



**Huatiang Global Limited**

Company Registration Number: 201422395Z  
(Incorporated in the Republic of Singapore on  
1 August 2014) Address: 9 Benoi Crescent,  
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**MATERIAL VARIANCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board of Directors (the “**Board**”) of Huatiang Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to (a) the Group’s unaudited financial statements for the financial year ended 31 December 2019 released via SGXNET on 28 February 2020 (the “**Unaudited Financial Statements**”) and (b) the audited financial statements of the Group for the financial year ended 31 December 2019 (the “**Audited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify the material variances between the Unaudited Financial Statements and the Audited Financial Statements.

A summary of the material variances between the Unaudited Financial Statements and Audited Financial Statements, and the explanation thereon, are annexed to this Announcement.

By Order of the Board  
Huatiang Global Limited

Ng Kian Ann Patrick  
Executive Director and Chief Executive Officer

28 May 2020

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

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

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group				
	FY2019 Unaudited S\$'000	FY2019 Audited S\$'000	Variance S\$'000	% Change	Note
<b>Revenue</b>	<b>134,391</b>	<b>134,576</b>	<b>185</b>	0.1	a
Cost of sales and services	(107,977)	(107,756)	(221)	(0.2)	b
<b>Gross profit</b>	<b>26,414</b>	<b>26,820</b>	<b>406</b>	<b>1.5</b>	
Other income	3,938	3,938	-	-	
Administrative expenses	(21,723)	(21,797)	74	0.3	c
Other expenses	(721)	(721)	-	-	
Loss allowance on trade receivables and contract assets	(232)	(253)	21	9.1	d
Finance costs	(3,850)	(3,850)	-	-	
Share of results of a joint venture	984	985	(1)	0.1	#
<b>Profit before income tax</b>	<b>4,810</b>	<b>5,122</b>	<b>312</b>	<b>6.5</b>	
Income tax expense	(685)	(1,201)	516	75.3	e
<b>Profit for the financial year</b>	<b>4,125</b>	<b>3,921</b>	<b>(204)</b>	<b>(4.9)</b>	

Notes:

a Additional recognition of revenue.

		S\$'000
(i) Additional recognition of revenue		152
(ii) Other miscellaneous		33
		185

b Overprovision of cost of sale for material used.

c Underprovision of administrative expenses.

d Underprovision of loss allowance on trade receivables.

e The increase in income tax expense was due to the following:

		S\$'000
(i) Additional provision of deferred tax previously omitted		439
(ii) Higher provision of income tax due to higher audited profit before income tax		77
		516

## STATEMENT OF FINANCIAL POSITION

	Group				
	31.12.2019 Unaudited S\$'000	31.12.2019 Audited S\$'000	Variance S\$'000	% Change	Note
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	103,311	39,707	(63,604)	(61.6)	A
Right-of-use assets	16,840	79,961	63,121	374.8	A
Financial assets at FVTPL	5,315	5,315	-	-	
Investment in a joint venture	2,791	2,791	-	-	
Intangible assets	111	110	(1)	(0.9)	#
	128,368	127,884	(484)	(0.4)	
<b>Current assets</b>					
Contract assets	79,509	77,852	(1,657)	(2.1)	B
Financial assets at FVOCI	952	952	-	-	
Inventories	1,279	1,279	-	-	
Trade and other receivables	42,952	44,887	1,935	4.5	C
Prepayments	1,121	1,121	-	-	
Cash and cash equivalents	4,484	4,484	-	-	
	130,297	130,575	278	0.2	
<b>Total assets</b>	258,665	258,459	(206)	(0.1)	
<b>Liabilities</b>					
<b>Current liabilities</b>					
Contract liabilities	227	339	112	49.3	B
Trade and other payables	51,804	51,173	(631)	(1.2)	D
Lease liabilities	17,471	17,471	-	-	
Bank borrowings	55,761	55,761	-	-	
Deferred income	793	793	-	-	
Current income tax payable	280	358	78	27.9	E
	126,336	125,895	(441)	(0.3)	
<b>Non-current liabilities</b>					
Lease liabilities	40,462	40,462	-	-	
Bank borrowings	11,588	11,588	-	-	
Deferred income	957	957	-	-	
Deferred tax liabilities	5,527	5,966	439	7.9	E
	58,534	58,973	439	0.7	
<b>Total liabilities</b>	184,870	184,868	(2)	(0.0)	
<b>Net assets</b>	73,795	73,591	(204)	(0.3)	

