Huationg Global Limited

YOUR PARTNER IN STRENGTH

ANNUAL REPORT 2015

Contents

Company Profile

CIVIL ENGINEERING SERVICES

We are registered with the Building and Construction Authority of Singapore (“**BCA**”) with a BCA grading of A2 under the category CW02 for civil engineering, which allows us to tender for public sector procurement in relation to civil engineering works of values not exceeding S$90.0 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 have completed 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 (“**HDB**”), the Land Transport Authority (“**LTA**”), and Daelim Industrial Co. Ltd.. 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 recycle construction waste and aggregates at our recycling operations at Tuas South Avenue 1. The Recycled Concrete Aggregate (“**RCA**”) produced is 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 Liquefied Soil Stabiliser(“**LSS**”), a self-flowable, self-compacting and self-leveling 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.

Huationg Global Limited is principally engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services. It is also involved in the sale of construction materials such as Recycled Concrete Aggregate (“RCA”) and Liquefied Soil Stabiliser (“LSS”).

Chairman's Statement

Dear Shareholders,

Huationg Global Limited's ("**Huationg Global**" together with its subsidiaries, the "**Group**") first year as a public-listed company has been a year of significant achievements and milestones. Through the strategic planning and careful management of our resources, we have managed to cap off the year with strong bottom line growth.

In the financial year ended 31 December 2015 ("**FY2015**"), the Group registered a 25.5% year-on-year ("**y-o-y**") increase in profit attributable to owners of the parent to S$6.4 million compared to S$5.1 million for the previous financial year ("**FY2014**").

This was achieved despite a 2.3% y-o-y dip in revenue to S$130.2 million arising mainly from lower revenue recognition from external work contracts in the first half of FY2015 and the timing of new projects which only commenced near the end of FY2015. We continued to enjoy revenue growth in our other business segments, namely inland logistics services and sale of construction materials, despite a slowing Singapore economy in 2015.

During FY2015, we made improvements in our operations, especially in labour and transport resource planning, which had a positive impact on our costs. In addition, our position as an integrated provider of civil engineering solutions provided room for us to exercise cost management across our different business segments to achieve optimal business results. This led to an overall improvement in our gross profit margin from 16.3% in FY2014 to 20.8% in FY2015.

In view of the positive bottom line results and strong cash flow position, we were able to declare a tax-exempt cash dividend of S$0.006 per share for FY2015, comprising an interim tax-exempt cash dividend of S$0.003 per share and proposed final tax-exempt cash dividend of S$0.003 per share for the respective periods. Based on the earnings per share of 4.23 Singapore cents in FY2015, dividend payout ratio for the Group stood at 14.2%.

We are pleased with the healthy order book build-up we achieved last year. Riding on our strong track record and reputation in the industry spanning over 30 years, as well as our status as a listed company, we actively pursued new tenders in public sector infrastructure projects and successfully secured contracts totalling S$129.3 million in civil engineering projects for FY2015.

The notable projects in our order book with expected delivery over the next five years include land preparation works for Changi Airport Terminal 5, the proposed development of an integrated regional hospital at Sengkang, road widening and construction of road related facilities along Tampines Avenue 9, infrastructure development of Defu Industrial Estate and earthworks projects for certain Thomson-East Coast Line Mass Rapid Transit ("**MRT**") stations.

Outlook and Business Strategies

The growth prospects for the Group remain optimistic despite the current economic slowdown in Singapore. According to BCA's media release on 15 January 2016, construction demand is projected to be between S$27 billion and S$34 billion in 2016, of which about 65 percent is expected to come from the public sector. This will be the public sector's highest contribution to construction demand since 2002. Construction demand from the private sector this year is expected to slow down from the previous year due to less favourable economic conditions and an increased supply of completed private housing projects and offices.

Underpinning the growth in public sector-led construction demand is an expected increase in civil engineering demand, involving major infrastructure projects related to the MRT lines, in particular the Thomson-East Coast Line, and developmental works at Changi Airport. Given our extensive experience and track record in this area, we will be looking to pursue more opportunities in this market segment.

Over the longer term, we aim to be a bigger player in the industry and will continue to work towards attaining an A1 grading from BCA which will enable us to tender for larger-scale projects. For the same purpose, Huationg Global has also entered into a strategic alliance with Golden Empire Civil Engineering Pte. Ltd. in FY2015. We will continue to look out for opportunities in forging strategic alliances with business partners for the benefit of generating business synergies and bringing about value enhancement for our shareholders.

Appreciation

Our success over the past year has been the efforts of our various stakeholders and I would like to take this opportunity to thank them.

To our staff, their hard work and relentless commitment has enabled Huationg Global to support its growth. From managing our customers to ensuring smooth progress on projects, they are key to the success of every job we take on. I believe their dedication has helped to enhance the strength of our brand and our track record.

I am grateful to my fellow Board members for providing the Group with strong guidance and professional counsel. I also wish to thank our partners and suppliers for supporting the business. I value our relationships and hope to work even more closely in the coming year. To my customers, thank you for your continued support and belief in us.

Finally, I wish to thank our shareholders for choosing to believe in Huationg Global and its future. We hope to foster a long-lasting relationship with you and we will continue identify new areas of growth to maximise shareholder value for the year ahead.

Ng Hai Liong

Executive Chairman and Executive Director

Operating and Financial Review

OPERATING REVIEW

Projects Overview

Civil engineering services segment remains the main revenue contributor for the Group, accounting for S$99.6 million or 76.5% of its total revenue in FY2015. The Group's inland logistic support segment contributed S$28.1 million in revenue while sale of construction materials accounted for S$2.5 million, translating into a revenue share of 21.6% and 1.9% respectively in FY2015.

In FY2015, some of the key civil engineering projects undertaken by the Group included, among others, the following:

Earthworks

- Earthworks for MRT stations and tunnels for Thomson Line
- Land preparation works for Changi Airport Terminal 5 development
- Earthworks for advanced piling, soil improvement and pile extraction works at Depot
- Earthworks for proposed erection of a 5-storey Data Centre at Marsiling Lane

Infrastructure

- Infrastructure development of Defu Industrial Estate
- Proposed road widening and construction of road related facilities along Tampines Ave 9
- Traffic diversion works for construction of Marina South Station and Thomson Line

Others

- Shore protection removal works for the proposed reclamation at Tuas Finger One
- External works for proposed development of an integrated regional hospital at Sengkang
- Site clearance works at Tuas terminal - Phase 1 reclamation wharf construction and dredging

Order Book

Order book build-up in FY2015 remained brisk with the Group securing a strong pipeline of civil engineering projects worth approximately S$129.3 million comprising mainly public sector projects. Some of the notable projects include land preparation works at Changi Airport, the proposed development of an integrated regional hospital at Sengkang, road widening and construction of road-related facilities along Tampines Avenue 9 and earthworks projects for certain Thomson Line MRT stations.

These projects are expected to be delivered in stages over the next five years, providing clear revenue visibility for the Group.

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

FINANCIAL REVIEW

Group Revenue

In FY2015, revenue of the Group decreased by S$3.1 million or 2.3% to S$130.2 million from S$133.3 million as compared to FY2014.

Revenue from the inland logistics support segment increased by 2.6% to S$28.1 million on the back of higher demand for aggregates in the construction industry, which in turn increased the demand for transportation services.

At the same time, contribution from the sale of construction materials segment rose S$0.3 million or 13.6% to S$2.5 million from S$2.2 million in FY2014. This was supported by an increase in demand of construction materials from customers' projects which required filling materials.

This was offset by a 4.0% decrease in contribution from the Group's civil engineering services segment to S$99.6 million, due largely to lower revenue recognised from external work contracts in the first half of FY2015 as well as the timing of certain new projects, which only commenced near the end of the financial year.

Operating Costs and Expenses

During the financial year, cost of sales decreased by approximately S$8.5 million or 7.6% to S$103.1 million in FY2015, from S$111.6 million in FY2014. The was mainly due to a decrease in direct labour, direct material, transportation charges, sub-contract and fuel costs, partially offset by an increase in rental machinery and vehicles and depreciation expenses.

Direct labour costs decreased by approximately S$1.4 million or 7.5% to S$17.3 million in FY2015, from S$18.7 million in FY2014. Sub-contract costs decreased by approximately S$5.1 million or 15.2% to S$28.5 million in FY2015 from S$33.6 million in FY2014. This was mainly due to a decrease in third party transportation as the Group acquired more vehicles for its operations during the financial year, partially offset by an increase in third party labour resources due to the concurrent delivery of several civil engineering contracts.

The Group also saw cost savings given lower fuel prices and direct material in FY2015. The Group's direct material and fuel costs decreased by approximately S$4.7 million or 14.3% to S$28.1 million in FY2015, compared to S$32.8 million in FY2014. Meanwhile, depreciation expenses on the Group's income-generating assets increased by approximately S$2.0 million or 20.0% to S$12.0 million in FY2015 from S$10.0 million in FY2014, arising from the addition of new plant and equipment during the financial year.

Administrative expenses increased by approximately S$3.5 million or 23.6% to S$18.3 million in FY2015 compared to S$14.8 million in FY2014. The Group experienced a S$1.2 million increase in foreign workers' levies, a S$1.6 million increase in staff costs and related expenses, and a lease expense on construction sites of S$1.0 million, a necessity as more site offices were needed for new contracts awarded during FY2015. These were partially offset by a decrease in entertainment and communication expenses of S$0.3 million.

Other expenses decreased by approximately S$1.1 million or 32.4% to S$2.3 million in FY2015 from S$3.4 million in FY2014, primarily due to the absence of one-time IPO expenses of S$1.4 million recognised in FY2014.

Finance costs increased by approximately S$0.6 million, or 42.9% to S$2.0 million in FY2015 from S$1.4 million in FY2014, primarily due to an increase in interest rates and higher amounts of trust receipts and bank loans utilised in FY2015.

Profit

Maintaining its robust profitability track record, the Group reported a 24.9% rise in gross profit to S$27.1 million in FY2015 from S$21.7 million in FY2014. Gross profit margin also improved to 20.8% in FY2015 compared to 16.3% a year ago.

Earnings before interest, tax, depreciation and amortisation in FY2015 rose 18.2% to S$21.4 million, compared to S$18.1 million in FY2014.

At the base line, the Group achieved a 25.5% increase in profit attributable to owners of the parent to S$6.4 million in FY2015 from S$5.1 million in FY2014 despite its lower revenue.

Financial Position

As at 31 December 2015, the Group had a cash and cash equivalent balance of approximately S$18.8 million and equity attributable to owners of the parent of approximately S$53.1 million.

Cash and bank balances increased by approximately S$2.4 million in FY2015. This was mainly due to net cash generated from operating activities of S$17.1 million and net cash from investing activities of approximately S$1.5 million, offset by net cash used in financing activities of approximately S$16.2 million in FY2015.

The Group's total assets as at 31 December 2015 increased by approximately S$44.5 million or 30.4% to approximately S$190.8 million in FY2015 from approximately S$146.3 million in FY2014. This was driven primarily by an increase in property, plant and equipment ("**PPE**") which increased by approximately S$26.5 million to approximately S$109.4 million in FY2015, from approximately S$82.9 million in FY2014, mainly due to additions of vehicles and machineries of approximately S$42.0 million and a revaluation gain on the leasehold properties of S$1.1 million offset against net disposal of approximately S$4.4 million and depreciation of S$12.1 million during the financial year.

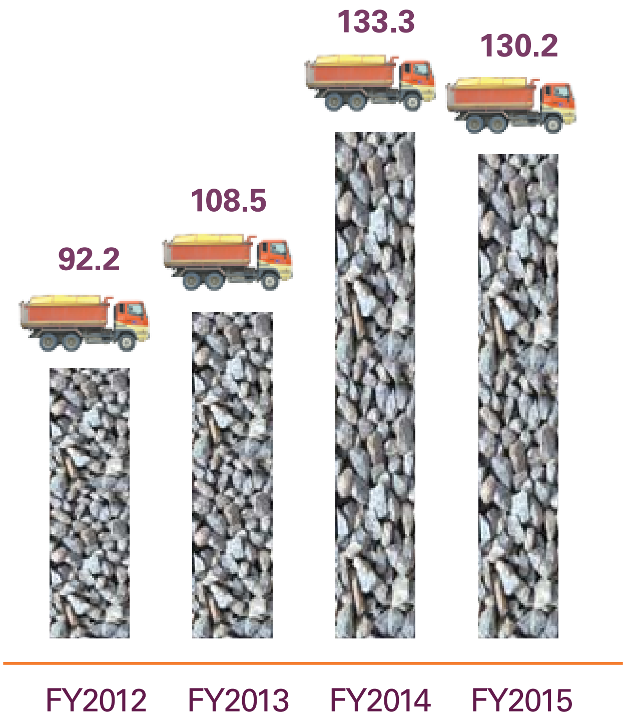
Total liabilities increased by approximately S$37.7 million or 37.8% to approximately S$137.5 million in FY2015 from approximately S$99.8 million in FY2014. This was attributable largely to an increase in finance lease payables from the purchase of PPE and higher utilisation of banking facilities among other reasons.

