



HUATONG GLOBAL LIMITED
(Company Registration Number: 201422395Z)

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2016 (“HY2016”)**

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.

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

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

| | Group | | |
|---|--------------------------------|--------------------------------|---------------|
| | HY2016 Unaudited S\$'000 | HY2015 Unaudited S\$'000 | (+/-) % |
| Revenue | 61,228 | 64,861 | (5.6) |
| Cost of sales and services | (50,283) | (53,516) | (6.0) |
| Gross profit | 10,945 | 11,345 | (3.5) |
| Other income | 1,970 | 1,438 | 37.0 |
| Administrative expenses | (8,576) | (7,798) | 10.0 |
| Other expenses | (195) | (308) | (36.7) |
| Finance costs | (1,077) | (776) | 38.8 |
| Share of profit of joint venture | 157 | - | nm |
| Profit before income tax | 3,224 | 3,901 | (17.4) |
| Income tax expense | (560) | (720) | (22.2) |
| Net profit for the period | 2,664 | 3,181 | (16.3) |
| Other comprehensive income: | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Fair value changes on available-for-sale financial assets | 25 | 104 | (76.0) |
| <i>Item that will not be reclassified subsequently to profit or loss:</i> | | | |
| Gain on revaluation of property, plant and equipment | - | 500 | nm |
| Other comprehensive income for the financial year | 25 | 604 | (95.9) |
| Total comprehensive income for the financial year | 2,689 | 3,785 | (29.0) |
| Profit attributable to: | | | |
| Owners of the parent | 2,790 | 3,217 | (13.3) |
| Non-controlling interests | (126) | (36) | 250.0 |
| | 2,664 | 3,181 | (16.3) |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | 2,815 | 3,821 | (26.3) |
| Non-controlling interests | (126) | (36) | 250.0 |
| | 2,689 | 3,785 | (29.0) |

nm denotes not meaningful

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

The Group's profit before income tax has been arrived at after charging / (crediting) the following:

| | Group | | |
|--|---------------------------------------|---------------------------------------|-------------------|
| | HY2016 Unaudited S\$'000 | HY2015 Unaudited S\$'000 | (+/-) % |
| Depreciation of property, plant and equipment | 7,536 | 5,581 | 35.0 |
| Allowance for doubtful debts and bad debts written off | 12 | - | nm |
| Interest expenses | 1,021 | 690 | 48.0 |
| Employee benefits expense | 14,899 | 12,495 | 19.2 |
| Operating lease expense | 4,379 | 3,696 | 18.5 |
| Interest income | (103) | (115) | (10.4) |
| Loss/(Gain) on disposal of plant and equipment | (376) | 127 | (396.1) |
| Foreign exchange (gain)/loss, net | (45) | (61) | (26.2) |

nm 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 | |
|---|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| | 30.06.2016 Unaudited S\$'000 | 31.12.2015 Audited S\$'000 | 30.06.2016 Unaudited S\$'000 | 31.12.2015 Audited S\$'000 |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 107,143 | 109,381 | - | - |
| Available-for-sale financial assets | 4,753 | 4,913 | - | - |
| Investments in subsidiaries | - | - | 33,235 | 33,235 |
| Investment in a joint venture | 327 | - | - | - |
| Prepayments | 557 | 679 | - | - |
| Intangible asset | 11 | 11 | - | - |
| | 112,791 | 114,984 | 33,235 | 33,235 |
| Current assets | | | | |
| Amount due from contract customers | 20,848 | 21,319 | - | - |
| Available-for-sale financial assets | 3,310 | 3,359 | - | - |
| Inventories | 151 | 187 | - | - |
| Trade and other receivables | 29,078 | 31,323 | - | - |
| Prepayments | 1,695 | 844 | - | 5 |
| Amount owing by subsidiaries | - | - | 2,029 | 2,029 |
| Cash and bank balances | 14,604 | 18,809 | 2,416 | 3,065 |
| | 69,686 | 75,841 | 4,445 | 5,099 |
| Total assets | 182,477 | 190,825 | 37,680 | 38,334 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Amounts due to contract customers | 9,628 | 10,274 | - | - |
| Trade and other payables | 28,237 | 29,716 | 140 | 125 |
| Finance lease payables | 16,856 | 16,558 | - | - |
| Bank borrowings | 22,357 | 25,259 | - | - |
| Deferred income | 99 | 99 | - | - |
| Current income tax payable | 1,031 | 1,033 | - | - |
| | 78,208 | 82,939 | 140 | 125 |
| Non-current liabilities | | | | |
| Other payables | 1,959 | 2,021 | - | - |
| Finance lease payables | 32,833 | 37,572 | - | - |
| Bank borrowings | 9,185 | 10,198 | - | - |
| Deferred Income | 190 | 240 | - | - |
| Deferred tax liabilities | 4,553 | 4,541 | - | - |
| | 48,720 | 54,572 | - | - |
| Total liabilities | 126,928 | 137,511 | 140 | 125 |
| Net assets | 55,549 | 53,314 | 37,540 | 38,209 |
| Equity | | | | |
| Share capital | 38,676 | 38,676 | 38,676 | 38,676 |
| Other reserves | (18,380) | (18,405) | - | - |
| Accumulated profits/(losses) | 35,230 | 32,894 | (1,136) | (467) |
| Equity attributable to owners of the parent | 55,526 | 53,165 | 37,540 | 38,209 |
| Non-controlling interests | 23 | 149 | - | - |
| Total equity | 55,549 | 53,314 | 37,540 | 38,209 |