Note:

FVTPL: fair value through profit or loss

FVOCI: fair value through other comprehensive income

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Group				
	31.12.2019 Unaudited S\$'000	31.12.2019 Audited S\$'000	Variance S\$'000	% Change	Note
<b>Equity</b>					
Share capital	38,676	38,676	-	-	
Other reserves	(14,936)	(14,936)	-	-	
Accumulated profits	50,932	50,730	(202)	(0.4)	F
<b>Equity attributable to owners of the parent</b>	74,672	74,470	(202)	(0.3)	
Non-controlling interests	(877)	(879)	(2)	0.2	
<b>Total equity</b>	73,795	73,591	(204)	(0.3)	

Notes:

A	The decrease in property, plant and equipment were due mainly to adjustments made below:	S\$'000
	(i) Reclass assets under finance lease to right-of-use assets on initial adoption of SFRS(I) 16	(63,121)
	(ii) Over recognition of property, plant and equipment delivered after 31 December 2019	(483)
		63,604

The increase in right-of-use assets as explained in Note A (i) above.

B	The decrease in contract assets and increase in contract liabilities were due mainly to adjustments made below:	S\$'000
	(i) Reclassification for the accrued billings to customers for work done up to 31 December 2019 to trade and other receivables	(1,923)
	(ii) Adjustment to revenue as explained in Note a (i)	152
	(iii) Other miscellaneous	2
		(1,769)

C	The increase in trade and other receivables was due mainly to adjustment made below:	S\$'000
	(i) Reclassification for the accrued billings to customers for work done up to 31 December 2019 from contract assets	1,923
	(ii) Other miscellaneous as explained in Note a (ii)	33
	(iii) Loss allowance on trade receivables as explained in Note d	(21)
		1,935

D	The increase in trade and other payables was due mainly to adjustment made below:	S\$'000
	(i) Over recognition of property, plant and equipment delivered after 31 December 2019 as explained in Note A (ii)	(483)
	(ii) Overprovision of cost of sale for material used as explained in Note b	(221)
	(iii) Underprovision of administrative expenses	74
	(iv) Other miscellaneous	(1)
		(631)

E Higher provision of income tax and deferred tax liabilities as disclosed in Note e.

F Net effects of adjustments to net profit for the year.

