

(Company Registration No. 200717808Z)

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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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Unaudited Financial Statements for the Financial Year Ended 31 December 2018

(Company Registration No. 200717808Z)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Full Year Ended 31.12.2018 (unaudited)	Full Year Ended 31.12.2017 (restated)	Increase/ (Decrease)
<u>Group</u>	S\$'000	S\$'000	%
Revenue	27,475	20,971	31
Cost of sales	(22,155)	(15,558)	42
Gross profit	5,320	5,413	(2)
Other income	351	398	(12)
Expenses			
Administrative expenses	(8,485)	(8,335)	2
Other expenses	(606)	(1,104)	(45)
Share of profit/(loss) of associates	52	(216)	n.m.
Finance costs	(337)	(186)	81
Loss before income tax	(3,705)	(4,030)	(8)
Income tax credit/(expense)	37	(249)	n.m.
Loss for the year	(3,668)	(4,279)	(14)
(Loss)/Profit attributable to :			
Owners of the Company	(3,403)	(4,305)	(21)
Non-controlling interests	(265)	26	n.m.
	(3,668)	(4,279)	(14)

Loss per share attributable to owners of the Company

	Full Year Ended 31.12.2018 (unaudited) Singapore Cents	Full Year Ended 31.12.2017 (restated) Singapore Cents	Increase/ (Decrease)
<u>Group</u>			%
Basic and diluted	(2.77)	(3.50)	(21)

n.m. denotes not meaningful

(Company Registration No. 200717808Z)

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Statement of Comprehensive Income for Full Year Ended 31 December 2018

	Full Year Ended 31.12.2018 (unaudited)	Full Year Ended 31.12.2017 (restated)	Increase/ (Decrease)
<u>Group</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Loss for the year	(3,668)	(4,279)	(14)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(37)	(50)	(26)
Total comprehensive loss for the year, net of tax	(3,705)	(4,329)	(14)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(3,440)	(4,355)	(21)
Non-controlling interests	(265)	26	n.m.
Total comprehensive loss for the year	(3,705)	(4,329)	(14)

n.m. denotes not meaningful

(Company Registration No. 200717808Z)

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

The loss before income tax is arrived at after charging (crediting) the following items:

	Full Year Ended 31.12.2018 (unaudited)	Full Year Ended 31.12.2017 (restated)	Increase/ (Decrease)
Group	S\$'000	S\$'000	%
Depreciation of property, plant and equipment ⁽¹⁾	1,125	1,036	9
Directors' fees	148	175	(15)
Employee benefits expense ^{(2) (3)}	15,490	15,741	(2)
Cost of defined contribution plans (included in employee benefits expense)	513	450	14
Cost of inventories recognised in cost of sales	5,864	2,544	n.m.
Write-off for inventory obsolescence	16	-	n.m.
Loss/(Gain) on disposal of plant and equipment	29	(13)	n.m.
Plant and equipment written off	2	8	(75)
Loss on impairment of plant and equipment	41	-	n.m.
Allowance for/(Reversal of) doubtful debts	92	(151)	n.m.
Trade debts written off	121	-	n.m.
Allowance for sales discount	84	172	(51)
Interest income	(6)	(3)	100
Net foreign exchange (gain)/loss	(25)	90	n.m.
Share-based payment expenses (included in employee benefits expense)	23	42	(45)
(Reversal of)/Provision for foreseeable losses	(153)	167	n.m.
Provision for warranty	23	-	n.m.
Provision for liquidated damages	208	-	n.m.
Loss on striking off/liquidation of a subsidiary	24	997	(98)
Loss on impairment of goodwill	288	-	n.m.
Adjustment for underprovision of income tax In respect of prior years	16	19	(16)

(Company Registration No. 200717808Z)

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Notes:

- ⁽¹⁾ Included in cost of sales and administrative expenses.
- ⁽²⁾ Employee benefits expenses amounting to S\$10.22 million and S\$5.27 million in FY2018 (FY2017: S\$10.62 million and S\$5.12 million) had been included in cost of sales and administrative expenses respectively.
- ⁽³⁾ Included Directors' fees of S\$148,000 and S\$175,000 in FY2018 and FY2017 respectively.

n.m. denotes not meaningful

(Company Registration No. 200717808Z)

