



FOR IMMEDIATE RELEASE

Huatiang Global records net attributable profit of S\$4.1 million for FY2016

- *Declares a first and final dividend of 0.4 Singapore cents per ordinary share*

Summary of Financial Results for the Full Year Ended 31 December:

S\$'000	FY2016	FY2015	+/(-)%
Revenue	117,191	130,188	(10.0)
Gross profit	23,276	26,166	(11.0)
Gross profit margin (%)	19.9	20.1	0.2 % pts
Profit before tax	5,090	5,939	(14.3)
Profit attributable to owners of the parent	4,073	5,051	(19.4)

SINGAPORE, 28 February 2017 – Huatiang Global Limited (“**Huatiang Global**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), a full-service integrated civil engineering solutions provider, today reported a profit attributable to owners of the parent of S\$4.1 million and revenue of S\$117.2 million for the full year ended 31 December 2016 (“**FY2016**”).

The Group’s FY2016 revenue dipped 10.0% compared to the previous year (“**FY2015**”) due to lower revenue from both its civil engineering and inland logistics segment, offset by revenue growth from the sale of construction materials. Compared to FY2015, revenue from civil engineering was 8.8% lower year-on-year (“**y-o-y**”) at S\$90.8 million due to lower revenue recognition from completion of certain projects and fewer ad hoc short-term projects undertaken during FY2016 whilst most of the newer projects commenced towards the end of FY2016. Inland logistics revenue declined 42.1% y-o-y to S\$16.3 million mainly due to decreased demand for aggregates in the construction industry. In contrast, revenue from the sale of construction materials quadrupled to S\$10.1 million driven by higher demand from the Group’s customers’ land reclamation projects and other projects which required filling materials.

Despite gross profit declining 11.0% y-o-y to S\$23.3 million, the Group's gross profit margin remained relatively stable at 19.9% in FY2016 compared to 20.1% in FY2015. Sub-contract costs decreased substantially at 39.4% y-o-y to S\$17.3 million as delivery for civil engineering projects were spread out, resulting in no intensive requirement for third-party transportation and labour resource. The Group's acquisition of more machinery and vehicles in the second half of FY2015 also reduced cost of rental of machinery, vehicles and site premises by 22.8% y-o-y to S\$9.5 million.

Net asset value per share for the Group increased to 38.20 Singapore cents as at 31 December 2016 compared to 35.10 Singapore cents as at 31 December 2015, while earnings per share of the Group was 2.69 Singapore cents in FY2016 compared to 3.34 Singapore cents in FY2015.

The Directors have recommended a first and final tax-exempt cash dividend of 0.4 Singapore cents per ordinary share for FY2016, compared to 0.6 Singapore cents for FY2015.

Commenting on the Group's financial results, Mr Patrick Ng (黄健安), Executive Director and Chief Executive Officer of the Group, said, "While the effect of the economic slowdown has been felt in the construction sector, we have focussed on delivering high quality work coupled with careful management of the resources to be more efficient and keep operational costs down.

With the recent announcement from the Singapore Budget on the government's pipeline of public sector infrastructure projects, we expect demand to remain supported in 2017. We will continue to leverage on our track record to capture new opportunities in this sector and will also be looking at boosting our own position and capabilities as an industry leader through enhancing our training programmes."

Outlook for FY2017

The Building and Construction Authority ("BCA") has projected the total construction demand or the value of construction contracts to be awarded in 2017 to reach between \$28.0 billion and \$35.0 billion, higher than the preliminary estimate of \$26.1 billion for 2016, mainly due to an anticipated increase in public sector construction demand. The public sector is expected to contribute about 70% of the total construction demand, boosted by an increase in demand for most building types and civil engineering works.¹

¹ BCA media release "Public sector construction demand is expected to increase this year", 6 January 2017 (https://www.bca.gov.sg/newsroom/others/PR_Prospect2017.pdf)

Furthermore, to support the construction sector, it was announced at the Singapore Budget 2017 that \$700 million in public sector infrastructure projects will be brought forward to start in FY2017 and FY2018. Construction firms can bid for these projects, which will include the upgrading of community clubs and sports facilities.² In addition, a \$150 million Public Sector Construction Productivity Fund will be introduced to allow government agencies to procure innovative and productive solutions in construction projects.³

Despite a competitive environment and challenging economic conditions, the Group will continue to focus on and participate in public infrastructure projects like infrastructure works for the Housing and Development Board, works at Changi Airport Development and Tuas Terminal Development.

In 2016, Huatong Contractor Pte Ltd, a wholly-owned subsidiary of the Group, was appointed an Approved Training and Testing Centre by BCA to conduct various machinery handling courses and offer test enrolment services, for both its own employees and third parties. This is part of the Group's move to boost its capabilities and raise productivity levels.

Said Mr Ng, "Over the longer term, Huatong Global aims to further enhance our position as one of the leading civil engineering service and solutions providers in the infrastructure sector. We plan to achieve this by investing in technology and innovation to move up the value chain and maximise shareholder value."

About Huatong Global

Established in 1983 and listed on the SGX Catalist in 2014 (December), Huatong Global Limited provides a full range of civil engineering services and inland logistics support, and is also involved in the sale of construction materials, including the manufacture and supply of Liquefied Soil Stabiliser (LSS) and the sale of Recycled Concrete Aggregate (RCA). A key player with an established a strong track record in the civil engineering industry, the Group has been involved in such works for numerous large infrastructural construction projects in Singapore over the last 30 years including certain stations of the Downtown Line MRT and Circle Line MRT, the Kallang-PayaLebar Expressway and the Marina Coastal Expressway. Its key customers in this segment include the Housing and Development Board, Land Transport Authority of Singapore, JTC Corporation, Changi Airport Group and Daelim Industrial Co. Ltd. among others. The Group is registered with the Building and Construction Authority with a BCA grading of A1 under the category of CW02 for civil engineering and B2 under the category CW01 for General Building.

² Ministry of Finance "FY2017 Budget Statement", 20 February 2017
(http://www.singaporebudget.gov.sg/data/budget_2017/download/FY2017_Budget_Statement.pdf)

³ TODAY, 21 February 2017, 'S\$150m Public Sector Construction Productivity Fund unveiled'

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