



Huatong Global Limited

Company Registration Number: 201422395Z
(Incorporated in the Republic of Singapore on
1 August 2014) Address: 9 Benoi Crescent,
Singapore 629972 Website:
<http://www.huatong-global.com>

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED
FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018**

The Board of Directors (the “**Board**”) of Huatong Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to (a) the Group’s unaudited financial statements for the financial year ended 31 December 2018 released via SGXNET on 1 March 2019 (the “**Unaudited Financial Statements**”) and (b) the audited financial statements of the Group for the financial year ended 31 December 2018 (the “**Audited Financial Statements**”).

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

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

By Order of the Board
Huatong Global Limited

Ng Kian Ann Patrick
Executive Director and Chief Executive Officer

24 May 2019

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group				
	FY2018 Unaudited S\$'000	FY2018 Audited S\$'000	Variance S\$'000	% Change	Note
Revenue	177,819	179,311	1,492	0.8	a
Cost of sales and services	(144,195)	(145,644)	(1,449)	1.0	b
Gross profit	33,624	33,667	43	0.1	
Other income	2,451	2,451	-	-	
Administrative expenses	(22,512)	(21,914)	598	(2.7)	c
Other expenses	(2,789)	(5,924)	(3,135)	112.4	d
Finance costs	(2,915)	(2,770)	145	(5.0)	e
Share of result of a joint venture	1,629	1,629	-	-	
Profit before income tax	9,488	7,139	(2,349)	(24.8)	
Income tax expense	(2,551)	(2,073)	478	(18.7)	f
Net profit for the year	6,937	5,066	(1,871)	(27.0)	

Notes:

- a Recognition of revenue from project.
- b Recognition for cost of sales in relation to revenue in part (a) and recognition of cost of sale for spare parts used.
- c Lower provision of performance bonus due to lower audited profit before income tax.
- d The increase in other expenses was due mainly to adjustments made below:
- | | |
|---|---------|
| | S\$'000 |
| (i) Loss allowance on trade receivables due to reassessment of the recoverability of outstanding balances by the Group. | 3,443 |
| (ii) Loss allowance on impairment of contract assets | (361) |
| (iii) Impairment of property, plant and equipment | 53 |
| | 3,135 |
- e Overprovision of interest expenses.
- f Lower provision of income tax due to lower audited profit before income tax.

STATEMENT OF FINANCIAL POSITION

	Group				
	31.12.2018 Unaudited S\$'000	31.12.2018 Audited S\$'000	Variance S\$'000	% Change	Note
Assets					
Non-current assets					
Property, plant and equipment	94,707	94,654	(53)	(0.1)	#
Financial assets at fair value through profit or loss	5,221	5,221	-	-	
Investment in a joint venture	1,806	1,806	-	-	
Prepayments	23	23	-	-	
Intangible assets	114	114	-	-	
	101,871	101,818	(53)	(0.1)	
Current assets					
Contract assets	74,802	73,327	(1,475)	(2.0)	A
Financial assets at fair value through other comprehensive income	2,247	2,248	1	0.0	#
Inventories	1,121	940	(181)	(16.1)	B
Trade and other receivables	44,839	44,158	(681)	(1.5)	C
Prepayments	1,262	1,334	72	5.7	D
Cash and cash equivalents	8,509	8,509	-	-	
	132,780	130,516	(2,264)	(1.7)	
Non-current assets classified as held for sale	-	-	-		
Total current assets	132,780	130,516	(2,264)	(1.7)	
Total assets	234,651	232,334	(2,317)	(1.0)	
Liabilities					
Current liabilities					
Contract liabilities	-	91	91	nm	A
Trade and other payables	49,922	50,539	617	1.2	E
Finance lease payables	14,950	14,950	-	-	
Bank borrowings	48,475	48,475	-	-	
Deferred income	834	834	-	-	
Current income tax payable	2,824	2,170	(654)	(23.2)	F
	117,005	117,059	54	0.0	
assets classified as held for sale	-	-	-		
Total current liabilities	117,005	117,059	54	0.0	
Non-current liabilities					
Finance lease payables	22,279	22,279	-	-	
Bank borrowings	15,387	15,387	-	-	
Deferred income	1,750	1,750	-	-	
Deferred tax liabilities	5,368	5,545	177	3.3	
	44,784	44,961	177	0.4	
Total liabilities	161,789	162,020	231	0.1	
Net assets	72,862	70,314	(2,548)	(3.5)	

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Group				
	31.12.2018 Unaudited S\$'000	31.12.2018 Audited S\$'000	Variance S\$'000	% Change	Note
Equity					
Share capital	38,676	38,676	-	-	
Other reserves	(14,292)	(14,292)	-	-	
Accumulated profits	49,325	46,777	(2,548)	(5.2)	G
Equity attributable to owners of the parent	73,709	71,161	(2,548)	(3.5)	
Non-controlling interests	(847)	(847)	-	-	
Total equity	72,862	70,314	(2,548)	(3.5)	

Notes:

A The decrease in contract assets and increase in contract liabilities were due mainly to adjustments made below:

	S\$'000
(i) Reclassification for the accrued billings to customers for work done up to 31 December 2018 to trade and other receivables	(2,293)
(ii) Understatement of revenue	1,043
(iii) Loss allowance on contract assets	361
(iv) Opening balance adjustment on initial adoption of SFRS(I) 9	(677)
	1,566

B Recording spare parts used in cost of sales.

C The decrease in trade and other receivables was due mainly to adjustment made below:

	S\$'000
(i) Reclassification for the accrued billings to customers for work done up to 31 December 2018 from contract assets	2,293
(ii) Understatement of revenue	450
(iii) Loss allowance on trade receivables as explained in Note d	(3,443)
(iv) Other miscellaneous	19
	(681)

D Recording prepayment made which was recognised in cost of sales.

E The increase in Trade and other payables was due mainly to adjustment made below:

	S\$'000
(i) Overprovision of performance bonus due to higher unaudited profit before income tax.	(598)
(ii) Understatement of cost of sales as explained in Note b.	1,381
(iii) Overprovision of interest expenses	(145)
(iv) Other miscellaneous	(21)
	617

F Lower provision of income tax due to lower audited profit before income tax.

G The decrease in accumulated profits was the net effects of the below:

	S\$'000
(i) Net effects of adjustments to net profit for the year	(1,871)
(ii) Opening balance adjustment on initial adoption of SFRS(I) 9	(677)
	(2,548)

Immaterial difference or minor difference due rounding effect.

Nm Not meaningful.