

**Huatong Global Limited**

Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2018

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

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**Unaudited Financial Statement and Dividend Announcement  
For the Financial Year Ended 31 December 2018 (“FY2018”)**

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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”) for compliance with the Singapore Exchange Securities Trading Limited (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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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2018

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &amp; 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**

	<b>Group</b>		
	FY2018	FY2017	(+/-)
	Unaudited S\$'000	Restated* S\$'000	%
<b>Revenue</b>	<b>177,819</b>	<b>157,234</b>	<b>13.1</b>
Cost of sales and services	(144,195)	(124,630)	15.7
<b>Gross profit</b>	<b>33,624</b>	<b>32,604</b>	<b>3.1</b>
Other income	2,451	2,228	10.0
Administrative expenses	(22,512)	(21,655)	4.0
Other expenses	(2,789)	(2,496)	11.7
Finance costs	(2,915)	(2,097)	39.0
Share of results of joint venture	1,629	96	nm
<b>Profit before income tax</b>	<b>9,488</b>	<b>8,680</b>	<b>9.3</b>
Income tax expense	(2,551)	(1,050)	143.0
<b>Profit for the year</b>	<b>6,937</b>	<b>7,630</b>	<b>(9.1)</b>
<b>Other comprehensive income:</b>			
<b><i>Item that may be reclassified subsequently to profit or loss:</i></b>			
Fair value changes on financial assets at fair value through other comprehensive income	(9)	(149)	(94.0)
Reversal of fair value loss included in financial assets revaluation reserve upon redemption	-	5	nm
Reclassification of fair value loss in financial assets at fair value through other comprehensive income to profit or loss	-	214	nm
<b><i>Item that will not be reclassified subsequently to profit or loss:</i></b>			
Gain on revaluation of property, plant and equipment	1,136	846	34.3
<b>Other comprehensive income for the financial year</b>	<b>1,127</b>	<b>916</b>	<b>23.0</b>
<b>Total comprehensive income for the financial year</b>	<b>8,064</b>	<b>8,546</b>	<b>(5.6)</b>
<b>Profit attributable to:</b>			
Owners of the parent	7,197	8,069	(10.8)
Non-controlling interests	(260)	(439)	(40.8)
	<b>6,937</b>	<b>7,630</b>	<b>(9.1)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	8,324	8,985	(7.4)
Non-controlling interests	(260)	(439)	(40.8)
	<b>8,064</b>	<b>8,546</b>	<b>(5.6)</b>

nm denotes not meaningful

\* The 2017 comparative figures have been restated to take into account the adjustments on adoption of Singapore Financial Reporting Standards (International) SFRS(I) framework and new/revised SFRS(I) as detailed in section 5 of this announcement.

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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:

	<b>Group</b>		
	FY2018	FY2017	(+/-)
	Unaudited S\$'000	Restated* S\$'000	%
Depreciation of property, plant and equipment	15,246	15,162	0.6
Amortisation of intangible assets	14	9	55.6
Allowance for impairment of trade and retention receivables	1,844	1,203	53.3
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	(214)	297	nm
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	(49)	(20)	145.0
Allowance for impairment of property, plant and equipment	113	153	nm
Fair value gain of financial assets at fair value through profit or loss	(159)	(169)	(5.9)
Interest expenses	2,694	1,902	41.6
Employee benefits expense	35,409	34,737	1.9
Operating lease expense	7,590	6,974	8.8
Interest income	(200)	(197)	1.5
Loss on disposal of plant and equipment	155	40	nm
Amortisation of gain on sale and leaseback transactions	(298)	(99)	201.0
Foreign exchange gain, net	(7)	(87)	(92.0)
Under/(Over) provision of income tax in respect of prior years	289	(398)	nm

*nm denotes not meaningful*

*\* The 2017 comparative figures have been restated to take into account the adjustments on adoption of Singapore Financial Reporting Standards (International) SFRS(I) framework and new/revised SFRS(I) as detailed in section 5 of this announcement.*