The Group posted a negative working capital of approximately S$7.1 million as at 31 December 2015 as compared with a positive working capital of approximately S$0.3 million as at 31 December 2014. This was mainly due to the addition of non-current PPE in FY2015 which resulted in an increase in current finance lease payable given that the Group is operating in a capital intensive environment.

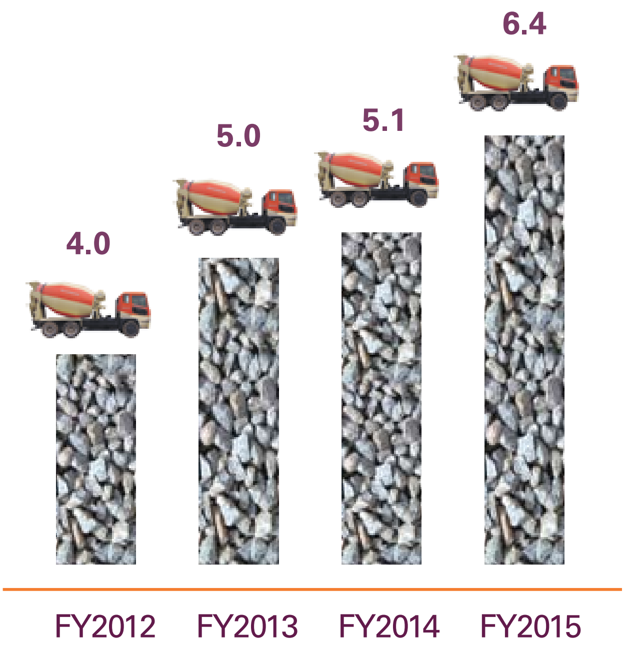
Notwithstanding the negative working capital position, the Board is of the opinion that, after having made due and careful enquiry, and after taking into account the Group's positive cash flows generated from its operating activities, together with the credit facilities available to the Group and existing cash and cash equivalents, the working capital available as at 31 December 2015 is sufficient for the Group's present requirements and for the following 12 months.

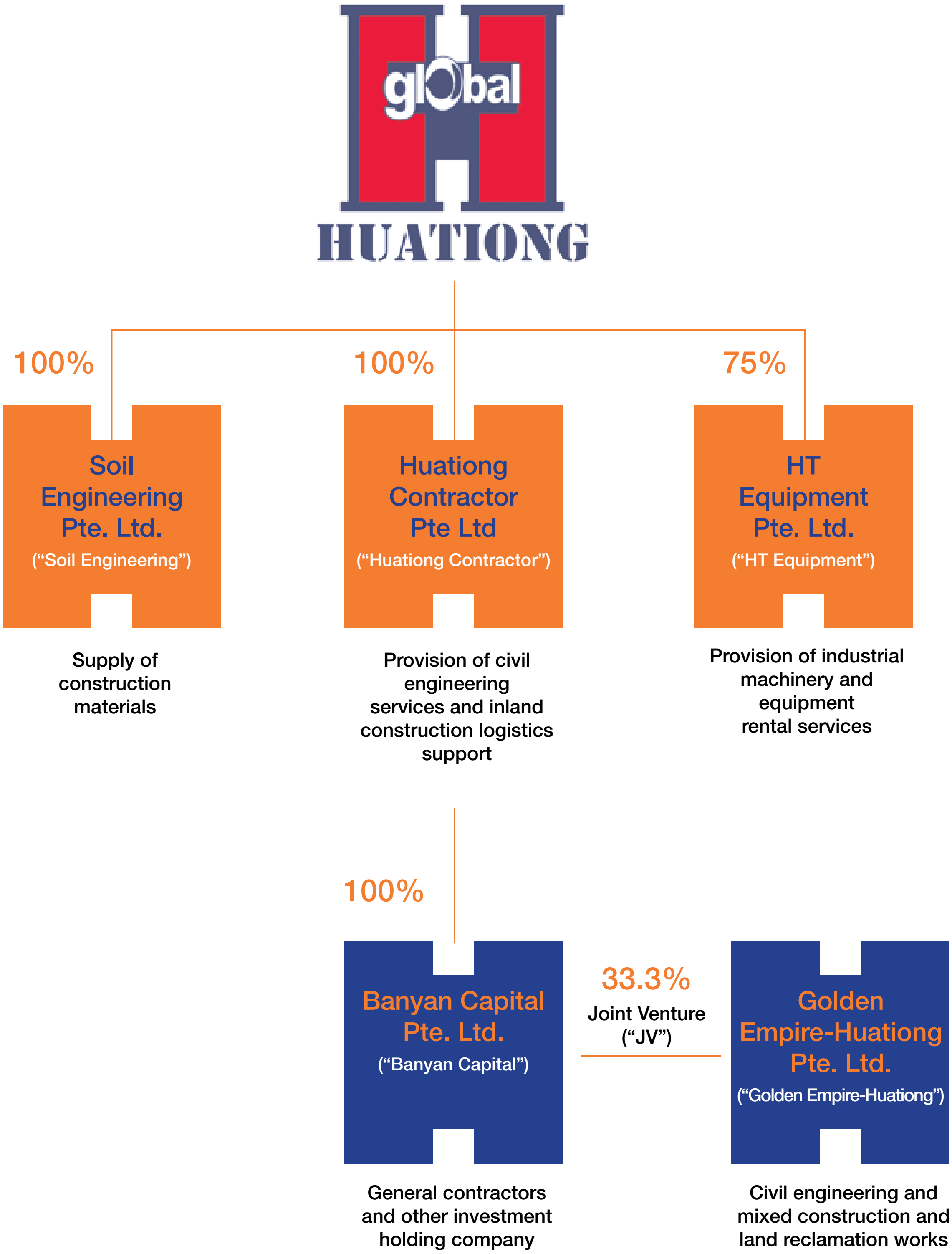
Financial Highlights

Revenue *(S$ Million)*



Net Profit Attributable to Owners of the Company *(S$ Million)*





* All Companies incorporated in Republic of Singapore.

Board of Directors

Mr Ng Hai Liong, is the Executive Chairman and Executive Director 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, Soil Engineering, 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 41 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, 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, HT Equipment, NHL Holding Pte. Ltd. and NHL Investment Pte. Ltd..

Mr Ng Kian Ann Patrick has more than 15 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, which 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.

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, Soil Engineering and HT Equipment.

Mr Ng Kian Yeow, Vincent has more than 14 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, 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 the lead independent director and audit committee chairman of both Libra Group Limited and Chew's Group Limited which are listed on Catalist of the SGX-ST. Mr Yuen is also 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 37 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.

Board of Directors

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 and executive director of SECOM (Singapore) Pte Ltd, a company which engages in the provision of security services. Mr Yen is also a director of STT Communication (Beijing) 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. and ProVision Technology (Asia Pacific) 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, 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.

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.

Mr Goh Tuck Peng, is our Financial Controller. He was appointed as Financial Controller of our Group on 7 April 2014. Mr Goh is responsible for our Group's financial and accounting matters and its compliance with financial reporting and regulatory requirements.

Mr Goh has more than 18 years of experience in dealing with the financial and accounting matters of companies and in ensuring compliance with financial reporting and regulatory requirements. He was employed with Qianhu Corporation Limited, Guangzhou, China, in February 2003, as a finance and administration manager. From March 2005 to May 2007, he was the group finance manager of Shanghai Asia Holdings Limited. Mr Goh later joined Zhejiang Red Sun Wool Technology Ltd. in January 2008 as their chief financial officer. Between December 2009 and June 2011, Mr Goh was the financial controller of CCM Group Limited (now known as "Singapore eDevelopment Limited"), before being promoted to Chief Financial Officer in January 2012.

Mr Goh graduated from the Singapore Accountancy Academy with an Association of Chartered Certified Accountants Professional Degree in 1997. He is also a Member of the Institute of Singapore Chartered Accountants.

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. Mr Khin is also a resident technical officer of the Institute of Engineers Singapore.

Key Executives

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, 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.

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO 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 2015 ("**FY2015**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(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.</td><td>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.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>The Board has 6 Directors as follows:

Table 1.1 – Composition of the Board

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

Report on Corporate Governance

Guideline	Code and/or Guide 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 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 SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") issued by SGX-ST, from time to time, 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; and • Identifying key stakeholder groups and recognizing that their perceptions affect the Company's reputation.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3</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 comprised Mr Ng Kian Ann Patrick as the Chairman and Mr Yuen Sou Wai, Mr Yen Se-Hua Stewart, Mr Wee Heng Yi, Adrian, Mr Ng Kian Yeow, Vincent and Mr Ng Hai Liong as members. The Financial Controller of the Group ("FC") will be 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 FY2015, 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 FY2015</td><td>2</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></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Mr Ng Hai Liong</td><td>2</td><td>3*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr Ng Kian Ann Patrick</td><td>2</td><td>3*</td><td>1</td><td>1*</td></tr>
<tr><td>Mr Ng Kian Yeow, Vincent</td><td>2</td><td>3*</td><td>1*</td><td>1*</td></tr>
<tr><td>Mr Yuen Sou Wai</td><td>2</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr Yen Se-Hua Stewart</td><td>1</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Mr Wee Heng Yi, Adrian</td><td>2</td><td>3</td><td>1</td><td>1</td></tr>
</table>
* By invitation
</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.5	What are the types of material transactions which require approval from the Board?	Matters that require the Board's approval include, amongst others, the following: • corporate strategy and business plans; • material acquisitions and disposals; • share issuance, dividend release or changes in capital; • changes in the composition of the Board; • budgets, circulars, financial results announcements, annual report and audited financial statements; and • material interested person transactions.
1.6	(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.
	(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 in FY2015 included: • Board and Director Fundamentals (BDF) course attended by one of our Independent Directors which was conducted by the Singapore Institute of Directors; • "Workshop for CEO/ Top Management", "Understanding obligations and liabilities in Building and Construction works", "Contract Administration of Engineering and Construction projects" and "Specialist Diploma in Construction Productivity" which were conducted by external consultancy firms and were attended by one of our Executive Director; • The Company circulates to Directors all Company's announcements, resolutions and Board Meeting agenda via email; • The external auditors ("**EA**") had briefed the AC on changes or amendments to accounting standards; and • The Company Secretary had briefed the Board on the amendments of the Companies Act, Chapter 50 of Singapore.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<u>Board Composition and Guidance</u>		
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 to the CEO, Mr Ng Kian Ann Patrick. In view that the Chairman and the CEO are immediate family members, and that the Chairman is not an Independent Director, Guideline 2.2 of the Code is met as the Independent Directors make up half of the Board. The three non-executive and Independent Directors comprise Mr Yuen Sou Wai, Mr Yen Se-Hua Stewart and Mr Wee Heng Yi, Adrian. Mr Yuen Sou Wai has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.
	(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 are 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.
2.4	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.	There are no Independent Directors who have served beyond nine years since the date of his first appointment.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td rowspan="3">2.6</td><td>(a) What is the Board’s policy with regard to diversity in identifying director nominees?</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.</td></tr>
<tr><td>(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 current Board composition provides a diversity of skills, experience and knowledge of the Company, to the Company as follows:
<table>
<tr><th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr>
<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>
</table></td></tr>
<tr><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>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.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors have met once in the absence of key management personnel in FY2015.</td></tr>
<tr><td colspan="3"><u>Chairman and Chief Executive Officer</u></td></tr>
<tr><td>3.1</td><td>Are the duties between Chairman and CEO segregated?</td><td>The roles of the Chairman and CEO in the Company are separate. Mr Ng Hai Liong is the Executive Chairman of the Board and Mr Ng Kian Ann Patrick is the CEO and an Executive Director.
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.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		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. 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.
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 in FY2015.
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (a) reviewing and approving any new employment of related persons and the proposed terms of their employment; (b) nominating and re-nominating of Directors for re-election in accordance with the Articles (hereinafter also known as the Constitution following the Companies (Amendment) Act 2014) of the Company at each annual general meeting and having regard to the Director's contribution and performance; (c) determining annually whether or not a Director of the Company is independent; (d) 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; (e) 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; (f) recommending and reviewing board succession plans for Directors, in particular, for the Chairman and for the CEO; and (g) recommending training and professional development programs for the Board.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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.
	(b) If a maximum has not been determined, what are the reasons?	In FY2015, the Board did not set a maximum number of directorships given that all Non-Executive or 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.
	(c) What are the specific considerations in deciding on the capacity of directors?	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.
	(d) Have the Directors adequately discharged their duties?	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 for FY2015.
4.5	Are there alternate Directors?	The Company does not have any alternate directors.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></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>
Table 4.6(a) – Process for the Selection and Appointment of New Directors
<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>
<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>
Table 4.6(b) – Process for the Re-electing Incumbent Directors
<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>
</table>
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) shall 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.
</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>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.

