



HUATONG GLOBAL LIMITED
(Company Registration Number: 201422395Z)

**Unaudited Financial Statement and Dividend Announcement
For the Financial Period Ended 30 June 2015 (“HY 2015”)**

Huatong Global Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 9 December 2014. The initial public offering of the Company (the “IPO”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (“PPCF” or the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Background

Huatong Global Limited (the “Company”) was incorporated in Singapore on 1 August 2014 under the Companies Act, Chapter 50 of Singapore as a private company limited by shares, under the name of “Huatong Global Private Limited”. The Company changed its name to “Huatong Global Limited” on 26 November 2014 following the conversion into a public limited company. The Company and its subsidiaries (the “Group”) were formed pursuant to the completion of the restructuring exercise (“**Restructuring Exercise**”) on 11 November 2014. Please refer to the Company’s Offer Document dated 1 December 2014 for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 9 December 2014. For the purpose of this announcement, the comparative results of the Group for the half year financial period ended 30 June 2014 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2014.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A consolidated statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Increase/ (Decrease) %
	30/06/2015 (Unaudited) S\$'000	30/06/2014 (Unaudited) S\$'000	
Revenue	64,861	67,609	(4.1)
Cost of sales and services	(53,516)	(57,276)	(6.6)
Gross profit	11,345	10,333	9.8
<i>Other item of income</i>			
Other income	1,438	1,856	(22.5)
<i>Other items of expense</i>			
Administrative expenses	(7,798)	(7,051)	10.6
Other expenses	(308)	(855)	(64.0)
Finance costs	(776)	(704)	10.2
Profit before income tax	3,901	3,579	9.0
Income tax expense	(720)	(554)	30.0
Profit for the period	3,181	3,025	5.2
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale financial assets:			
Gain arising during the financial period	104	31	N/M
<i>Items that will not be classified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and equipment*	500	6,698	N/M
Total comprehensive income for the financial period	3,785	9,754	(61.2)
Profit attributable to:			
Owners of the parent	3,217	2,999	7.3
Non-controlling interests	(36)	26	N/M
	3,181	3,025	5.2
Total comprehensive income attributable to:			
Owners of the parent	3,821	9,728	(60.7)
Non-controlling interests	(36)	26	N/M
	3,785	9,754	(61.2)

* Denotes the gain on revaluation of the Group's leasehold properties for the financial period ended 30 June 2014 and 30 June 2015 as the Group has changed its accounting policy with respect to the subsequent measurement of leasehold properties from cost model to the revaluation model in FY2014.

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease) %
	30/06/2015 (Unaudited) S\$'000	30/06/2014 (Unaudited) S\$'000	
Profit before income tax is arrived at:			
After charging:			
Allowance for impairment of trade receivables	-	163	N/M
Depreciation of property, plant and equipment	5,581	5,238	6.5
Employee benefits expense	12,495	12,900	(3.1)
Operating lease expense	3,696	3,567	3.6
Interest expense	690	601	14.8
and crediting:			
(Loss)/ gain on disposal of plant and equipment	(127)	12	N/M
Foreign exchange gain, net	61	8	N/M
Interest income	115	5	N/M

* N/M denotes Not Meaningful.

