risk other than the amount due from subsidiaries.

The Group's major classes of financial assets are financial assets at fair value (2017: available-for-sale financial assets), trade and other receivables, contract assets and cash and cash equivalents.

Cash and cash equivalents are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

35. Financial instruments, financial risks and capital management (Continued)

35.1 Credit risks (Continued)

There is no other class of financial assets that is past due and/or impaired except for trade receivables, retention sums and contract assets.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Past due for 1 to 30 days	2,221	5,639	4,393
Past due for 31 to 60 days	989	1,706	2,832
Past due for 61 to 90 days	689	1,100	2,322
Past due for more than 90 days	4,212	5,520	2,661

At 31 December 2018, the lifetime expected loss allowance for Group's trade receivables is as follows:

	Group					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount						
- Trade receivables	21,675	2,230	986	726	12,329	37,946
- Retention sums	708	242	201	244	11,113	12,508
- Contract assets	74,117	-	-	-	-	74,117
Loss allowance						
- Trade receivables & retention sums*	-	(9)	-	(35)	(9,684)	(9,728)
- Contract assets	(790)	-	-	-	-	(790)

* This amount includes $7,619,000 which is related to credit-impaired balances from several customers who are not likely to repay the outstanding balances mainly due to economic circumstances or who have defaulted in payment terms.

The carrying amount of trade receivables individually determined to be impaired are mostly past due for more than 90 days (Note 13).

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

35. Financial instruments, financial risks and capital management (Continued)

35.1 Credit risks (Continued)

For the Company's non-trade receivables due from subsidiaries amounting $3,000,000 (Note 13), management has taken into account the available internal information on the subsidiaries' past, current and expected operating performance and cash flow position. The management monitors and assesses at each reporting date on any indicator of change in credit risk on the amount due from the subsidiaries, by considering its financial performance and any default in external debts. The risks of default is considered to be minimal and subject to immaterial credit loss.

The Company has issued corporate guarantee to several banks for banking facilities granted to subsidiaries. As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for the corporate guarantees provided to banks on subsidiaries' loans (Note 35.3). Based on management's assessment at the end of the financial year, the Group considers the 12-month expected credit loss to be immaterial.

35.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily from United States dollar. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

As at the end of the financial year, monetary items denominated in a currency other than the respective entities' functional currency comprise cash and cash equivalents (Note 14), financial assets at fair value through profit or loss (FY2017: available-for-sale financial assets) (Note 5) and bank borrowings (Note 21).

The Company is not exposed to significant financial risks on changes in foreign currency exchange rates as the Company's transactions are mainly denominated in its functional currency.

The carrying amounts of the Group's monetary assets and monetary liabilities in foreign currency at the end of the reporting period are as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Monetary assets			
Euro	86	3	-
United States dollar	6,637	5,023	5,289
Monetary liabilities			
United States dollar	5,769	5,650	6,113

35. Financial instruments, financial risks and capital management (Continued)

35.2 Market risks (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% change in Singapore dollar against the United States dollar. The sensitivity analysis assumes an instantaneous 10% (2017: 10%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar are included in the analysis.

	Increase/(Decrease)		
	Profit or Loss after tax		
	2018	2017	2017
	$'000	$'000	$'000
Group			
Euro			
Strengthened against Singapore dollar	7	-	-
Weakened against Singapore dollar	(7)	-	-
United States dollar			
Strengthened against Singapore dollar	72	(52)	(68)
Weakened against Singapore dollar	(72)	52	68

Interest rate risks

The Group's exposure to market risk for changes in interest rates relates primarily to finance lease payables and bank borrowings as shown in Notes 20 and 21 to the financial statements respectively.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from finance lease payables and bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

If the interest rate increases or decreases by 0.5% (2017: 0.5%), the Group's profit or loss and equity will decrease or increase by approximately $284,000 (2017: $242,000, 1 January 2017: $195,000) as at 31 December 2018, arising mainly as a result of higher or lower interest on floating rates for finance lease payables and bank borrowings. The interest expense from finance lease payables and bank borrowings are recognised as an expense under "Finance costs" line item in the consolidated statement of comprehensive income.

35. Financial instruments, financial risks and capital management (Continued)

35.2 Market risks (Continued)

Price risk

The Group is exposed to price risks arising from debt securities. The Group does not actively trade the debt securities.

Debt securities price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to debt securities price risks at the end of the financial year. The sensitivity analysis assumes an instantaneous 10% (2017: 10%) change in the debt securities prices from the end of the financial year, with all variables held constant.