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**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	
	31.12.2018 Unaudited S\$'000	31.12.2017 Restated* S\$'000	01.01.2017 Restated* S\$'000	31.12.2018 Unaudited S\$'000	31.12.2017 Audited S\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	94,707	89,163	104,966	-	-
Financial assets at fair value through profit or loss	5,221	4,957	5,185	-	-
Investments in subsidiaries	-	-	-	41,735	41,735
Investment in a joint venture	1,806	177	81	-	-
Prepayments	23	207	440	-	-
Intangible assets	114	106	76	19	22
	101,871	94,610	110,748	41,754	41,757
<b>Current assets</b>					
Contract assets	74,802	48,476	21,961	-	-
Financial assets at fair value through other comprehensive income	2,247	2,344	2,599	-	-
Inventories	1,121	2,633	2,076	-	-
Trade and other receivables	44,839	59,972	32,317	3,018	3,029
Prepayments	1,262	1,060	1,049	238	8
Cash and cash equivalents	8,509	4,228	14,313	164	264
	132,780	118,713	74,315	3,420	3,301
Non-current assets classified as held for sale	-	11,156	-	-	-
Total current assets	132,780	129,869	74,315	3,420	3,301
<b>Total assets</b>	234,651	224,479	185,063	45,174	45,058
<b>Liabilities</b>					
<b>Current liabilities</b>					
Contract liabilities	-	11,508	7,999	-	-
Trade and other payables	49,922	45,465	29,666	1,137	125
Finance lease payables	14,950	13,209	17,079	-	-
Bank borrowings	48,475	42,374	21,343	-	-
Deferred income	834	99	99	-	-
Current income tax payable	2,824	645	614	-	-
	117,005	113,300	76,800	1,137	125
Liabilities directly associated with non-current assets classified as held for sale	-	2,581	-	-	-
Total current liabilities	117,005	115,881	76,800	1,137	125

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	Group			Company	
	31.12.2018 Unaudited S\$'000	31.12.2017 Restated* S\$'000	01.01.2017 Restated* S\$'000	31.12.2018 Unaudited S\$'000	31.12.2017 Audited S\$'000
<b>Non-current liabilities</b>					
Other payables	-	-	1,852	-	-
Finance lease payables	22,279	20,217	29,424	-	-
Bank borrowings	15,387	16,602	13,646	-	-
Deferred income	1,750	41	141	-	-
Deferred tax liabilities	5,368	6,107	5,509	-	-
	44,784	42,967	50,572	-	-
<b>Total liabilities</b>	161,789	158,848	127,372	1,137	125
<b>Net assets</b>	72,862	65,631	57,691	44,037	44,933
<b>Equity</b>					
Share capital	38,676	38,676	38,676	38,676	38,676
Other reserves	(14,292)	(15,419)	(16,335)	-	-
Accumulated profits	49,325	42,961	35,498	5,361	6,257
<b>Equity attributable to owners of the parent</b>	73,709	66,218	57,839	44,037	44,933
Non-controlling interests	(847)	(587)	(148)	-	-
<b>Total equity</b>	72,862	65,631	57,691	44,037	44,933

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

	As at 31 December 2018 (Unaudited)			As at 31 December 2017 (Audited)		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Repayable within one year	34,192	29,233	63,425	28,344	29,820	58,164
Repayable after one year	37,620	46	37,666	35,477	1,342	36,819
<b>Total</b>	71,812	29,279	101,091	63,821	31,162	94,983

#### Secured Borrowings

##### Bank borrowings

As at 31 December 2018, the Group's bank borrowings amounted to S\$63.9 million (FY2017: S\$59.0 million), of which S\$34.6 million (FY2017: S\$27.8 million) 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 31 December 2018, the Group's obligations under finance leases amounted to S\$37.2 million (FY2017: S\$36.0 million). Finance leases were secured by the Group's leased plant and equipment with net carrying amount of S\$61.7 million as at 31 December 2018 (FY2017: S\$59.3 million).

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

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**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>Group</b>	
	FY2018 Unaudited S\$'000	FY2017 Restated* S\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	9,488	8,680
Adjustments for:		
Depreciation of property, plant and equipment	15,246	15,162
Amortisation of intangible assets	14	9
Allowance for impairment of trade and retention receivables	1,844	1,203
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	(214)	297
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	(49)	(20)
Loss on disposal of plant and equipment	155	40
Amortisation of gain on sale and leaseback transactions	(298)	(99)
Allowance for impairment of property, plant and equipment	113	153
Interest expenses	2,694	1,902
Interest income	(200)	(197)
Share of results of a joint venture	(1,629)	(96)
Fair value gain of financial assets at fair value through profit or loss	(159)	(169)
Unrealised exchange differences, net	14	71
<b>Operating cash flows before working capital changes</b>	27,019	26,936
Working capital changes:		
Trade and other receivables	13,764	(28,452)
Prepayments	(18)	222
Contract assets, net	(38,308)	(23,006)
Inventories	1,512	(557)
Trade and other payables	5,517	12,695
<b>Cash generated from/(used in) operations</b>	9,486	(12,162)
Interest received	20	19
Income tax paid	(1,110)	(421)
<b>Net cash from/(used in) operating activities</b>	8,396	(12,564)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(1,692)	(3,505)
Deposit for purchase of property, plant and equipment	-	(200)
Additions to intangible assets	(22)	(39)
Interest received	182	176
Proceeds from disposal of property, plant and equipment	8,987	998
Proceeds from partial redemption of financial assets at fair value through other comprehensive income	348	50
<b>Net cash from/(used in) investing activities</b>	7,803	(2,520)

