



**HUATIANG GLOBAL LIMITED**  
(Company Registration Number: 201422395Z)

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**Unaudited Financial Statement and Dividend Announcement  
For the Financial Year Ended 31 December 2014 (“FY 2014”)**

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*Huatiang 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**

Huatiang 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 “Huatiang Global Private Limited”. The Company changed its name to “Huatiang 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 results of the Group for the year ended 31 December 2014 and the comparative results of the Group for the year ended 31 December 2013 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.

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

**1(a)(i) An income statement and statement of comprehensive income, or a 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) %
	31/12/2014 (Unaudited) S\$'000	31/12/2013 (Audited) S\$'000	
<b>Revenue</b>	133,332	108,475	22.9
Cost of sales and services	(111,604)	(91,977)	21.3
Gross profit	21,728	16,498	31.7
<i>Other item of income</i>			
Other income	4,126	3,965	4.1
<i>Other items of expense</i>			
Administrative expenses	(14,825)	(11,879)	24.8
Other expenses	(3,360)	(1,088)	208.8
Finance costs	(1,393)	(1,168)	19.3
<b>Profit before income tax</b>	<b>6,276</b>	<b>6,328</b>	<b>(0.8)</b>
Income tax expense	(1,125)	(1,177)	(4.4)
<b>Profit for the financial year</b>	<b>5,151</b>	<b>5,151</b>	<b>-</b>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale financial assets:			
Loss arising during the financial period	(9)	-	N/M
<i>Items that will not be classified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and Equipment*	6,698	-	N/M
Other comprehensive income for the financial year	6,689	-	N/M
<b>Total comprehensive income for the financial year</b>	<b>11,840</b>	<b>5,151</b>	<b>129.9</b>
<b>Profit attributable to:</b>			
Owners of the parent	5,106	4,963	2.9
Non-controlling interests	45	188	(76.1)
	<b>5,151</b>	<b>5,151</b>	<b>-</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	11,795	4,963	137.7
Non-controlling interests	45	188	(76.1)
	<b>11,840</b>	<b>5,151</b>	<b>129.9</b>

\* Denotes the gain on revaluation of the Group's leasehold properties as at 31 December 2014 as the Group has changed its accounting policy with respect to the subsequent measurement of leasehold properties from cost model to the revaluation model.

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

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>31/12/2014 (Unaudited) S\$'000</b>	<b>31/12/2013 (Audited) S\$'000</b>	
<b>Profit before income tax is arrived at:</b>			
<b>After charging:</b>			
Allowance for impairment of trade receivables	976	352	177.3
Depreciation of property, plant and equipment	10,367	9,309	11.4
Employee benefits expense	29,406	23,906	23.0
Foreign exchange loss, net	4	13	(69.2)
Operating lease expense	8,469	6,400	32.3
Loss on disposal of investment property	300	-	N/M
IPO expenses	1,352	-	N/M
Interest expense	1,214	942	28.9
Under provision of income tax, net	-	132	N/M
<b>and crediting:</b>			
Write-back of allowance for impairment of trade receivables no longer required	-	(61)	N/M
Gain on disposal of plant and equipment	(75)	(354)	(78.8)
Unrealised foreign exchange gain	(111)	-	N/M
Interest income	(126)	(3)	N/M
Over provision of income tax, net	(289)	-	100