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

| | As at 30 June 2016 | | | As at 31 December 2015 | | |
|---------------------------|--------------------|--------------|---------------|------------------------|---------------|---------------|
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Repayable within one year | 31,024 | 8,189 | 39,213 | 30,035 | 11,782 | 41,817 |
| Repayable after one year | 42,018 | - | 42,018 | 47,087 | 683 | 47,770 |
| Total | 73,042 | 8,189 | 81,231 | 77,122 | 12,465 | 89,587 |

Secured BorrowingsBank borrowings

As at 30 June 2016, the Group's bank borrowings amounted to S\$31,542,000 (2015: S\$35,457,000), of which S\$ 23,353,000 (2015: S\$22,992,000) was secured by mortgages over a leasehold property and beneficial interest arising from certain insurance policies undertaken by the Group.

Obligations under finance lease

As at 30 June 2016, the Group's obligations under finance leases amounted to S\$49,689,000 (2015: S\$54,130,000). Finance leases were secured by the Group's leased plant and equipment with net carrying amount of S\$75,058,000 as at 30 June 2016 (2015: S\$75,983,000).

All the bank borrowings and finance leases were supported by corporate guarantees given by the Company.

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 | |
|---|--------------------------------|--------------------------------|
| | HY2016 Unaudited S\$'000 | HY2015 Unaudited S\$'000 |
| Cash flows from operating activities | | |
| Profit before income tax | 3,224 | 3,901 |
| Adjustments for: | | |
| Allowance for impairment of trade receivables | 12 | - |
| Depreciation of property, plant and equipment | 7,536 | 5,581 |
| (Gain)/Loss on disposal of plant and equipment | (376) | 127 |
| Interest expense | 1,021 | 690 |
| Interest income | (103) | (115) |
| Share of results of joint venture | (157) | - |
| Unrealised exchange difference | (41) | - |
| Operating cash flows before working capital changes | 11,116 | 10,184 |
| Working capital changes: | | |
| Trade and other receivables | 2,232 | (2,606) |
| Prepayments | (730) | (137) |
| Amounts due to contract customers, net | (175) | (2,065) |
| Inventories | 36 | - |
| Trade and other payables | (1,699) | (1,392) |
| Cash generated from operations | 10,780 | 3,984 |
| Interest received | 103 | 115 |
| Income tax paid | (549) | (634) |
| Net cash from operating activities | 10,334 | 3,465 |
| Cash flows from investing activities | | |
| Investment in a joint venture | (170) | - |
| Purchase of property, plant and equipment | (979) | (329) |
| Proceeds from disposal of property, plant and equipment | 669 | 4,249 |
| Proceeds from disposal of available-for-sale financial assets | - | 1,330 |
| Net cash (used in)/from investing activities | (480) | 5,250 |