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**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)**

	<b>Group</b>	
	FY2018 Unaudited	FY2017 Restated*
	S\$'000	S\$'000
<b>Cash flows from financing activities</b>		
Proceeds from trust receipts	96,395	87,859
Repayment of trust receipts	(98,249)	(69,574)
Proceeds from term loans	14,773	8,827
Repayment of term loans	(8,153)	(2,799)
Interest paid	(2,694)	(1,902)
Dividends paid	(833)	(606)
Repayment of finance lease payables	(12,902)	(16,806)
Decrease in amounts due to related parties	(255)	-
<b>Net cash (used in)/from financing activities</b>	<b>(11,918)</b>	<b>4,999</b>
Net change in cash and cash equivalents	4,281	(10,085)
Cash and cash equivalents at beginning of the financial year	4,228	14,313
<b>Cash and bank balances at end of the financial year</b>	<b>8,509</b>	<b>4,228</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>Company</b>	<b>Accumulated</b>		
	<b>Share capital</b>	<b>profits</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000
<b>(Unaudited)</b>			
<b>Balance at 1 January 2018</b>	38,676	6,257	44,933
Loss for the financial year, representing total comprehensive income for the financial year	-	(63)	(63)
Dividends	-	(833)	(833)
<b>Balance as at 31 December 2018</b>	<b>38,676</b>	<b>5,361</b>	<b>44,037</b>
<b>(Audited)</b>			
<b>Balance at 1 January 2017</b>	38,676	7,212	45,888
Loss for the financial year, representing total comprehensive income for the financial year	-	(349)	(349)
Dividends	-	(606)	(606)
<b>Balance as at 31 December 2017</b>	<b>38,676</b>	<b>6,257</b>	<b>44,933</b>

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### Consolidated Statement of Changes in equity

Group	Attributable to owners of the company					Non-controlling Interests	Total equity
	Share capital	Accumulated profits	Other reserves	Equity attributable to owners of the parent			
(Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2018</b>	38,676	42,448	(14,906)	66,218	(587)	65,631	
Effects on adoption of SFRS(I) 9	-	513	(513)	-	-	-	
<b>Balance at 1 January 2018 (Restated)</b>	38,676	42,961	(15,419)	66,218	(587)	65,631	
Profit for the financial year	-	7,197	-	7,197	(260)	6,937	
Other comprehensive income							
Gain on revaluation of property, plant and equipment	-	-	1,136	1,136	-	1,136	
Fair value changes on financial assets at fair value through other comprehensive income	-	-	(9)	(9)	-	(9)	
	-	-	1,127	1,127	-	1,127	
<b>Total comprehensive income for the financial year</b>	-	7,197	1,127	8,324	(260)	8,064	
<b>Transactions with owners of the parent:</b>							
Dividends	-	(833)	-	(833)	-	(833)	
<b>Total transactions with owners of the parent</b>	-	(833)	-	(833)	-	(833)	
<b>Balance at 31 December 2018</b>	38,676	49,325	(14,292)	73,709	(847)	72,862	
<b>(Restated*)</b>							
<b>Balance at 1 January 2017</b>	38,676	35,154	(15,991)	57,839	(148)	57,691	
Effects on adoption of SFRS(I) 9	-	344	(344)	-	-	-	
<b>Balance at 1 January 2017 (Restated)</b>	38,676	35,498	(16,335)	57,839	(148)	57,691	
Profit for the financial year	-	8,069	-	8,069	(439)	7,630	
Other comprehensive income							
Gain on revaluation of property, plant and equipment	-	-	846	846	-	846	
Fair value changes on financial assets at fair value through other comprehensive income	-	-	(149)	(149)	-	(149)	
Reversal of fair value loss included in financial assets revaluation reserve upon redemption	-	-	5	5	-	5	
Reclassification of fair value loss in financial assets at fair value through other comprehensive income to profit or loss	-	-	214	214	-	214	
	-	-	916	916	-	916	
<b>Total comprehensive income for the financial year</b>	-	8,069	916	8,985	(439)	8,546	
<b>Transactions with owners of the parent:</b>							
Dividends	-	(606)	-	(606)	-	(606)	
<b>Total transactions with owners of the parent</b>	-	(606)	-	(606)	-	(606)	
<b>Balance at 31 December 2017 (Restated)</b>	38,676	42,961	(15,419)	66,218	(587)	65,631	



**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer and subsidiary holdings, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 from 30 June 2018 to 31 December 2018.