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 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 purposes of Rule 704(7) of the Catalist Rules.</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>Director</th><th>Current Directorships in listed companies (other than the Company)</th><th>Past Directorships in listed companies (preceding three years)</th><th>Date of initial appointment</th><th>Date of last re-election</th><th>Other principal commitments</th></tr>
<tr><td>Ng Hai Liong</td><td>Nil</td><td>Nil</td><td>1 August 2014</td><td>29 April 2015</td><td>–</td></tr>
<tr><td>Ng Kian Ann Patrick</td><td>Nil</td><td>Nil</td><td>1 August 2014</td><td>Nil</td><td>–</td></tr>
<tr><td>Ng Kian Yeow, Vincent</td><td>Nil</td><td>Nil</td><td>11 November 2014</td><td>29 April 2015</td><td>–</td></tr>
<tr><td>Yuen Sou Wai</td><td>1. Chew's Group Limited
2. Libra Group Limited
3. YHI International Limited</td><td>Nil</td><td>11 November 2014</td><td>29 April 2015</td><td>Current Board representations on listed companies</td></tr>
<tr><td>Yen Se-Hua Stewart</td><td>Nil</td><td>Telechoice International Limited</td><td>11 November 2014</td><td>29 April 2015</td><td>Executive Chairman of SECOM (Singapore) Pte Ltd</td></tr>
<tr><td>Wee Heng Yi, Adrian</td><td>Nil</td><td>Nil</td><td>11 November 2014</td><td>29 April 2015</td><td>Director of Characterist LLC</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Board Performance</u></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 sets out the performance criteria, 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:

Table 5

<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>
</td></tr>
<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 annually and when the individual Director is due for re-election.

For FY2015, 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>Yes, the Board has met its performance objectives.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Access to Information</u></td></tr>
<tr><td>6.1
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>Table 6 – Types of information provided by key management personnel to Independent Directors
<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>
</table>
Key management personnel will also provide any 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.</td></tr>
<tr><td>6.3</td><td>What is the role of the Company Secretary?</td><td>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, 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;

• Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;

• Assists 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 Board meetings;

• As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and

• Assists 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.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1	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 in FY2015.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	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.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.1
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>The breakdown for the remuneration of the Directors in FY2015 was as follows:

Table 9 – Directors' Remuneration

<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>Above S$500,000 to S$750,000</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ng Kian Ann Patrick</td><td>73.7</td><td>6.3</td><td>20.0</td><td>–</td><td>100.0</td></tr>
<tr><td>Ng Kian Yeow, Vincent</td><td>73.8</td><td>6.3</td><td>19.9</td><td>–</td><td>100.0</td></tr>
<tr><td>Above S$250,000 to S$500,000</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ng Hai Liong</td><td>75.7</td><td>6.3</td><td>18.0</td><td>–</td><td>100.0</td></tr>
<tr><td>S$250,000 and below</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Yuen Sou Wai Stewart</td><td>–</td><td>–</td><td>–</td><td>100.0</td><td>100.0</td></tr>
<tr><td>Yen Se-Hua</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>

* These amounts are inclusive of employer's CPF contribution and transport allowances.

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.

There are no termination, retirement, post-employment benefits that may be granted to Directors, the CEO and key management personnel.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>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) in FY2015 was 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>S$250,000 and below</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Goh Tuck Peng</td><td>Financial Controller (“FC”)</td><td>86.7</td><td>13.3</td><td>100.0</td></tr>
<tr><td>Khin Maung Tun @ Lim Ming Hwee</td><td>Project Manager</td><td>86.7</td><td>13.3</td><td>100.0</td></tr>
<tr><td>Heng Yann Syin</td><td>Senior Contract Administrator</td><td>80.6</td><td>19.4</td><td>100.0</td></tr>
<tr><td>Teo Bee Chin</td><td>Accountant</td><td>88.4</td><td>11.6</td><td>100.0</td></tr>
</table>

During FY2015, there were only four key management personnel.

* These amounts are inclusive of employer's CPF contribution and 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 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></td><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 total remuneration paid to the top 4 key management personnel (who are not also Directors or the CEO) in FY2015 was S$565,699.</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 was between S$100,000 to S$150,000 in FY2015.

Mr Ng Swee Seng is the nephew to Mr Ng Hai Liong and cousin to Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent. The remuneration of Mr Ng Swee Seng was between S$100,000 to S$150,000 in FY2015.

Save as disclosed, there is no other family relationship between any of the Directors or CEO whose remuneration exceeded S$50,000 in FY2015.</td></tr>
</table>

Guideline	Code and/or Guide 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 members of both 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 number of issued shares (excluding treasury shares) 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 FY2015.

<table>
<tr><th>Guideline</th><th>Code and/or Guide 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>
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 FY2015. Additionally, Mr Goh Tuck Peng received a fixed annual wage supplement.
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 FY2015. 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:
<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></td><td></td><td></td><td></td></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>

<table>
<tr><th>Guideline</th><th>Code and/or Guide 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:

Table 9.6(b)
<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</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>None</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 FY2015.</td></tr>
<tr><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td colspan="3"><u>Risk Management and Internal Controls</u></td></tr>
<tr><td>11.3</td><td>(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.</td><td>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 for FY2015.

The bases for the Board's view are as follows:

1. Assurance has been received from the CEO and FC (refer to Section 11.3(b) below);

2. An internal audit has been done by the internal auditor and significant matters highlighted to the AC and key management personnel were appropriately addressed;

3. Key management personnel regularly evaluates, monitors and reports to the AC and the Board on material risks;

4. 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;

5. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and

6. An enterprise risk management framework was established to identify, manage and mitigate significant risks.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (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?	Yes, the Board has obtained such assurance from the CEO and FC in respect of FY2015. The Board has relied on the IA's 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 operations and finances.
Audit Committee		
12.1 12.4	What is the role of the AC?	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 with IA, 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;

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(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; (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 FC 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 FC 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.
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and EA once in the absence of key management personnel in FY2015.
12.6	Has the AC reviewed the independence of the external auditors?	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.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><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 FY2015
<table>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>79,000</td><td>86</td></tr>
<tr><td>Non-audit fees (Tax services)</td><td>13,000</td><td>14</td></tr>
<tr><td>Total</td><td>92,000</td><td>100</td></tr>
</table></td></tr>
<tr><td></td><td>(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.</td><td>The non-audit services rendered during FY2015 were not substantial.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>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 can direct the email to any other member of the Whistle-Blowing Committee who has no conflict of interest. The Whistle-Blowing Committee comprises 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.</td></tr>
<tr><td>12.8</td><td>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?</td><td>In FY2015, the AC was provided with information such as updates on the changes to the Singapore's 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.</td></tr>
<tr><td colspan="3"><u>Internal Audit</u></td></tr>
<tr><td>13.1
13.2
13.3
13.4
13.5</td><td>Please provide details of the Company's internal audit function, if any.</td><td>The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd. that reports directly to the AC. 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.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
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; • its in-house corporate communications/investor relations team; • investor/analyst briefings; • investor roadshows; and • annual general meetings. The Company held 4 investor briefings in FY2015 to meet with its institutional and retail investors.
	(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.
15.5	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 paying dividends for the financial year? If not, please explain why.	The Board has declared an interim tax-exempt dividend of S$0.003 per ordinary share for the financial period ended 30 June 2015 and proposed a final tax-exempt dividend of S$0.003 per ordinary share for FY2015 which will be subject to shareholders' approval at the forthcoming AGM.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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. 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 independent auditor's report. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings will made available to shareholders upon their request.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	Material Contracts	Save for as disclosed in Notes 29 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 FY2015 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance 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 FC and • reviews done by the various Board Committees and key management personnel.

<table>
<tr><td>1204(17)</td><td>Interested Persons Transaction (“IPT”)</td><td>
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.
Other than the restructuring exercise and IPTs as disclosed on pages 66 and 151 to 166 of the offer document dated 1 December 2014 respectively, there were no additional IPTs of S$100,000 and above during FY2015. Details of the additional IPTs of S$100,000 and above are as follows:
<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
- Lease of construction equipment and vehicles from NHL Holding Pte Ltd</td><td>S$4,099,200</td><td>Not applicable</td></tr>
<tr><td>NHL Holding Pte Ltd
- Lease of dormitories to Huationg Contractor Pte Ltd from NHL Holding Pte Ltd</td><td>S$288,000</td><td>Not applicable</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 officers 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 officers 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-sponsor fees were paid to the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2015.</td></tr>
</table>

1204(22)	Use of IPO Proceeds	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 IPO on the Catalist of the SGX-ST on 9 December 2014. As at the date of this report, the status on the use of the IPO net proceeds is as follows:

Use of Proceeds	Amount Allocated (S$'000)	Amount Utilised (S$'000)	Amount Unutilisted (S$'000)
To explore opportunities in mergers and acquisitions, joint ventures and strategic alliances	1,500	–	1,500
To increase LSS production	1,000	–	1,000
General working capital purposes	1,611	479[(1)]	1,132
Listing expenses	1,389	1,389	–
Total	5,500	1,868	3,632

Note:-

(1) Amount for general working capital purposes has been utilised for the payment of 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.

Directors' Statement

The Directors of the Company present their statement to the members together with the audited financial statements of Huationg Global Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

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 properly drawn up in accordance with the provision of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, 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 1.1.2015	**Balance as at 31.12.2015**	**Balance as at 1.1.2015**	**Balance as at 31.12.2015**
	Number of ordinary shares			
The Company				
Ng Hai Liong	–	–	121,759,600	121,759,600
Ng Kian Ann Patrick	–	–	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. 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 2016 in the shares or debentures of the Company and its related corporations have not changed from those disclosed as at 31 December 2015.

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 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) 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.

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 report 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 prior to submission to the Directors of the Company for adoption;

(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 annual 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 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. 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.