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 (continued)

| | Group | |
|--|--------------------------------|--------------------------------|
| | HY2016 Unaudited S\$'000 | HY2015 Unaudited S\$'000 |
| Cash flows from financing activities | | |
| Proceeds from trust receipts | 23,654 | 33,396 |
| Repayment of trust receipts | (25,291) | (27,332) |
| Proceeds from term loans | - | 3,908 |
| Repayment of term loans | (2,003) | (2,477) |
| Interest paid | (1,021) | (690) |
| Dividends paid | (454) | - |
| Repayment of finance lease payables | (8,944) | (7,139) |
| Net cash used in financing activities | (14,059) | (334) |
| Net change in cash and bank balances | (4,205) | 8,381 |
| Cash and bank balances at beginning of the period | 18,809 | 16,368 |
| Cash and bank balances at end of the period | 14,604 | 24,749 |

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

| Company | Accumulated | | Total equity |
|---|---------------|----------------|---------------|
| | Share capital | losses | |
| | \$'000 | \$'000 | \$'000 |
| (Unaudited) | | | |
| Balance at 1 Jan 2016 | 38,676 | (467) | 38,209 |
| Loss for the financial period, representing total comprehensive income for the financial period | - | (215) | (215) |
| Dividends | - | (454) | (454) |
| Balance at 30 June 2016 | 38,676 | (1,136) | 37,540 |
| (Unaudited) | | | |
| Balance at 1 Jan 2015 | 38,676 | (1,446) | 37,230 |
| Profit for the financial period, representing total comprehensive income for the financial period | - | 1,615 | 1,615 |
| Balance at 30 June 2015 | 38,676 | 169 | 38,845 |

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Consolidated Statement of Changes in equity

| Group | Attributable to owners of the company | | | Equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---------------------------------------|---------------------|----------------|---|---------------------------|--------------|
| | Share capital | Accumulated profits | Other reserves | | | |
| (Unaudited) | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 Jan 2016 | 38,676 | 32,894 | (18,405) | 53,165 | 149 | 53,314 |
| Profit for the financial period | - | 2,790 | - | 2,790 | (126) | 2,664 |
| Other comprehensive income: | | | | | | |
| Gain on revaluation of property, plant and equipment | - | - | 25 | 25 | - | 25 |
| | - | - | 25 | 25 | - | 25 |
| Total comprehensive income for the financial year | - | 2,790 | 25 | 2,815 | (126) | 2,689 |
| Transactions with owners of the parent: | | | | | | |
| Dividends | - | (454) | - | (454) | - | (454) |
| Total transactions with owners of the parent: | - | (454) | - | (454) | - | (454) |
| Balance at 30 June 2016 | 38,676 | 35,230 | (18,380) | 55,526 | 23 | 55,549 |
| (Unaudited) | | | | | | |
| Balance at 1 Jan 2015 | 38,676 | 26,938 | (19,471) | 46,143 | 358 | 46,501 |
| Profit for the financial period | - | 3,217 | - | 3,217 | (36) | 3,181 |
| Other comprehensive income: | | | | | | |
| Gain on revaluation of property, plant and equipment | - | - | 500 | 500 | - | 500 |
| Fair value changes on available-for-sale financial assets | - | - | 104 | 104 | - | 104 |
| | - | - | 604 | 604 | - | 604 |
| Total comprehensive income for the financial year | - | 3,217 | 604 | 3,821 | (36) | 3,785 |
| Balance at 30 June 2015 | 38,676 | 30,155 | (18,867) | 49,964 | 322 | 50,286 |

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.

There was no change in the Company’s share capital since 31 December 2015.

There were no outstanding options, convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

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

| | 30.06.2016 | 31.12.2015 |
|---|-------------|-------------|
| Total number of issued shares excluding treasury shares | 151,384,600 | 151,384,600 |

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 neither been audited nor 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 and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2015.

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 2016, 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 2015.