	Increase/(Decrease)		
	Equity		
	31 December		1 January
	2018	2017	2017
Group	**$'000**	**$'000**	**$'000**
Quoted debt securities			
Increase by 10% (2017: 10%)	187	195	108
Decrease by 10% (2017: 10%)	(187)	(195)	(108)

35.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's and Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both expected interest and principal cash flows.

35. Financial instruments, financial risks and capital management (Continued)

35.3 Liquidity risks (Continued)

	Effective interest rate	Within one financial year	After one financial year but within five financial years	More than five financial years	Total
	%	$'000	$'000	$'000	$'000
Group					
2018					
Financial liabilities					
Trade and other payables	-	49,590	-	-	49,590
Finance lease payables	3.38	15,497	23,629	-	39,126
Bank loans, floating interest rates:					
- revolving loans	2.89	16,770	-	-	16,770
- term loans	2.42	3,467	11,230	5,148	19,845
Trust receipts	2.97	29,226	-	-	29,226
		114,550	34,859	5,148	154,557
2017					
Financial liabilities					
Trade and other payables	-	45,172	-	-	45,172
Finance lease payables	2.54	13,608	21,028	-	34,636
Liabilities directly associated with non-current assets classified as held for sale	2.56	2,628	-	-	2,628
Bank loans, floating interest rates:					
- revolving loans	2.36	9,215	-	-	9,215
- term loans	1.93	2,625	11,606	5,881	20,112
Trust receipts	2.51	31,076	-	-	31,076
		104,324	32,634	5,881	142,839
1 January 2017					
Financial liabilities					
Trade and other payables	-	28,693	1,852	-	30,545
Finance lease payables	2.15	17,618	30,547	-	48,165
Bank loans, floating interest rates:					
- revolving loans	2.13	6,439	-	-	6,439
- term loans	2.44	2,826	8,877	7,374	19,077
Trust receipts	2.08	12,717	-	-	12,717
		68,293	41,276	7,374	116,943

35. Financial instruments, financial risks and capital management (Continued)

35.3 Liquidity risks (Continued)

	Effective interest rate	Within one financial year	After one financial year but within five financial years	More than five financial years	Total
	%	$'000	$'000	$'000	$'000
Company					
31 December 2018					
Other payables	-	1,137	-	-	1,137
31 December 2017					
Other payables	-	125	-	-	125
1 January 2017					
Other payables	-	103	-	-	103

The Group's operations are financed mainly through accumulated profits and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the finance lease and bank borrowings are disclosed in Notes 20 and 21 to these financial statements respectively.

The Company has issued corporate guarantee to several banks for banking facilities granted to subsidiaries. This guarantee is a financial guarantee contract as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. The earliest period that the guarantee could be called is within 1 year (2017: 1 year, 1 January 2017: 1 year) from the end of the reporting period. The maximum amount that the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed, is $101,091,000 (31 December 2017: $94,983,000, 1 January 2017: $81,492,000). The Company considers that it is more likely than not that no amount will be payable under the arrangement.

35.4 Capital management policies and objectives

The Group and the Company manages capital to ensure that the Group and the Company is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital and reserves as disclosed in Notes 16 to 18 to the financial statements respectively.

The Group and the Company are in compliance with externally imposed capital requirements which are the bank covenants in relation to the bank borrowings included in Note 21 to the financial statements, for the financial years ended 31 December 2018 and 2017.

35. Financial instruments, financial risks and capital management (Continued)

35.4 Capital management policies and objectives (Continued)

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group and the Company will balance its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remains unchanged from the previous financial year.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, finance lease payables and borrowings less cash and cash equivalents. Total equity comprises of share capital and reserves after netting off non-controlling interests.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	50,539	45,465	31,518	1,137	125	103
Finance lease payables	37,229	33,426	46,503	-	-	-
Liabilities directly associated with non-current assets classified as held for sale	-	2,581	-	-	-	-
Bank borrowings	63,862	58,976	34,989	-	-	-
Less: Cash and cash equivalents	(8,509)	(4,228)	(14,313)	(164)	(264)	(1,196)
Net debt	143,121	136,220	98,697	973	(139)	(1,093)
Total equity	70,314	65,631	57,691	44,037	44,933	45,888
Total capital	213,435	201,851	156,388	45,010	44,794	44,795
Gearing ratio	67%	67%	63%	2%	N.M.*	N.M.*

* Not meaningful

36. Fair value measurement

36.1 Fair value of financial assets and financial liabilities

Except as disclosed below, the carrying amounts of the Group and the Company's current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The carrying amounts of the Group's non-current financial liabilities in relation to finance lease payables and bank borrowings approximates their respective fair values as at the end of the reporting period as these are at floating interest rates and repriced regularly.