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
ASSETS	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	91,523	82,850	-	-
Investments in subsidiaries	-	-	33,235	33,235
Available-for-sale financial assets	4,607	2,079	-	-
Prepayment	790	340	-	-
Intangible asset	11	11	-	-
Total non-current assets	96,931	85,280	33,235	33,235
Current assets				
Amount due from contract customers	17,754	11,581	-	-
Available-for-sale financial assets	3,486	4,787	-	-
Trade and other receivables	30,383	27,777	1,800	34
Prepayments	972	530	-	-
Cash and bank balances	24,749	16,368	4,449	4,589
Total current assets	77,344	61,043	6,249	4,623
Total assets	174,275	146,323	39,484	37,858
EQUITY AND LIABILITIES				
Shares capital	38,676	38,676	38,676	38,676
Other reserves	(18,867)	(19,471)	-	-
Accumulated profits/(loss)	30,155	26,938	169	(1,446)
Equity attributable to owners of the parent	49,964	46,143	38,845	37,230
Non-controlling interests	322	358	-	-
Total equity	50,286	46,501	38,845	37,230
Non-current liabilities				
Other payables	364	133	-	-
Finance lease payables	31,757	22,295	-	-
Bank borrowings	11,331	12,245	-	-
Deferred tax liabilities	4,390	4,390	-	-
Total non-current liabilities	47,842	39,063	-	-
Current liabilities				
Amount due to contract customers	9,547	5,438	-	-
Trade and other payables	25,186	24,227	639	628
Finance lease payables	9,716	11,098	-	-
Bank borrowings	30,414	18,798	-	-
Current income tax payable	1,284	1,198	-	-
Total current liabilities	76,147	60,759	639	628
Total liabilities	123,989	99,822	639	628
Total liabilities and equity	174,275	146,323	39,484	37,858

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/06/2015 (Unaudited)		As at 31/12/2014 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
24,095	16,035	18,621	11,275

Amount repayable after one year

As at 30/06/2015 (Unaudited)		As at 31/12/2014 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
41,602	1,486	32,470	2,070

Details of any collaterals

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings amounting to S\$24,224,000 (2014: S\$17,697,000) are secured by corporate guarantee provided by the Company and mortgages over the two properties.

Obligations under finance lease

Obligations under finance leases amounting to S\$41,473,000 (2014: S\$33,393,000) are secured by the Group's leased plant and equipment with carrying amount of S\$49,282,000 (2014: S\$49,252,000).

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group 30/06/2015 Unaudited S\$'000	Group 30/06/2014 Unaudited S\$'000
Cash flow from operating activities		
Profit before income tax	3,901	3,579
Adjustments for:		
Allowance for impairment of trade receivables	-	163
Depreciation of property, plant and equipment	5,581	5,238
Impairment loss on disposal of investment property	-	300
Loss/ (gain) on disposal of plant and equipment	127	(12)
Interest income	(115)	(5)
Interest expenses	690	601
Operating cash flows before working capital changes	10,184	9,864
Working capital changes:		
Trade and other receivables	(2,606)	(4,017)
Prepayments	(137)	(163)
Amount due to contract customers, net	(2,065)	5,037
Trade and other payables	(1,392)	(126)
Cash generated from operations	3,984	10,595
Interest income	115	5
Income tax paid	(634)	(121)
Net cash from operating activities	3,465	10,479
Cash flow from investing activities		
Purchase of property, plant and equipment	(329)	(1,477)
Proceeds from disposal of plant and equipment	4,249	327
Proceeds from disposal of available-for-sale financial assets	1,330	-
Purchase of available-for-sale financial assets	-	(1,254)
Net cash from/ (used in) investing activities	5,250	(2,404)
Cash flow from financing activities		
Advances to related parties	-	(153)
Repayment from related parties	-	1,220
Repayment to Directors	-	(1)
Dividends paid	-	(500)
Proceeds from trust receipts	33,396	30,805
Repayment of trust receipts	(27,332)	(28,413)
Proceeds from term loans	3,908	5,002
Repayment of term loans	(2,477)	(330)
Interest paid	(690)	(601)

	30/06/2015	30/06/2014
	Unaudited	Unaudited
	S\$'000	S\$'000
Repayment of finance lease payables	<u>(7,139)</u>	<u>(5,323)</u>
Net cash (used in)/ from financing activities	<u>(334)</u>	<u>1,706</u>
Net increase in cash and bank balances	8,381	9,781
Cash and bank balances at the beginning of the financial period	<u>16,368</u>	<u>12,536</u>
Cash and bank balances at end of the financial period	<u>24,749</u>	<u>22,317</u>

