



**Huatong Global Limited**

Company Registration Number: 201422395Z  
(Incorporated in the Republic of Singapore on 1 August 2014)  
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**RESPONSES TO QUESTIONS RAISED BY SHAREHOLDERS IN RELATION TO THE  
ANNUAL GENERAL MEETING AND ANNUAL REPORT FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2023 (“FY2023”)**

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The Board of Directors (the “**Board**”) of Huatong Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the questions raised by its Shareholders in relation to its Annual General Meeting (“**AGM**”) and Annual Report for FY2023 (“**FY2023 AR**”), which was issued on 9 April 2024.

The Company has consolidated the questions submitted and has set out responses to the questions at **Annex A** of this announcement.

By Order of the Board  
**Huatong Global Limited**

Ng Kian Ann Patrick  
Executive Director and Chief Executive Officer

20 April 2024

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*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*

## ANNEX A

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### A. GENERAL QUESTIONS

- 1) In FY2023, the company hired 325 new employees. Can I check what is the number of Employees at the end of FY 2022 and FY 2023? Among these number of employees, how many of them are work permit holders who require approved dormitory beds? How many of these who require approved dormitory beds are staying at Coastal Dormitory?

*The total headcount is 1,111 (FY2023) and 1,034 (FY2022), of which 72% are work permit holders who require approved dormitory beds. Amongst those which are staying in dormitories, 49% stay in Coastal Dormitory.*

- 2) In the annual report 2023, it was mentioned that 'going forward, we will continue to optimise our resources and remain alert to opportunities in the midst of adversities and deliver long-term value to stakeholders'. 'In total, our dividend for FY2023 would amount to S\$0.008 per ordinary share, representing a dividend pay-out ratio of approximately 10.0%'. The net profit increased from \$10.2m in FY2022 to 14.3m in FY2023, about 40% increase. However, the proposed dividends for 2023 remains the same as 2022, S\$0.008. This implies that there is a decrease in dividend pay-out ratio of about 4%. Moreover, 'the Group remains in a strong financial position with cash and cash equivalents standing at S\$70.7 million as at 31 December 2023, compared to S\$23.1million as at 31 December 2022'. If the Group is to deliver long-term value to stakeholders, please explain why despite a 40% increase in net profit and strong financial position; the dividends payout ratio decreases. Please also review and come out with an improved dividend policy so that stakeholders are duly rewarded with the growth of the company.

*In view of the current market conditions, high interest rate market and Middle East conflict, the Company is taking a prudent approach in managing the cash position, in addition to its concurrent efforts to actively look out for opportunities to invest.*

- 3) The company share price is extremely undervalued right now; at a P.E ratio of less than 2. Does the company has any concrete plans to enhance the value going forward?

*The Company is actively managing the business, building up the capabilities improving the profitability and growth. The market is beginning to notice the value in our Company. Share price has recovered from a low of 8 cents (Jan 2023) to 15 cents (as at 19 April 2024), an increase of almost 90%. There is also more coverage by analysts on our company recently. The Company is confident that the market will recognise and reflect the value of the Company's shares in due course.*

- 4) The company has cash and cash equivalents standing at S\$70.7m as of 31st December 2023. Please let the stakeholders know the intention of the company on how this cash is being deployed going forward.

*The Company is actively looking out for investment opportunities to bring higher returns for its shareholders. The Company is also looking at managing the financial obligations, projects' requirements while providing the best returns for its shareholders in the current high interest rate environment.*

- 5) **What are the roles of PrimePartners in the company? What prompted the company to engage its service? For how long has it been engaged?**

*PrimePartners are the Continuing Sponsor of the Company, which is a requirement for all Catalyst listed issuers on the Singapore Exchange Securities Trading Limited. They have been the Sponsor since the Company's IPO in December 2014.*

## **B. QUESTIONS PERTAINING TO THE GROUP'S FINANCIAL STATEMENTS**

- 1) **Management Fee has increased from 1.8 million in 2022 to 5 million in 2023. Could I ask what this Management Fee is attributable to and what is the reason for the large increase from 2022 to 2023?**

*The Management fee relates to works carried out for the management and operations of the dormitory. The increase is in line with the increased occupancy.*

- 2) **The capital commitment approved and contracted is 5.89 million for 2023 compared to 1.04 million for 2022. Could the management share more information with regards to the larger increase in spending and what business segment it would be on?**

*The capital commitment relates to equipment purchase required for the group business.*

- 3) **Is it possible to reveal which month was the 'disposal group held for sale' reclassified to PPE and Right of Use Assets? As such, what is the PPE Depreciation Cost and Right of Use Asset Depreciation Cost attributable to this 'disposal group' in 2023?**