The adoption of new FRS and Amendments to FRS did not result in any significant change to the Group's accounting policies, and has no material 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

| Earnings per ordinary share: | Group | |
|--|---------------------|---------------------|
| | HY2016 Unaudited | HY2015 Unaudited |
| Profit attributable to owners of the Company (S\$'000) | 2,790 | 3,217 |
| Weighted average number of ordinary shares | 151,384,600 | 151,384,600 |
| Basic and diluted EPS (Singapore cents) | 1.84 | 2.12 |

(a) Basic earnings per share ("**EPS**") is calculated by dividing the net profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

(b) The basic and diluted EPS are the same as there were no potential dilutive ordinary shares in issue as at 30 June 2016 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 financial period reported on; and
(b) immediately preceding financial year.

| | Group | | Company | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| | 30.06.2016 Unaudited | 31.12.2015 Audited | 30.06.2016 Unaudited | 31.12.2015 Audited |
| Net asset value per ordinary share (Singapore cents) | 36.7 | 35.1 | 24.8 | 25.2 |
| Number of ordinary shares in issue | 151,384,600 | 151,384,600 | 151,384,600 | 151,384,600 |

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.

Statement of comprehensive income of the Group for HY2016 vs. for half year ended 30 June 2015 (“HY2015”)

Revenue

Revenue decreased by S\$3.7 million or 5.6% from S\$64.9 million in HY2015 to S\$61.2 million in HY2016 mainly due to lower revenue derived from both the inland logistics and civil engineering services segments, partially offset by higher revenue from the Group's sale of construction materials segment.

Revenue from the inland logistics segment reduced by approximately S\$5.2 million or 40.2% from S\$13.0 million in HY2015 to S\$7.8 million in HY2016 mainly a result of the decrease in demand for aggregates in the construction industry which in turn impacted our inland logistics support services.

Revenue from the civil engineering services in HY2016 was S\$50.3 million, a decline of S\$0.5 million when compared to S\$50.8 million in HY2015 due to fewer ad hoc short-term projects undertaken in HY2016.

Revenue from the sale of construction materials segment increased by approximately S\$2.0 million or 181% from S\$1.1 million in HY2015 to S\$3.1 million in HY2016 due to higher demand of construction materials from our customers.

Cost of sales and services

Cost of sales decreased by approximately S\$3.2 million or 6.0%, from S\$53.5 million in HY2015 to S\$50.3 million in HY2016 mainly due to lower costs incurred for sub-contracting works and from the rental of machinery, vehicles and site premises in HY2016.

Sub-contract costs decreased by approximately S\$6.7 million or 38.6% from S\$17.3 million in HY2015 to S\$10.6 million in HY2016 mainly due to the absence of concurrent delivery of several of the civil engineering projects which required substantial third-party transportation and labour resource in order to meet the contractual obligations in year 2015.

The cost of rental of machinery, vehicles and site premises decreased by approximately S\$0.9 million or 12.6% from S\$6.9 million in HY2015 to S\$6.0 million in HY2016 mainly due to lesser reliance on third-party machinery and vehicles as the Group acquired more machinery and vehicles during the second half of 2015.

The above detailed lower costs was partially offset by an increase in direct material and depreciation expenses.

Direct material costs increased by approximately S\$2.3 million or 17.8% from S\$12.9 million in HY2015 to S\$15.2 million in HY2016, which was a result of increased revenue generated from the sale of construction materials segment, partially offset by decreased fuel costs resulted from the lower fuel prices since HY2015.

Depreciation expenses on our income-generating assets increased by approximately S\$1.0 million or 16.8% from S\$5.5 million in HY2015 to S\$6.5 million in HY2016 due to the additions of new plant and equipment in the second half of 2015.

Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately S\$0.4 million or 3.5% from S\$11.3 million in HY2015 to S\$10.9 million in HY2016. Gross profit margin increased from 17.5% in HY2015 to 17.9% in HY2016 mainly due to lower sub-contract costs incurred in HY2016.

Other income

Other income increased by approximately S\$0.6 million or 37.0% from S\$1.4 million in HY2015 to S\$2.0 million in HY2016 mainly due to a gain on the sale of fully depreciated heavy equipment and income from fabrication works during HY2016.

Administrative expenses

Administrative expenses increased by approximately S\$0.8 million or 10.0% from S\$7.8 million in HY2015 to S\$8.6 million in HY2016 mainly due to increase in staff cost and related expenses of S\$0.6 million arising from higher foreign workers' levies, increased CPF contribution rates and increased ordinary wage ceiling.

Other expenses

Other expenses in HY2016 amounted to S\$0.2 million which was comparable to S\$0.3 million in HY2015.