1(b) 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

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(restated)*	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	10,846	11,789	4,793	5,243
Subsidiaries	-	-	6,624	6,624
Associates	303	276	-	-
Goodwill	-	288	-	-
Total non-current assets	11,149	12,353	11,417	11,867
Current assets				
Inventories	1,167	556	-	-
Trade and other receivables	17,660	15,923	4,548	2,543
Cash and bank balances	2,449	2,601	14	40
Total current assets	21,276	19,080	4,562	2,583
Total assets	32,425	31,433	15,979	14,450
EQUITY AND LIABILITIES				
Capital, reserves and non-controlling interests				
Share capital	11,555	11,555	11,555	11,555
Reserves	(3,710)	(3,644)	70	99
Retained earnings	8,510	11,861	757	547
Equity attributable to owners of the Company	16,355	19,772	12,382	12,201
Non-controlling interests	2,035	2,307	-	-
Total equity	18,390	22,079	12,382	12,201

(Company Registration No. 200717808Z)

1(b) 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 (Cont'd)

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(restated)*	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Bank loans	89	1,363	-	-
Finance leases	58	94	-	-
Deferred tax liabilities	313	375	-	-
Total non-current liabilities	460	1,832	-	-
Current liabilities				
Bank loans	7,356	3,523	-	-
Trade and other payables	6,183	3,799	3,597	2,249
Current portion of finance leases	36	200	-	-
Total current liabilities	13,575	7,522	3,597	2,249
Total equity and liabilities	32,425	31,433	15,979	14,450

*restated – Refer to paragraph 5 of this announcement for further information

(Company Registration No. 200717808Z)

1(c) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
As at 31.12.2018 (unaudited)		As at 31.12.2017 (restated)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,392	-	3,723	-

Amount repayable after one year

Group			
As at 31.12.2018 (unaudited)		As at 31.12.2017 (restated)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
147	-	1,457	-

Details of any collateral

- (a) The bank loans are secured by:
- (i) a first legal mortgage over the Group's leasehold property;
 - (ii) pledge of certain fixed deposits; and/or
 - (iii) corporate guarantees by a subsidiary and the Company.
- (b) The revolving credit facilities are repayable on demand and are secured by:
- (i) proceeds from the Group's 3 projects in the Heat Exchanger segment; and
 - (ii) a corporate guarantee by the Company.
- (c) The finance leases are secured by the lessor's title to the leased assets and corporate guarantees by the Company.

(Company Registration No. 200717808Z)

1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Full Year Ended 31.12.2018 (unaudited) S\$'000	Full Year Ended 31.12.2017 (restated) S\$'000
Operating activities		
Loss before income tax	(3,705)	(4,030)
Adjustments for:		
Interest income	(6)	(3)
Interest expenses	337	186
Allowance for/(Reversal of) doubtful debts	92	(151)
Trade debts written off	121	-
Allowance for sales discount	84	172
Write-off for inventory obsolescence	16	-
Depreciation of property, plant and equipment	1,125	1,036
Plant and equipment written off	2	8
Loss/(Gain) on disposal of plant and equipment	29	(13)
Loss on impairment of plant and equipment	41	-
Share of (profit)/loss of associates	(52)	216
Share-based payment expenses	23	42
Loss on striking off/liquidation of a subsidiary	24	997
(Reversal of)/Provision for foreseeable losses	(153)	167
Provision for liquidated damages	208	-
Provision for warranty	23	-
Loss on impairment of goodwill	288	-
Unrealised exchange differences	(20)	(38)
Operating cash flows before movements in working capital	(1,523)	(1,411)
Change in operating assets and liabilities		
Trade and other receivables	(1,865)	1,685
Inventories	(628)	115
Trade and other payables	2,139	409
Cash (used in)/generated from operations	(1,877)	798
Interest received	6	3
Interest paid	(337)	(186)
Income tax paid	(27)	(63)
Net cash (used in)/generated from operating activities	(2,235)	552

(Company Registration No. 200717808Z)

1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Group	Full Year Ended 31.12.2018 (unaudited) S\$'000	Full Year Ended 31.12.2017 (restated) S\$'000
Investing activities		
Purchase of plant and equipment	(271)	(735)
Proceeds from disposal of plant and equipment	12	14
Dividend received from an associate	25	17
Net cash used in investing activities	(234)	(704)
Financing activities		
(Increase)/Decrease in pledged fixed deposit	(50)	430
Dividend paid to non-controlling shareholders	(30)	(44)
Dividend paid to equity holders of the Company	-	(246)
Capital injection from non-controlling shareholders [Note A]	-	104
Proceeds from:		
- bank loan	3,053	-
- revolving credit line	1,000	-
Repayment of:		
- bank loan	(627)	(586)
- finance lease	(200)	(283)
- revolving credit line	(667)	(107)
Proceed from trade financing loan	1,033	541
Repayment of trade financing loan	(1,234)	(495)
Net cash generated from/(used in) financing activities	2,278	(686)
Net decrease in cash and cash equivalents	(191)	(838)
Cash and cash equivalents at beginning of financial year	2,601	3,442
Effects of exchange rate changes on cash and cash equivalents	(11)	(3)
Cash and cash equivalents at end of financial year	2,399	2,601

