



HUATONG GLOBAL LIMITED
(Company Registration Number: 201422395Z)

**Unaudited Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2015 (“FY 2015”)**

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

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

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

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

Background

Huatong Global Limited (the “Company”) was incorporated in Singapore on 1 August 2014 under the Companies Act, Chapter 50 of Singapore as a private company limited by shares, under the name of “Huatong Global Private Limited”. The Company changed its name to “Huatong Global Limited” on 26 November 2014 following the conversion into a public limited company. The Company and its subsidiaries (the “Group”) were formed pursuant to the completion of the restructuring exercise (the “**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.

For the purpose of this announcement, the results of the Group for the year ended 31 December 2014 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2014.

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

1(a)(i) 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) %
	31/12/2015 (Unaudited) S\$'000	31/12/2014 (Audited) S\$'000	
Revenue	130,188	133,332	(2.4)
Cost of sales and services	(103,047)	(111,604)	(7.7)
Gross profit	27,141	21,728	24.9
<i>Other item of income</i>			
Other income	2,779	4,126	(32.6)
<i>Other items of expense</i>			
Administrative expenses	(18,347)	(14,825)	23.8
Other expenses	(2,257)	(3,360)	(32.8)
Finance costs	(2,018)	(1,393)	44.9
Share on result of joint venture	#	-	N/M
Profit before income tax	7,298	6,276	16.3
Income tax expense	(1,097)	(1,125)	(2.5)
Profit for the financial year	6,201	5,151	20.4
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value changes on available-for-sale financial assets	23	(9)	N/M
Reclassification of gains included in available-for-sale reserve	(13)	-	N/M
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and equipment*	1,056	6,698	(84.2)
Other comprehensive income for the financial year	1,066	6,689	(84.1)
Total comprehensive income for the financial year	7,267	11,840	(38.6)
Profit attributable to:			
Owners of the parent	6,410	5,106	25.5
Non-controlling interests	(209)	45	N/M
	6,201	5,151	20.4
Total comprehensive income attributable to:			
Owners of the parent	7,476	11,795	(36.6)
Non-controlling interests	(209)	45	N/M
	7,267	11,840	(38.6)

denotes amount less than S\$1,000

^ N/M denotes not meaningful

* denotes the gain on revaluation of the Group's leasehold properties as the Group has adopted the revaluation model.

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

	Group		Increase/ (Decrease) %
	31/12/2015 (Unaudited) S\$'000	31/12/2014 (Audited) S\$'000	
Profit before income tax is arrived at:			
After charging:			
Allowance for impairment of trade receivables	1,511	976	54.8
Depreciation of property, plant and equipment	12,082	10,367	16.5
Employee benefits expense	28,501	29,406	(3.1)
Operating lease expense	9,423	8,469	11.3
Loss on disposal of investment property	-	300	N/M
IPO expenses	-	1,352	N/M
Interest expense	1,776	1,214	46.3
Foreign exchange loss, net	126	-	N/M
and crediting:			
Gain on disposal of plant and equipment	(130)	(75)	73.3
Foreign exchange gain, net	-	(107)	N/M
Interest income	(245)	(126)	94.4
Under/ (Over) provision of income tax, net	14	(289)	N/M

^ N/M denotes not meaningful.