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
28 March 2016

Report on the Financial Statements

We have audited the accompanying financial statements of Huationg Global Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 43 to 101, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the members of Huationg Global Limited

Report on the Financial Statements (Continued)

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2016

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
ASSETS					
Non-current assets					
Property, plant and equipment	4	109,380,815	82,850,411	–	–
Available-for-sale financial assets	6	4,912,659	2,079,359	–	–
Investments in subsidiaries	7	–	–	33,235,385	33,235,384
Investment in a joint venture	8	–	–	–	–
Prepayments	9	679,113	339,797	–	–
Intangible asset	10	11,000	11,000	–	–
Total non-current assets		114,983,587	85,280,567	33,235,385	33,235,384
Current assets					
Amounts due from contract customers	11	21,319,370	11,580,841	–	–
Available-for-sale financial assets	6	3,358,950	4,786,552	–	–
Inventories		187,034	–	–	–
Trade and other receivables	12	31,323,225	27,777,428	2,028,691	34,000
Prepayments	9	843,512	529,878	5,299	–
Cash and bank balances	13	18,808,781	16,368,010	3,064,754	4,588,991
Total current assets		75,840,872	61,042,709	5,098,744	4,622,991
Total assets		190,824,459	146,323,276	38,334,129	37,858,375
EQUITY AND LIABILITIES					
Share capital	14	38,676,148	38,676,148	38,676,148	38,676,148
Other reserves	15	(18,404,959)	(19,471,901)	–	–
Accumulated profits/(losses)	16	32,894,777	26,938,797	(466,893)	(1,446,289)
Equity attributable to owners of the parent		53,165,966	46,143,044	38,209,255	37,229,859
Non-controlling interests		148,767	358,016	–	–
Total equity		53,314,733	46,501,060	38,209,255	37,229,859
Non-current liabilities					
Other payables	17	2,021,156	133,333	–	–
Finance lease payables	18	37,571,526	22,295,139	–	–
Bank borrowings	19	10,197,617	12,244,501	–	–
Deferred income	20	239,810	–	–	–
Deferred tax liabilities	21	4,540,709	4,390,019	–	–
Total non-current liabilities		54,570,818	39,062,992	–	–
Current liabilities					
Amounts due to contract customers	11	10,274,062	5,438,497	–	–
Trade and other payables	17	29,715,507	24,227,459	124,874	628,516
Finance lease payables	18	16,558,095	11,098,046	–	–
Bank borrowings	19	25,259,001	18,797,466	–	–
Deferred income	20	99,231	–	–	–
Current income tax payable		1,033,012	1,197,756	–	–
Total current liabilities		82,938,908	60,759,224	124,874	628,516
Total liabilities		137,509,726	99,822,216	124,874	628,516
Total equity and liabilities		190,824,459	146,323,276	38,334,129	37,858,375

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015	2014
		$	$
Revenue	22	130,188,283	133,332,088
Cost of sales and services		(103,047,418)	(111,604,223)
Gross profit		27,140,865	21,727,865
Other item of income			
Other income	23	2,779,266	4,126,523
Other items of expense			
Administrative expenses		(18,346,776)	(14,824,925)
Other expenses		(2,257,862)	(3,359,716)
Finance costs	24	(2,017,864)	(1,393,035)
Share of loss of joint venture	8	(1)	–
Profit before income tax	25	7,297,628	6,276,712
Income tax expense	26	(1,096,743)	(1,125,148)
Profit for the financial year		6,200,885	5,151,564
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Fair value changes on available-for-sale financial assets	6	23,434	(9,568)
Reclassification of gains included in available-for-sale reserve		(13,148)	–
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment	4	1,056,656	6,698,053
Other comprehensive income for the financial year		1,066,942	6,688,485
Total comprehensive income for the financial year		7,267,827	11,840,049
Profit attributable to:			
Owners of the parent		6,410,134	5,106,350
Non-controlling interests		(209,249)	45,214
		6,200,885	5,151,564
Total comprehensive income attributable to:			
Owners of the parent		7,477,076	11,794,835
Non-controlling interests		(209,249)	45,214
		7,267,827	11,840,049
Earnings per share:			
- Basic and diluted (in cents)	27	4.23	4.11

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

Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2015

	Note	Share capital $	Accumulated profits $	Other reserves $	Total equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1.1.2015		38,676,148	26,938,797	(19,471,901)	46,143,044	358,016	46,501,060
Profit for the financial year		–	6,410,134	–	6,410,134	(209,249)	6,200,885
Other comprehensive income:							
- Gain on revaluation of property, plant and equipment	4	–	–	1,056,656	1,056,656	–	1,056,656
- Reclassification of gains in available-for-sale reserve		–	–	(13,148)	(13,148)	–	(13,148)
- Fair value changes on available-for-sale financial assets	6	–	–	23,434	23,434	–	23,434
		–	–	1,066,942	1,066,942	–	1,066,942
Total comprehensive income for the financial year		–	6,410,134	1,066,942	7,477,076	(209,249)	7,267,827
Transactions with owners of the parent:							
Dividends	28	–	(454,154)	–	(454,154)	–	(454,154)
Total transactions with owners of the parent		–	(454,154)	–	(454,154)	–	(454,154)
Balance as at 31.12.2015		38,676,148	32,894,777	(18,404,959)	53,165,966	148,767	53,314,733

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

Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2015

	Note	Share capital $	Accumulated profits $	Other reserves $	Total equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1.1.2014		7,075,000	29,827,447	–	36,902,447	312,802	37,215,249
Profit for the financial year		–	5,106,350	–	5,106,350	45,214	5,151,564
Other comprehensive income:							
- Gain on revaluation of property, plant and equipment	4	–	–	6,698,053	6,698,053	–	6,698,053
- Fair value changes on available-for-sale financial assets	6	–	–	(9,568)	(9,568)	–	(9,568)
		–	–	6,688,485	6,688,485	–	6,688,485
Total comprehensive income for the financial year		–	5,106,350	6,688,485	11,794,835	45,214	11,840,049
Transactions with owners of the parent:							
Issuance of subscriber's shares at date of incorporation of the Company	14	2	–	–	2	–	2
Issuance of ordinary shares pursuant to the restructuring exercise	14	33,235,384	–	(26,160,386)	7,074,998	–	7,074,998
Deemed distribution to owners of the parent pursuant to the restructuring exercise	14	(7,075,000)	–	–	(7,075,000)	–	(7,075,000)
Issuance of ordinary shares pursuant to the initial public offering exercise	14	5,500,000	–	–	5,500,000	–	5,500,000
Share-based payment expenses	14	425,000	–	–	425,000	–	425,000
Share issue expenses	14	(484,238)	–	–	(484,238)	–	(484,238)
Dividends	28	–	(7,995,000)	–	(7,995,000)	–	(7,995,000)
Total transactions with owners of the parent		31,601,148	(7,995,000)	(26,160,386)	(2,554,238)	–	(2,554,238)
Balance as at 31.12.2014		38,676,148	26,938,797	(19,471,901)	46,143,044	358,016	46,501,060

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	2015 $	2014 $
Cash flows from operating activities		
Profit before income tax	7,297,628	6,276,712
Adjustments for:		
Allowance for impairment of trade receivables	1,510,559	975,905
Depreciation of property, plant and equipment	12,082,157	10,367,062
Gain on disposal of available-for-sale financial assets	(32,807)	–
Gain on disposal of plant and equipment	(130,214)	(75,096)
Interest expenses	1,776,187	1,213,476
Interest income	(244,521)	(125,668)
Loss on disposal of investment property	–	300,000
Share-based payment expenses	–	425,000
Unrealised exchange difference	193,322	(111,433)
Operating cash flows before working capital changes	22,452,311	19,245,958
Working capital changes:		
Trade and other receivables	(5,056,356)	(1,101,795)
Prepayments	27,836	26,939
Amounts due to contract customers, net	(4,902,964)	(1,445,469)
Inventories	(187,034)	–
Trade and other payables	5,703,801	(2,527,968)
Cash generated from operations	18,037,594	14,197,665
Interest received	236,372	40,325
Income tax paid	(1,110,797)	(240,721)
Net cash from operating activities	17,163,169	13,997,269
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,712,594)	(3,231,841)
Purchase of available-for-sale financial assets	–	(4,753,671)
Proceeds from disposal of plant and equipment	4,868,948	540,592
Proceeds from disposal of available-for-sale financial assets	1,337,280	–
Proceeds from disposal of investment property	–	3,500,000
Net cash from/(used in) investing activities	1,493,634	(3,944,920)
Cash flows from financing activities		
Repayment from related parties	–	4,545,330
Repayment to Directors	–	(2,396,978)
Proceeds from trust receipts	59,957,073	63,962,542
Repayment of trust receipts	(59,141,620)	(63,204,355)
Proceeds from term loans	2,000,000	5,002,155
Repayment of term loans	(1,966,647)	(2,830,268)
Interest paid	(1,776,187)	(1,213,476)
Dividends paid	(454,154)	(5,500,000)
Proceeds from issuance of shares	–	5,500,000
Share issue expense	–	(484,238)
Repayment of finance lease payables	(14,834,497)	(9,601,431)
Net cash used in financing activities	(16,216,032)	(6,220,719)
Net change in cash and bank balances	2,440,771	3,831,630
Cash and bank balances as at the beginning of the financial year	16,368,010	12,536,380
Cash and bank balances as at the end of the financial year (Note 13)	18,808,781	16,368,010

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

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

1. General corporate information

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

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.

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

The principal activities of the subsidiaries are set out in Note 7 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 2015 were authorised for issue in accordance with a Directors' resolution dated 28 March 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

During the financial year, the Group adopted the new or revised FRS that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS. The adoption of the new or revised FRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	:	*Disclosure initiative*	1 January 2016
FRS 16 and FRS 38 (Amendments)	:	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
FRS 27 (Amendments)	:	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 110, FRS 28 (Amendments)	:	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
FRS 109	:	*Financial Instruments*	1 January 2018
FRS 111 (Amendments)	:	*Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
FRS 115	:	*Revenue from Contracts with Customers*	1 January 2018
FRS 7 (Amendments)	:	Disclosure Initiative	1 January 2017

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

The management anticipates that the adoption of the above FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income.

This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

The new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other receivables.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group will be required to address variable consideration elements in determining the transactions price, which in turn will be the amount to be recognised as revenue for that financial year based on the actual quantity sold as at the end of that financial year. The difference between the estimated transaction price and the contract price of the products sold will be recognised as a contract liability shown on the Group's statement of financial position.

The Group is in the process of assessing the potential impact on accounting for contract modifications.

The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

Amendments to FRS 7 Disclosure Initiative

The amendments to FRS 7 require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group will adopt these amendments in the financial year beginning on 1 January 2017 and will include the additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

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 other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are 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 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 accumulated profits) 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 FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity.

Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

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.

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.

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

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	30 to 52 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.

2.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.6 Intangible asset

Intangible asset acquired separately, which relates to club membership, is measured initially at cost. Following initial recognition, intangible asset is carried at cost less any accumulated impairment losses.

Intangible asset with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at 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.

2.7 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).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method) as described in Note 2.8 below.

2.8 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.

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.

2. Summary of significant accounting policies (Continued)

2.8 Joint ventures (Continued)

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.

2.9 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.

2.10 Financial instruments

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

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 applicable, 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.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets

Financial assets are initially measured at fair value, plus transaction costs.

The Group classifies its 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.

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), amounts due from contract customers and cash and bank balances.

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

Certain bond 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 impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses 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.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the asset 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 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.

With the exception of available-for-sale equity instruments, 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.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

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 entity.

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.

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 entity 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.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables, excluding non-refundable deposits, advances from contract customers and advance rental, 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

Interest-bearing borrowings are initially measured at fair value, 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 (see below).

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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies (Continued)

2.11 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. The Group measures stage of completion based on the proportion of contract costs incurred to-date compared to expected total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the statements of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers". Progress billings not yet paid by customers and retentions are included within "Trade and other receivables". Advances from contract customers are included within "Trade and other payables".

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been 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 less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.13 Cash and bank balances

Cash and bank balances 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.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for sales of goods and services rendered in the normal course of business, net of discounts and sales related taxes.

<u>Revenue from construction contracts</u>

Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts.

<u>Inland logistics support service income</u>

Inland logistics support service income is recognised upon completion of services.

2. Summary of significant accounting policies (Continued)

2.14 Revenue recognition (Continued)

Sales of construction materials

Revenue from the sales of construction materials is recognised when the materials are delivered to and accepted by the customers.

Rental income

Rental income from properties are recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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.

2.18 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.

2. Summary of significant accounting policies (Continued)

2.19 Leases (Continued)

Finance leases (Continued)

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

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.

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 all temporary 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, and is accounted for using the balance sheet liability method. 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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Summary of significant accounting policies (Continued)

2.20 Taxes (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint venture, except where the Group is able to control the 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.

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. Summary of significant accounting policies (Continued)

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.

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

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

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether an investment in subsidiaries or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of the investment or fair value of a financial asset is less than its carrying amount and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

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

3.1 Critical judgements made in applying the accounting policies (Continued)

(ii) Contract revenue

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to-date to the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, management's evaluation is based on the actual level of work performed and past experience.

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) 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 2015 was $109,380,815 (2014: $82,850,411).

(ii) Allowances for impairment of trade and other receivables

The policy for impairment of receivables of the Group is on a case-by-case basis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of Group's and the Company's trade and other receivables (excluding non-refundable deposit) as at 31 December 2015 were $31,030,132 (2014: $27,520,535) and $2,028,691 (2014: $34,000) respectively.

(iii) 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 2015 were $1,033,012 (2014: $1,197,756) and $4,540,709 (2014: $4,390,019) respectively.

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

3.2 Key sources of estimation uncertainty (Continued)

(iv) 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 34.1)

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.