Finance costs

Finance costs increased by approximately S\$0.3 million or 38.8% from S\$0.8 million in HY2015 to S\$1.1 million in HY2016 primarily due to higher finance lease being drawn down for the purchase of plant and equipment in the second half of 2015.

Share of profit of joint venture

The Group recorded S\$157,000 from the share of profit of a joint venture company in HY2016. The joint venture was incorporated during the second half of 2015, hence there was no comparative figure in HY2015.

Profit before income tax

As a result of the above, the Group's profit before income tax decreased by approximately S\$0.7 million or 17.4% from S\$3.9 million in HY2015 to S\$3.2 million in HY2016.

Income tax expenses

Income tax expense decreased by approximately S\$0.1 million or 22.2% from S\$0.7 million in HY2015 to S\$0.6 million in HY2016 which was in line with the lower profit before income tax in HY2016.

Net profit

As a result of the above, the net profit attributable to owners of the parent decreased by approximately S\$0.4 million or 13.3% from S\$3.2 million in HY2015 to S\$2.8 million in HY2016.

Statement of financial position of the Group as at 30 June 2016**Non-current Assets**

As at 30 June 2016, the Group had a total of S\$107.1 million Property Plant and Equipment (“PPE”) as compared to S\$109.4 million as at 31 December 2015. The decrease was mainly due to the depreciation charge of S\$7.5 million and a disposal of PPE with a carrying amount of S\$0.2 million, partially offset by the additions of PPE of approximately S\$5.5 million during the financial period.

As at 30 June 2016, the Group’s available-for-sales financial assets amounted to S\$4.8 million as compared to S\$4.9 million as 31 December 2015. The decrease was mainly due to the unrealised exchange loss of S\$0.2 million partially offset by an increase in the fair value of these available-for-sales financial assets of S\$0.1 million during the financial period.

As at 30 June 2016, the Group recorded S\$0.3 million investment in a joint venture which comprised the initial cost of investment of S\$0.17 million and share of the profit of the joint venture amounting S\$0.15 million.

Current assets

Amount due from contract customers decreased by approximately S\$0.5 million to S\$20.8 million as at 30 June 2016 from S\$21.3 million as at 31 December 2015, mainly due to lower revenue generated from civil engineering services segment as well as improvement in timely billing of revenue during the financial period.

Trade and other receivables decreased by approximately S\$2.2 million to S\$29.1 million as at 30 June 2016 from S\$31.3 million as at 31 December 2015 was a direct result of the reduced revenue in HY2016.

Prepayment increased by approximately S\$0.9 million to S\$1.7 million when compared to S\$0.8 million as at 31 December 2015, mainly due to prepayment made to suppliers for materials and PPE purchased in HY2016 and prepaid insurances in relation to the PPE purchased in HY2016.

Cash and bank balances decreased by approximately S\$4.2 million to S\$14.6 million as at 30 June 2016 when compared to S\$18.8 million as at 31 December 2015, mainly due to repayment of bank loan and finance lease liabilities during the financial period. Please refer to the cash flows analysis for more information.

Current liabilities

Amount due to contract customers decreased by approximately S\$0.7 million to S\$9.6 million as at 30 June 2016 from S\$10.3 million as at 31 December 2015, mainly due to less advanced billing as at 30 June 2016.

Trade and other payable decreased by approximately \$1.5 million to S\$28.2 million as at 30 June 2016 from S\$29.7 million as at 31 December 2015, mainly due to repayment made in HY2016 for the PPE acquired pending conversion into finance leases as at 31 December 2015.

Finance lease payables increased by approximately S\$0.3 million to S\$16.9 million as at 30 June 2016 when compared to S\$16.6 million as at 31 December 2015, mainly due to purchase of additional plant and equipment under finance leases during the financial period.

Current portion of bank borrowings decreased by approximately S\$2.9 million to S\$22.4 million as at 30 June 2016 from S\$25.3 million as at 31 December 2015, mainly due to net repayment of banking facilities in HY2016.

Non-current liabilities

Total non-current liabilities decreased by S\$5.9 million to S\$48.7 million as at 30 June 2016 from S\$54.6 million as at 31 December 2015, mainly due to i) a decrease of finance lease payables of approximately S\$4.8 million resulted from repayment of the finance lease in HY2016 and ii) a decrease in bank borrowings of approximately S\$1.0 million due to the repayment of bank borrowings in HY2016.