36. Fair value measurement (Continued)

36.1 Fair value of financial assets and financial liabilities (Continued)

Financial instruments carried at fair value classified by level of fair value hierarchy are as follows:

	Recurring fair value measurement using:		
	Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**
Group			
31 December 2018			
Assets			
Financial assets at fair value through other comprehensive income			
- quoted debt securities	2,248	-	-
Financial assets at fair value through profit or loss			
- investments in life insurances	-	-	5,221
Total	2,248	-	5,221
31 December 2017			
Assets			
Available-for-sale financial assets			
- quoted debt securities	2,344	-	-
- investments in life insurances	-	-	4,957
Total	2,344	-	4,957
1 January 2017			
Assets			
Available-for-sale financial assets			
- quoted debt securities	2,599	-	-
- investments in life insurances	-	-	5,185
Total	2,599	-	5,185

There were no transfers between levels during the financial year. The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the end of the reporting period.

The fair value measurements categorised within Level 3 includes unobservable inputs that are not developed by the Group.

The fair value of the investment in life insurance is based on the cash value provided by the insurer without adjustment. There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

36.2 Fair value of leasehold properties

The fair value of leasehold properties have been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as land tenure, physical attributes, location and the date of transaction.

36. Fair value measurement (Continued)

36.2 Fair value of leasehold properties (Continued)

Level 3 recurring fair value measurements

(i) Information about significant unobservable inputs used in Level 3 recurring fair value measurements

The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. The resulting fair values of leasehold properties are considered level 3 recurring fair value measurements.

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

	Fair value	Valuation techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
31 December 2018				
Leasehold properties				
Held for generating operating lease income and own use	21,900,000	Market comparable approach	Yield adjustments*	The higher the yield adjustments, the higher the fair value
31 December 2017				
Leasehold properties				
Held for generating operating lease income and own use	22,500,000	Market comparable approach	Yield adjustments*	The higher the yield adjustments, the higher the fair value
1 January 2017				
Leasehold properties				
Held for generating operating lease income and own use	23,300,000	Market comparable approach	Yield adjustments*	The higher the yield adjustments, the higher the fair value

* The yield adjustments are made for differences in the nature, location, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market of the specific property.

36. Fair value measurement (Continued)

36.2 Fair value of leasehold properties (Continued)

Level 3 recurring fair value measurements (Continued)

(ii) Valuation policies and procedures

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

(ii) Valuation policies and procedures (Continued)

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

36.3 Reconciliation of opening and closing fair value balance

The reconciliation of the opening and closing fair value balance of levels 1 & 3 financial and non-financial assets are provided below:

- Revalued leasehold properties - property, plant and equipment (Note 4)
- Financial assets at fair value (Note 5 and Note 11)

37. Explanation of transition to SFRS(I)s and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)s). SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I)s with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I)s.

37. Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2018 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

There is no significant impact on revenue recognition for the Group when the new standard is effective.

Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

There is no impact on initial application of SFRS(I) 1 and SFRS(I) 9 on Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018. There were no material adjustments to the Group's profit or loss and other comprehensive income and statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I)s.

The Group has elected to apply the short-term exemptions upon adoption of SFRS(I) 9 on 1 January 2018. As a result, the financial instruments included in the comparatives have been accounted for in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* on the disclosure requirements in relation to SFRS(I) 9.

37. Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

Reconciliation of the Group's equity and Consolidated statement of financial position

	1 January 2018		
	FRS framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Assets			
Non-current assets	94,610	-	94,610
Contract assets⁽¹⁾	48,476	(677)	47,799
Others	81,393	-	81,393
Current assets	129,869	(677)	129,192
Total assets	224,479	(677)	223,802
Equity			
Share capital	38,676	-	38,676
Other reserves⁽²⁾	(14,906)	(513)	(15,419)
Accumulated profits	42,448	(164)	42,284
Equity attributable to owners of the parent	66,218	(677)	65,541
Non-controlling interests	(587)	-	(587)
Total equity	65,631	(677)	64,954
Liabilities			
Current liabilities	115,881	-	115,881
Non-current liabilities	42,967	-	42,967
Total liabilities	158,848	-	158,848
Total equity and liabilities	224,479	(677)	223,802

37. Explanation of transition to SFRS(I)s and adoption of new standards (Continued)

(1) Loss allowance on contract assets

SFRS(9) introduces a new-forward looking impairment model based on expected credit losses to replace incurred loss model. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk from initial recognition.