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Unaudited)	Share capital S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to owners of the Parent S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance as at 1 January 2015	38,676	26,938	(19,471)	46,143	358	46,501
Profit for the financial year	-	3,217	-	3,217	(36)	3,181
Other comprehensive income:						
Gain on revaluation of property, plant and equipment	-	-	500	500	-	500
Gain on available-for-sale financial assets	-	-	104	104	-	104
	-	-	604	604	-	604
	-	3,217	604	3,821	(36)	3,785
Balance as at 30 June 2015	38,676	30,155	(18,867)	49,964	322	50,286

Group (Unaudited)	Share capital S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to owners of the Parent S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance as at 1 January 2014	7,075	29,827	-	36,902	313	37,215
Profit for the financial year	-	2,999	-	2,999	26	3,025
Other comprehensive income for the financial period:						
Gain on revaluation of property, plant and equipment	-	-	6,698	6,698	-	6,698
Gain on available-for-sale financial assets	-	-	31	31	-	31
			6,729	6,729		6,729
Total comprehensive income for the financial period	-	2,999	6,729	9,728	26	9,754
<u>Transactions with owners of the parent</u>						
Dividends	-	(7,995)	-	(7,995)	-	(7,995)
Balance as at 30 June 2014	7,075	24,831	6,729	38,635	339	38,974

Company# (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance as at 1 January 2015	38,676	(1,446)	37,230	-	37,230
Profit for the financial period, representing total comprehensive income for the financial period	-	1,615	1,615	-	1,615
Balance as at 30 June 2015	38,676	169	38,845	-	38,845

* Less than S\$1,000

There are no comparative figures for the Company as at 30 June 2014 as the Company was incorporated on 1 August 2014.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Share capital (S\$)
As at 31 December 2014	151,384,600	38,676,148
Issuance of new shares	-	-
As at 30 June 2015	151,384,600	38,676,148

There was no change in the Company's issued and paid-up share capital from 31 December 2014 up to 30 June 2015.

Options

The Company had on 18 November 2014, adopted the Huatong Employee Share Option Scheme ("**Scheme**") and the Huatong Performance Share Plan ("**Share Plan**") and as at the date of this announcement, has not granted any options under the Scheme and Share Plan.

Save as disclosed above, the Company did not have any treasury shares or convertibles as at 30 June 2015 and 30 June 2014.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 June 2015 and 31 December 2014, the Company had 151,384,600 issued and fully paid ordinary shares.

The Company did not have any treasury shares as at 30 June 2015 and 31 December 2014.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited consolidated financial statements for the financial year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Except for the adoption of the new Singapore Financial Reporting Standards ("FRS") and Amendments to FRS applicable for the financial period beginning on or after 1 January 2015, the same accounting policies and methods of computations have been applied in the financial statements for the current reporting period as those of the audited consolidated financial statements for the financial year ended 31 December 2014. The adoption of new FRS and Amendments to FRS did not result in any significant change to the Group's and the Company's accounting policies and has no significant impact on the financial statements of the Group for the current financial reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	30/06/2015 (Unaudited)	30/06/2014 (Unaudited)
Profit attributable to owners of the Company (S\$'000)	3,217	2,999
Basic and diluted EPS in Singapore cents	2.12	2.46

For comparative and illustrative purposes, the basic earnings per ordinary share for the financial period ended 30 June 2014 was computed based on number of ordinary shares post Restructuring Exercise of 121,759,600. Basic earning per ordinary share for the financial period ended 30 June 2015 was computed number based on 151,384,600 ordinary shares.

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2014 and 30 June 2015.

