

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2024

Condensed Interim Unaudited Financial Statements Announcement for the Six Months ended 30 June 2024

This announcement has been prepared by Heatec Jietong Holdings Ltd. (the “**Company**”) and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group	Note	6 months ended	6 months ended	Increase/
		30 June 2024	30 June 2023	(Decrease)
		(unaudited)	(unaudited)	(Decrease)
		S\$'000	S\$'000	%
Revenue	4	10,055	10,556	(5)
Cost of sales		(6,555)	(6,590)	(1)
Gross profit		3,500	3,966	(12)
Other income	6	129	249	(48)
Expenses				
Administrative expenses		(3,439)	(3,935)	(13)
Net reversal impairment losses on financial assets		53	36	47
Finance costs	7	(241)	(248)	(3)
Share of results of associates		53	24	>100
Profit before tax	8	55	92	(40)
Income tax credit/(expense)	9	7	(11)	NM
Profit for the financial period		62	81	(23)

NM denotes not meaningful

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

<u>Group</u>	Note	6 months ended	6 months ended	Increase/ (Decrease) %
		30 June 2024 (unaudited) S\$'000	30 June 2023 (unaudited) S\$'000	
Profit for the financial period		62	81	(23)
Other comprehensive loss:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(1)	(36)	(97)
Share of other comprehensive loss of associates		(11)	(10)	10
Other comprehensive loss for the financial period, net of tax		(12)	(46)	(74)
Total comprehensive income for the financial period		50	35	43
Profit attributable to:				
Equity holders of the Company		19	43	(56)
Non-controlling interests		43	38	13
Profit for the financial period		62	81	(23)
Total comprehensive income/ (loss) attributable to:				
Equity holders of the Company		7	(3)	NM
Non-controlling interests		43	38	13
Total comprehensive income for the financial period		50	35	43

NM denotes not meaningful

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

		6 months ended 30 June 2024 (unaudited)	6 months ended 30 June 2023 (unaudited)	Increase/ (Decrease) %
	Note			
<u>Profit per share attributable to equity holders of the Company during the financial period:</u>				
Basic (Singapore cents)	10	0.01	0.02	(50)
Diluted (Singapore cents)	10	0.01	0.02	(50)

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B. Condensed Interim Statements of Financial Position

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,180	6,487	2,650	2,839
Rights-of-use assets		1,296	1,354	760	809
Investment in subsidiaries		-	-	6,424	6,424
Investment in associates		270	329	-	-
Goodwill		1,011	1,011	-	-
Total non-current assets		8,757	9,181	9,834	10,072
Current assets					
Inventories		319	362	-	-
Contract assets		5,249	7,066	-	-
Trade and other receivables	14	7,741	6,703	4,135	4,178
Cash and bank balances		1,637	1,955	37	71
Total current assets		14,946	16,086	4,172	4,249
Total assets		23,703	25,267	14,006	14,321
LIABILITIES					
Non-current liabilities					
Borrowings	15	-	905	-	-
Lease liabilities	16	1,372	1,425	775	825
Deferred tax liabilities		257	261	-	-
Total non-current liabilities		1,629	2,591	775	825
Current liabilities					
Contract liabilities		125	453	-	-
Trade and other payables	17	4,893	5,093	750	753
Provision for warranty		45	45	-	-
Borrowings	15	4,913	5,094	355	700
Lease liabilities	16	120	115	113	109
Tax payable		69	17	-	-
Total current liabilities		10,165	10,817	1,218	1,562
Total liabilities		11,794	13,408	1,993	2,387
NET ASSETS		11,909	11,859	12,013	11,934

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B. Condensed Interim Statements of Financial Position (Cont'd)