\* 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* 31/12/2014 Unaudited S\$'000
	31/12/2014 Unaudited S\$'000	31/12/2013 Audited S\$'000	
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	82,850	73,234	-
Investments in subsidiaries	-	-	33,235
Investment property	-	3,800	-
Available-for-sale financial assets	2,079	-	-
Prepayments	340	-	-
Intangible asset	11	11	-
<b>Total non-current assets</b>	<b>85,280</b>	<b>77,045</b>	<b>33,235</b>
<b>Current assets</b>			
Amount due from contract customers	11,581	11,096	-
Available-for-sale financial assets	4,787	-	-
Trade and other receivables	27,777	32,197	34
Prepayments	530	411	-
Cash and bank balances	16,368	12,536	4,589
<b>Total current assets</b>	<b>61,043</b>	<b>56,240</b>	<b>4,623</b>
<b>Total assets</b>	<b>146,323</b>	<b>133,285</b>	<b>37,858</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Shares capital	38,676	7,075	38,676
Other reserves	(19,471)	-	-
Accumulated profits/(loss)	26,938	29,827	(1,446)
<b>Equity attributable to owners of the parent</b>	<b>46,143</b>	<b>36,902</b>	<b>37,230</b>
Non-controlling interests	358	313	-
<b>Total equity</b>	<b>46,501</b>	<b>37,215</b>	<b>37,230</b>
<b>Non-current liabilities</b>			
Other payables	133	533	-
Finance lease payables	22,295	21,605	-
Bank borrowings	12,245	10,835	-
Deferred tax liabilities	4,390	3,967	-
<b>Total non-current liabilities</b>	<b>39,063</b>	<b>36,940</b>	<b>-</b>
<b>Current liabilities</b>			
Amount due to contract customers	5,438	6,399	-
Trade and other payables	24,227	27,981	628
Finance lease payables	11,098	9,147	-
Bank borrowings	18,798	14,866	-
Current income tax payable	1,198	737	-
<b>Total current liabilities</b>	<b>60,759</b>	<b>59,130</b>	<b>628</b>
<b>Total liabilities</b>	<b>99,822</b>	<b>96,070</b>	<b>628</b>
<b>Total liabilities and equity</b>	<b>146,323</b>	<b>133,285</b>	<b>37,858</b>

\* There are no comparative figures for the Company as at 31 December 2013 as the Company was incorporated on 1 August 2014.

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**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31/12/2014 (Unaudited)		As at 31/12/2013 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
18,621	11,275	14,014	9,998

**Amount repayable after one year**

As at 31/12/2014 (Unaudited)		As at 31/12/2013 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
32,470	2,070	32,440	-

**Details of any collaterals****Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings amounting to S\$17,697,000 (2013: S\$15,703,000) are secured by several joint guarantees by 3 Executive Directors and a mortgage over a property.

**Obligations under finance lease**

Obligations under finance leases amounting to S\$33,393,000 (2013: S\$30,752,000) are secured by the Group's leased plant and equipment with carrying amount of S\$49,252,000 (2013: S\$43,735,000).

**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**

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flow from operating activities</b>		
Profit before income tax	6,276	6,328
Adjustments for:		
Allowance for impairment of trade receivables	976	352
Depreciation of property, plant and equipment	10,367	9,309
Fair value gain on investment property	-	(800)
Unrealised foreign exchange gain on available-for-sale financial asset	(111)	-
Loss on disposal of investment property	300	-
Gain on disposal of plant and equipment	(75)	(354)
Interest income	(126)	(3)
Interest expenses	1,214	942
Write-back of allowance for impairment of trade receivables no longer required	-	(61)
Share-based payment expenses	425	-
Operating cash flows before working capital changes	19,246	15,713
Working capital changes:		
Trade and other receivables	(1,101)	7,472
Prepayments	26	76
Amount due to contract customers, net	(1,446)	(15,021)
Trade and other payables	(2,528)	1,052
Cash generated from operations	14,197	9,292
Interest income	41	3
Income tax paid	(241)	(389)
<b>Net cash from operating activities</b>	<b>13,997</b>	<b>8,906</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(3,232)	(370)
Proceeds from disposal of plant and equipment	4,041	806
Purchase of available-for-sale financial assets	(4,754)	-
<b>Net cash (used in)/ from investing activities</b>	<b>(3,945)</b>	<b>436</b>
<b>Cash flow from financing activities</b>		
Advances to related parties	-	(147)
Repayment from related parties	4,545	-
Advances from Directors	-	400
Repayment to Directors	(2,397)	-
Dividends paid	(5,500)	-
Proceeds from trust receipts	63,963	44,585
Repayment of trust receipts	(63,204)	(40,592)
Proceeds from term loans	5,003	1,500
Repayment of term loans	(2,830)	(1,428)
Interest paid	(1,214)	(942)