The Group has adopted the simplified approach in determining the loss allowance on contract assets and recorded a loss allowance for lifetime expected losses from initial recognition. The Group considered the historical default rates and adjusted for forward looking estimates in deriving the expected credit losses for contract assets and recognised a loss allowance of $677,000 as at 1 January 2018.

(2) Other reserves

The other reserves of the Group decreased by $513,000 which comprise fair value gain transferred to accumulated profits as at 1 January 2018 in respect of the FVTPL financial asset.

STATISTICS OF
SHAREHOLDINGS

AS AT 14 MAY 2019

Issued and fully paid-up capital	:	S$38,676,148
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
Number of Issued and Paid-up Shares	:	151,384,600
Number of Treasury Shares	:	NIL
Number of Subsidiary Shares	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 99	–	–	–	–
100 – 1,000	12	7.36	5,900	–
1,001 – 10,000	46	28.22	283,700	0.19
10,001 – 1,000,000	99	60.74	12,818,000	8.47
1,000,001 – and above	6	3.68	138,277,000	91.34
Total	**163**	**100.00**	**151,384,600**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	DANDELION CAPITAL PTE. LTD.	121,759,600	80.43
2.	BON WEEN FOONG	7,000,000	4.62
3.	ANG KONG MENG	4,387,400	2.90
4.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,809,000	1.86
5.	PHILLIP SECURITIES PTE LTD	1,246,300	0.82
6.	OCBC SECURITIES PRIVATE LIMITED	1,074,700	0.71
7.	ABN AMRO CLEARING BANK N.V.	785,100	0.52
8.	JAMES ALVIN LOW YIEW HOCK	750,900	0.50
9.	TAN YAM HON (CHEN YANHUANG)	600,000	0.40
10.	LEE TONG HONG	586,000	0.39
11.	RAFFLES NOMINEES (PTE.) LIMITED	497,700	0.33
12.	DBS NOMINEES (PRIVATE) LIMITED	482,600	0.32
13.	WEN NANFEI	403,000	0.27
14.	SEAH CHYE ANN (XIE CAIAN)	394,000	0.26
15.	LESLIE NG ENG HIONG	369,900	0.24
16.	LEE LIAN CHENG	350,000	0.23
17.	TAN AH CHANG	350,000	0.23
18.	LIM WEI KUN NICHOLAS (LIN WEIKUN NICHOLAS)	345,000	0.23
19.	YEOW TIK HONG ALVIN	267,200	0.18
20.	GOH TUCK PENG	250,000	0.17
	TOTAL	**144,708,400**	**95.61**

STATISTICS OF SHAREHOLDINGS

AS AT 14 MAY 2019

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

	DIRECT INTEREST		DEEMED INTEREST	
NAME	**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
Dandelion Capital Pte. Ltd.	121,759,600	80.43	–	–
Ng Hai Liong[1]	–	–	121,759,600	80.43
Ng Kian Ann Patrick[2]	69,000	0.05	121,759,600	80.43
Ng Kian Yeow, Vincent[3]	–	–	121,759,600	80.43

Notes:–

[1] Mr Ng Hai Liong holds 17.0% of the shares in Dandelion Capital Pte. Ltd. ("**Dandelion**"). Mr Ng Hai Liong and his family members (who are not Directors or key executive officers of the Company) hold an aggregate of 52.0% of the shares in Dandelion. Accordingly, Mr Ng Hai Liong is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. ("**Act**").

[2] Mr Ng Kian Ann Patrick holds 25.0% of the shares in Dandelion and accordingly is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Act.

[3] Mr Ng Kian Yeow, Vincent holds 23.0% of the shares in Dandelion and accordingly is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Act.

RULE 723 OF THE CATALIST RULES – FREE FLOAT

Based on the above information and to the best knowledge of the Directors and Substantial Shareholder of the Company, approximately 19.45% of the issued shares of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Huationg Global Limited (the "**Company**") will be held at Bridge Room, Raffles Marina (Country Club), 10 Tuas West Drive, Singapore 638404 on Friday, 14 June 2019 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Regulation 117 of the Company's Constitution:

   (a) Mr Ng Kian Ann Patrick **(Resolution 2)**

   Mr Ng Kian Ann Patrick, if re-elected as Director, will remain as Chief Executive Officer and Executive Director of the Company. Further information on Mr Ng Kian Ann Patrick can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" in the Annual Report 2018.