4. Property, plant and equipment

	Leasehold properties	Computers	Container offices	Office equipment and electrical fittings	Plant and machineries	Worksite equipment	Trucks and vehicles	Total
	$	$	$	$	$	$	$	$
Group								
Cost								
Balance as at 1.1.2015	22,000,000	185,654	231,002	652,841	74,794,766	2,195,137	33,042,190	133,101,590
Additions	943,344	102,690	–	33,271	35,992,941	761,217	4,122,134	41,955,597
Disposals	–	–	–	–	(9,397,150)	(2,950)	(2,815,006)	(12,215,106)
Revaluation	1,056,656	–	–	–	–	–	–	1,056,656
Balance as at 31.12.2015	24,000,000	288,344	231,002	686,112	101,390,557	2,953,404	34,349,318	163,898,737
Representing:								
At cost	–	288,344	231,002	686,112	101,390,557	2,953,404	34,349,318	139,898,737
At valuation	24,000,000	–	–	–	–	–	–	24,000,000
	24,000,000	288,344	231,002	686,112	101,390,557	2,953,404	34,349,318	163,898,737
Accumulated depreciation								
Balance as at 1.1.2015	–	167,064	149,686	414,155	35,031,325	1,217,434	13,271,515	50,251,179
Depreciation	–	33,983	28,536	55,802	8,469,681	394,726	3,099,429	12,082,157
Disposals	–	–	–	–	(5,640,500)	–	(2,174,914)	(7,815,414)
Balance as at 31.12.2015	–	201,047	178,222	469,957	37,860,506	1,612,160	14,196,030	54,517,922
Carrying amount								
Balance as at 31.12.2015	24,000,000	87,297	52,780	216,155	63,530,051	1,341,244	20,153,288	109,380,815

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

	Leasehold properties $	Computers $	Container offices $	Office equipment and electrical fittings $	Plant and machineries $	Worksite equipment $	Trucks and vehicles $	Total $
Group								
Cost								
Balance as at 1.1.2014	17,713,493	181,455	189,952	592,043	63,423,172	1,701,028	33,182,468	116,983,611
Additions	–	4,199	41,050	60,798	11,719,151	494,109	1,397,586	13,716,893
Disposals	–	–	–	–	(347,557)	–	(1,537,864)	(1,885,421)
Revaluation	4,286,507	–	–	–	–	–	–	4,286,507
Balance as at 31.12.2014	22,000,000	185,654	231,002	652,841	74,794,766	2,195,137	33,042,190	133,101,590
Representing:								
At cost	–	185,654	231,002	652,841	74,794,766	2,195,137	33,042,190	111,101,590
At valuation	22,000,000	–	–	–	–	–	–	22,000,000
	22,000,000	185,654	231,002	652,841	74,794,766	2,195,137	33,042,190	133,101,590
Accumulated depreciation								
Balance as at 1.1.2014	2,121,401	161,195	124,004	339,489	28,639,848	893,812	11,469,703	43,749,452
Depreciation	290,145	5,869	25,682	74,666	6,652,716	323,622	2,994,362	10,367,062
Disposals	–	–	–	–	(261,239)	–	(1,192,550)	(1,453,789)
Elimination of depreciation on revaluation	(2,411,546)	–	–	–	–	–	–	(2,411,546)
Balance as at 31.12.2014	–	167,064	149,686	414,155	35,031,325	1,217,434	13,271,515	50,251,179
Carrying amount								
Balance as at 31.12.2014	22,000,000	18,590	81,316	238,686	39,763,441	977,703	19,770,675	82,850,411

4. Property, plant and equipment (Continued)

As at 31 December 2015, the Group's plant and machineries with a carrying amount of $58,508,733 (2014: $33,015,402) and trucks and vehicles with a carrying amount of $17,473,842 (2014: $16,236,646) were purchased under finance lease agreements. Finance lease assets are pledged as securities for the related finance lease payables (Note 18).

The Group's leasehold properties as at 31 December 2015 with a fair value of $24,000,000 (2014: $22,000,000) were pledged as securities for the banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

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

	Group	
	2015	**2014**
	$	**$**
Additions to property, plant and equipment	41,955,597	13,716,893
Acquired under finance lease agreements	(33,601,978)	(8,516,097)
Acquired under trade and other payables	(3,641,025)	(1,968,955)
Cash payments to acquire property, plant and equipment	4,712,594	3,231,841

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 with a floor area of 7,579 square metre	52 years from 1 January 1989

The Group's leasehold properties had been revalued on 31 December 2015 which was recognised in the financial statements based on valuations performed by Messrs GB Global Pte Ltd, an accredited independent valuation firm. The surpluses of $1,056,656 (2014: $6,698,053) arising from the revaluations have been credited to other comprehensive income and accumulated in equity under asset revaluation reserve (Note 15). The fair value 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. If the revalued properties had been included in the financial statements at historical cost less accumulated depreciation, the carrying amount as at 31 December 2015 would have been $14,431,513 (2014: $15,011,803). Details of valuation techniques and inputs used are disclosed in Note 34 to the financial statements.

5. Investment property

	Group	
	2015	2014
	$	$
At fair value		
Balance as at the beginning of the financial year	–	3,800,000
Fair value gain recognised in profit or loss	–	–
Disposed during the financial year	–	(3,800,000)
Balance as at the end of the financial year	–	–

The Group's investment property was held under freehold interests.

The following amounts are recognised in profit or loss:

	Group	
	2015	2014
	$	$
Rental income from investment property (Note 23)	–	46,741
Direct operating expenses arising from rental-generating investment property	–	3,426

The Group does not have any investment property that do not generate rental income.

Details of the Group's investment property was as follows:

Location	Description	Tenure
33 Bedok Road Singapore 469358	3 Storey semi-detached house	Freehold

The Group's investment property was valued as at 31 December 2013 by Messrs GB Global Pte Ltd, an independent professional valuation firm with recent experience in the location and category of the investment property held by the Group. The valuation was based on the market comparison approach.

On 7 November 2014, the freehold investment property was sold to a related party for a consideration of $3,500,000.

6. Available-for-sale financial assets

	Group 2015 Investments in life insurances $	Quoted debt securities $	Total $
Balance as at the beginning of the financial year	2,079,359	4,786,552	6,865,911
Additions	2,435,662	–	2,435,662
Disposals	–	(1,317,621)	(1,317,621)
Interest earned	–	178,899	178,899
Interest received	–	(170,750)	(170,750)
Unrealised foreign exchange gain recognised in profit or loss	256,074	–	256,074
Fair value changes recognised in other comprehensive income	141,564	(118,130)	23,434
Balance as at the end of the financial year	4,912,659	3,358,950	8,271,609

	2014 Investments in life insurances $	Quoted debt securities $	Total $
Balance as at the beginning of the financial year	–	–	–
Additions	1,925,034	4,753,671	6,678,705
Interest earned	–	85,341	85,341
Unrealised foreign exchange gain recognised in profit or loss	111,433	–	111,433
Fair value changes recognised in other comprehensive income	42,892	(52,460)	(9,568)
Balance as at the end of the financial year	2,079,359	4,786,552	6,865,911

Details of the available-for-sale financial assets are as follows:

	Group 2015 $	2014 $
Current		
Quoted debt securities, at fair value		
- Instrument I	–	1,042,930
- Instrument II	–	266,542
- Instrument III	1,467,750	1,501,350
- Instrument IV	1,891,200	1,975,730
	3,358,950	4,786,552

6. Available-for-sale financial assets (Continued)

Details of the available-for-sale financial assets are as follows: (Continued)

	Group	
	2015	**2014**
	$	**$**
Non-current		
Investments in life insurances, at fair value		
- Life Insurance Policy I	2,316,977	2,079,359
- Life Insurance Policy II	2,595,682	–
	4,912,659	2,079,359
	8,271,609	6,865,911

Quoted debt securities

	Group			
	2015		2014	
	Coupon rate	**Maturity**	**Coupon rate**	**Maturity**
Instrument I	–	–	5.20%	17 April 2019
Instrument II	–	–	3.75%	19 September 2024
Instrument III	4.25%	3 April 2019	4.25%	3 April 2019
Instrument IV	5.35%	1 October 2018	5.35%	1 October 2018

During the financial year ended 31 December 2015, Instrument I and Instrument II were disposed for a cash consideration of $1,057,666 and $279,614 respectively.

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 2015 is presented in Note 34.1 to the financial statements.

Investments in life insurances

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 revolving loan (Note 19). 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 new 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 19). 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.

6. Available-for-sale financial assets (Continued)

Investments in life insurances (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 there from after deducting for the amounts paid under the revolving loans (Note 19), as well as (b) the surrender value of the insurance policies.

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

The interest earned on available-for-sale financial assets amounting to $178,899 (2014: $85,341) is recognised in profit or loss under the "Other income" line item.

The available-for-sale financial assets are denominated in the following currencies:

	Group	
	2015	2014
	$	$
Singapore dollar	3,358,950	4,520,010
United States dollar	4,912,659	2,345,901
	8,271,609	6,865,911

7. Investments in subsidiaries

	Company	
	2015	2014
	$	$
Unquoted equity shares, at cost	33,235,385	33,235,384

The details of the subsidiaries are as follows:

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
			2015	2014	2015	2014
			%	%	%	%
Held by the Company						
Huationg Contractor Pte Ltd(1)	Singapore	Provision of civil engineering services and inland construction logistics support	100	100	–	–
Soil Engineering Pte. Ltd.(1)	Singapore	Supply of construction materials	100	100	–	–
HT Equipment Pte. Ltd.(1)	Singapore	Provision of industrial machinery and equipment rental services	75	75	25	25

7. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company	Country of incorporation and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
			2015	2014	2015	2014
			%	%	%	%
Held by Huationg Contractor Pte Ltd						
Banyan Capital Pte. Ltd.[(2)]	Singapore	General contractors and other investment holding company	100	–	–	–

(1) Audited by BDO LLP, Singapore

(2) Audited by RSM Chio Lim LLP, Singapore

Restructuring exercise

Prior to the listing of the Company, a restructuring exercise (the "Restructuring Exercise") was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) Acquisition of Huationg Contractor Pte Ltd

On 11 November 2014, the Company entered into a sale and purchase agreement with Mr Ng Hai Liong, Ms Lee Swee Chu, Mr Ng Kian Peng, Albert, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, for the acquisition of the entire issued share capital of Huationg Contractor Pte Ltd for a consideration of $22,516,497, based on the net tangible assets of Huationg Contractor Pte Ltd adjusted for revaluation reserve as at 30 June 2014. The consideration was satisfied by the allotment and issue of 111,864,000 ordinary shares in the Company. The acquisition was completed on 11 November 2014.

(ii) Acquisition of Soil Engineering Pte. Ltd.

On 11 November 2014, the Company entered into a sale and purchase agreement with Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, for the acquisition of the entire issued share capital of Soil Engineering Pte. Ltd. for a consideration of $9,703,066, based on the net tangible assets of Soil Engineering Pte. Ltd. as at 30 June 2014. The consideration was satisfied by the allotment and issue of 3,441,998 ordinary shares in the Company. The acquisition was completed on 11 November 2014.

(iii) Acquisition of HT Equipment Pte. Ltd.

On 11 November 2014, the Company entered into a sale and purchase agreement with Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, for the acquisition of 75.0% share capital of HT Equipment Pte. Ltd. for a consideration of $1,015,821, based on the net tangible assets of HT Equipment Pte. Ltd. as at 30 June 2014. The consideration was satisfied by the allotment and issue of 6,453,600 ordinary shares in the Company. The acquisition was completed on 11 November 2014.

7. Investments in subsidiaries (Continued)

Incorporation of a subsidiary

During the financial year ended 31 December 2015, the Group has, through its wholly-owned subsidiary, Huationg Contractor Pte Ltd incorporated a wholly-owned subsidiary known as Banyan Capital Pte. Ltd. ("Banyan") in the Republic of Singapore, with an issued and paid-up share capital of $1. Banyan will be principally engaged in the businesses of general contractors and investment holding.