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		30.06.2024 (unaudited)	31.12.2023 (audited)	30.06.2024 (unaudited)	31.12.2023 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
EQUITY					
Share capital	18	13,355	13,355	13,355	13,355
Reserves		(1,421)	(1,428)	(1,342)	(1,421)
Equity attributable to equity holders of the Company, total		11,934	11,927	12,013	11,934
Non-controlling interests		(25)	(68)	-	-
Total equity		11,909	11,859	12,013	11,934

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C. Condensed Interim Statements of Changes in Equity

	Attributable to equity holders of the Group								
	Share capital	Translation reserve	Merger reserve	Share options reserve	Net discount received on equity	Retained earnings	Total	Non-controlling interest	Total
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2024	13,355	(183)	(3,914)	70	596	2,003	11,927	(68)	11,859
Profit for the financial period	-	-	-	-	-	19	19	43	62
<i>Other comprehensive loss</i>									
Currency translation differences arising on consolidation	-	(1)	-	-	-	-	(1)	-	(1)
Share of other comprehensive loss of associates	-	(11)	-	-	-	-	(11)	-	(11)
Other comprehensive loss for the financial period, net of tax	-	(12)	-	-	-	-	(12)	-	(12)
Total comprehensive income/(loss) for the financial period	-	(12)	-	-	-	19	7	43	50
At 30 June 2024	13,355	(195)	(3,914)	70	596	2,022	11,934	(25)	11,909

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C. Condensed Interim Statements of Changes in Equity (Cont'd)

	Attributable to equity holders of the Group								Total
	Share capital	Translation reserve	Merger reserve	Share options reserve	Net discount received on equity	Retained earnings	Total	Non-controlling interests	
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2023	11,555	(135)	(3,914)	70	596	2,554	10,726	(27)	10,699
Profit for the financial period	-	-	-	-	-	43	43	38	81
<i>Other comprehensive loss</i>									
Currency translation differences arising on consolidation	-	(36)	-	-	-	-	(36)	-	(36)
Share of other comprehensive income of associates	-	(10)	-	-	-	-	(10)	-	(10)
Other comprehensive loss for the financial period, net of tax	-	(46)	-	-	-	-	(46)	-	(46)
Total comprehensive income/(loss) for the financial period	-	(46)	-	-	-	43	(3)	38	35
Contributions by and distributions to owner									
Issue of ordinary shares related to business combination	1,800	-	-	-	-	-	1,800	-	1,800
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary, with non-controlling interest	-	-	-	-	-	-	-	276	276
At 30 June 2023	13,355	(181)	(3,914)	70	596	2,597	12,523	287	12,810

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C. Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital	Share options reserve	Retained earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2024	13,355	70	(1,491)	11,934
Profit and total comprehensive income for the financial period	-	-	79	79
At 30 June 2024	13,355	70	(1,412)	12,013

	Share capital	Share options reserve	Retained earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2023	11,555	70	(747)	10,878
Profit and total comprehensive income for the financial period	-	-	117	117
Issue of ordinary shares related to business combination	1,800	-	-	1,800
At 30 June 2023	13,355	70	(630)	12,795

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D. Condensed Interim Consolidated Statement of Cash Flows

	Note	The Group	
		6 months ended	6 months ended
		30 June 2024	30 June 2023
		(unaudited)	(unaudited)
		S\$'000	S\$'000
Cash flows from operating activities			
Profit before tax		55	92
Adjustments for:			
Interest expenses	7	241	248
Depreciation of property, plant and equipment	8.1	404	450
Depreciation of right-of-use assets		67	66
Loss/(gain) on disposal of property, plant and equipment		1	(95)
Net reversal of allowance of impairment losses on contract assets		(53)	-
Share of results of associates		(53)	(24)
Operating cash flows before movements in working capital		662	737
Change in operating assets and liabilities			
Trade and other receivables and contract assets		793	(857)
Inventories		43	5
Trade and other payables and contract liabilities		(417)	422
Exchange differences		(1)	60
Cash generated from operations		1,080	367
Interest paid	7	(74)	(56)
Income tax paid		(17)	(16)
Net cash generated from operating activities		989	295
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		-	295
Purchases of property, plant and equipment		(98)	(6)
Proceeds from disposal of property, plant and equipment		-	95
Dividends received from an associate		101	35
Net cash generated from investing activities		3	419