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

**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**

	<b>31.12.2018</b>	<b>31.12.2017</b>
Total number of issued shares excluding treasury shares	151,384,600	151,384,600

**1(d)(iv) A statement showing all sales, transfers, 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.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings 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 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 2017 ("FY2017").

**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**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the IFRS, Singapore Financial standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the year ended 31 December 2018. The new framework will have no material impact on the financial statements in the year of application except as follows:

(1) SFRS(I) 9 Financial instruments (Classification and measurement)

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income ("OCI").

On the initial adoption of SFRS(I) 9 on 1 January 2018, the investments in life insurances previously classified as available-for-sale ("AFS") financial assets at fair value through OCI is now measured at fair value through profit or loss. Cumulative fair value changes in the AFS reserve has been reclassified to retained earnings as at 1 January 2017.

The following 2017 comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) 9 are summarized below:

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	Group		
	31.12.2017 SFRS S\$'000	Adjustment S\$'000	31.12.2017 SFRS(I) 9 S\$'000
Other income	2,059	169	2,228
<b>Profit before income tax</b>	<b>8,511</b>	<b>169</b>	<b>8,680</b>
<b>Other comprehensive income:</b>			
Fair value changes on financial assets at fair value through other comprehensive income	20	(169)	(149)
<b>Other comprehensive income for the financial period</b>	<b>1,085</b>	<b>(169)</b>	<b>916</b>
<b>Total comprehensive income for the financial period</b>	<b>8,546</b>	<b>-</b>	<b>8,546</b>

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EQUITY	Group		
	01.01.2017 SFRS	01.01.2017 Effect on adoption of SFRS(I) 9	01.01.2017 SFRS(I) 9
	S\$'000	S\$'000	S\$'000
Share capital	38,676	-	38,676
Accumulated profits	35,154	344	35,498
Other reserves	(15,991)	(344)	(16,335)
<b>Equity attributable to owners of the parent</b>	<b>57,839</b>	<b>-</b>	<b>57,839</b>
Non-controlling Interests	(148)	-	(148)
<b>Total equity</b>	<b>57,691</b>	<b>-</b>	<b>57,691</b>

  

	Group		
	01.01.2018 SFRS	01.01.2018 Effect on adoption of SFRS(I) 9	01.01.2018 SFRS(I) 9
	S\$'000	S\$'000	S\$'000
Share capital	38,676	-	38,676
Accumulated profits	42,448	513	42,961
Other reserves	(14,906)	(513)	(15,419)
<b>Equity attributable to owners of the parent</b>	<b>66,218</b>	<b>-</b>	<b>66,218</b>
Non-controlling Interests	(587)	-	(587)
<b>Total equity</b>	<b>65,631</b>	<b>-</b>	<b>65,631</b>

  

CONSOLIDATED STATEMENT OF CASH FLOWS	Group		
	31.12.2017 SFRS	Adjustment	31.12.2017 SFRS(I) 9
	S\$'000	S\$'000	S\$'000
<b>Profit before income tax</b>	<b>8,511</b>	<b>169</b>	<b>8,680</b>
Fair value gain of financial assets at fair value through profit or loss	-	(169)	(169)
<b>Operating cash flows before working capital changes</b>	<b>26,936</b>	<b>-</b>	<b>26,936</b>

## (2) SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under SFRS.

SFRS(I) 15 establishes a five step model to account for revenue arising from contracts with customers, and introduces a new contracts costs guidance. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of SFRS(I) 15 had not resulted in material impact. Hence, financial information for prior periods were not restated.

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**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	
	FY2018 Unaudited	FY2017 Restated*
Profit attributable to owners of the Company (S\$'000)	7,197	8,069
Weighted average number of ordinary shares	151,384,600	151,384,600
Basic and diluted EPS (Singapore cents)	4.75	5.33

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

(b) The basic and diluted EPS are the same as there were no potential dilutive ordinary shares in issue as at 31 December 2018 and 31 December 2017.