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

	Group		Company	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	109,381	82,850	-	-
Investments in subsidiaries	-	-	33,235	33,235
Investment in a joint venture	#	-	-	-
Available-for-sale financial assets	4,913	2,079	-	-
Prepayments	679	340	-	-
Amount due from subsidiaries	-	-	-	-
Intangible asset	11	11	-	-
Total non-current assets	114,984	85,280	33,235	33,235
Current assets				
Amount due from contract customers	21,319	11,581	-	-
Available-for-sale financial assets	3,359	4,787	-	-
Inventories	187	-	-	-
Trade and other receivables	31,323	27,777	2,029	34
Prepayments	844	530	5	-
Cash and bank balances	18,809	16,368	3,065	4,589
Total current assets	75,841	61,043	5,099	4,623
Total assets	190,825	146,323	38,334	37,858
EQUITY AND LIABILITIES				
Shares capital	38,676	38,676	38,676	38,676
Other reserves	(18,405)	(19,471)	-	-
Accumulated profits/(loss)	32,894	26,938	(467)	(1,446)
Equity attributable to owners of the parent	53,165	46,143	38,209	37,230
Non-controlling interests	149	358	-	-
Total equity	53,314	46,501	38,209	37,230
Non-current liabilities				
Other payables	2,021	133	-	-
Finance lease payables	37,572	22,295	-	-
Bank borrowings	10,198	12,245	-	-
Deferred income	240	-	-	-
Deferred tax liabilities	4,541	4,390	-	-
Total non-current liabilities	54,572	39,063	-	-
Current liabilities				
Amount due to contract customers	10,274	5,438	-	-
Trade and other payables	29,716	24,227	125	628
Finance lease payables	16,558	11,098	-	-
Bank borrowings	25,259	18,798	-	-
Deferred income	99	-	-	-
Current income tax payable	1,033	1,198	-	-
Total current liabilities	82,939	60,759	125	628
Total liabilities	137,511	99,822	125	628
Total liabilities and equity	190,825	146,323	38,334	37,858

denotes amount less than S\$1,000

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

As at 31/12/2015 (Unaudited)		As at 31/12/2014 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
30,035	11,782	18,620	11,275

Amount repayable after one year

As at 31/12/2015 (Unaudited)		As at 31/12/2014 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
47,087	683	32,470	2,070

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

Interest-bearing loans and borrowings amounting to S\$35,457,000 (2014: S\$17,697,000) are secured by corporate guarantees by the Company and in which S\$22,992,000 is further secured by mortgages over properties and beneficial interest arising from certain insurance undertaken by the Group.

Obligations under finance lease

Obligations under finance leases amounting to S\$54,130,000 (2014: S\$33,393,000) are secured by the Group's leased plant and equipment with carrying amount of S\$54,917,000 (2014: S\$49,252,000).

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

	31/12/2015	31/12/2014
	Unaudited	Audited
	S\$'000	S\$'000
Cash flow from operating activities		
Profit before income tax	7,298	6,276
Adjustments for:		
Allowance for impairment of trade receivables	1,511	976
Depreciation of property, plant and equipment	12,082	10,367
Unrealised foreign exchange gain on available-for-sale financial asset	(256)	(111)
Loss on disposal of investment property	-	300
Gain on disposal of plant and equipment	(130)	(75)
Gain on disposal of available-for-sale financial assets	(33)	
Interest income	(245)	(126)
Interest expenses	1,776	1,214
Share-based payment expenses	-	425
Operating cash flows before working capital changes	22,003	19,246
Working capital changes:		
Trade and other receivables	(4,607)	(1,101)
Prepayments	28	26
Amount due to contract customers, net	(4,903)	(1,446)
Inventories	(187)	-
Trade and other payables	5,704	(2,528)
Cash generated from operations	18,038	14,197
Interest income	236	41
Income tax paid	(1,111)	(241)
Net cash from operating activities	17,163	13,997
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,712)	(3,232)
Proceeds from disposal of plant and equipment	4,869	541
Proceeds from disposal of available-for-sale assets	1,337	-
Proceeds from disposal of an investment property	-	3,500
Purchase of available-for-sale financial assets	-	(4,754)
Net cash from/ (used in) investing activities	1,494	(3,945)
Cash flow from financing activities		
Repayment from related parties	-	4,545
Repayment to Directors	-	(2,397)
Dividends paid	(454)	(5,500) ⁽¹⁾
Proceeds from trust receipts	59,957	63,963
Repayment of trust receipts	(59,142)	(63,204)
Proceeds from term loans	2,000	5,003
Repayment of term loans	(1,967)	(2,830)
Interest paid	(1,776)	(1,214)

	31/12/2015	31/12/2014
	Unaudited	Audited
	S\$'000	S\$'000
Proceeds from issuance of shares	-	5,500
Share issue expense	-	(484)
Repayment of finance lease payables	(14,834)	(9,602)
Net cash used in financing activities	(16,216)	(6,220)
Net increase in cash and cash equivalents	2,441	3,832
Cash and bank balances at the beginning of the financial year	16,368	12,536
Cash and bank balances at end of the financial year	18,809	16,368