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D. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)

	Note	The Group	
		6 months ended 30 June 2024 (unaudited)	6 months ended 30 June 2023 (unaudited)
		S\$'000	S\$'000
Cash flows from financing activities			
Interest paid	7	(167)	(185)
Increase in pledged fixed deposit		-	(74)
Proceeds from bank loans		500	279
Proceeds from trade financing		1,408	1,291
Repayments of bank loans		(1,406)	(1,523)
Repayment for trade financing		(1,588)	(888)
Repayments of lease liabilities		(57)	(53)
Net cash used in financing activities		(1,310)	(1,153)
Net decrease in cash and cash equivalents		(318)	(439)
Cash and cash equivalents at beginning of financial period		1,881	1,850
Cash and cash equivalents at end of financial period		1,563	1,411
Group			
Comprising			
Cash at bank		1,637	1,485
Less: Pledged fixed deposits		(74)	(74)
Cash and cash equivalents for presentation on the consolidated statement of cash flows		1,563	1,411

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E. Notes to the condensed interim consolidated financial statements

1 Corporate Information

Heatec Jietong Holdings Ltd. (Co. Reg. No. 200717808Z) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”). The address of its registered office and principal place of business is at 10 Tuas South Street 15, Singapore 637076. The figures have not been audited or reviewed by the auditors.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are:

- (a) Servicing and fabrication of heat exchangers;
- (b) To carry on the businesses of repairing ships, tankers and other ocean-going vessels;
- (c) To provide chemical cleaning services to ships and tankers; and
- (d) To provide trading services.

2 Basis of Preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 are presented in Singapore Dollars (“\$”), which is the Company’s functional currency. The unaudited condensed consolidated interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* (“**SFRS(I)**”) issued by the Accounting Standards Council Singapore. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of unaudited condensed consolidated interim financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies and methods of computation adopted for the unaudited condensed consolidated interim financial statements are consistent with those adopted by the Company in its most recently audited annual financial statements for the year ended 31 December 2023, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2.1 Adoption of New or Amended Standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

2.2 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that particular period, or in the period of the revision and future periods if the revision affects both current and future periods.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

3 Seasonal Operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period reported on.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment Information

The Group is organised into business units based on its services for management purposes. The reportable segments are piping, heat exchanger, chemical cleaning and trading. These operating segments are reported in a manner consistent with internal reporting provided to the management who are responsible for allocation of resources and assessment of performances of each segment.

4.1 Reportable segments

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Trading S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 January 2024 to 30 June 2024</u>						
Total segment revenues	3,496	5,691	2,638	180	-	12,005
Inter-segment revenues	(99)	(606)	(1,204)	(41)	-	(1,950)
Revenue from external customers	3,397	5,085	1,434	139	-	10,055
Other income	71	48	1	0	9	129
Total revenue and other income	3,468	5,133	1,435	139	9	10,184
Depreciation of property, plant and equipment	(3)	(108)	(89)	-	(271)	(471)
Segment results	20	(452)	494	173	8	243
Share of results of associates						53
Finance costs	(28)	(118)	(25)	(26)	(44)	(241)
Profit before tax						55
Income tax credit						7
Profit for the financial period						62
Segment assets	5,204	6,684	3,775	1,695	6,345	23,703
Additions to non-current assets (PPE)	3	5	65	-	24	97
Segment liabilities	843	3,939	3,438	1,872	1,702	11,794

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4.1 Reportable segments (cont'd)