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	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Proceeds from issuance of shares	5,500	500
Share issue expense	(484)	-
Repayment of finance lease payables	(9,602)	(5,849)
<b>Net cash used in financing activities</b>	<b>(6,220)</b>	<b>(1,973)</b>
Net increase in cash and cash equivalents	3,832	7,369
Cash and bank balances at the beginning of the financial year	12,536	5,167
<b>Cash and bank balances at end of the financial year</b>	<b>16,368</b>	<b>12,536</b>

**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**

<b>Group (Unaudited)</b>	<b>Share capital S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Other reserves S\$'000</b>	<b>Equity attributable to owners of the Parent S\$'000</b>	<b>Non-controlling interests S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at 1 January 2014</b>	7,075	29,827	-	36,902	313	37,215
<b>Profit for the financial year</b>	-	5,106	-	5,106	45	5,151
<b>Other comprehensive income:</b>						
Gain on revaluation of property, plant and equipment	-	-	6,698	6,698	-	6,698
Gain on available-for-sale financial assets	-	-	(9)	(9)	-	(9)
<b>Transaction with owners of the parent</b>						
Issuance of ordinary shares pursuant to the restructuring exercise	33,235	-	(26,160)	7,075	-	7,075
Deemed distribution to owners of the parent pursuant to the Restructuring Exercise	(7,075)	-	-	(7,075)	-	(7,075)
Issuance of ordinary shares pursuant to the IPO	5,500	-	-	5,500	-	5,500
Share-based payment expenses	425	-	-	425	-	425
Share issue expense	(484)	-	-	(484)	-	(484)
Dividend paid	-	(7,995)	-	(7,995)	-	(7,995)
	31,601	(7,995)	(26,160)	(2,554)	-	(2,554)
<b>Balance as at 31 December 2014</b>	<b>38,676</b>	<b>26,938</b>	<b>(19,471)</b>	<b>46,143</b>	<b>358</b>	<b>46,501</b>

<b>Group (Audited)</b>	<b>Share capital S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Other reserves S\$'000</b>	<b>Equity attributable to owners of the Parent S\$'000</b>	<b>Non-controlling interests S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at 1 January 2013</b>	6,700	25,864	-	32,564	-	32,564
<b>Profit for the financial year</b>	-	4,963	-	4,963	188	5,151
<b>Transaction with owners of the parent</b>						
Issuance of ordinary shares	375	-	-	375	125	500
Dividend paid	-	(1,000)	-	(1,000)	-	(1,000)
	375	(1,000)	-	(625)	125	(500)
<b>Balance as at 31 December 2013</b>	<b>7,075</b>	<b>29,827</b>	<b>-</b>	<b>36,902</b>	<b>313</b>	<b>37,215</b>



<b>Company* (Unaudited)</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Equity attributable to owners of the parent S\$'000</b>	<b>Non-controlling interests S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at date of incorporation on 1 August 2014</b>	*	-	*	-	*
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>	-	(1,446)	(1,446)	-	(1,446)
<b>Transaction with owners of the parent</b>					
Issuance of ordinary shares pursuant to the Restructuring Exercise	33,235	-	33,235	-	33,235
Issuance of ordinary shares pursuant to the IPO	5,500	-	5,500	-	5,500
Share-based payment expenses	425	-	425	-	425
Share issue expense	(484)	-	(484)	-	(484)
<b>Balance as at 31 December 2014</b>	<b>38,676</b>	<b>(1,446)</b>	<b>37,230</b>	<b>-</b>	<b>37,230</b>

\* Less than S\$1,000

Note: There are no comparative figures for the Company as at 31 December 2013 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.**

	<b>Number of Shares</b>	<b>Share capital (S\$)</b>
<b>As at date of incorporation on 1 August 2014</b>	<b>2</b>	<b>2</b>
Issue of new shares pursuant to the Restructuring Exercise	121,759,598	33,235,384
Issue of FC shares <sup>(1)</sup>	250,000	50,000
Issue of PPCF shares <sup>(1)</sup>	1,875,000	375,000
Placement shares issued pursuant to the Placement <sup>(1)</sup>	27,500,000	5,500,000
Share issue expense	-	(484,238)
<b>As at 31 December 2014</b>	<b>151,384,600</b>	<b>38,676,148</b>

Note:-

(1) As defined in the Offer Document of the Company dated 1 December 2014.