Note:-

- (1) As at 30 June 2014, of the S\$1,000,000 declared dividends in respect of Soil Engineering, S\$500,000 has been paid out. Accordingly, as at 30 June 2014, S\$8,495,000 in dividends remains payable to the then shareholders of Huatong Contractor Pte Ltd ("Huatong Contractor") and Soil Engineering Pte Ltd ("Soil Engineering") (the "Relevant Dividends"). As at 31 December 2015, S\$5,000,000 out of the Relevant Dividends has been paid and a portion of the remaining amount of S\$1,500,000 of the Relevant Dividends remains outstanding and accrued as a non-current payable to the then shareholders of Huatong Contractor. Please refer to the offer document dated 1 December 2014 section titled "Interested Person Transactions" for further details.

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

Group (Unaudited)	Share capital S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to owners of the Parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at 1 January 2015	38,676	26,938	(19,471)	46,143	358	46,501
Profit for the financial year	-	6,410	-	6,410	(209)	6,201
Other comprehensive income:						
Gain on revaluation of property, plant and equipment	-	-	1,056	1,056	-	1,056
Reclassification of gains included in available-for-sale reserve	-	-	(13)	(13)	-	(13)
Gain on available-for-sale financial assets	-	-	23	23	-	23
Transaction with owners of the parent						
Dividend paid	-	(454)	-	(454)	-	(454)
	-	(454)	-	(454)	-	(454)
Balance as at 31 December 2015	38,676	32,894	(18,405)	53,165	149	53,314

Group (Audited)	Share capital S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to owners of the Parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at 1 January 2014	7,075	29,827	-	36,902	313	37,215
Profit for the financial year	-	5,106	-	5,106	45	5,151
Other comprehensive income:						
Gain on revaluation of property, plant and equipment	-	-	6,698	6,698	-	6,698
Gain on available-for-sale financial assets	-	-	(9)	(9)	-	(9)
Transaction with owners of the parent						
Issuance of subscriber's shares at date of incorporation of the Company	*	-	-	*	-	*
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 expenses	(484)	-	-	(484)	-	(484)
Dividend paid	-	(7,995)	-	(7,995)	-	(7,995)
	31,601	(7,995)	(26,160)	(2,554)	-	(2,554)
Balance as at 31 December 2014	38,676	26,938	(19,471)	46,143	358	46,501

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at 1 January 2015	38,676	(1,446)	37,230	-	37,230
Profit for the financial year, representing total comprehensive income for the financial year	-	1,433	1,433	-	1,433
Dividend paid	-	(454)	(454)	-	(454)
Balance as at 31 December 2015	38,676	(467)	38,209	-	38,209

Company (Audited)	Share capital S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at date of incorporation on 1 August 2014	*	-	*	-	*
Profit for the financial year, representing total comprehensive income for the financial year	-	(1,446)	(1,446)	-	(1,446)
Transaction with owners of the parent					
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)
Balance as at 31 December 2014	38,676	(1,446)	37,230	-	37,230

* Less than S\$1,000

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 2014. The issued and paid-up capital of the Company as at 31 December 2015 and 31 December 2014 was \$38,676,148 comprising 151,384,600 shares. There were no outstanding options, convertibles or treasury shares as at 31 December 2015 and 31 December 2014.

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

	Company 31/12/2015	Company 31/12/2014
Total number of issued shares excluding treasury shares	151,384,600	151,384,600

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

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

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

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited combined 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 2015, the same accounting policies and methods of computations have been applied in the financial statements for the current reporting period as those of the audited consolidated financial statements for the financial year ended 31 December 2014. The adoption of new FRS and Amendments to FRS did not result in any significant change to the Group’s and the Company’s accounting policies and has no significant impact on the financial statements of the Group for the current financial reporting period.