**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	
	31.12.2018 Unaudited	31.12.2017 Audited	31.12.2018 Unaudited	31.12.2017 Audited
Net asset value per ordinary share (Singapore cents)	48.7	43.7	29.1	29.7
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 year ended 31 December 2018 ("FY2018") vs. for year ended 31 December 2017 ("FY2017")**

**Revenue**

Revenue increased by S\$20.6 million or 13.1% from S\$157.2 million in FY2017 to S\$177.8 million in FY2018 mainly due to higher revenue from the Group's civil engineering services and inland logistics segments, partially offset by lower revenue derived from the sale of construction materials.

Revenue from the civil engineering services increased by approximately S\$28.3 million or 22.2% from S\$127.2 million in FY2017 to S\$155.5 million in FY2018. The increase was mainly due to the additional contracts the Group secured in 2017 being in full swing in FY2018 as well as the contributions from new contracts secured in 2018.

Revenue from the inland logistics segment increased by approximately S\$1.0 million or 10.8% from S\$9.3 million in FY2017 to S\$10.3 million in FY2018. The increase was mainly due to higher demand for construction materials which in turn improved our inland logistics support services.

Revenue from the sale of construction materials segment decreased by approximately S\$8.7 million or 42.0% from S\$20.7 million in FY2017 to S\$12.0 million in FY2018. The decrease was mainly due to lower demand of construction materials from our customers.

**Cost of sales and services**

Cost of sales increased by approximately S\$19.6 million or 15.7%, from S\$124.6 million in FY2017 to S\$144.2 million in FY2018 mainly due to increased direct material costs, higher repair and maintenance costs as well as increased rental expenses and labour costs in FY2018.

Direct material costs increased by approximately S\$14.2 million or 37.5% from S\$37.9 million in FY2017 to S\$52.1 million in FY2018. The increase was mainly due to increase in raw materials purchased for the Group's civil engineering projects and higher fuel costs in FY2018.

Repair and maintenance costs increased by approximately S\$2.5 million or 26.6% from S\$9.4 million in FY2017 to S\$11.9 million in FY2018. The increase was in line with intensive use of our machines and vehicles to support our projects during the financial year.

Rental of machinery and vehicles increased by approximately S\$0.7 million or 15.9% from S\$4.4 million in FY2017 to S\$5.1 million in FY2018. The increase was in line with intensive use of our machines and vehicles to support our projects during the financial year.

Direct labour costs increased by approximately S\$0.2 million or 1.2% from S\$17.3 million in FY2017 to S\$17.5 million in FY2018 as more labour was deployed to support increased activities.

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Depreciation expenses on our income-generating assets increased by approximately S\$0.1 million or 0.7% from S\$14.5 million in FY2017 to S\$14.6 million in FY2018 due to the additional property plant and equipment (“PPE”) purchased in FY2018.

**Gross profit**

As a result of the foregoing, the Group’s gross profit increased by approximately S\$1.0 million or 3.1% from S\$32.6 million in FY2017 to S\$33.6 million in FY2018. Gross profit margin decreased from 20.7% in FY2017 to 18.9% in FY2018.

**Other income**

Other income increased by approximately S\$0.3 million from S\$2.2 million in FY2017 to S\$2.5 million in FY2018. The increase was mainly due to the changes in allowance for impairment of financial assets at fair value through other comprehensive income and reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption in FY2018.

**Administrative expenses**

Administrative expenses increased by approximately S\$0.8 million or 4.0% from S\$21.7 million in FY2017 to S\$22.5 million in FY2018 mainly due to the initial professional fee of S\$0.7 million incurred in relation to the Proposed Dual Listing in FY2018.

**Other expenses**

Other expenses increased by approximately S\$0.3 million or 11.7% from S\$2.5 million in FY2017 to S\$2.8 million in FY2018. The increase was the net effect of the allowance for impairment of contract assets of S\$0.5 million recorded in FY2018 and the allowance for impairment of financial assets at fair value through other comprehensive income of \$0.3 million recorded in FY2017.

**Finance costs**

Finance costs increased by approximately S\$0.8 million or 39.1% from S\$2.1 million in FY2017 to S\$2.9 million in FY2018 primarily due to higher utilisation of bank facilities for working capital purpose as well as higher interest rate in FY2018.

**Share of profit of joint venture**

The Group recorded a profit of S\$1.6 million from the share of profit of a joint venture company in FY2018 as compared to a profit of S\$96,000 in FY2017.

**Profit before income tax**

As a result of the above, the Group’s profit before income tax increased by approximately S\$0.8 million or 9.3% from S\$8.7 million in FY2017 to S\$9.5 million in FY2018.