7. **Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30/06/2015 Unaudited	31/12/2014 Audited	30/06/2015 Unaudited	31/12/2014 Audited
Net asset value per ordinary share based on issued share capital (Singapore cents)	33.01	30.48	25.66	24.59
Number of shares	151,384,600	151,384,600	151,384,600	151,384,600

The net asset value per ordinary share as at 31 December 2014 and 30 June 2015 were computed based on the net assets of the Group and the Company as at the end of the respective financial periods. There were 151,384,600 ordinary shares in issue as at 31 December 2014 and 30 June 2015.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Financial period ended 30 June 2015 ("HY2015") vs. 30 June 2014 ("HY2014")

Review of the Income Statement of the Group

The Group's revenue decreased by S\$2.7 million or 4.0%, from S\$67.6 million in HY2014 to S\$64.9 million in HY2015, mainly due to a decrease in revenue from our civil engineering services in HY2015 and was partially offset by an increase in revenue from our inland logistics services and revenue from the sale of construction materials.

The decrease in revenue from our civil engineering services of approximately S\$3.8 million or 6.8% from S\$54.5 million in HY2014 to S\$50.8 million in HY2015 was largely due to the lower revenue recognised from some newly awarded projects in HY2015.

Revenue from our inland logistics segment increased by approximately S\$0.8 million or 6.6% from S\$12.2 million in HY2014 to S\$13.0 million in HY2015 mainly as a result of an increase in demand for aggregates in the construction industry which in turn drove the demand for our inland logistics support services to transport the aggregates.

The increase in sale of construction materials of approximately S\$0.2 million or 22.2% from S\$0.9 million in HY2014 to S\$1.1 million in HY2015 was due to higher demand, as more of our customers' projects reached stages which required filling material in HY2015.

Cost of sales and services

Cost of sales decreased by S\$3.8 million, or 6.6%, from S\$57.3 million in HY2014 to S\$53.5 million in HY2015 which is consistent with our decrease in revenue in HY2015.

Our direct material and fuel costs decreased by S\$4.7 million or 26.7% from S\$17.6 million in HY2014 to S\$12.9 million in HY2015 largely due to the cost savings from the decrease in fuel prices in HY2015.

Our sub-contract costs increased by S\$1.8 million or 11.2% from S\$16.1 million in HY2014 to S\$17.9 million in HY2015, largely due to the concurrent delivery of several of our civil engineering contracts which required substantial third-party transportation and labour resources.

Our direct labour costs decreased by S\$1.4 million or 14.1%, from S\$9.9 million in HY2014 to S\$8.5 million in HY2015 due to better cost and manpower management in HY2015.

Depreciation expenses on our income-generating assets also increased by S\$0.6 million or 12.2% from S\$4.9 million in HY2014 to S\$5.5 million in HY2015 due to the additions of new plant and equipment during the period.

Gross profit

As a result of the foregoing, our gross profit increased by S\$1.0 million or 9.7% from S\$10.3 million in HY2014 to S\$11.3 million in HY2015. Gross profit margin increased from 15.3% in HY2014 to 17.5% in HY2015 mainly due to the decrease in fuel costs during the period.

Other income

Our other income decreased by S\$0.5 million, or 26.3%, from S\$1.9 million in HY2014 to S\$1.4 million in HY2015. The decrease was mainly due to a decrease from the income on accommodation rental of S\$0.5 million in HY2015.

Administrative expenses

Our administrative expenses increased by S\$0.7 million, or 9.9%, from S\$7.1 million in HY2014 to S\$7.8 million in HY2015. The increase was mainly due to an increase in the foreign workers' levies of S\$0.7 million and an increase in employees' benefits of S\$1.0 million, which were partially offset by an absence of depreciation charges and maintenance charges related to a disposal of an investment property in FY2014.

Other expenses

Our other expenses decreased by S\$0.6 million, or 66.7%, from S\$0.9 million in HY2014 to S\$0.3 million in HY2015. The decrease was primarily due to the absence of an impairment loss of non-current asset held for sale of S\$0.3 million and an impairment of trade receivables of S\$0.2 million in HY2014 and a decrease in penalty charges of S\$0.1 million incurred in HY2015.

Finance costs

Our finance costs increased by S\$0.1 million, or 14.3%, from S\$0.7 million in HY2014 to S\$0.8 million in HY2015 primarily due to an increase in interest expenses from the higher amounts of trust receipts and bank loans utilised in HY2015.