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

	Group	
	31/12/2015 (Unaudited)	31/12/2014 (Audited)
Profit attributable to owners of the Company (S\$'000)	6,410	5,106
Basic and diluted EPS in Singapore cents	4.23	4.11

For comparative and illustrative purposes, the basic earnings per ordinary share for the financial year ended 31 December 2014 was computed based on weighted average number of ordinary shares of 124,304,805. Basic earning per ordinary share for the financial year ended 31 December 2015 was based on weighted average number of ordinary shares of 151,384,600.

The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares as at 31 December 2015 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	
	31-12-2015 Unaudited	31-12-2014 Audited	31-12-2015 Unaudited	31-12-2014 Audited
Net asset value per ordinary share based on issued share capital (Singapore cents)	35.12	30.48	25.24	24.59
Number of shares	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**

Financial year ended 31 December 2015 ("FY2015") vs. 31 December 2014 ("FY2014")

Review of the Income Statement of the Group

The Group's revenue decreased approximately by S\$3.1 million or 2.3%, from S\$133.3 million in FY2014 to S\$130.2 million in FY2015, mainly due to a decrease in revenue from our civil engineering services, but was partially offset by an increase in revenue from our inland logistics segment and sale of construction materials in FY2015.

Revenue from our inland logistics segment increased by approximately S\$0.7 million or 2.6% from S\$27.4 million in FY2014 to S\$28.1 million in FY2015 mainly as a result of the increase in demand for aggregates in the construction industry which in turn required more of our inland logistics support services to transport the aggregates.

The increase in sale of construction materials of approximately S\$0.3 million or 13.6% from S\$2.2 million in FY2014 to S\$2.5 million in FY2015 was due to an increase in demand of construction materials from our customers' projects which required filling materials.

The decrease in revenue from our civil engineering services of approximately S\$4.2 million or 4.0% from S\$103.8 million in FY2014 to S\$99.6 million in FY2015 was largely due to lower revenue recognised from external works contracts in the first half of FY2015, and certain new projects only commenced nearing to the end FY2015.

Cost of sales and services

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

Our direct labour costs decreased by approximately S\$1.4 million or 7.5%, from S\$18.7 million in FY2014 to S\$17.3 million in FY2015 due to high turnover of direct workers in FY2015.

Our sub-contract costs decreased by approximately S\$5.2 million or 15.4% from S\$33.7 million in FY2014 to S\$28.5 million in FY2015. The decrease was mainly due to the decrease in third party transportation as the Group has acquired more vehicles for our operation, partially offset by an increase in sub-contracts works in labour resources, largely due to the concurrent delivery of several of our civil engineering contracts and we had to engage substantial third-party labour resources in order to meet the contractual obligations for our projects in FY2015.

Depreciation expenses on our income-generating assets also increased by approximately S\$1.9 million or 19.0% from S\$10.0 million in FY2014 to S\$11.9 million in FY2015 due to the additions of new plant and equipment during the financial year.

Our direct material and fuel costs decreased by approximately S\$4.7 million or 14.3% from S\$32.8 million in FY2014 to S\$28.1 million in FY2015 largely due to the cost savings from the decrease in fuel prices in FY2015.

Gross profit

As a result of the foregoing, our gross profit increased by approximately S\$5.4 million or 24.9% from S\$21.7 million in FY2014 to S\$27.1 million in FY2015. Gross profit margin increased from 16.3% in FY2014 to 20.8% in FY2015 mainly due to the decrease in fuel costs and sub-contract costs during the financial year.

Other income

Other income decreased by approximately S\$1.3 million, or 31.7%, from S\$4.1 million in FY2014 to S\$2.8 million in FY2015. The decrease was mainly due to a decrease in insurance claims and rental income in FY2015.

Administrative expenses

Our administrative expenses increased by approximately S\$3.5 million, or 23.6%, from S\$14.8 million in FY2014 to S\$18.3 million in FY2015. The increase was mainly due to an increase in the foreign workers' levies of S\$1.2 million, an increase in staff cost and related expenses of S\$1.6 million and lease expense on construction sites of S\$1.0 million, which were partially offset by a decrease in entertainment and communication expenses of S\$0.3 million. The increase in lease expenses was due to more site offices needed for new contracts awarded during the financial year.