# Immaterial difference or minor difference due rounding effect.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Group</b>				
	FY2019 Announced S\$'000	FY2019 Audited S\$'000	Variance S\$'000	Variance %	Note
<b>Cash flows from operating activities</b>					
Profit before income tax	4,810	5,122	312	6.5	1
Adjustments for:					
Depreciation of property, plant and equipment	16,263	6,077	(10,186)	(62.6)	2
Depreciation of right-of-use assets	3,333	13,519	10,186	305.6	2
Amortisation of intangible assets	16	16	-	-	
Loss allowance on trade receivables and contract assets	232	253	21	9.1	3
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	(6)	(6)	-	-	
Allowance for impairment of property, plant and equipment and right-of-use assets	(52)	(51)	1	(1.9)	#
Gain on lease modification	(95)	(95)	-	-	
Amortisation of gain on sale and leaseback transactions	(834)	(834)	-	-	
Allowance for impairment of property, plant and equipment and right-of-use assets	52	52	-	-	
Interest expenses	3,676	3,676	-	-	
Interest income	(58)	(58)	-	-	
Share of results of a joint venture	(984)	(985)	(1)	0.1	#
Fair value gain of financial assets at FVTPL	(163)	(163)	-	-	
Unrealised exchange differences, net	(5)	(5)	-	-	
<b>Operating cash flows before working capital changes</b>	26,185	26,518	333	1.3	
Working capital changes:					
Trade and other receivables	1,009	(865)	(1,874)	(185.7)	3
Prepayments	237	236	(1)	(0.4)	#
Contract assets, net	(6,083)	(4,314)	1,769	(29.1)	4
Inventories	(339)	(339)	-	-	
Trade and other payables	(605)	1,831	2,436	(402.6)	5
<b>Cash generated from operations</b>	20,404	23,067	2,663	13.1	
Interest received	5	5	-	-	
Income tax paid	(2,592)	(2,592)	-	-	
<b>Net cash from operating activities</b>	17,817	20,480	2,663	14.9	
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment	(5,969)	(4,885)	1,084	(18.2)	6
Additions to right-of-use assets	(190)	-	190	(100.0)	6
Deposits for purchase of property, plant and equipment	-	(80)	(80)	nm	3
Additions to intangible assets	(12)	(12)	-	-	
Interest received	82	82	-	-	
Proceeds from disposal of property, plant and equipment and right-of-use assets	469	469	-	-	
Proceeds from partial redemption of financial assets at FVOCI	1,270	1,270	-	-	
<b>Net cash (used in) /from investing activities</b>	(4,350)	(3,156)	1,194	(27.4)	

## **CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>Group</b>				
	FY2019 Announced S\$'000	FY2019 Audited S\$'000	Variance S\$'000	Variance %	
<b>Cash flows from financing activities</b>					
Proceeds from trust receipts	71,783	71,783	-	-	
Repayment of trust receipts	(78,339)	(78,339)	-	-	
Proceeds from term loans	15,290	15,290	-	-	
Repayment of term loans	(5,172)	(5,172)	-	-	
Interest paid	(3,676)	(3,248)	428	(11.6)	6
Repayment of lease liabilities	(17,278)	(21,563)	(4,285)	24.8	6
Decrease in amounts due to related parties	(100)	(100)	-	-	
<b>Net cash used in financing activities</b>	<b>(17,492)</b>	<b>(21,349)</b>	<b>(3,857)</b>	<b>22.1</b>	
Net change in cash and cash equivalents	(4,025)	(4,025)	-	-	
Cash and cash equivalents at beginning of the financial year	8,509	8,509	-	-	
<b>Cash and bank balances at end of the financial year</b>	<b>4,484</b>	<b>4,484</b>	<b>-</b>	<b>-</b>	

Notes:

1. Net effects of adjustments to profit before tax the year as explained in Note a to d.
2. Reclass depreciation for assets under finance lease to depreciation of right-of-use assets upon reclassification of assets under finance lease to right-of-use assets on initial adoption of SFRS(I) 16 on initial adoption of SFRS(I) 16.
3. Effects of adjustments made to trade and other receivables as explained in Note C.
4. Effects of adjustments made to contract assets and contract liabilities as explained in Note B.
5. Net effects of the following:

	S\$'000
(i) Adjustments made to trade and other payables as explained in Note D (ii), (iii) & (iv).	(148)
(ii) Reclassification within cashflow to lease liabilities (Note 6 (iv))	2,582
(iii) Other miscellaneous	2
	2,436

6. Reclassification within cashflow statement to repayment of lease liabilities:

	S\$'000
(i) Purchases of property, plant and equipment	1,084
(ii) Additions to right-of-use assets	190
(iii) Interest paid	428
(iv) Reclassification within cashflow statement (Note 5)	2,582
(v) Other miscellaneous	1
Reclassified to repayment of lease liabilities	4,285

- # Immaterial difference or minor difference due rounding effect.  
 nm Not meaningful.