Profit before income tax

Our profit before income tax increased by S\$0.3 million, or 8.3%, from S\$3.6 million in HY2014 to S\$3.9 million in HY2015.

Income tax expenses

Income tax expense increased by S\$0.1 million, or 16.7%, from S\$0.6 million in HY2014 to S\$0.7 million in HY2015 due mainly to an increase in the profit before tax.

Review of the Financial Position of the Group

Non-current Assets

As at 30 June 2015

As at 30 June 2015, our non-current assets of S\$96.9 million accounted for approximately 55.6% of our total assets. Property, plant and equipment made up approximately 94.4% of the total non-current assets, amounting to approximately S\$91.5 million. The remaining 5.6% is attributable to our available-for-sale financial assets of S\$4.6 million and prepayment of S\$0.8 million as at 30 June 2015. Our intangible asset in respect of the country club membership is measured at cost less allowance for impairment and stood at S\$11,000 as at 30 June 2015.

The Group's property, plant and equipment increased approximately by S\$8.6 million from S\$82.9 million as at 31 December 2014 ("FY2014") mainly due to additions of plant and machineries during the financial period of approximately S\$17.6 million, and revaluation gain on the leasehold properties of S\$0.5 million. The effect is partially offset against the depreciation charge during the financial period of S\$5.6 million and disposal of plant and machinery with a net book value of S\$3.9 million.

The Group's available-for-sale financial assets increased approximately by S\$2.5 million from S\$2.1 million in FY2014 mainly due to an addition of a life insurance policy for an Executive Director. This insurance was in accordance with the disclosure set out in our Offer Document dated 1 December 2014.

The Group's prepayment assets increased approximately by S\$0.5 million from S\$0.3 million in FY2014 mainly due to the insurance premium paid on the addition of a life insurance policy for an Executive Director. This prepayment will be amortised over the years.

Current assets

As at 30 June 2015

As at 30 June 2015, our current assets of S\$77.3 million accounted for 44.4% of our total assets. These consist of amounts due from contract customers of S\$17.7 million, available for-sale financial assets of S\$3.5 million, trade and other receivables of S\$30.4 million, prepayments of S\$1.0 million and cash and bank balances of S\$24.7 million which represent approximately 22.9%, 4.5%, 39.3%, 1.3% and 32.0% of the total current assets as at 30 June 2015 respectively.

The Group's amount due from contract customers increased approximately by S\$6.1 million was mainly due to work done in HY2015 and would be certified after the financial period. The available-for-sale financial asset decreased by S\$1.3 million was due to a disposal of fixed income financial instruments in HY2015. The trade and other receivables increased

approximately by S\$2.6 million as a result of increase in billing of work done in HY2015, of which trade receivables increased approximately by S\$2.3 million from S\$26.0 million in FY2014 to S\$28.3 million in HY2015 and other receivables increased approximately by S\$0.3 million from S\$1.8 million in FY2014 to S\$2.1 million HY2015. The prepayment increased by S\$0.5 million mainly due to the insurance prepaid for the available-for-sale financial assets in HY2015. The increase in the Group's cash and bank balances of approximately S\$8.4 million mainly due to the net cash generated from operating activities of S\$3.5 million and the net cash generated from investing activities of approximately S\$5.2 million, offset by a cash outflow of approximately S\$0.3 million from financing activities in HY2015.

Current liabilities

As at 30 June 2015

As at 30 June 2015, the Group's current liabilities of approximately S\$76.1 million constituted approximately 61.4% of the Group's total liabilities. Current liabilities comprised amount due to contract customers, trade and other payables, finance lease payables, bank borrowings and current income tax payable.