Other expenses

Our other expenses decreased by approximately S\$1.1 million, or 32.4%, from S\$3.4 million in FY2014 to S\$2.3 million in FY2015. The decrease was primarily due to the absence of a one-time IPO expenses of S\$1.4 million recognised in FY2014.

Finance costs

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

Profit before income tax

Our profit before income tax increased by approximately S\$1.0 million, or 15.9%, from S\$6.3 million in FY2014 to S\$7.3 million in FY2015 due mainly to an increase in gross profit.

Income tax expenses

Income tax expense decreased marginally by approximately S\$0.03 million or 1.1% from S\$1.13 million in FY2014 to S\$1.1 million in FY2015 was mainly due to tax incentive in FY2015.

Profit attributable to owners of the parent

As a result of the foregoing, net profit attributable to owners of the parent increased by approximately S\$1.3 million, or 25.5%, from S\$5.1 million in FY2014 to S\$6.4 million in FY2015.

Review of the Financial Position of the Group

Non-current Assets

As at 31 December 2015

As at 31 December 2015, our non-current assets of S\$115.0 million accounted for approximately 60.3% of our total assets. Property, plant and equipment (“**PPE**”) made up approximately 95.1% of the total non-current assets, amounting to approximately S\$109.2 million. The remaining 4.9% is attributable to our available-for-sale financial assets of S\$4.9 million and prepayment of S\$0.7 million as at 31 December 2015. Our intangible asset in respect of the country club membership is measured at cost less allowance for impairment and stood at S\$11,000 as at 31 December 2015.

The Group’s property, plant and equipment increased approximately by S\$26.5 million from S\$82.9 million in FY2014 mainly due to additions of vehicles and machineries during the financial year of approximately S\$25.2 million and a revaluation gain on the leasehold properties of S\$1.1 million.

Current assets

As at 31 December 2015

As at 31 December 2015, our current assets of S\$75.8 million accounted for 39.7% of our total assets. These consisted of amounts due from contract customers of S\$21.3 million, available for-sale financial assets of S\$3.4 million, trade and other receivables of S\$31.3 million, prepayments of S\$0.8 million, inventories of S\$0.2 million and cash and bank balances of S\$18.8 million which represented approximately 28.1%, 4.5%, 41.3%, 1.0%, 0.3% and 24.8% of the total current assets as at 31 December 2015 respectively.

The Group’s amount due from contract customers increased approximately S\$9.7 million mainly due to a higher amount of unbilled revenue during the year, trade and other receivables increased approximately by S\$3.5 million as a result of higher volume of work performed and billed during the last quarter of the financial year. The increase in prepayment was due the higher insurance prepaid for new projects awarded during the financial year. The decrease in available-for-sale financial assets was due to a disposal of available-for-sale financial assets in FY2015. The increase in inventories was mainly due to consumables purchased for repair and maintenance of our fleet of vehicles. The Group’s cash and bank balances increased approximately by S\$2.4 million was mainly due the net cash generated from operating activities of S\$17.1 million and net cash from investing activities of approximately S\$1.5 million and offset by net cash used in financing activities of approximately S\$16.2 million in FY2015.

Current liabilities

As at 31 December 2015

As at 31 December 2015, the Group's current liabilities of approximately S\$82.9 million constituted approximately 60.3% of the Group's total liabilities. Current liabilities comprised amount due to contract customers, trade and other payables, finance lease payables, bank borrowings, deferred income and current income tax payable.

As at 31 December 2015, the Group's amount due to contract customers of approximately S\$10.3 million accounted for 12.4% of the Group's total current liabilities, trade and other payables of approximately S\$29.7 million accounted for 35.9% of the Group's total current liabilities which consisted of trade payables of approximately S\$21.8 million and other payables of approximately S\$7.9 million. The Group's amount due to contract customers increased by approximately S\$4.9 million due to more higher certification received in certain projects compared to FY2014. Trade and other payables increased by approximately S\$5.5 million from approximately S\$24.2 million as at 31 December 2014, mainly due to an increase in trade payables and an addition of PPE amounting to S\$3.6 million pending conversion into finance leases during the end of the financial year.