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Trading S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 January 2023 to 30 June 2023</u>						
Total segment revenues	2,605	6,857	2,645	214	-	12,321
Inter-segment revenues	(34)	(645)	(1,086)	-	-	(1,765)
Revenue from external customers	2,571	6,212	1,559	214	-	10,556
Other income	83	66	100	-	-	249
Total revenue and other income	2,654	6,278	1,659	214	-	10,805
Depreciation of property, plant and equipment	(4)	(113)	(111)	-	(288)	(516)
Segment results	(714)	409	503	118	-	316
Share of results of associates						24
Finance cost	(32)	(124)	(20)	(9)	(63)	(248)
Profit before tax						92
Income tax expense						(11)
Profit for the financial period						81
Segment assets	5,907	7,421	3,476	1,937	7,207	25,948
Additions to non-current assets (PPE)	3	3	-	-	-	6
Segment liabilities	762	6,737	1,584	623	2,321	12,027

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4.2 Disaggregation of revenue

The following tables provide a disaggregation of the Group's revenue by timing of revenue recognition.

	The Group				
	6 months ended 30 June 2024 (unaudited)				
	Piping	Heat Exchanger	Chemical Cleaning	Trading	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

Timing of revenue recognition:					
At a point in time	-	-	1,434	139	1,573
Over time	3,397	5,085	-	-	8,482
	3,397	5,085	1,434	139	10,055

	The Group				
	6 months ended 30 June 2023 (unaudited)				
	Piping	Heat Exchanger	Chemical Cleaning	Trading	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

Timing of revenue recognition:					
At a point in time	-	-	1,559	214	1,773
Over time	2,571	6,212	-	-	8,783
	2,571	6,212	1,559	214	10,556

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the condensed interim consolidated financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments.

Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the condensed interim consolidated financial statements.

Geographical information

The Group's operations are primarily carried out in Singapore. Accordingly, no geographical segment assets and revenue from external customers' information are presented.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4.2 Disaggregation of revenue (cont'd)

Information about major customer

Revenue is derived from 2 (30 June 2023: 3) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		6 months ended 30 June 2024 (unaudited)	6 months ended 30 June 2023 (unaudited)
		S\$'000	S\$'000
	Attributable segments		
Customer A	Piping segment	1,952	1,761
Customer B	Piping segment /Heat exchanger segment	1,139	1,506
Customer C	Heat exchanger segment	-	1,587
		3,091	4,854

5 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	The Group		The Company	
	As at 30.06.2024 (unaudited)	As at 31.12.2023 (audited)	As at 30.06.2024 (unaudited)	As at 31.12.2023 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances and trade and other receivables (At amortised cost)	9,013	8,337	4,148	4,217
Financial Liabilities				
Trade and other payable and borrowings (At amortised cost)	11,110	12,511	1,938	2,349

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6 Other income

	The Group	
	6 months ended 30.06.2024 (unaudited)	6 months ended 30.06.2023 (unaudited)
	S\$'000	S\$'000
Government grant income	36	57
Gain on disposal of property, plant and equipment	-	95
Sundry income	72	93
Net foreign exchange gain	21	4
	129	249

7 Finance costs

	The Group	
	6 months ended 30.06.2024 (unaudited)	6 months ended 30.06.2023 (unaudited)
	S\$'000	S\$'000
Interest on:		
- Term loans	107	133
- Lease liabilities	55	52
- Trade financing	44	32
- Others	35	31
	241	248

8 Profit before tax

8.1 Significant items

	The Group	
	6 months ended 30.06.2024 (unaudited)	6 months ended 30.06.2023 (unaudited)
	S\$'000	S\$'000
Expenses		
Interest on borrowings	107	133
Depreciation of property, plant and equipment		
- Recognised in cost of sales	130	142
- Recognised in administrative expenses	274	308

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E. Notes to the condensed interim consolidated financial statements (cont'd)

8.2 Related party transactions

In addition to information disclosed elsewhere in this financial statement, the following transactions took place between the Group and related parties, who are not members of the Group during the financial period reported on, on terms agreed by the parties concerned:

	The Group	
	6 months ended 30.06.2024 (unaudited)	6 months ended 30.06.2023 (unaudited)
	S\$'000	S\$'000
With associates		
Purchases from	213	310
With shareholders which exert significant influence over the Company		
Rendering of services	13	3
Provision of consultancy services	37	36
With entity controlled by Director of the Company		
Provision of legal and corporate secretarial services	11	24
Acquisition of Setya	-	1,800
With entity controlled by a Director of one of the subsidiaries		
Rental expense	-	9

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E. Notes to the condensed interim consolidated financial statements (cont'd)

9 Income tax

The Group income tax was calculated on profit before income tax for the financial period reported on, using the effective tax rate for the year. The major components of income tax expenses in the condensed interim consolidated statement of profit or loss are:

	The Group	
	6 months ended 30.06.2024 (unaudited)	6 months ended 30.06.2023 (unaudited)
	S\$'000	S\$'000
Tax credit/(expense) attributable to profit is made up of:		
Over/(provision) for current year	3	(15)
Deferred tax	4	4
Income tax credit/(expense)	7	(11)

The income tax applicable to the Company is 17% (six months ended 30 June 2023: 17%). The corporate income tax rate applicable to the subsidiaries in Singapore and People's Republic of China are 17% (six months ended 30 June 2023: 17%) and 25% (six months ended 30 June 2023: 25%) respectively.

10 Earnings per share attributable to equity holders of the Company

	The Group	
	6 months ended 30.06.2024 (unaudited)	6 months ended 30.06.2023 (unaudited)
Basic and diluted earnings per ordinary share (Singapore cents)	0.01	0.02
Weighted average number of ordinary shares in issue	204,777,526	188,052,262

Earnings per ordinary share of the Group for the six months ended 30 June 2024 ("1H2024") and six months ended 30 June 2023 ("1H2023") is calculated based on net profit attributable to equity owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

The basic and diluted earnings per ordinary share are the same, as the share options outstanding during 1H2024 and 1H2023 do not have a dilutive effect.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

11 Dividends

No dividend has been declared or recommended by the Board of Directors, as the Group wishes to conserve cash to meet the operational and financial requirements of the Group.

12 Net asset value

	Group		Company	
	As at 30.06.2024	As at 31.12.2023	As at 30.06.2024	As at 31.12.2023
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	5.83	5.82	5.87	5.83

The net asset value per ordinary share of the Group and the Company as at 30 June 2024 and 31 December 2023 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 204,777,526.

13 Property, plant and equipment

In 1H2024, the Group acquired assets amounting to S\$98,000 (30 June 2023: S\$6,000) and disposed of assets amounting to S\$2,000 (30 June 2023: S\$169,000).

As at 30 June 2024, the carrying amount of pledged property, plant and equipment to secure the bank borrowings was S\$2,238,000 (30 June 2023: S\$3,862,000).

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E. Notes to the condensed interim consolidated financial statements (cont'd)

14 Trade and other receivables

	Group		Company	
	As at 30.06.2024 (unaudited)	As at 31.12.2023 (audited)	As at 30.06.2024 (unaudited)	As at 31.12.2023 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
Third parties	7,512	7,243	-	-
Less: Allowance for impairment loss	(1,278)	(1,251)	-	-
	6,234	5,992	-	-
Other receivables				
Subsidiaries	-	-	4,091	4,131
Other receivables	339	111	-	-
GST recoverable	50	20	-	-
Deposits	803	279	19	15
Prepayments	211	179	25	32
Advance payment to supplier	104	122	-	-
	1,507	711	4,135	4,178

Amounts receivable from subsidiaries are unsecured, interest-free and repayable on demand.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

15 Borrowings

Amount repayable within one year or on demand

Group			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,913	-	5,094	-

Amount repayable after one year

Group			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	905	-

Amount repayable within one year or on demand

Company			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
355	-	700	-

Amount repayable after one year

Company			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The bank loans are secured by:

- (i) a first legal mortgage over the Group's leasehold property; and
- (ii) corporate guarantees granted by the Company.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

16 Lease liabilities

Amount repayable within one year or on demand

Group			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
120	-	115	-

Amount repayable after one year

Group			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,372	-	1,425	-

Amount repayable within one year or on demand

Company			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
113	-	109	-

Amount repayable after one year

Company			
As at 30.06.2024 (unaudited)		As at 31.12.2023 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
775	-	825	-

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E. Notes to the condensed interim consolidated financial statements (cont'd)

17 Trade and other payables

	Group		Company	
	As at 30.06.2024	As at 31.12.2023	As at 30.06.2024	As at 31.12.2023
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables				
Third parties	2,836	1,982	-	-
Other payables				
Subsidiaries	-	-	291	210
Accruals	1,294	1,410	302	390
Other payables	575	1,580	102	115
GST payables	188	121	55	38
	2,057	3,111	750	753

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

18 Share Capital

	Group and Company			
	As at 30 June 2024		As at 31 December 2023	
	Number of issued shares '000	Total share capital S\$'000	Number of issued shares '000	Total share capital S\$'000
<u>Issued and fully paid up</u>				
At the beginning of period/year	204,778	13,355	122,959	11,555
Shares issued	-	-	81,818	1,800
At the end of period/year	204,778	13,355	204,778*	13,355

Following the allotment and issue of the consideration shares for the acquisition of a 60% shareholding of Setya Energy Pte. Ltd., the total number of issued shares has increased from 122,959,345 to 204,777,526.

* discrepancies due to rounding

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E. Notes to the condensed interim consolidated financial statements (cont'd)

18 Share capital (cont'd)

There has been no change in the Company's share capital since the end of the previous period reported on.

As at 30 June 2024, there were 3,000,000 outstanding share options under the Heatec Employee Share Option Scheme that may be exercised into 3,000,000 new ordinary shares (representing 1.5% of the Company's 204,777,526 ordinary shares as at 30 June 2024) in the capital of the Company (30 June 2023: 3,000,000 outstanding share options, exercisable into 3,000,000 new ordinary shares representing 2.4% of the Company's 122,959,345 ordinary shares as at 30 June 2023).

Save as disclosed above, there were no convertibles, treasury share or subsidiary holdings as at 30 June 2024 and as at 30 June 2023.

The Company did not have any sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during the six-month period ended and as at 30 June 2024.

19 Subsequent events

There are no subsequent events which have led to adjustments to this set of interim financial statements.

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F Management Discussion and Analysis – Financial Review Section

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: - (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial 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.

1 Review of Group Performance

Six-month financial period ended 30 June 2024 (“1H2024”) vs six-month financial period ended 30 June 2023 (“1H2023”)

Revenue

Revenue decreased by 5% or S\$0.5 million, from S\$10.6 million in 1H2023 to S\$10.1 million in 1H2024. The decrease was due to fewer projects from the Heat Exchanger segment and fewer work orders from the Chemical Cleaning segment. These two segments reported a 17% decrease in aggregate revenue, from S\$7.8 million in 1H2023 to S\$6.5 million in 1H2024. The decrease was partially offset by an increase in revenue from the Piping segment of 31% or S\$0.8 million, from S\$2.6 million in 1H2023 to S\$3.4 million in 1H2024.

Operating Results

Gross profit decreased by 12% or S\$0.5 million, from S\$4.0 million in 1H2023 to S\$3.5 million in 1H2024. The decrease was mainly due to the decrease in revenue.

Other income decreased by 48% or S\$0.1 million, from S\$0.2 million in 1H2023 to S\$0.1 million in 1H2024. The decrease was mainly due to a decrease in government grants and sundry income in 1H2024 as compared to 1H2023 and an absence of a gain on disposal of plant and equipment which was present in 1H2023, and offset by an increase in net foreign exchange gain in 1H2024 as compared to 1H2023.