As at 30 June 2015, the Group's amount due to contract customers of approximately S\$9.5 million accounted for 12.5% of the Group's total current liabilities. The amount due from contract customers increased by S\$4.1 million due mainly to substantial amount of advance billing compared to the financial year ended 31 December 2014 ("**FY2014**"). The trade and other payables of approximately S\$25.1 million accounted for 33.0% of the Group's total current liabilities and consisted of trade payables of approximately S\$17.1 million and other payables of approximately S\$8.0 million. The Group's trade and other payables increased by approximately S\$1.0 million from approximately S\$24.2 million as at FY2014 as a result of an addition of plant and equipment in June 2015, of which trade payables increased by approximately S\$1.1 million from S\$16.1 million in FY2014 to S\$17.2 million in HY2015, offset by a decrease in other payables of approximately S\$0.1 million from S\$8.1 million in FY2014 to S\$8.0 million in HY2015.

As at 30 June 2015, the Group's finance lease payables of approximately S\$9.7 million accounted for 12.8% of the Group's total current liabilities. Finance lease payables decreased by approximately S\$1.4 million from approximately S\$11.1 million as at FY2014. The decrease was mainly due to full settlement of some hire purchase equipment in HY2015.

As at 30 June 2015, the Group's current portion of loans and borrowings was approximately S\$30.4 million and it accounted for 40.0% of the Group's total current liabilities. Short-term borrowings increased by approximately S\$11.6 million, mainly as a result of more banking facilities utilised in HY2015 for working capital purposes.

As at 30 June 2015, the Group's current income tax payable of approximately S\$1.3 million accounted for 1.7% of the Group's total current liabilities.

Non-current liabilities

As at 30 June 2015

As at 30 June 2015, total non-current liabilities of approximately S\$47.8 million, comprised of approximately S\$0.3 million of other payables, S\$43.1 million of bank borrowings and finance lease payables and S\$4.4 million of deferred tax liabilities. Total non-current liabilities accounted for approximately 38.6% of the Group's total liabilities.

The increase in total non-current liabilities of approximately S\$8.7 million was due mainly to an increase in other payables of approximately S\$0.2 million from S\$0.1 million in FY2014 as a result of an increase in a deferred income from disposal of plant and equipment, an increase in finance lease payables of approximately S\$9.5 million from S\$22.3 million resulting from the

additional finance lease taken up for the addition of plant and equipments in HY2015 and offset by a decrease in bank borrowings of approximately S\$1.0 million from S\$12.3 million in FY2014 as a result of repayment of the term loan in HY2015.

Shareholders' equity

As at 30 June 2015, our shareholders' equity amounted to approximately S\$50.3 million comprising mainly S\$38.7 million of issued share capital and approximately S\$30.2 million of accumulated profits and non-controlling interests of S\$0.3 million, but was offset by other reserves of S\$18.9 million.

Other reserves deficit of S\$18.9 million mainly related to a merger reserve deficit of S\$26.2 million as a result of the Restructuring Exercise, offset by the gain on revaluation of the Group's leasehold properties of S\$7.2 million and the gain from the fair value of available for sale financial assets of S\$0.1 million due to the exchange gain in foreign currency.

The Group posted a positive working capital of approximately S\$1.2 million as at 30 June 2015 as compared with a positive working capital of approximately S\$0.2 million as at 31 December 2014. This increase was mainly due to net cash generated from operating, investing and finance activities during the financial period.

Review of the Cash Flow Statement of the Group

In HY2015, the Group recorded a net cash from operating activities of S\$3.5 million, which was a result of cash generated from operating activities before working capital changes of approximately S\$10.3 million and offset by the working capital outflow of S\$6.2 million and income tax paid of S\$0.6 million.

Changes in cash flow from working capital changes was mainly due to an increase in gross amount due from customers of S\$2.1 million, an increase in prepayment of S\$0.1 million and an increase in trade and other receivables of S\$2.6 million and a decrease in trade and other payables of S\$1.4 million.

Net cash generated from investing activities of S\$5.3 million was derived from investing activities from proceeds received from the disposal of plant and equipment and available-for-sale financial assets of S\$4.3 million and S\$1.3 million respectively and offset by purchases of plant and equipment of S\$0.3 million in HY2015.