*Please refer to Note 26 of the Group's audited financial statements for FY2023 set out on page 130 of the Company's Annual Report. Information relating to the depreciation cost attributable to the asset held for sale have been extracted below:*

Remeasurement of disposal group assets classified as held-for-sale recognised in profit or loss are as follows:

	Group	
	2023	2022
	\$'000	\$'000
Depreciation of property, plant and equipment (Notes 7 and 9)	994	-
Depreciation of right-of-use assets (Notes 7 and 10)	203	-
	<u>1,197</u>	<u>-</u>

- 4) **The dormitory business segment has contributed positively to the results and will continue to do so; as stated in the annual report 2023. It was also mentioned that the dormitory is now operating in full capacity. The revenue of different business segments are reported and this is good as the stakeholders has a better understanding of the contributions for different business segments. It will be even better if the net profit of the different business segments in future reporting.**

Refer to Note 31 of the Group's audited financial statements for FY2023, set out on page 134 of the Annual Report, extracted below. Segment results refer to the segment's profit before interest and tax, instead of net profit.

31. Segment information (cont'd)

Operating segments	Civil engineering contract works \$'000	Inland logistics support \$'000	Sales of construction materials \$'000	Dormitory operation \$'000	Unallocated \$'000	Elimination \$'000	Consolidated \$'000
<b>2023</b>							
<i>Revenue</i>							
External revenue	104,170	17,973	6,458	45,990	-	-	174,591
Inter-segment revenue	7,353	8,530	1,251	-	-	(17,134)	-
	<u>111,523</u>	<u>26,503</u>	<u>7,709</u>	<u>45,990</u>	<u>-</u>	<u>(17,134)</u>	<u>174,591</u>
<i>Results</i>							
Segment results	9,135	1,979	570	8,016	(103)	-	19,597
Share of results of a joint venture	(1)	-	-	-	-	-	(1)
Interest income							1,238
Interest expenses							<u>(3,265)</u>
Profit before income tax							17,569
Income tax expense							<u>(3,337)</u>
Profit for the financial year							<u>14,232</u>

**C. QUESTIONS PERTAINING TO THE GROUP'S CIVIL ENGINEERING CONTRACT WORKS SEGMENT**

- 1) a) The revenue of this segment amounted to around 104 million. Is it possible to provide a % of how much of the 104 million revenue is attributed to order book won in 2019/20/21/22/23?  
b) At 31 December 2023, the group's order book for ongoing projects is approximately \$506.5 million. Would it be possible to provide a breakdown roughly how much % of order book remaining is awarded before 2018/ in 2019/in 2020/in 21/in 22/in 23?

*The company is actively working to procure new contracts and projects to maintain a high order book while maintaining the profit margins. We are unable to provide the requested breakdown.*

- 2) For the types of engineering services that the company provides, who are the main competitors in Singapore? What are the company's market shares in such market segments? What are the company's capital expenditure plans for next few years?

*As one of the leading civil and building contractors with A1 tender limit, we face competition from contractors in the same category. The capital expenditure plan arises from the project requirements as required.*

**D. QUESTIONS PERTAINING TO THE GROUP'S INLAND LOGISTICS SUPPORT SEGMENT**

- 1) The revenue and segment result has dropped in 2023 compared to 2022. What is the reason for the decline in revenue and segment results?

*The reduction is due to lesser demand of services from the market.*

- 2) What is the outlook for this business segment in 2024? Would the current sentiments for this segment be more towards 2022 levels or 2023 levels?**

*The company is of the view that the demand will improve in line with the higher construction activities in 2024.*

**E. QUESTIONS PERTAINING TO THE GROUP'S DORMITORY OPERATIONS SEGMENT**

- 1) Among the refundable deposit of \$9,879,000 as at 31 December 2023, how much is attributable to the Dormitory Operations Segment?**

*Dormitory Operations Segment refundable deposits accounts for more than 90%.*

- 2) Has there been any expansion/increase in capacity in 2023 for the Dormitory? If so, what is the new capacity now?**

*There has been an increase of 2,080 beds.*

- 3) What prompted the company to go into worker dormitory business? Is the dormitory property wholly owned by the subsidiary, Changi East Dorm Pte Ltd? What was the total capital expenditure for the dorm project? The land on which the dorm is built is on how many years of lease? At present, what percentage of the dorm is rented out to external parties? How does the company view its dorm business competitiveness vs other major worker dorm companies? What is the company's future plan for the dorm business?**

*Dormitory revenue has been a part of the Company business, however the business has increased in recent years. The company will continue the dormitory business to diversify the business revenue.*