Administrative expenses decreased by 13.0% or S\$0.5 million, from S\$3.9 million in 1H2023 to S\$3.4 million in 1H2024, mainly due to lesser staff costs and legal and professional fees in 1H2024.

Finance costs remained stable at S\$0.2 million for both 1H2024 and 1H2023.

Overall, the Group recorded a net profit of S\$0.06 million in 1H2024, which is a decrease of 23% from S\$0.08 million in 1H2023.

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2 Review of Statement of Financial Position

Non-Current Assets

The Group's non-current assets decreased by 5% or S\$0.4 million, from S\$9.2 million as at 31 December 2023 to S\$8.8 million as at 30 June 2024. The decrease was mainly due to depreciation charges of property, plant and equipment incurred in the six months ended 30 June 2024.

Current Assets

The Group's current assets decreased by 7% or S\$1.1 million, from S\$16.1 million as at 31 December 2023 to S\$15.0 million as at 30 June 2024. The decrease was mainly due to a decrease in contract assets and cash and bank balances and partially offset by an increase in trade receivables and other receivables.

Contract assets decreased by S\$1.8 million, from S\$7.0 million as at 31 December 2023 to S\$5.2 million as at 30 June 2024, as billings have been issued for the work completed as at 30 June 2024. Cash and bank balances decreased by S\$0.3 million*, from S\$2.0 million as at 31 December 2023 to S\$1.6 million as at 30 June 2024. Please refer to "Review of Cash Flows" in Section F3 below for the reasons for the decrease in cash and bank balances.

Trade receivables increased by S\$0.2 million, from S\$6.0 million as at 31 December 2023 to S\$6.2 million as at 30 June 2024. Other receivables increased by S\$0.8 million, from S\$0.7 million as at 31 December 2023 to S\$1.5 million as at 30 June 2024 due to an increase in other receivables and deposits.

Non-Current Liabilities

The Group's non-current liabilities decreased by 37% or S\$1.0 million, from S\$2.6 million as at 31 December 2023 to S\$1.6 million as at 30 June 2024, mainly due to repayment of loan in 1H2024.

Current Liabilities

The Group's current liabilities decreased by 6% or S\$0.6 million, from S\$10.8 million as at 31 December 2023 to S\$10.2 million as at 30 June 2024. The decrease was mainly due to a decrease in contract liabilities and other payables, which arose due to fewer billing in-excess of revenue from contracts.

*Any discrepancies are due to rounding.

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2 Review of Statement of Financial Position (Cont'd)

Working Capital Position

The Group reported a positive working capital position of S\$4.8 million as at 30 June 2024, as compared to S\$5.3 million as at 31 December 2023.

3 Review of Statement of Cash Flows

In 1H2024, the Group recorded net cash generated from operating activities of S\$1.0 million, which was mainly a result of (i) operating cash inflows before changes in working capital of S\$0.7 million, (ii) net working capital inflows of S\$0.4 million which was mainly due to an increase in trade and other receivables and contract assets of S\$0.8 million and was partially offset by a decrease in trade and other payables and contract liabilities of S\$0.4 million, and (iii) interest and income tax paid of S\$0.09 million.

Net cash generated from investing activities of S\$0.003 million in 1H2024 was mainly due to dividends received from an associate and partially offset by purchase of property, plant and equipment.

Net cash used in financing activities of S\$1.3 million in 1H2024 was mainly due to repayment of bank loans and trade financing of S\$3.0 million and interest paid of S\$0.2 million in 1H2024 and was partially offset by proceeds from bank loans and trade financing loans of S\$1.9 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows decreased by S\$0.3 million, from S\$1.9 million as at 31 December 2023, to S\$1.6 million as at 30 June 2024.