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.	
	2015	2014
	$	$
Revenue	2,876,418	4,438,094
(Loss)/Profit before income tax	(843,390)	169,637
Income tax credit	6,394	11,220
(Loss)/Profit for the financial year	(836,996)	180,857
(Loss)/Profit allocated to NCI	(209,249)	45,214
Other comprehensive income allocated to NCI	–	–
Total comprehensive income allocated to NCI	(209,249)	45,214
Cash flows from operating activities	692,086	545,948
Cash flows used in investing activities	(22,415)	(283,954)
Cash flows used in financing activities	(728,600)	(566,420)
Net cash outflows	(58,929)	(304,426)
Assets:		
Current assets	676,725	1,495,326
Non-current assets	3,341,126	3,751,645
Liabilities:		
Current liabilities	(1,922,419)	(1,621,351)
Non-current liabilities	(1,500,365)	(2,193,556)
Net assets	595,067	1,432,064
Accumulated non-controlling interests	148,767	358,016

8. Investment in a joint venture

	Group
	2015
	$
Unquoted equity shares	
Balance as at the beginning of the financial year	–
Acquisition of share	1
Share of post-acquisition results	(1)
Balance as at the end of the financial year	–

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	
		2015	2014
		%	%
Golden Empire-Huationg Pte. Ltd.[1] (Singapore)	Civil engineering and mixed construction and land reclamation works	33.3	–

(1) Audited by RSM Chio Lim LLP, Singapore

On 10 July 2015, a subsidiary of the Group, Banyan entered into a joint venture agreement with Golden Empire Civil Engineering Pte. Ltd. ("Golden Empire") to incorporate a joint venture company, Golden Empire-Huationg Pte. Ltd. (the "JV Company"). The JV Company, with an initial issued and paid-up share capital of $3, was entered into to form a strategic alliance in the business of civil engineering projects.

Summarised financial information (immaterial joint venture)

	2015
	$
The Group's share of loss for the financial year, representing total comprehensive income	(1)

The Group has not recognised losses relating to the joint venture where its share of losses exceed the Group's carrying amount of its investment in the joint venture. The Group's cumulative share of unrecognised losses were $2,583. The Group has no obligation in respect of those losses.

9. Prepayments

	Group	
	2015	2014
	$	$
Prepaid life insurance (Note 6)		
Prepaid other operating expenses	912,355	436,882
Less: Current portion	610,270	432,793
Non-current portion	(843,512)	(529,878)
	679,113	339,797

10. Intangible asset

	Group 2015 $	Group 2014 $
Club membership, at cost	54,400	54,400
Less: Allowance for impairment	(43,400)	(43,400)
	11,000	11,000

11. Construction contracts

	Group 2015 $	Group 2014 $
Contracts in progress as at 31 December:		
Amounts due from contract customers	21,319,370	11,580,841
Amounts due to contract customers	(10,274,062)	(5,438,497)
	11,045,308	6,142,344
Contract costs incurred and attributable profits less recognised losses	443,196,776	344,448,922
Less: Progress billings	(432,151,468)	(338,306,578)
	11,045,308	6,142,344

As at 31 December 2015, retention monies held by customers for contract work amounted to $12,786,876 (2014: $12,568,375) are presented within trade receivables in Note 12. The amounts due from and to contract customers are denominated in Singapore dollar.

12. Trade and other receivables

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Trade receivables				
- third parties	21,242,735	15,832,100	–	–
Retention sums on construction contracts	12,786,876	12,568,375	–	–
	34,029,611	28,400,475	–	–
Less:				
Allowance for impairment	(3,942,198)	(2,433,336)	–	–
	30,087,413	25,967,139	–	–
Other receivables				
- third parties	2,854	44,088	–	34,000
- employees	54,215	58,557	–	–
- subsidiaries	–	–	2,028,691	–
	57,069	102,645	2,028,691	34,000

12. Trade and other receivables (Continued)

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Deposits				
- refundable	885,650	1,450,751	–	–
- non-refundable	293,093	256,893	–	–
	1,178,743	1,707,644	–	–
Trade and other receivables	31,323,225	27,777,428	2,028,691	34,000
Add/(Less):				
Cash and bank balances	18,808,781	16,368,010	3,064,754	4,588,991
Amounts due from contract customers	21,319,370	11,580,841	–	–
Non-refundable deposits	(293,093)	(256,893)	–	–
Loans and receivables	71,158,283	55,469,386	5,093,445	4,622,991

Trade receivable from third parties are unsecured, non-interest bearing and generally on 30 to 60 days' credit terms.

Non-trade receivable from subsidiaries is unsecured, non-interest bearing and repayable on demand.

Allowances were made for receivables, which are determined to be impaired, for debtors that have a high likelihood in defaulting on payments. These receivables are not secured by any collateral or credit enhancements.

The allowance for impairment of trade receivables amounting to $1,510,559 (2014: $975,905) was recognised in profit or loss under "other expenses" line item.

Movements in allowance for impairment of trade receivables were as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Balance as at the beginning of the financial year	2,433,336	1,467,720	–	–
Allowance made during the financial year	1,510,559	975,905	–	–
Bad debts written-off	(1,697)	(10,289)	–	–
Balance as at the end of the financial year	3,942,198	2,433,336	–	–

Trade receivables are subject to a negative pledge as security for the banking facilities as set out in Note 19 to the financial statements.

12. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore dollar	31,176,545	27,777,428	2,028,691	34,000
British pound sterling	146,680	–	–	–
	31,323,225	27,777,428	2,028,691	34,000

13. Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore dollar	18,649,546	16,304,616	3,064,754	4,588,991
United States dollar	156,158	60,098	–	–
Euro	3,077	3,296	–	–
	18,808,781	16,368,010	3,064,754	4,588,991

14. Share capital

	Group and Company		Group		Company	
	2015	2014	2015	2014	2015	2014
	Number of ordinary shares		$	$	$	$
Issued and fully-paid						
Balance as at the beginning of the financial year/period	151,384,600	–	38,676,148	7,075,000	38,676,148	–
Issuance of 2 subscriber's shares at date of incorporation of the Company	–	2	–	2	–	2
Deemed distribution to owners pursuant to the Restructuring Exercise	–	–	–	(7,075,000)	–	–
Issuance of ordinary shares pursuant to the Restructuring Exercise	–	121,759,598	–	33,235,384	–	33,235,384
Share-based payment expenses#	–	2,125,000	–	425,000	–	425,000
Issuance of ordinary shares pursuant to initial public offering exercise	–	27,500,000	–	5,500,000	–	5,500,000
Less: Share issue expenses+		–	–	(484,238)	–	(484,238)
Balance as at the end of the financial year/period	151,384,600	151,384,600	38,676,148	38,676,148	38,676,148	38,676,148

14. Share capital (Continued)

\# On 26 November 2014, the Company issued 1,875,000 and 250,000 ordinary shares for a consideration of $375,000 and $50,000, for professional fees paid to the Sponsor and employee of the Company, respectively, as disclosed in and Note 25 to the financial statements. The professional fees paid were in connection with the Company's initial public offering.

\+ Included in these expenses was an allocation portion of professional fees paid to the auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. This allocation portion of professional fees amounted to $32,400.

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.

On 1 August 2014, the Company issued 2 subscriber's share for a cash consideration of $2 at the date of its incorporation.

On 11 November 2014, pursuant to the Restructuring Exercise as described in Note 7, 121,759,598 ordinary shares were issued for a deemed consideration of $33,235,384.

On 9 December 2014, the Company issued 27,500,000 ordinary shares at $0.20 per share pursuant to the Company's initial public offering exercise. The proceeds from the initial public offering exercise will be used as working capital of the Group.

15. Other reserves

	Group	
	2015	2014
	$	$
Asset revaluation reserve	7,754,709	6,698,053
Merger reserve	(26,160,386)	(26,160,386)
Available-for-sale reserve	718	(9,568)
	(18,404,959)	(19,471,901)

Asset revaluation reserve

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

	Group	
	2015	2014
	$	$
Balance as at the beginning of the financial year	6,698,053	–
Gain on revaluation (Note 4)	1,056,656	6,698,053
Balance as at the end of the financial year	7,754,709	6,698,053

15. Other reserves (Continued)

Merger reserve

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

	Group	
	2015	**2014**
	$	**$**
Balance as at the beginning of the financial year	(26,160,386)	–
Deemed distribution to owners of the parent pursuant to the Restructuring Exercise	–	(26,160,386)
Balance as at the end of the financial year	(26,160,386)	(26,160,386)

Available-for-sale reserve

Available-for-sale reserve represents the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group	
	2015	**2014**
	$	**$**
Balance as at the beginning of the financial year	(9,568)	–
Reclassification of gains in available-for-sale reserve upon disposal of available-for-sale financial assets	(13,148)	–
Gain/(Loss) on changes in fair value (Note 6)	23,434	(9,568)
Balance as at the end of the financial year	718	(9,568)

16. Accumulated profits/(losses)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Balance as at the beginning of the financial year/period	26,938,797	29,827,447	(1,446,289)	–
Profit/(Loss) for the financial year/period	6,410,134	5,106,350	1,433,550	(1,446,289)
Dividends (Note 28)	(454,154)	(7,995,000)	(454,154)	–
Balance as at the end of the financial year/period	32,894,777	26,938,797	(466,893)	(1,446,289)

17. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Current				
Trade payables				
- third parties	12,943,150	11,614,130	–	–
- a related party	3,284,797	1,563,693	–	–
Retention sums payable to subcontractors	1,970,930	934,842	–	–
	18,198,877	14,112,665	–	–
Other payables				
- third parties	3,725,994	2,138,962	124,874	48,635
- staff retention monies	350,648	624,551	–	–
- a subsidiary	–	–	–	562,415
- Directors	223,903	230,003	–	17,466
- related parties	1,995,000	3,495,000	–	–
	6,295,545	6,488,516	124,874	628,516
Refundable deposits	164,720	160,420	–	–
Advance from contract customer	360,000	–	–	–
Advance rental	133,333	400,000	–	–
Accrued expenses	4,563,032	3,065,858	–	–
	29,715,507	24,227,459	124,874	628,516
Non-current				
Other payables				
- Directors	341,156	–	–	–
- related parties	1,500,000	–	–	–
- Advance from contract customer	180,000	–	–	–
- Advance rental	–	133,333	–	–
	2,021,156	133,333	–	–
Trade and other payables	31,736,663	24,360,792	124,874	628,516
Add/(Less):				
Advance from contract customer	(540,000)	–	–	–
Advance rental	(133,333)	(533,333)	–	–
Finance lease payables	54,129,621	33,393,185	–	–
Bank borrowings	35,456,618	31,041,967	–	–
Other financial liabilities at amortised cost	120,649,569	88,262,611	124,874	628,516

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

The current portion of the amounts due to Directors, a subsidiary and related parties are unsecured, non-interest bearing and repayable on demand. The non-current portion of the amounts due to Directors and related parties are unsecured, non-interest bearing and not repayable within the next twelve months.

17. Trade and other payables (Continued)

Current and non-current advance rental represent part of the consideration arising from the purchase of a property located at 9 Benoi Crescent, Singapore 629972 by the Group in May 2011 from its previous owner which became one of the Group's lessee. Part of the consideration paid to the previous owner was used as a prepaid rent and shall be amortised over the next 5 years from the date of the commencement of the lease.

Trade and other payables are denominated in Singapore dollar.

18. Finance lease payables

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
2015			
Not later than one year	17,105,855	(547,760)	16,558,095
Later than one year and not later than five years	38,982,572	(1,411,046)	37,571,526
	56,088,427	(1,958,806)	54,129,621
2014			
Not later than one year	11,597,870	(499,824)	11,098,046
Later than one year and not later than five years	22,850,758	(555,619)	22,295,139
	34,448,628	(1,055,443)	33,393,185

The finance lease term is 4 to 5 years. The average effective interest rates for the finance lease payables are 2.56% (2014: 2.09%) per annum.

The finance lease payables are secured by the leased asset (Note 4).

The finance lease payables are denominated in Singapore dollar.

19. Bank borrowings

	Group 2015 $	Group 2014 $
Current		
Secured		
Revolving loan I	2,728,700	2,410,458
Revolving loan II	3,247,600	–
Revolving loan III	1,000,000	1,000,000
Term loan I	660,000	660,000
Trust receipts I	5,840,331	3,451,593
	13,476,631	7,522,051
Unsecured		
Trust receipts II	8,416,819	9,990,104
Revolving loan IV	1,000,000	–
Revolving loan V	1,000,000	–
Term loan II	1,365,551	1,285,311
	11,782,370	11,275,415
	25,259,001	18,797,466
Non-current		
Secured		
Term loan I	9,515,000	10,175,000
Unsecured		
Term loan II	682,617	2,069,501
	10,197,617	12,244,501
Total bank borrowings	35,456,618	31,041,967

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

	Group 2015 %	Group 2014 %
Revolving loans	1.98	1.56
Term loans	2.43	2.13
Trust receipts	2.37	1.70

As at 31 December 2015, the revolving loans I and III amounting to $2,728,700 (2014: $2,410,458) and $1,000,000 (2014: $1,000,000) respectively are secured through the legal mortgage over a leasehold property of the Group (Note 4), a corporate guarantee by the Company amounting to $13,200,000 (2014: joint and severally guarantee from certain executive Directors of the Company amounting to $13,200,000), and first legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 6).