### **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 31 December 2014 and 31 December 2013.

**1(d)(iii) To show the 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 31 December 2014, the Company had 151,384,600 issued and fully paid ordinary shares. There are no comparative figures as at 31 December 2013 as the Company was incorporated on 1 August 2014.

The Company did not have any treasury shares as at 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.

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**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 combined financial statements for the financial year ended 31 December 2013 as set out in the Company's offer document dated 1 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**

The Group adopted a number of new Singapore Financial Reporting Standards ("FRS"), amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

During the financial year, the Group has changed its accounting policy with respect to the subsequent measurement of leasehold properties from cost model to the revaluation model. Under the revaluation model, the carrying amounts of leasehold properties increase as a result of revaluation surplus, the revaluation surplus is recognised in other comprehensive income and accumulated in equity under the heading of asset revaluation reserve.

This change in accounting policy was applied prospectively in accordance with the standards.

The effect of the change was as follows:

	Leasehold properties
	<u>S\$'000</u>
Balance before revaluation	15,302
Gain on revaluation	6,698
Balance after revaluation	<u><u>22,000</u></u>

The effect on other comprehensive income was as follows:

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Gain on revaluation

\$  
6,698

**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	
	31/12/2014 (Unaudited)	31/12/2013 (Audited)
Profit attributable to owners of the Company (S\$'000)	5,106	4,963
Basic and diluted EPS in Singapore cents	<u>4.11</u>	<u>4.08</u>

For comparative and illustrative purposes, the basic earnings per ordinary share for the financial year ended 31 December 2013 was computed based on number of ordinary shares post Restructuring Exercise of 121,759,600. Basic earning per ordinary share for the financial year ended 31 December 2014 was based on weighted average number of ordinary shares of 124,304,805.

The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares as at 31 December 2013 and 31 December 2014.

**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*
	31/12/2014 Unaudited	31/12/2013 Audited	31/12/2014 Unaudited
Net asset value per ordinary share based on issued share capital (Singapore cents)	30.48	30.31	24.59
Number of shares	151,384,600	121,759,600	151,384,600

\* There are no comparative figures for the Company as at 31 December 2013 as the Company was incorporated on 1 August 2014.

*For comparative and illustrative purposes, the net asset value per ordinary share of the Group for the financial year ended 31 December 2013 was computed based on number of ordinary shares post Restructuring Exercise of 121,759,600.*

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**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 year ended 31 December 2014 ("FY2014") vs. 31 December 2013 ("FY2013")**

**Review of the Income Statement of the Group**

The Group's revenue increased by S\$24.8 million or 22.9%, from S\$108.5 million in FY2013 to S\$133.3 million in FY2014, mainly due to an increase in revenue from our civil engineering services and inland logistics services, but was partially offset by a decrease in revenue from sale of construction materials in FY2014.

The increase in revenue from our civil engineering services of approximately S\$24.2 million or 30.4% from S\$79.6 million in FY2013 to S\$103.8 million in FY2014 was largely due to the recognition of revenue from external works contracts, such as road diversion and construction, which generally have higher contract values. In particular, substantial work was completed and recognised for our earthworks and external works contract during FY2014.

Revenue from our inland logistics segment increased by approximately S\$3.5 million or 14.7% from S\$23.8 million in FY2013 to S\$27.3 million in FY2014 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 decrease in sale of construction materials of approximately S\$2.8 million or 56.0% from S\$5.0 million in FY2013 to S\$2.2 million in FY2014 was due to lower demand, as more of our customers' projects reached stages which do not require filling material in FY2014. There were also fewer construction projects in the industry which were at the relevant stages that would require Liquified Soil Stabiliser ("LSS") for filling or backfilling purposes in FY2014.