As at 31 December 2015, the Group's finance lease payables of approximately S\$16.6 million accounted for 20.0% of the Group's total current liabilities. Finance lease payables increased by approximately S\$5.5 million from approximately S\$11.1 million as at 31 December 2014. The increase was mainly due to an increase in purchase of plant and equipment under finance leases in FY2015.

As at 31 December 2015, the Group's current portion of bank borrowings was approximately S\$25.3 million, accounting for 30.6% of the Group's total current liabilities. Current portion of bank borrowings, increased by approximately S\$6.5 million, mainly as a result of more banking facilities utilised in FY2015.

As at 31 December 2015, the Group's current income tax payable of approximately S\$1.0 million accounted for 1.2% of the Group's total current liabilities.

Non-current liabilities

As at 31 December 2015

As at 31 December 2015, total non-current liabilities of approximately S\$54.6 million, comprised approximately S\$2.0 million of other payables, approximately S\$47.8 million of bank borrowings and finance lease payables, approximately S\$0.2 million of deferred income and deferred tax liabilities of S\$4.5 million. Total non-current liabilities accounted for approximately 39.7% of the Group's total liabilities.

The increase in total non-current liabilities of approximately S\$15.5 million was due mainly to an increase of finance lease payables of approximately S\$15.3 million from S\$22.3 million in FY2014, an increase in other payables of approximately S\$1.9 million from S\$0.1 million in FY2014, an increase in deferred tax liabilities of approximately S\$0.1 million from S\$4.4 million in FY 2014, an increase in deferred income of approximately S\$0.2 million in FY2015, offset by a decrease in bank borrowings of approximately S\$2.0 million from S\$12.2 million in FY2014 due to the repayment of bank borrowings in FY2015.

Shareholders' equity

As at 31 December 2015, shareholders' equity amounted to approximately S\$53.3 million comprising mainly S\$38.7 million of issued share capital and approximately S\$32.9 million of accumulated profits and non-controlling interests of S\$0.1 million, offset by other reserves of S\$18.4 million.

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

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 31 December 2015 is sufficient for our present requirements and for the next 12 months.

Review of the Cash Flow Statement of the Group

In FY2015, the Group recorded a net cash from operating activities of S\$17.1 million, which was a result of cash generated from operating activities before working capital changes of approximately S\$22.0 million and an interest income received of approximately S\$0.2 million, offset by the working capital outflow of approximately S\$4.0 million and income tax paid of S\$1.1 million.

Changes in cash flow from working capital changes was mainly due to an increase in trade and other payables of S\$5.7 million, offset by an increase in gross amount due from customers of S\$4.9 million, an increase in inventories approximately S\$0.2 million and an increase in trade and other receivables of S\$4.6 million.

A net cash inflow of S\$1.5 million was derived from investing activities due to proceeds from disposals of investment in available-for-sale assets and plant and equipment of S\$1.3 million and S\$4.9 million respectively, offset by purchases of plant and equipment of S\$4.7 million.

Net cash used in financing activities of S\$16.2 million was mainly due to the repayment of trust receipts of S\$59.1 million, repayment of finance lease payables of S\$14.8 million, repayment of term loans of S\$2.0 million, interest paid of S\$1.8 million and dividend paid of S\$0.5 million, which were partially offset by proceeds from trust receipts of S\$60.0 million and proceeds from term loans of S\$2.0 million.

Cash and bank balances increased by S\$2.4 million in FY2015, amounting to S\$18.8 million as at 31 December 2015.

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

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

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

The Building and Construction Authority ("BCA") announced that construction demand in 2016 could come in at between S\$27 billion and S\$34 billion. Of that, about 65 per cent, or S\$18.5 billion to S\$21.5 billion, of the construction contracts are expected to come from the public sector.

This is supported by a higher construction demand from the public sector, largely due to an increase in civil engineering demand.