**Income tax expenses**

Income tax expense increased by approximately S\$1.5 million or 143.0% from S\$1.1 million in FY2017 to S\$2.6 million in FY2018 which was a result of higher profit before income tax in FY2018 as well as the balance charge recorded for certain fixed assets and non-current assets classified as held for sale disposed in FY2018.

**Net profit**

As a result of the above, net profit decreased by approximately S\$0.7 million or 9.1% from S\$7.6 million in FY2017 to S\$6.9 million in FY2018.

Net profit attributable to owners of the parent decreased by approximately S\$0.9 million or 10.8% from S\$8.1 million in FY2017 to S\$7.2 million in FY2018.

**Statement of financial position of the Group as at 31 December 2018**

**Non-current Assets**

As at 31 December 2018, the Group had a total of S\$94.7 million PPE as compared to S\$89.2 million as at 31 December 2017. The increase was mainly due to the additions of PPE of approximately S\$15.0 million, revaluation gain of approximately S\$1.1 million for the Group's leasehold property during the financial year and the reclassification of S\$9.6 million from non-current assets classified as held for sale ("AHS") as the Group did not sell all those items during the past twelve months (the "Reclassification"), partially offset by the depreciation charge of S\$15.3 million and a disposal of PPE with a carrying amount of S\$7.8 million.

As at 31 December 2018, the Group's financial assets at fair value through profit or loss amounted to S\$5.2 million as compared to S\$5.0 million as 31 December 2017. The increase was mainly due to the unrealised exchange gain and an increase in the fair value of these financial assets during the financial year.

As at 31 December 2018, the Group's investment in a joint venture increased to S\$1.8 million as compared to S\$0.2 million as at 31 December 2017 due to the share of profit of the joint venture in FY2018.

**Current assets**

Contract assets increased by approximately S\$26.3 million to S\$74.8 million as at 31 December 2018 from S\$48.5 million as at 31 December 2017, mainly due to a higher amount of unbilled revenue as at 31 December 2018.

Trade and other receivables decreased by approximately S\$15.2 million to S\$44.8 million as at 31 December 2018 from S\$60.0 million as at 31 December 2017 following collections from customers in FY2018.

Inventories decreased by approximately S\$1.5 million to S\$1.1 million as at 31 December 2018 from S\$2.6 million as at 31 December 2017, mainly due to sale of materials as well as drawdown of the hardware parts and consumables for repair and maintenance of Group's machineries, equipment and vehicles in FY2018.

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Financial assets at fair value through other comprehensive income decreased by approximately S\$0.1 million to S\$2.2 million as at 31 December 2018 from S\$2.3 million as 31 December 2017 due to a net decrease in the fair value of the financial assets as well as partial redemption during the financial year.

Prepayment increased by approximately S\$0.2 million to S\$1.3 million as at 31 December 2018 from S\$1.1 million as at 31 December 2017 due to the prepayment made for expenses related to the Proposed Dual Listing in FY2018.

Cash and cash equivalents increased by approximately S\$4.3 million to S\$8.5 million as at 31 December 2018 when compared to S\$4.2 million as at 31 December 2017. Cash and cash equivalents generated from operating activities were mainly used for meeting working capital requirements, purchasing of PPEs and repayment of bank loan and finance lease liabilities during the financial year.

As at 31 December 2017, non-current assets classified as held for sale amounted to S\$11.1 million. During FY2018, S\$1.5 million were disposed and S\$9.6 million were re-classed to PPE as the Group did not sell all of them during the past twelve months.

### **Current liabilities**

As at 31 December 2017, the contract liability amounted to S\$11.5 million. This contract liability has been fully recognised in FY2018.

Trade and other payable increased by approximately \$4.4 million to S\$49.9 million as at 31 December 2018 from S\$45.5 million as at 31 December 2017 in tandem with the increased cost of sales.

Finance lease payables increased by approximately S\$1.7 million to S\$14.9 million as at 31 December 2018 when compared to S\$13.2 million as at 31 December 2017 mainly due to additional purchase of plant and equipment under finance leases during the financial year.

Short-term bank borrowings increased by approximately S\$6.1 million to S\$48.5 million as at 31 December 2018 from S\$42.4 million as at 31 December 2017, mainly due to additional drawdown of short-term banking facilities in FY2018 for working capital purposes.

Current income tax payable increased by approximately S\$2.2 million to S\$2.8 million as at 31 December 2018 from S\$0.6 million as at 31 December 2017. The increase was mainly due to the higher income tax recorded for FY2018.