(Company Registration No. 200717808Z)

1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Full Year Ended 31.12.2018 (unaudited)	Full Year Ended 31.12.2017 (restated)
<u>Group</u>	<u>S\$'000</u>	<u>S\$'000</u>
Comprising:		
Cash at bank	1,983	2,155
Fixed deposits	466	446
Sub-total	2,449	2,601
Fixed deposit pledged as a collateral for trade facilities	(50)	-
Cash and cash equivalents as per consolidated statement of cash flows	2,399	2,601

Note A : During FY2017, the non-controlling shareholders of the Company's subsidiaries contributed cash amounting to S\$104,000 for the incorporation of such subsidiaries. As at 31 December 2017, S\$4,000 remained outstanding from these non-controlling shareholders.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)

- 1(e) 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.**

	Share capital	Revaluation reserve (restated)*	Other reserve	Translation reserve (restated)*	Merger reserve	Share options reserve	Retained earnings (restated)*	Attributable to equity holders of the Company	Non-controlling interests (restated)*	Total
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 31 December 2017	11,555	45	221	(175)	(3,914)	99	11,665	19,496	2,295	21,791
Adoption of SFRS (I)*	-	(45)	-	125	-	-	196	276	12	288
Balance at 1 January 2018	11,555	-	221	(50)	(3,914)	99	11,861	19,772	2,307	22,079
Total comprehensive loss for the year:										
Loss for the year	-	-	-	-	-	-	(3,403)	(3,403)	(265)	(3,668)
Other comprehensive loss for the year	-	-	-	(37)	-	-	-	(37)	-	(37)
Total	-	-	-	(37)	-	-	(3,403)	(3,440)	(265)	(3,705)
Transactions with owners, recognised directly in equity:										
Recognition of share-based payments	-	-	-	-	-	(29)	52	23	-	23
Striking off of a subsidiary	-	-	-	-	-	-	-	-	23	23
Dividends	-	-	-	-	-	-	-	-	(30)	(30)
Total	-	-	-	-	-	(29)	52	23	(7)	16
Balance at 31 December 2018	11,555	-	221	(87)	(3,914)	70	8,510	16,355	2,035	18,390

*restated – Refer to paragraph 5 of this announcement for further information

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)

- 1(e) 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. (Cont'd)**

	Share capital	Revaluation reserve (restated)*	Other reserve	Translation reserve (restated)*	Merger reserve	Share options reserve	Retained earnings (restated)*	Attributable to equity holders of the Company	Non-controlling interests	Total
Group (restated)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 31 December 2016	11,555	87	221	(125)	(3,914)	83	16,407	24,314	1,328	25,642
Adoption of SFRS (I)*	-	(87)	-	125	-	-	(21)	17	-	17
Balance at 1 January 2017	11,555	-	221	-	(3,914)	83	16,386	24,331	1,328	25,659
Total comprehensive loss for the year:										
(Loss)/Profit for the year	-	-	-	-	-	-	(4,305)	(4,305)	26	(4,279)
Other comprehensive loss for the year	-	-	-	(50)	-	-	-	(50)	-	(50)
Total	-	-	-	(50)	-	-	(4,305)	(4,355)	26	(4,329)
Transactions with owners, recognised directly in equity:										
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	997	997
Recognition of share-based payments	-	-	-	-	-	16	26	42	-	42
Dividends	-	-	-	-	-	-	(246)	(246)	(44)	(290)
Total	-	-	-	-	-	16	(220)	(204)	953	749
Balance at 31 December 2017	11,555	-	221	(50)	(3,914)	99	11,861	19,772	2,307	22,079

*restated – Refer to paragraph 5 of this announcement for further information

- 1(e) 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 (Cont'd)

	Share capital	Share options reserve	Retained Earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	11,555	99	547	12,201
Profit for the year, representing total comprehensive income for the year	-	-	158	158
Transactions with owners, recognised directly in equity: Employee Share Option Scheme	-	(29)	52	23
Balance at 31 December 2018	11,555	70	757	12,382

	Share capital	Share options reserve	Retained Earnings	Total
Company (audited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	11,555	83	637	12,275
Profit for the year, representing total comprehensive income for the year	-	-	130	130
Transactions with owners, recognised directly in equity: Employee Share Option Scheme	-	16	26	42
Dividend paid	-	-	(246)	(246)
Balance at 31 December 2017	11,555	99	547	12,201

- 1(f) 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.