   (b) Mr Yuen Sou Wai **(Resolution 3)**

   *Mr Yuen Sou Wai will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee of the Company and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Further information on Mr Yuen Sou Wai can be found under the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report 2018.*

3. To approve the payment of Directors' fees of S$125,000.00 for the financial year ending 31 December 2019, payable half yearly in arrears (2018: S$125,000.00). **(Resolution 4)**

4. To re-appoint BDO LLP, Public Accountants and Chartered Accountants as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company ("Shares") – Share Issue Mandate**

   "That, pursuant to Section 161 of the Companies Act, Chapter 50. and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:–

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF
ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:–

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed after adjusting for:–

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Regulation for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] **(Resolution 6)**

7. **Authority to allot and issue shares under the Huationg Employee Share Option Scheme (the "Option Scheme")**

"That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Directors of the Company be authorised to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Option Scheme provided always that the aggregate number of new shares to be allotted and issued pursuant to the Option Scheme, Huationg Performance Share Plan, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time, as determined in accordance with the provisions of the Option Scheme."
[See Explanatory Note (ii)] **(Resolution 7)**

NOTICE OF
ANNUAL GENERAL MEETING

8. **Authority to allot and issue shares under the Huationg Performance Share Plan**

"That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Huationg Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Huationg Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Huationg Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the award."
[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary

Singapore, 30 May 2019

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments. The aggregate number of Shares and convertible instruments which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of passing this Resolution. For allotment and issuance of Shares and convertible instruments other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF
ANNUAL GENERAL MEETING

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors to issue shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Huationg Employee Share Option Scheme which was approved at the Extraordinary General Meeting of the Company on 28 May 2014. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 6.

(iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Huationg Performance Share Plan in accordance with the provisions of the Huationg Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Huationg Performance Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the Huationg Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Huationg Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 6.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "Act"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at No. 9 Benoi Crescent, Singapore 629972, not less than 72 hours before the time set for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. The resolutions put to vote at the AGM shall be decided by way of poll.

HUATIONG GLOBAL LIMITED

(Company Registration Number: 201422395Z)
(Incorporated in Singapore with limited liability)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

I/We, ____________________ (name)

of____________________ (address)

being a member/members* of **Huationg Global Limited** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholding**	
		No. of Shares	**%**
Address			

and/or*

Name	**NRIC/Passport No.**	**Proportion of Shareholding**	
		No. of Shares	**%**
Address			

Or the Chairman of the meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Bridge Room, Raffles Marina (Country Club), 10 Tuas West Drive, Singapore 638404 on Friday, 14 June 2019 at 2.00 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right.

The resolutions put to vote at the AGM shall be decided by way of poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Ordinary Resolutions relating to:**	**For**	**Against**
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2.	Re-election of Mr Ng Kian Ann Patrick as Director of the Company		
3.	Re-election of Mr Yuen Sou Wai as Director of the Company		
4.	Approval of Directors' fees amounting to S$125,000.00 for the financial year ending 31 December 2019, payable half yearly in arrears (2018: S$125,000.00)		
5.	Re-appointment of BDO LLP, Public Accountants and Chartered Accountants as the Company's Auditors and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares in the capital of the Company – Share Issue Mandate		
7.	Authority to allot and issue shares under the Huationg Employee Share Option Scheme		
8.	Authority to allot and issue shares under the Huationg Performance Share Plan		

Dated this ________ day of ________________ 2019

Total Number of Shares Held	
(a) CDP Register	
(b) Register of members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "**Act**"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **No. 9 Benoi Crescent, Singapore 629972**, not less than 72 hours before the time set for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any AGM laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Hai Liong
(Executive Chairman)

Ng Kian Ann Patrick
(Chief Executive Officer and Executive Director)

Ng Kian Yeow, Vincent
(Chief Operating Officer and Executive Director)

Yuen Sou Wai
(Lead Independent Director)

Yen Se-Hua Stewart
(Independent Director)

Wee Heng Yi, Adrian
(Independent Director)

COMPANY SECRETARY

Gn Jong Yuh Gwendolyn

REGISTERED OFFICE

9 Benoi Crescent
Singapore 629972
Tel: (65) 6366 5005
Fax: (65) 6368 1391

SPONSOR

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16 Collyer Quay #10-00
Income at Raffles
Singapore 049318

AUDITORS

BDO LLP
Public Accountants and Chartered
Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge:
Aw Vern Chun Philip
(a practising member of the Institute of
Singapore Chartered Accountants)
(Appointed since the financial year ended
31 December 2016)

SHARE REGISTRAR

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Singapore 048623

PRINCIPAL BANKERS

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Oversea-Chinese Banking
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