As at 31 December 2015, the revolving loan II amounting to $3,247,600 (2014: Nil) is secured through the legal mortgage over a leasehold property of the Group (Note 4), a corporate guarantee by the Company amounting to $3,247,600 (2014: Nil), and first legal assignment of all the rights, title, interests and benefits arising from Policy II (Note 6).

19. Bank borrowings (Continued)

As at 31 December 2015, the revolving loans IV and V amounting to $1,000,000 and $1,000,000 respectively (2014: Nil) are supported through a corporate guarantee by the Company amounting to $2,000,000 (2014: Nil).

Term loan I is repayable over a period of 20 years by monthly instalments commencing from May 2011. As at 31 December 2015, 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 amounting to $13,200,000 (2014: joint and severally guarantee from certain executive Directors of the Company amounting to $13,200,000).

As at 31 December 2015, the trust receipts I are secured by the legal mortgage over a leasehold property of the Group (Note 4), and a negative pledge on trade receivables (Note 12) of a subsidiary. As at 31 December 2015, the trust receipts I and II are supported by corporate guarantee from the Company amounting to $36,000,000 (2014: joint and severally guarantee from certain executive Directors of the Company amounting to $36,300,000).

Term loan II is repayable over a period of 3 years by monthly instalments commencing from June 2014. As at 31 December 2015, term loan II is supported by corporate guarantee from the Company amounting to $4,000,000 (2014: joint and severally guarantee from certain executive Directors of the Company amounting to $4,000,000).

As at the end of each financial year, the Group has banking facilities as follows:

	Group	
	2015	**2014**
	$	**$**
Facilities granted	264,651,525	154,285,317
Facilities utilised	77,822,190	72,435,978

Bank borrowings are denominated in the following currencies:

	Group	
	2015	**2014**
	$	**$**
Singapore dollar	29,480,318	28,631,509
United States dollar	5,976,300	2,410,458
	35,456,618	31,041,967

20. Deferred income

	Group	
	2015	**2014**
	$	**$**
Current		
Deferred gain on sale and leaseback transactions		
- finance leases	99,231	–
Non-current		
Deferred gain on sale and leaseback transactions		
- finance leases	239,810	–
	339,041	–

21. 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 $	Foreseeable losses $	Others $	Total $
Group				
Balance as at 1.1.2015	4,424,919	(3,900)	(31,000)	4,390,019
Charged/(credited) to profit or loss	154,790	3,900	(8,000)	150,690
Balance as at 31.12.2015	4,579,709	–	(39,000)	4,540,709
Balance as at 1.1.2014	3,966,501	–	–	3,966,501
Charged/(credited) to profit or loss	458,418	(3,900)	(31,000)	423,518
Balance as at 31.12.2014	4,424,919	(3,900)	(31,000)	4,390,019

Subject to the agreement by relevant taxation authorities, at the end of financial year, the Group has unutilised tax losses and unutilised capital allowance of approximately $401,000 (2014: Nil) and $347,000 (2014: Nil) respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of profit streams.

22. Revenue

	Group	
	2015 $	2014 $
Revenue from contract works	99,618,077	103,791,328
Inland logistics support service income	28,096,530	27,368,823
Sales of construction materials	2,473,676	2,171,937
	130,188,283	133,332,088

23. Other income

	Group	
	2015	2014
	$	$
Foreign exchange gain, net	–	124,007
Forfeited deposit	–	135,095
Gain on disposal of plant and equipment	130,214	75,096
Gain on disposal of available-for-sale financial assets	32,807	–
Government grants	320,836	234,664
Insurance claim monies received*	57,994	758,026
Interest income from		
- banks	65,622	40,327
- available-for-sale financial assets	178,899	85,341
Operating lease income		
- leasehold properties	738,284	1,017,394
- investment property	–	46,741
- sublease of other operating lease facilities	993,425	1,328,027
Sponsorship income	–	75,000
Sundry income	261,185	206,805
	2,779,266	4,126,523

* In the financial year ended 31 December 2014, insurance claim monies received mainly related to compensation for fire damage to the Group's plant and equipment.

24. Finance costs

	Group	
	2015	2014
	$	$
Interest expenses		
- bank overdrafts	249	57
- finance leases	920,547	601,239
- late payment	–	304
- revolving loans	66,112	48,650
- term loans	397,174	226,944
- trust receipts	348,567	278,772
- others	43,538	57,510
	1,776,187	1,213,476
Bank charges	241,677	179,559
	2,017,864	1,393,035

25. 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	
	2015	2014
	$	$
Cost of sales and services		
Employee benefits expense		
- salaries, wages and other benefits	17,043,169	18,350,987
- contribution to Central Provident Fund	268,293	344,247
Depreciation of property, plant and equipment	11,992,371	10,003,584
Diesel/fuel costs	9,736,551	13,301,503
Material costs	18,326,500	19,532,923
Operating lease expense		
- trucks and equipment	6,141,894	5,042,489
- rental of premises	413,567	176,068
Repair and maintenance	7,829,295	8,038,339
Subcontract costs	28,538,244	33,583,716
Administrative expenses		
Employee benefits expense		
- salaries, wages and other benefits	11,631,664	9,614,902
- contribution to Central Provident Fund	567,290	455,801
- share-based payment expense (Note 14)	–	50,000
Directors' fees	125,000	17,466
Directors' remuneration		
- salaries, wages and other benefits	1,817,198	1,113,524
- contribution to Central Provident Fund	69,589	98,671
Depreciation of property, plant and equipment	89,786	363,478
Operating lease expense		
- construction site and other operating facilities	2,867,106	1,855,980
Share-based payment expense – professional fee (Note 14)	–	375,000
Other expenses		
Allowance for impairment of trade receivables	1,510,559	975,905
Foreign exchange loss, net	126,894	–
Initial public offering exercise expenses	–	1,458,123
Loss on disposal of investment property	–	300,000
Penalty and fine	258,279	310,173
Transportation expense	197,241	172,001

26. Income tax expense

	Group 2015 $	Group 2014 $
Current income tax		
- current financial year	831,027	980,063
- under/(over)provision in prior financial years	115,026	(278,433)
	946,053	701,630
Deferred income tax		
- current financial year	228,690	65,518
- (over)/underprovision in prior financial years	(78,000)	358,000
	150,690	423,518
	1,096,743	1,125,148

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 2015 $	Group 2014 $
Profit before income tax	7,297,628	6,276,712
Income tax calculated at Singapore's statutory tax rate	1,240,597	1,067,041
Tax effect of:		
- income not subject to tax	(4,013)	(18,943)
- expenses not deductible for tax purposes	130,346	415,920
- tax rebates and enhanced allowances	(421,923)	(357,999)
- Singapore statutory stepped income exemption	(25,925)	(59,925)
Under/(Over)provision of current income tax in prior financial years	115,026	(278,433)
(Over)/Underprovision of deferred tax in prior financial years	(78,000)	358,000
Deferred tax assets not recognised	127,157	–
Others	13,478	(513)
	1,096,743	1,125,148

27. Earnings per share

Basic earnings per share

The calculation for earnings per share is based on:

	Group	
	2015	**2014**
Profit attributable to owners of the parent ($)	6,410,134	5,106,350
Actual (2014: weighted average) number of ordinary shares in issue during the financial year applicable to basic earnings per share	151,384,600	124,304,805
Basic earnings per share (in cents)	4.23	4.11

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 2015 and 2014 divided by the actual (2014: weighted average) 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.

28. Dividends

	Group and Company	
	2015	**2014**
	$	**$**
First interim tax-exempt dividend of $0.003 per ordinary share in respect of financial year ended 31 December 2015	454,154	–
Final tax-exempt dividend of $1.23 per ordinary share in respect of financial year ended 31 December 2013	–	7,995,000
	454,154	7,995,000

The Board of Directors proposed that a final dividend of $0.003 per ordinary share amounting to $454,154 to be paid for the financial year ended 31 December 2015. 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.

29. 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	
	2015	2014
	$	$
With a related party*		
Rental of equipment and trucks to a related party	–	34,519
Disposal of trucks and vehicles to a related party	–	17,411
Labour services rendered from a related party	–	32,640
Purchase of construction materials from a related party	–	13,800
Rental of other operating facilities from a related party	288,000	270,000
Rental of equipment and trucks from a related party	4,099,200	4,256,318

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 2015 and 2014 were as follows:

	Group	
	2015	2014
	$	$
Directors of the Company		
- Directors' fees	125,000	17,466
- short-term employee benefits	1,699,406	949,524
- post-employment benefits	55,140	77,743
	1,879,546	1,044,733
Directors of subsidiaries		
- short-term employee benefits	117,792	164,000
- post-employment benefits	14,449	20,928
	132,241	184,928
Other key management personnel		
- short-term employee benefits	511,550	353,344
- post-employment benefits	54,149	34,800
- share-based payment	–	50,000
	565,699	438,144
	2,577,486	1,667,805

29. Significant related party transactions (Continued)

Commitments with a related party*

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of rental of equipment and trucks are as follows:

	Group	
	2015	**2014**
	$	**$**
Not later than one year	4,142,400	4,142,400
Later than one year and not later than five years	12,031,800	16,174,200
	16,174,200	20,316,600

* The related party refers to entity controlled by the executive Directors of the Company which is not within the Group.

30. Operating lease commitments

The Group as lessee

In addition to the commitments as disclosed in Note 29 to the financial statements, commitments in respect of non-cancellable operating leases in respect of construction site and other operating facilities to third parties at the end of the financial year are as follows:

	Group	
	2015	**2014**
	$	**$**
Not later than one year	829,984	1,700,329
Later than one year and not later than five years	654,140	877,240
	1,484,124	2,577,569

Operating lease payments represent rents payable by the Group for construction site and other operating facilities. Leases are negotiated for an average term of 1 to 3 years (2014: 2 to 3 years) and rentals are fixed for an average of 1 to 3 years (2014: 2 to 3 years) with no provisions for contingent rent or upward revision of rent based on market price indices.

The Group as lessor

The Group has entered into commercial property leases on its leasehold properties. These non-cancellable leases have remaining lease terms within 1 year (2014: between 1 and 2 years). All leases include a clause to enable upward revision of the rental charge of an annual basis based on prevailing market conditions.

As at the end of the financial year, future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group	
	2015	**2014**
	$	**$**
Not later than one year	363,203	940,179
Later than one year and not later than five years	–	181,339
	363,203	1,121,518

31. Capital commitments

	Group 2015 $	Group 2014 $
Capital expenditure approved and contracted for but not provided for in the financial statements		
- Commitments for the acquisition of property, plant and equipment	1,995,500	3,356,200

32. Segment information

Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. 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.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets, liabilities and other corporate expenses.

32. Segment information (Continued)

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.

Business segment	Civil engineering services	Inland logistics support	Sale of construction materials	Unallocated	Elimination	Consolidated
	$	$	$	$	$	$
2015						
Revenue						
External revenue	99,618,077	28,096,530	2,473,676	–	–	130,188,283
Inter-segment revenue	–	4,183,745	2,967,409	–	(7,151,154)	–
	99,618,077	32,280,275	5,441,085	–	(7,151,154)	130,188,283
Results						
Segment results	21,888,796	4,977,705	274,364	(18,311,570)	–	8,829,295
Share on results in a joint venture				(1)		(1)
Interest income						244,521
Interest expenses						(1,776,187)
Profit before income tax						7,297,628
Income tax expense						(1,096,743)
Profit for the financial year						6,200,885
Non-cash items						
Gain on disposal of plant and equipment	–	–	–	130,214	–	130,214
Depreciation of property, plant and equipment	–	–	–	(12,082,157)	–	(12,082,157)
Gain on disposal of available-for-sale financial assets	–	–	–	32,807	–	32,807
Allowance for impairment of trade receivables	(1,508,836)	(1,723)	–	–	–	(1,510,559)

32. Segment information (Continued)

Business segment	**Civil engineering services**	**Inland logistics support**	**Sale of construction materials**	**Unallocated**	**Elimination**	**Consolidated**
	$	**$**	**$**	**$**	**$**	**$**
2014						
Revenue						
External revenue	103,791,328	27,368,823	2,171,937	–	–	133,332,088
Inter-segment revenue	–	3,624,741	2,275,216	–	(5,899,957)	–
	103,791,328	30,993,564	4,447,153	–	(5,899,957)	133,332,088
Results						
Segment results	17,735,246	3,731,986	260,632	(14,363,344)	–	7,364,520
Interest income						125,668
Interest expenses						(1,213,476)
Profit before income tax						6,276,712
Income tax expense						(1,125,148)
Profit for the financial year						5,151,564
Non-cash items						
Gain on disposal of plant and equipment	–	–	–	75,096	–	75,096
Loss on disposal of investment property	(300,000)	–	–	–	–	(300,000)
Depreciation of property, plant and equipment	–	–	–	(10,367,062)	–	(10,367,062)
Allowance for impairment of trade receivables	(917,149)	(58,756)	–	–	–	(975,905)

32. Segment information (Continued)

Major customers

For the financial year ended 31 December 2015, the revenue from 2 (2014: 2) major customers of the Group amounted to approximately $44,308,525 (2014:$43,144,715) of the total revenue from civil engineering services segment.