The Group is well positioned in the niche area of civil engineering industry and intends to capitalise on its competitive strengths to bring about enhanced values for the shareholders. The Group has been actively participating in tenders for public sector projects and continues to be optimistic about securing public infrastructural projects mainly in the upcoming Thomson-East Coast Line (TEL) and additional works at Changi Airport.

In addition, the Group is exploring various avenues to forge strategic alliances with business partners and will update the shareholders of any material developments.

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

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

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

Yes.

Declared dividend

Name of Dividend	Interim Tax Exempt Dividend
Dividend Type	Cash
Dividend Amount per Share	S\$0.003 per ordinary share
Tax Rate	Tax-exempt one-tier

Proposed dividend (see 11 (c) below)

Name of Dividend	Final Tax Exempt Dividend
Dividend Type	Cash
Dividend Amount per Share	S\$0.003 per ordinary share
Tax Rate	Tax-exempt one-tier

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

See 11(a) above

(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).

The proposed final dividend is a tax exempt dividend.

(d) The date the dividend is payable.

The proposed final tax exempt dividends, if approved at the forthcoming annual general meeting of the Company, will be paid at a date to be announced in due course.

(e) Book closure date

The books closure date for the proposed final tax exempt dividend will be announced at a later date.

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

Not applicable.

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

Other than the Restructuring Exercise and interested person transactions as disclosed on pages 66 and 151 to 166 of the offer document dated 1 December 2014 respectively, there were 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 – Lease of construction equipment and vehicles from NHL Holding Pte Ltd	4,099,200	Not applicable
NHL Holding Pte Ltd – Lease of dormitories to Huatong Contractor Pte Ltd from NHL Holding Pte Ltd	288,000	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.

Business Segment	Civil engineering services	Inland logistics support	Sale of construction materials	Unallocated	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$
2015						
Revenue (S\$'000)						
External revenue	99,618	28,096	2,474	-	-	130,188
Inter-segment revenue	-	4,184	2,967	-	(7,151)	-
	<u>99,618</u>	<u>32,280</u>	<u>5,441</u>	<u>-</u>	<u>(7,151)</u>	<u>130,188</u>
Results						
Segment results	21,889	4,978	274	(17,825)	-	9,316
Finance costs						(2,018)
Profit before income tax						7,298
Income tax expense						(1,097)
Profit for the financial year						<u>6,201</u>
Non-cash items						
Gain on disposal of property, plant and equipment	-	-	-	130	-	130
Depreciation of property, plant and equipment	-	-	-	(12,082)	-	(12,082)
Unrealised foreign exchange loss	-	-	-	(126)	-	(126)
Allowance for impairment of trade receivables	(1,509)	(2)	-	-	-	(1,511)

Business Segment	Civil engineering services	Inland logistics support	Sale of construction materials	Unallocated	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$
2014						
Revenue (S\$'000)						
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
Results						
Segment results	17,735	3,732	261	(14,363)	-	7,365
Finance costs						(1,089)
Profit before income tax						6,276
Income tax expense						(1,125)
Profit for the financial year						5,151
Non-cash items						
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)

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

	FY2015 S\$'000	FY2014 S\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	64,861	67,609	(4.1)
(b) Operating profit after tax before deducting minority interests reported for the first half year	3,181	3,025	5.2
(c) Sales reported for the second half year	65,327	65,723	(0.6)
(d) Operating profit after tax before deducting minority interests reported for second half year	3,020	2,126	42.1

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

	Year ended 31 December	
	2015 S\$	2014 S\$
Ordinary shares (tax exempt one-tier)		
Interim	454,154	-
Final ⁽¹⁾	454,154	-
Total annual dividend	908,308	-

Note:-

- (1) The proposed final tax exempt dividends are subject to shareholders' approval at the forthcoming annual general meeting of the Company.

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	44	Nephew of Mr Ng Hai Liong	Workshop Manager/ 2002	No Change
Ng Say Beng Charlie	49	Nephew of Mr Ng Hai Liong	Site Manager/ 2011	No Change

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	479 ⁽¹⁾	1,132
Listing expenses	1,389	1,389	-
Total	5,500	1,868	3,632

Note:-

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

The above 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 2016