**Cost of sales and services**

Cost of sales increased by S\$19.6 million, or 21.3%, from S\$92.0 million in FY2013 to S\$111.6 million in FY2014, mainly due to the increase in direct labour costs, subcontract costs and depreciation expenses offset by a decrease in direct material and fuel costs.

Our direct labour costs increased by S\$2.1 million or 12.7%, from S\$16.6 million in FY2013 to S\$18.7 million in FY2014 as we increased our technical, project operations and inland logistics headcount during FY2014 in anticipation of increasing work volume from a higher order book secured in FY2014.

Our sub-contract costs increased by S\$17.6 million or 109.3% from S\$16.1 million in FY2013 to S\$33.7 million in FY2014, largely due to the concurrent delivery of several of our civil engineering contracts and we had to engage substantial third-party transportation and labour resources in order to meet the contractual obligations for our projects in FY2014.

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Depreciation expenses on our income-generating assets also increased by S\$1.3 million or 14.9% from S\$8.7 million in FY2013 to S\$10.0 million in FY2014 due to the additions of new plant and equipment during the year.

Our direct material and fuel costs decreased by S\$2.3 million or 6.6% from S\$35.1 million in FY2013 to S\$32.8 million in FY2014 largely due to the cost savings from the decrease in fuel prices in FY2014.

### **Gross profit**

As a result of the foregoing, our gross profit increased by S\$5.2 million or 31.7% from S\$16.5 million in FY2013 to S\$21.7 million in FY2014. Gross profit margin increased marginally from 15.2% in FY2013 to 16.3% in FY2014 mainly due to the decrease in fuel costs during the year.

### **Other income**

Our other income increased marginally by S\$0.1 million, or 4.1%, from S\$4.0 million in FY2013 to S\$4.1 million in FY2014. The increase was mainly due to an increase in other sundry income and interest income and foreign exchange gain from the available-for-sale assets in FY2014 offset by a decrease in gain on disposal of plant and equipment.

### **Administrative expenses**

Our administrative expenses increased by S\$2.9 million, or 24.8%, from S\$11.9 million in FY2013 to S\$14.8 million in FY2014. The increase was mainly due to an increase in the foreign workers' levies of S\$1.0 million, an increase in employees' benefits of S\$0.6 million and lease expense on construction sites of S\$0.5 million, which were partially offset by a decrease in directors' fee of S\$0.4 million. The increase in the foreign workers' levies and employees' benefits is in accordance with the increase in foreign workers and operational and administrative staffs from 617 to 731 and 772 to 889 respectively during FY2014 for new contracts awarded. The increase in lease expenses was due to more site office needed for new contracts awarded during the year.

### **Other expenses**

Our other expenses increased by S\$2.3 million, or 208.8%, from S\$1.1 million in FY2013 to S\$3.4 million in FY2014. The increase was primarily due to an increase in impairment of trade receivables of S\$0.6 million as a result of an uncertainty in collection from a customer, a loss on disposal of investment property of S\$0.3 million and an one-time IPO expenses of S\$1.4 million.

### **Finance costs**

Our finance costs increased by S\$0.2 million, or 19.3%, from S\$1.2 million in FY2013 to S\$1.4 million in FY2014 primarily due to an increase in interest expenses from the higher amounts of trust receipts and bank loans utilised in FY2014.

### **Profit before income tax**

Our profit before income tax decreased marginally by S\$0.05 million, or 0.8%, from S\$6.33 million in FY2013 to S\$6.28 million in FY2014 due mainly to an increase in gross profit and was offset by the one-time IPO expenses incurred during the year.

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## **Income tax expenses**

Income tax expense decreased by S\$0.1 million or 4.4% from S\$1.2 million in FY2013 to S\$1.1 million in FY2014 mainly due to an increase in provisions of income tax and deferred tax for FY2014 and offset by an over provision of income tax for prior years.

## **Non-controlling interests**

Non-controlling interests refers to the interests of minority shareholders in one of our subsidiaries, HT Equipment Pte. Ltd., in which we have a shareholding interest of 75.0%. HT Equipment Pte. Ltd. was incorporated in October 2012. Profit attributable to non-controlling interest amounted to S\$0.05 million in FY2014, which represents the minority shareholders' interests in the profits of HT Equipment Pte. Ltd. for FY2014.