Net cash used in financing activities of S\$0.3 million was mainly due to the repayment of trust receipts of S\$27.3 million, repayment of term loans of S\$2.5 million, repayment of finance lease payables of S\$7.1 million and interest paid of S\$0.7 million and offset by proceeds from trust receipts of S\$33.4 million and the proceeds from term loan of S\$3.9 million during the HY2015.

Cash and bank balances increased by S\$8.4 million in HY2015, amounting to S\$24.7 million as at 30 June 2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Despite the continued headwinds in the construction industry, the Group has firmly secured a pipeline of civil engineering projects namely in the infrastructure development of Defu Industrial Estate, earthworks projects for certain Thomson Line Mass Rapid Transit (“MRT”) stations, road widening and construction of road related facilities along Tampines Avenue 9. Another notable project secured involves the civil engineering works for the land preparation works for Airport Development.

The Building and Construction Authority (“BCA”) of Singapore has, in its press release dated 8 January 2015^[1], projected that construction contracts for the built environment sector are expected to reach between S\$29 billion to S\$36 billion in 2015. This is driven by a sustained pipeline of public sector projects which are expected to account for an estimated 60% or \$18 billion to \$21 billion of the total construction demand. Based on the BCA press release, public construction demand is expected to remain stable due to an increase in industrial projects and the sustained pipeline of institutional and civil engineering works which is expected to offset the moderation of public housing projects.

In view of the above, the Group has adopted a two-pronged business strategy to focus on securing more public infrastructure projects including MRT projects and shoring up its competitive strengths. The Group has been actively participating in various tenders for public sector projects and will update the shareholders of any material development. As part of this business strategy, the Group has also entered into a strategic alliance with Golden Empire Civil Engineering Pte. Ltd. for the purpose of tendering for larger value civil engineering projects. The Group also plans to work towards attaining an A1 grading from BCA which will enable it to tender for larger sized projects.

Barring unforeseen circumstances, the Company expects its business and financial performance to remain stable.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

Yes.

(b)(i) Amount per share (cents)

S\$0.003 per ordinary share.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

¹ Press release dated 8 January 2015 issued by the Building and Construction Authority of Singapore: “Public Sector Projects to Sustain Construction Demand in 2015”

(If the dividend is not taxable in the hands of the shareholders, this must be stated).

Tax exempt one-tier interim dividend.

(d) The date the dividend is payable.

18 September 2015

(e) Book closure date

8 September 2015 at 5.00 pm

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Other than the Restructuring Exercise and interested person transactions as disclosed on pages 66 and 151 to 166 of the offer document dated 1 December 2014 respectively, there were additional interested person transactions of S\$100,000 and above during the financial period under review. Details of the additional interested person transactions of S\$100,000 and above are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (S\$'000)
NHL Holding Pte Ltd** – Lease of construction equipment and vehicles from NHL Holding Pte Ltd	2,055	Not applicable
NHL Holding Pte Ltd** – Lease of dormitories to Huatong Contractor Pte Ltd from NHL Holding Pte Ltd	144	Not applicable

The Group does not have a general mandate from shareholders for recurrent interested person transactions.

Note:-

** NHL Holding Pte Ltd is a company wholly-owned by Mr Ng Hai Liong, Mr Ng Kian Ann Patrick, Mr Ng Kian Yeow, Vincent and their family members.

14. 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 Board of the SGX-ST on 9 December 2014. As at the date of this announcement, 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 Unutilised (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	-	1,611
Listing expenses	1,389	1,389	-
Total	5,500	1,389	4,111

Note:-

The above utilisations are in accordance with the intended use of the IPO net proceeds and percentage allocated, as stated in the Offer Document dated 1 December 2014.

15. Confirmation pursuant to Rule 705 (5) of the Catalist Listing Manual

The Board of Directors of Huatong Global Limited confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited half year financial results for the financial period ended 30 June 2015 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Ng Kian Ann Patrick
Executive Director and CEO
5 August 2015