Geographic information

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

33. 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 to hedge certain financial risk exposures.

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.

33.1 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 2015, approximately 19% of the Group's trade receivable from third parties (including retention sums on construction contracts) were due from 1 customer. As at 31 December 2014, the Group did not have significant credit exposure to any single counterparty.

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

The Group's major classes of financial assets are available-for-sale financial assets, trade and other receivables, amounts due from contract customers and cash and bank balances.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

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

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

33.1 Credit risks (Continued)

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

	Group	
	2015	2014
	$	$
Past due for 1 to 30 days	5,292,096	4,412,727
Past due for 31 to 60 days	888,108	859,273
Past due for 61 to 90 days	327,126	707,370
Past due for more than 90 days	738,672	1,108,946

33.2 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 bank balances (Note 13), available-for-sale financial assets (Note 6) and bank borrowings (Note 19).

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	
	2015	2014
	$	$
Monetary assets		
United States dollar	5,068,817	2,405,999
Monetary liabilities		
United States dollar	5,976,300	2,410,458

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% 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.

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

33.2 Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Profit or Loss	
	2015	**2014**
	$	**$**
Group		
United States dollar		
Strengthened against Singapore dollar	(75,321)	(370)
Weakened against Singapore dollar	75,321	370

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 18 and 19 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%, the Group's profit or loss and equity will decrease or increase by approximately $166,938 (2014: $131,940) as at 31 December 2015, 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.

Price risk

The Group is exposed to price risks arising from debt securities classified as available-for-sale financial assets. The Group does not actively trade available-for-sale financial assets.

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 5% change in the debt securities prices from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Equity	
	2015	**2014**
	$	**$**
Group		
Available-for-sale financial assets		
Increase by 5%	167,948	239,328
Decrease by 5%	(167,948)	(239,328)

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

33.3 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.

	Effective interest rate	Within one financial year	After one financial year but within five financial years	More than five financial years	Total
	%	$	$	$	$
Group					
2015					
Financial liabilities					
Trade and other payables	–	29,222,174	1,841,156	–	31,063,330
Finance lease payables	2.56	17,105,855	38,982,572	–	56,088,427
Bank loans, floating interest rates:					
- revolving loans	1.98	9,154,031	–	–	9,154,031
- term loans	2.43	2,293,613	4,441,969	8,122,750	14,858,332
Trust receipts	2.37	14,594,454	–	–	14,594,454
		72,370,127	45,265,697	8,122,750	125,758,574
Group					
2014					
Financial liabilities					
Trade and other payables	–	23,827,459	–	–	23,827,459
Finance lease payables	2.09	11,597,870	22,850,758	–	34,448,628
Bank loans, floating interest rates:					
- revolving loans	1.56	3,463,753	–	–	3,463,753
- term loans	2.13	2,215,445	5,848,282	9,032,775	17,096,502
Trust receipts	1.70	13,498,647	–	–	13,498,647
		54,603,174	28,699,040	9,032,775	92,334,989
Company					
2015					
Other payables	–	124,874	–	–	124,874
2014					
Other payables	–	628,516	–	–	628,516

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

33.3 Liquidity risks (Continued)

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 18 and 19 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 related party 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 (2014: 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 $77,822,190 (2014: Nil). The Company considers that it is more likely than not that no amount will be payable under the arrangement.

33.4 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 14 and 15 to the financial statements respectively.

The Group and the Company is in compliance with externally imposed capital requirements which are the bank covenants in relation to the bank borrowings included in Note 19 to the financial statements, for the financial years ended 31 December 2015 and 2014.

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 period.

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 bank balances. Total equity comprises of share capital and reserves.

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade and other payables	31,736,663	24,360,792	124,874	628,516
Finance lease payables	54,129,621	33,393,185	–	–
Bank borrowings	35,456,618	31,041,967	–	–
Less: Cash and bank balances	(18,808,781)	(16,368,010)	(3,064,754)	(4,588,991)
Net debt	102,514,121	72,427,934	(2,939,880)	(3,960,475)
Total equity	53,314,733	46,501,060	38,209,255	37,229,859
Total capital	155,828,854	118,928,994	35,269,375	33,269,384
Gearing ratio	66%	61%	N.M.*	N.M.*

*Not meaningful

34. Fair value measurement

34.1 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 its fair value as these financial instruments are mostly at floating interest rates.

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**
	$	**$**	**$**
Group			
31 December 2015			
Assets			
Available-for-sale financial assets			
- quoted debt securities	3,358,950	–	–
- investments in life insurances	–	–	4,912,659
Total	3,358,950	–	4,912,659
31 December 2014			
Assets			
Available-for-sale financial assets			
- quoted debt securities	4,786,552	–	–
- investments in life insurances	–	–	2,079,359
Total	4,786,552	–	2,079,359

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.

34. Fair value measurement (Continued)

34.2 Fair value of leasehold properties and investment property

The fair value of leasehold properties and investment property 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.

<u>Level 3 recurring fair value measurements</u>

(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 and investment property 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 2015				
Leasehold properties				
Held for generating operating lease income and own use	24,000,000	Market comparable approach	Yield adjustments	The higher the yield adjustments, the higher the fair value
31 December 2014				
Leasehold properties				
Held for generating operating lease income and own use	22,000,000	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.

34. Fair value measurement (Continued)

34.2 Fair value of leasehold properties and investment property

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 FRS 113 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.

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.

34.3 Reconciliation of opening and closing fair value balance

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

– Revalued leasehold properties - property, plant and equipment (Note 4)

– Available-for-sale financial assets (Note 6)

Statistics of Shareholdings

As at 22 March 2016

Issued and Fully Paid Capital	**:**	**S$38,676,148**
Class of shares	**:**	**Ordinary Shares**
Voting rights	**:**	**1 vote per share**
Total no. of issued Ordinary Shares	**:**	**151,384,600**
Total no. of Treasury Shares	**:**	**Nil**

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	7	5.19	3,700	0.00
1,001 - 10,000	46	34.07	296,500	0.20
10,001 - 1,000,000	77	57.04	9,226,800	6.09
1,000,001 AND ABOVE	5	3.70	141,857,600	93.71
TOTAL	**135**	**100.00**	**151,384,600**	**100.00**

SUBSTANTIAL SHAREHOLDER
(As recorded in the Register of Substantial Shareholders)

		DIRECT INTEREST		DEEMED INTEREST	
NO.	NAME	NO. OF SHARES	%	NO. OF SHARES	%
1	DANDELION CAPITAL PTE. LTD.	121,759,600	80.43	–	–

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DANDELION CAPITAL PTE. LTD.	121,759,600	80.43
2	HONG LEONG FINANCE NOMINEES PTE LTD	8,505,500	5.62
3	CITIBANK NOMINEES SINGAPORE PTE LTD	7,000,000	4.62
4	RHB SECURITIES SINGAPORE PTE. LTD.	2,708,000	1.79
5	KGI FRASER SECURITIES PTE LTD	1,884,500	1.24
6	SEOW KUI LIM	1,000,000	0.66
7	LIM & TAN SECURITIES PTE LTD	700,000	0.46
8	TAN YAM HON (CHEN YANHUANG)	600,000	0.40
9	LEE TONG HONG	586,000	0.39
10	WEN NANFEI	403,000	0.27
11	LESLIE NG ENG HIONG	369,900	0.24
12	TAN AH CHANG	350,000	0.23
13	DBS NOMINEES (PRIVATE) LIMITED	250,000	0.17
14	GOH TUCK PENG	250,000	0.17
15	LAU CHUN KEAN MELVIN (LIU JUNQIANG MELVIN)	240,000	0.16
16	CHUANG LEE ENG	222,000	0.15
17	TAN CHAN LAI @TAN KIM SOON	200,000	0.13
18	YEO SU LI JULIE	175,000	0.12
19	OCBC SECURITIES PRIVATE LIMITED	160,000	0.11
20	KIUNG SIANG PING	150,000	0.10
	TOTAL	**147,513,500**	**97.46**

RULE 723 OF THE CATALIST RULES – FREE FLOAT

As at 22 March 2016, approximately 19.57% of the total number of issued shares excluding treasury 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.

The Company did not hold any treasury shares as at 22 March 2016.

Notice of Annual General Meeting

(Company Registration No.: 201422395Z)
(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Huationg Global Limited (the "Company") will be held at Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Thursday, 28 April 2016 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 2015 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt cash dividend of 0.3 Singapore cents per ordinary share for the financial year ended 31 December 2015 (2014: Nil). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Constitution:

   Mr Ng Kian Ann Patrick **(Resolution 3)**
   Mr Yuen Sou Wai **(Resolution 4)**

   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 Remuneration Committee and the Nominating 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").

4. To approve the payment of Directors' fees of S$125,000.00 for the financial year ending 31 December 2016, payable half yearly in arrears (2015: S$125,000.00). **(Resolution 5)**

5. To re-appoint BDO LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. 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:

7. **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 of Singapore 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,

   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 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 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 shall be based on the total number of issued Shares excluding treasury shares 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 Articles of Association 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 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 7)**

8. **Authority to 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 15% of the total number of issued share (excluding treasury shares) 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 8)**

9. **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) of the Company on the day preceding the relevant date of the award.”
[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary

Singapore, 6 April 2016

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 7 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 of the Company at the time of passing this Resolution. For allotment and issue 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 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) will be calculated based on the total number of issued Shares (excluding treasury shares) 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 7 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) The Ordinary Resolution 8 in item 8 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) 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. 7.

(iii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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) of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 7.

(Company Registration No.: 201422395Z)
(Incorporated in Singapore)

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 **48 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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HUATIONG GLOBAL LIMITED
(Company Registration No: 201422395Z)
(Incorporated in Singapore)

PROXY FORM

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

*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 (delete as appropriate)

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

or failing him/her*, the Chairman of the Meeting (defined below), 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 Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Thursday, 28 April 2016 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 poll.

No.	Ordinary Resolutions relating to:	For*	Against*
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2.	Payment of proposed first and final tax-exempt cash dividend of 0.3 Singapore cents per ordinary share		
3.	Re-election of Mr Ng Kian Ann Patrick as Director of the Company		
4.	Re-election of Mr Yuen Sou Wai as Director of the Company		
5.	Approval of Directors' fees amounting to S$125,000.00 for the financial year ending 31 December 2016, payable half yearly in arrears (2015: S$125,000.00)		
6.	Re-appointment of BDO LLP as Independent Auditors and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue new shares in the capital of the Company		
8.	Authority to allot and issue shares under the Huationg Employee Share Option Scheme		
9.	Authority to allot and issue shares under the Huationg Performance Share Plan		

*Note: If you wish to exercise all your votes "**For**" or "**Against**" the above resolutions, please tick "✓" within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this __________ day of ________________ 2016

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 ON THE REVERSE

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 **48 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 AGM, 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.

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.

Fold along this line (1)

AFFIX STAMP

HUATIONG GLOBAL LIMITED
No. 9 Benoi Crescent,
Singapore 629972

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Corporate Information

BOARD OF DIRECTORS
Ng Hai Liong
(Executive Chairman and Executive Director)
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
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00
Income at Raffles
Singapore 049318

AUDITORS
BDO LLP
21 Merchant Road, #05-01
Singapore 058267
Partner-in-charge: William Ng Wee Liang
(a practising member of the
Institute of Singapore Chartered Accountants)
(Appointed since the financial year ended 31 December 2013)

INVESTORS RELATIONS
August Consulting Pte Ltd
101 Thomson Road
#30-02 United Square
Singapore 307591

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Huationg Global Limited

Annual Report 2015

Huationg Global Limited

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