## **Profit attributable to owners of the parent**

As a result of the foregoing, our profit after tax attributable to owners of the parent increased marginally by S\$0.1 million, or 2.9%, from S\$5 million in FY2013 to S\$5.1 million in FY2014.

## **Review of the Financial Position of the Group**

### **Non-current Assets**

#### **As at 31 December 2014**

As at 31 December 2014, our non-current assets of S\$85.3 million accounted for approximately 58.3% of our total assets. Property, plant and equipment made up approximately 97.2% of the total non-current assets, amounting to approximately S\$82.9 million. The remaining 2.8% is attributable to our available-for-sale financial assets of S\$2.1 million and prepayment of S\$0.3 million as at 31 December 2014. 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 31 December 2014.

The Group's property, plant and equipment increased approximately by S\$9.7 million from S\$73.2 million in FY2013 mainly due to additions of machineries during the financial year of approximately S\$13.8 million, and revaluation gain on the leasehold properties of S\$6.7 million. The effect is partially offset against the depreciation charge during the financial year of S\$10.3 million and disposal of plant and machinery with a net book value of S\$0.5 million. The available-for-sale financial assets relate to the investment in life insurance for an Executive Director as disclosed in the Offer Document dated 1 December 2014.

### **Current assets**

#### **As at 31 December 2014**

As at 31 December 2014, our current assets of S\$61.0 million accounted for 41.8% of our total assets. These consist of amounts due from contract customers of S\$11.6 million, available for-sale financial assets of S\$4.8 million, trade and other receivables of S\$27.8 million, prepayments of S\$0.5 million and cash and bank balances of S\$16.4 million which represent approximately 19.0%, 7.9%, 45.5%, 0.8% and 26.8% of the total current assets as at 31 December 2014 respectively.

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The Group's trade and other receivables decreased approximately by S\$4.4 million as a result of unbilled work done in FY2014. The available-for-sale financial assets relate to the purchase of fixed income financial instruments disclosed in the Offer Document dated 1 December 2014 amounting to approximately S\$4.8 million in FY2014. The Group's cash and bank balances increased approximately by S\$3.8 million was mainly due the net cash generated from operating activities of S\$14.0 million offset by net cash used in investing activities and financing activities of approximately S\$4.0 million and S\$6.2 million respectively in FY2014.

### **Current liabilities**

#### **As at 31 December 2014**

As at 31 December 2014, the Group's current liabilities of approximately S\$60.7 million constituted approximately 60.9% 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 31 December 2014, the Group's amount due to contract customers of approximately S\$5.4 million accounted for 9.0% of the Group's total current liabilities, trade and other payables of approximately S\$24.2 million accounted for 39.8% of the Group's total current liabilities and consisted of trade payables of approximately S\$15.6 million and other payables of approximately S\$8.6 million. The Group's amount due to contract customers decreased by approximately S\$1.0 million due to lesser billing in advance compared to FY2013. Trade and other payables decreased by approximately S\$3.8 million from approximately S\$28.0 million as at 31 December 2013, as a result of prompt repayments to the trade and other creditors during the financial year.

As at 31 December 2014, the Group's finance lease payables of approximately S\$11.1 million accounted for 18.3% of the Group's total current liabilities. Finance lease payables increased by approximately S\$1.9 million from approximately S\$9.2 million as at 31 December 2013. The increase was mainly due to an increase in purchase of plant and equipment under finance in FY2014.

As at 31 December 2014, the Group's current portion of loans and borrowings was approximately S\$18.8 million and it accounted for 30.9% of the Group's total current liabilities. Total loans and borrowings, both the current and non-current portions, increased by approximately S\$5.3 million, mainly as a result of more banking facilities utilised in FY2014.

As at 31 December 2014, the Group's current income tax payable of approximately S\$1.2 million accounted for 2.0% of the Group's total current liabilities.