Deferred income increased by approximately S\$0.7 million to S\$0.8 million as at 31 December 2018 from S\$99,000 as at 31 December 2017 was mainly due to the deferred recognition of the gain on sale and leaseback transactions made in FY2018.

Liabilities directly associated with assets classified as held for sale of S\$2.6 million as at 31 December 2017 was de-recognised during the financial year in line with the de-recognition of the AHS as at 31 December 2018



**Non-current liabilities**

Total non-current liabilities increased by S\$1.8 million to S\$44.8 million as at 31 December 2018 from S\$43.0 million as at 31 December 2017, mainly due to an increase of finance lease payables of approximately S\$2.1 million and an increase in deferred income of S\$1.7 million, partially offset by a decrease in bank borrowings of approximately S\$1.2 million and a decrease in deferred tax liabilities of approximately S\$0.7 million in FY2018.

**Working Capital**

The Group posted a positive working capital of approximately S\$15.8 million as at 31 December 2018.

**Statement of Cash flows of the Group for FY2018**

As at 31 December 2018, the Group recorded cash and cash equivalents of S\$8.5 million as compared to S\$4.2 million as at 31 December 2017.

Net cash flows generated from operating activities for FY2018, after meeting working capital requirements and net of tax, were S\$8.4 million. Net working capital outflow of S\$17.5 million was the net effect of increase in net contract assets of S\$38.3 million, decrease in trade and others receivables of S\$13.8 million, decrease in inventories of S\$1.5 million and increase in trade and other payables of S\$5.5 million.

Net cash from investing activities for the FY2018, amounted to S\$7.8 million, mainly due to the proceeds received from disposal of PPE and non-current assets classified as held for sale of S\$9.0 million, proceeds received from partial redemption of financial assets at fair value through other comprehensive income of S\$0.3 million and interest received of S\$0.2 million, partially offset by purchase of additional PPE of S\$1.7 million during FY2018.

Net cash used in financing activities for the FY2018 amounted to S\$11.9 million, was mainly due to the net effect of net repayment of trust receipts of S\$1.9 million, net drawdown of bank loans of S\$6.6 million, repayment of finance lease payables of S\$12.9 million, interest payment of S\$2.7 million and dividend payment of S\$0.8 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.**

The Building and Construction Authority (“BCA”) has projected the total construction demand or the value of construction contracts to be awarded in 2019 to range between \$27 billion and \$32 billion, comparable to the S\$30.5 billion awarded in 2018, due to sustained public sector construction demand and steady private sector’s construction demand<sup>1</sup>.

Public construction demand is expected to be boosted by major infrastructure projects and a pipeline of major industrial building projects, contributing about 60% of the total construction demand. The private sector’s construction demand is similarly expected to remain steady in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.

The Group will continue to leverage on its reputation as a key industry player with its track record to seek opportunities both in public infrastructure projects and private sector’s construction projects.

On 3 July 2018, the Group announced the Group proposed a dual primary listing of its ordinary shares on the Main Board of the Stock Exchange of Hong Kong Limited (the “SEHK”) (the “Proposed Dual Listing”). As at the date of this announcement, preparatory works are on-going and no application has been made (i) to the SEHK for the listing of, and permission to deal in, the Shares, on the Main Board of the SEHK, or (ii) to the “SGX-ST” in connection with the Proposed Dual Listing. The Company will make further announcements to keep Shareholders updated on any material updates in relation to the Proposed Dual Listing as and when appropriate.

**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 FY2018.

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

Not applicable.

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

Name of Dividend	Final Tax Exempt Dividend
Dividend Type	Cash
Dividend Amount per Share	S\$0.0055 per ordinary share
Tax Rate	Tax-exempt one-tier

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<sup>1</sup> BCA media release “Singapore’s total construction demand remain strong this year”, 14 January 2019 ([https://www.bca.gov.sg/newsroom/MR\\_Prospects2019.html](https://www.bca.gov.sg/newsroom/MR_Prospects2019.html))

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- (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 FY2018.

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

Not applicable as no dividend has been declared or recommended for FY2018.

- (e) **Book closure date**

Not applicable as no dividend has been declared or recommended for FY2018.

12. **If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision**

No dividend has been declared or recommended for FY2018, as the Board of Directors deems it appropriate to reserve adequate resources for the Group's business activities.

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 IPTs disclosed in paragraph (c)(i) of page 156 of the offer document dated 1 December 2014 and IPTs as set out in the below table, there were no additional IPTs of S\$100,000 and above during the financial year under review.