Working Capital

The Group posted a negative working capital of approximately S\$8.5 million as compared to a negative working capital of approximately S\$7.1 million as at 31 December 2015. This was mainly due to the addition of non-current PPE which resulted in an increase in current finance lease payable and the decrease in trade and other receivables in HY2016

Notwithstanding the negative working capital position, the Board is of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group's positive cash flows generated from our operating activities, together with the credit facilities available to us and our existing cash and cash equivalents, the working capital available to us as at 30 June 2016 is sufficient for our present requirements and for the next 12 months.

Statement of Cash flows of the Group for HY2016

As at 30 June 2016, the Group recorded cash and cash equivalents of S\$14.6 million as compared to S\$18.8 million as at 31 December 2015.

Net cash flows generated from operating activities for HY2016, after working capital requirements and net of tax, were S\$10.3 million for HY2016. Net working capital outflow of S\$0.3 million was the net effect of decrease in trade and others receivables of S\$2.2 million, increase in prepayment and net amounts due to contract customers of S\$0.7 million and S\$0.2 million respectively, and decrease in trade and other payables of S\$1.7 million.

Net cash used in investing activities for the HY2016, amounted to S\$0.5 million, mainly due to the purchase of additional PPE of S\$1.0 million and addition of investment in the Group's joint venture company of S\$0.2 million, offset by proceeds received from disposal of PPE of S\$0.7 million during HY2016.

Net cash used in financing activities for the HY2016 amounted to S\$14.0 million, was mainly due to the net effect of net repayment of trust receipts of S\$1.6 million, repayment of bank loans of S\$2.0 million, repayment of finance lease payables of S\$8.9 million, interest payment of S\$1.0 million and dividend paid of S\$0.5 million.

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 had 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.

Amidst the challenging and competitive environment, the Group will focus on and continue to participate in public infrastructure projects like North-South Expressway, infrastructure works for House Development Board, works at Changi Airport Development and Tuas Terminal Development.

Nevertheless, the Building and Construction Authority (“BCA”) announced that construction demand or the value of construction contracts to be awarded in 2016 would be between S\$27 billion and S\$34 billion¹. Of that, about 65 per cent, or between S\$18.5 billion to S\$21.5 billion, is expected to be driven by public sector demand, largely due to an increase in civil engineering demand.

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

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

No dividend has been declared or recommended for HY2016.

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

Not applicable.

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

S\$0.003 per ordinary share.

(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 as no dividend has been declared or recommended for HY2016.

(d) The date the dividend is payable.

Not applicable as no dividend has been declared or recommended for HY2016.

(e) Book closure date

Not applicable as no dividend has been declared or recommended for HY2016.

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

No interim dividend has been declared or recommended for HY2016.

¹ https://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf

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 no additional interested person transactions of S\$100,000 and above during the financial year 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 (“NHL”) | S\$000 | S\$000 |
| – Lease of construction equipment and vehicles from NHL | 2,011 | Not applicable |
| – Lease of dormitories to Huatong Contractor Pte Ltd from NHL | 144 | Not applicable |

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

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 | (170) ⁽¹⁾ | 1,330 |
| To increase LSS production | 1,000 | - | 1,000 |
| General working capital purposes | 1,611 | (681) ⁽²⁾ | 930 |
| Listing expenses | 1,389 | (1,389) | - |
| Total | 5,500 | (2,240) | 3,260 |

Note:-

(1) As disclosed in the Company’s announcements dated 10 July 2015, and 13 April 2016, Banyan Capital Pte. Ltd. (“**Banyan**”), a wholly owned subsidiary of the Company, has entered into a joint venture agreement with Golden Empire Civil Engineering Pte. Ltd. to incorporate a joint venture company, Golden Empire-Huatong Pte. Ltd. (“**GE-HT**”). Banyan has invested a total amount of S\$170,000 into GE-HT, and now holds 33.3% equity interest in GE-HT.

(2) Amount for general working capital purposes has been utilised for the payment of general and administrative expenses.

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 the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the financial period ended 30 June 2016 to be false or misleading in any material aspects.

16. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Ng Kian Ann Patrick
Executive Director and CEO
12 August 2016