### **Non-current liabilities**

#### **As at 31 December 2014**

As at 31 December 2014, total non-current liabilities of approximately S\$39.0 million, comprised of approximately S\$0.1 million of other payables, approximately S\$34.5 million of bank borrowings and finance lease payables and S\$4.4 million of deferred tax liabilities. Total non-current liabilities accounted for approximately 39.1% of the Group's total liabilities.

The increase in total non-current liabilities of approximately S\$2.1 million was due mainly to an increase of finance lease payables of approximately S\$0.7 million from S\$21.6 million in FY2013, an increase in bank borrowings of approximately S\$1.4 million from S\$10.8 million in FY2013 due to the addition term loans utilised in FY2014, an increase in deferred tax liabilities of S\$0.4 million from S\$4.0 million in FY2013 and offset by an decrease in other payables of approximately S\$0.4 million from S\$0.5 million in.



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## **Shareholders' equity**

As at 31 December 2014, our shareholders' equity amounted to approximately S\$46.5 million comprising mainly S\$38.7 million of issued share capital and approximately S\$26.9 million of accumulated profits and non-controlling interests of S\$0.4 million, but was offset by other reserves of S\$19.5 million. The issued share capital has increased by S\$31.6 million from S\$7.1 million as at 31 December 2013, which was a result of the Restructuring Exercise.

The increase in the share capital of approximately S\$31.6 million as at 31 December 2014 from S\$7.1 million as at 31 December 2013 was mainly due to issuance of new ordinary shares pursuant to the Group's listing on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") in FY2014.

Other reserves deficit of S\$19.5 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\$6.7 million.

The Group had a positive working capital of approximately S\$0.3 million as at 31 December 2014 as compared with a negative working capital of approximately S\$2.9 million as at 31 December 2013.

## **Review of the Cash Flow Statement of the Group**

In FY2014, the Group recorded a net cash from operating activities of S\$14.0 million, which was a result of cash generated from operating activities before working capital changes of approximately S\$19.3 million and offset by the working capital outflow of S\$5.1 million and income tax paid of S\$0.2 million.

Changes in cash flow from working capital changes was mainly due to a decrease in trade and other payables of S\$2.5 million and an increase in gross amount due from customers of S\$1.5 million, and an increase in trade and other receivables of S\$1.1 million.

A net cash outflow of S\$4.0 million was derived from investing activities from purchases of plant and equipment and investment in available-for-sale investment of S\$3.2 million and S\$4.8 million respectively and offset by proceeds from disposals of plant and equipment of S\$4.0 million during FY2014.

Net cash used in financing activities of S\$6.2 million was mainly due to the repayment of trust receipts of S\$63.2 million, repayment of finance lease payables of S\$9.6 million, repayment of term loans of S\$2.8 million, interest paid of S\$1.2 million, repayment of advances from Directors of \$2.4 million and dividend paid of S\$5.5 million, which were partially offset by proceeds from trust receipts of S\$64.0 million, proceeds from term loans of S\$5.0 million, repayment from related parties of S\$4.5 million and proceeds from issuance of new shares of S\$5.5 million and offsetting the share issue expense of S\$0.5 million.

Cash and bank balances increased by S\$3.9 million in FY2014, amounting to S\$16.4 million as at 31 December 2014.

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

Not applicable.

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**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.**

As referenced from the Building and Construction Authority News Release 2015, construction contracts for the built environment sector are expected to be buoyant in 2015, given a sustained pipeline of public sector projects. This follows an exceptionally strong performance in 2014 where the construction demand was fuelled by a higher volume of institutional and civil engineering construction contracts. Such projects include Sengkang General and Community Hospitals, Tampines Town Hub project and the award of various major contracts for the construction of Thomson-East Coast MRT Line as well as land preparation works for the upcoming Changi Airport development.

**Outlook for 2015**

This year, public sector projects are expected to account for an estimate of 60% of the total construction demand. However, while public housing projects are anticipated to moderate this year in consideration of a more stabilised public housing market, public construction demand will remain stable due to an increase in industrial projects and the sustained pipeline of institutional and civil engineering works.