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	3,226	Not applicable
NB Auto Pte Ltd ("NB Auto")		
– Lease of commercial vehicles from NB Auto	124	Not applicable

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

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### 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 service	Inland logistics support	Sale of construction materials	Unallocated	Elimination	Total
FY2018 (Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Revenue</u>						
External revenue	155,538	10,295	11,986	-	-	177,819
Inter-segment revenue	4,229	1,568	972	-	(6,769)	-
	<u>159,767</u>	<u>11,863</u>	<u>12,958</u>	<u>-</u>	<u>(6,769)</u>	<u>177,819</u>
<u>Segment results</u>						
Share on results in a joint venture	32,104	1,072	425	(23,248)	-	10,353
Interest income	1,629	-	-	-	-	1,629
Interest expenses						200
Profit before income tax						(2,694)
Income tax expense						9,488
Profit for the financial year						<u>(2,551)</u>
						<u>6,937</u>
<u>Non-cash items</u>						
Amortisation of gain on sale and leaseback transactions	298	-	-	-	-	298
Gain on disposal of plant and equipment	-	-	-	(155)	-	(155)
Depreciation of property, plant and equipment	(12,102)	(1,164)	(1,337)	(643)	-	(15,246)
Amortisation of intangible assets	-	-	-	(14)	-	(14)
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	-	-	-	214	-	214
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	-	-	-	49	-	49
Allowance for impairment of plant & equipment	-	(113)	-	-	-	(113)
Allowance for impairment of trade receivables and contract assets	(1,821)	-	(23)	-	-	(1,844)
<u>FY2017 (Restated)</u>						
<u>Revenue</u>						
External revenue	127,266	9,298	20,670	-	-	157,234
Inter-segment revenue	3,214	1,653	765	-	(5,632)	-
	<u>130,480</u>	<u>10,951</u>	<u>21,435</u>	<u>-</u>	<u>(5,632)</u>	<u>157,234</u>
<u>Segment results</u>						
Share on results in a joint venture	29,101	857	399	(20,068)	-	10,289
Interest income	96					96
Interest expenses						197
Profit before income tax						(1,902)
Income tax expense						8,680
Profit for the financial year						<u>(1,050)</u>
						<u>7,630</u>
<u>Non-cash items</u>						
Amortisation of gain on sale and leaseback transactions	99	-	-	-	-	99
Gain on disposal of plant and equipment	-	-	-	(40)	-	(40)
Depreciation of property, plant and equipment	(12,739)	(701)	(1,055)	(667)	-	(15,162)
Amortisation of intangible assets	-	-	-	(9)	-	(9)
Changes in allowance for impairment of financial assets at fair value through other comprehensive income	-	-	-	(297)	-	(297)
Reversal of allowance for impairment of financial assets at fair value through other comprehensive income upon redemption	-	-	-	20	-	20
Allowance for impairment of plant and equipment	(153)	-	-	-	-	(153)
Allowance for impairment of trade receivables	(1,179)	-	(24)	-	-	(1,203)

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**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**

	FY2018 (Unaudited) \$'000	FY2017 (Unaudited) \$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	90,469	67,801	33.4
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	5,726	5,138	11.4
(c) Sales reported for second half year	87,350	89,433	(2.3)
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	1,211	2,492	(51.4)

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

	FY2018 S\$	FY2017 S\$
Ordinary shares (tax exempt one-tier) Final <sup>(1)</sup>	-	832,615
<b>Total annual dividend</b>	<b>-</b>	<b>832,615</b>

Note:-

(1) No dividend has been declared or recommended for FY2018.

**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	47	Nephew of Mr Ng Hai Liong	Site Manager/ 2017	Changed from Workshop Manager
Ng Say Beng Charlie	52	Nephew of Mr Ng Hai Liong	Site Manager/ 2011	No Change

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Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2018

**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:

<b>Use of Proceeds</b>	<b>Amount Allocated (S\$'000)</b>	<b>Amount Utilised (S\$'000)</b>	<b>Amount Unutilised (S\$'000)</b>
To explore opportunities in mergers and acquisitions, joint ventures and strategic alliances	1,500	(170)	1,330
To increase LSS production	1,000	(1,000)	-
General working capital purposes	1,611	(1,611) <sup>(1)</sup>	-
Listing expenses	1,389	(1,389)	-
<b>Total</b>	<b>5,500</b>	<b>(4,170)</b>	<b>1,330</b>

Note:

(1) Amount for general working capital purpose 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.*

**20. 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  
1 March 2019