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4 Future Prospects

Amidst the uncertainties in the geopolitical and macroeconomic landscape around the world, the FPSO industry continues to be buoyant as shipyards and contractors struggle to keep up with strong demand. However, due to the tight labour situation in Singapore, the Group remains cautious about securing contracts with tight delivery schedules.

We are cautiously optimistic about the prospects of our newly set-up base in Vietnam. Heatec Vietnam, having completed its first FPSO heat exchanger project in early 2024, gives us access to additional capacity and workers in Vietnam to mitigate the tight labour market in Singapore. Vietnam's oil and gas industry has been gaining traction recently and we are hoping that our presence will provide opportunities for our heat exchanger and piping business in Vietnam in the near future.

Apart from focusing on growing the FPSO business in Singapore and Vietnam, as well as the oil bunkering and trading business locally, the Group continues to look for inorganic growth through synergistic and complementary opportunities.

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G Other information required by SGX-ST Catalist Rule Appendix 7C

1 Review

The condensed consolidated statement of financial position of Heatec Jietong Holdings Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2024 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (i) Updates on the efforts taken to resolve each outstanding audit issue.**
- (ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

The Company's auditor had issued a qualified opinion in respect of the Group's FY2023 audited financial statements, which has a similar qualification as the FY2022 audited financial statements. With regard to the audit issue raised by the Company's auditor in relation to consultancy service arrangements, the Company has a process in place to ensure the review process for entry into contracts with external service providers is further tightened and enhanced in respect of specific delegation of authority for different threshold amounts, and segregated for both operational and non-operational (mainly financing and investment) activities, and to ensure that the terms of such said contracts specify, to the extent possible, the deliverables and stipulated payment milestones to match such deliverables.

Management will also ensure that meetings with external third parties are properly documented to record key discussion points and action plans so that such documentation may be readily furnished to the relevant parties, including the Company's independent auditors, to clarify and/or confirm any deliverables and/or work done by third parties, where required.

As part of the follow-up action, the internal auditors have performed reviews on this area and recommendations were raised by them to improve and enhance the process. The Management has updated the Business Authority Schedule and will assess the need to establish an investment policy with relevant procedures. Key performance indicators will also be established to allow the Management to assess consultants' performance, if any, and upon completion of the relevant project(s), an evaluation will be undertaken, for accountability.

The Board hereby confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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3 Review of performance of the Group

Please refer to “Management Discussion and Analysis – Financial Review” in Sections F1 to F3.

4 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 was previously disclosed to shareholders.

5 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 operating period and the next 12 months.

Please refer to “Management Discussion and Analysis – Future Prospects” in Section F4.

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G Other information required by SGX-ST Catalist Rule Appendix 7C (Cont'd)

6 Dividend

(a) Current Financial Period Reported On

Any dividend recommended/declared for the current financial period reported on?

No dividend has been declared/recommended for 1H2024.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

None.

(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 shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended by the Board of Directors for 1H2024, as the Group wishes to conserve cash to meet the operational and financial requirements of the Group.

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G Other information required by SGX-ST Catalist Rule Appendix 7C (Cont'd)

7 Interested Person Transactions (“IPTs”)

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920(1) of the Catalist Rules.

8 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) of the Catalist Rules

The Company confirms that it has procured and received all the required undertakings from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

9 Disclosure of acquisition (including incorporations) and sale of shares for the six-month period ended 30 June 2024 as required under Rule 706A of the Catalist Rules

There were no acquisitions or realisation of shares thereby resulting (i) in a change in the shareholding percentage in any subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during 1H2024. No new subsidiary or associated company was incorporated by the Group during 1H2024.

10 Confirmation pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2024 to be false or misleading in any material aspect.

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On behalf of the Board of Directors

SOON YEOW KWEE JOHNNY
Executive Chairman

SOON JEFFREY
Executive Director and Chief Executive Officer

BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
Executive Director and Chief Executive Officer

Singapore, 13 August 2024