Meanwhile, private sector construction demand is anticipated to decrease moderately compared to 2014 as developers may adopt a cautious stance amid a slowdown in private home sales and global economic uncertainties. Nevertheless, the slowdown is likely to be cushioned by a rise in private sector civil engineering projects such as the proposed infrastructure works for the development of the Changi East Runway 3.

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

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

No.

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

Not applicable.

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

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

**(e) Book closure date**

Not applicable.

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

No dividend has been declared or recommended for FY2014.

**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)	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)
NHL Holding Pte Ltd – Lease of construction equipment and vehicles from NHL Holding Pte Ltd	683,000	Not applicable
NHL Holding Pte Ltd – Lease of dormitories to Huatong Contractor Pte Ltd from NHL Holding Pte Ltd	48,000	Not applicable

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

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

<b>Business Segment</b>	<b>Civil engineering services</b>	<b>Inland logistics support</b>	<b>Sale of construction materials</b>	<b>Unallocated</b>	<b>Elimination</b>	<b>Consolidated</b>
	\$	\$	\$	\$	\$	\$
<b>2014</b>						
<b>Revenue (\$'000)</b>						
External revenue	103,791	27,369	2,172	-	-	133,332
Inter-segment revenue	-	3,625	2,275	-	(5,900)	-
	103,791	30,994	4,447	-	(5,900)	133,332
<b>Results</b>						
Segment results	17,735	3,732	261	(14,059)	-	7,669
Finance costs						(1,393)
Profit before income tax						6,276
Income tax expense						(1,125)
Profit for the financial year						5,151
<b>Non-cash items</b>						
Gain on disposal of property, plant and equipment	-	-	-	75	-	75
Loss on disposal of investment property	-	-	-	(300)	-	(300)
Depreciation of property, plant and equipment	-	-	-	(10,367)	-	(10,367)
Unrealised foreign exchange gain	-	-	-	111	-	111
Allowance for impairment of trade receivables	(917)	(59)	-	-	-	(976)

<b>Business Segment</b>	<b>Civil engineering services</b>	<b>Inland logistics support</b>	<b>Sale of construction materials</b>	<b>Unallocated</b>	<b>Elimination</b>	<b>Consolidated</b>
	\$	\$	\$	\$	\$	\$
<b>2013</b>						
<b>Revenue (S\$'000)</b>						
External revenue	79,613	23,824	5,038	-	-	108,475
Inter-segment revenue	-	2,149	4,151	-	(6,300)	-
	<u>79,613</u>	<u>25,973</u>	<u>9,189</u>	<u>-</u>	<u>(6,300)</u>	<u>108,475</u>
<b>Results</b>						
Segment results	16,244	1,739	606	(11,093)	-	7,496
Finance costs						(1,168)
Profit before income tax						<u>6,328</u>
Income tax expense						(1,177)
Profit for the financial year						<u><u>5,151</u></u>
<b>Non-cash items</b>						
Fair value gain on investment property	-	-	-	800	-	800
Gain on disposal of property, plant and equipment	-	-	-	354	-	354
Write-back of allowance for impairment of trade receivables no longer required	61	-	-	-	-	61
Depreciation of property, plant and equipment	-	-	-	(9,309)	-	(9,309)

Allowance for					
impairment of					
trade receivables	(352)	-	-	-	(352)

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to Paragraph 8 above for details.

**16. Breakdown of Group's revenue and profit/ (loss) after tax for first half year and second half year**

	FY2014 S\$'000	FY2013 S\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	67,609	52,831	28.0
(b) Operating profit after tax before deducting minority interests reported for the first half year	3,025	2,134	41.8
(c) Sales reported for the second half year	65,723	55,644	18.1
(d) Operating profit after tax before deducting minority interests reported for second half year	2,126	3,017	(29.5)

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10)**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year

Ng Swee Seng	43	Nephew of Mr Ng Hai Liong	Workshop Manager/ 2002	N.A.
Ng Say Beng Charlie	48	Nephew of Mr Ng Hai Liong	Site Manager/ 2011	N.A.

## 19. 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.*

### BY ORDER OF THE BOARD

Ng Kian Ann Patrick  
Executive Director and CEO  
26 February 2015