	Company	
	No. of shares	Resultant issued and paid-up share capital (\$\$)
<u>Ordinary shares</u>		
Balance as at 30 June 2018 and 31 December 2018	122,959,345	11,554,627

- 1(g) 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 and subsidiary holdings of the issuer, 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.

As at 31 December 2018, 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 in the capital of the Company (31 December 2017: 4,800,000 outstanding share options).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

- 1(h) 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.

	Company	
	31.12.2018	31.12.2017
Total number of issued shares excluding treasury shares	122,959,345	122,959,345

There were no treasury shares as at 31 December 2018 and 31 December 2017.

- 1(i) 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 sale, transfer, cancellation and/or use of treasury shares during and as at the end of the financial year ended 31 December 2018 ("FY2018").

- 1(j) 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 sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of FY2018.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures in this announcement have not been audited or reviewed by Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditor's 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.**

The accounting policies and methods of computation applied by the Group for the financial statements for the current financial year reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2017 ("FY2017") except as explained in paragraph 5 below.

- 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.**

In adopting the new Singapore Financial Reporting Standards (International) ("SFRS(I)s") framework with effect from 1 January 2018, the Group has applied certain specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition, during FY2018, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018.

- SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International);
- SFRS(I) 9 Financial Instruments which includes the amendment to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and
- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Group has adopted SFRS(I)s for FY2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. The Group has elected the optional exemption in SFRS(I) 1 for the following:

- (i) The Group has reset its cumulative Foreign Currency Translation Reserve (“**FCTR**”) for all foreign operation to \$Nil at the date of transition, and reclassified the cumulative FCTR of approximately S\$125,000 as at 1 January 2017 as determined in accordance with the previous Financial Reporting Standards (“**FRS**”) at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.
- (ii) The Group has elected to use revaluation of an item of property, plant and equipment (“**PPE**”) before the date of transition as its deemed cost, as management has assessed that the deemed cost of the PPE is broadly comparable to its fair value. The Group has reset its cumulative Revaluation Reserve (“**RR**”) to \$Nil at the date of transition, and reclassified the cumulative RR of approximately S\$87,000 as at 1 January 2017 as determined in accordance with the previous FRS at that date to retained earnings.
- (iii) The Group has applied SFRS(I) 1-8 to change the accounting policy for measurement of PPE from revaluation model to cost model, as management is of the opinion that the change would result in reliable and more relevant financial information. The Group has derecognised the loss on revaluation of PPE and the corresponding deferred tax during FY2017.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) (Cont'd)

The line items on the Group's financial statements that have been adjusted from the adoption of SFRS(I) 1 as described in points (i) to (iii) above are summarised below:

Statement of Financial Position and Statement of Changes in Equity	As previously reported S\$'000	Adjustments S\$'000	As restated S\$'000
<i>As at 1 January 2017</i>			
<u>Non-current liabilities</u>			
Deferred tax liabilities	398	(17)	381
<u>Equity</u>			
Revaluation reserve	87	(87)	-
Translation reserve	(125)	125	-
Retained earnings	16,407	(21)	16,386
<i>As at 31 December 2017</i>			
<u>Non-current assets</u>			
Property, plant and equipment	11,508	281	11,789
<u>Non-current liabilities</u>			
Deferred tax liabilities	382	(7)	375
<u>Equity</u>			
Revaluation reserve	45	(45)	-
Translation reserve	(175)	125	(50)
Retained earnings	11,665	196	11,861
Non-controlling interests	2,295	12	2,307

SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces the current ‘incurred loss’ model with a forward-looking expected credit loss (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

In compliance with SFRS(I) 9, the Group has applied the simplified approach and has recorded the amount of loss allowance on all trade and other receivables by ascertaining the amount of ECLs that would result from all possible default events over the expected life of a financial instrument (lifetime ECLs). Based on the assessment made, there were no significant changes in impairment for trade and other receivables for the Group and for the Company respectively as at 1 January 2018 with the adoption of SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. There is no significant adjustment with the adoption of SFRS(I) 15.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends. (Cont'd)

	Group	
	Full Year Ended	Full Year Ended
	31.12.2018	31.12.2017
	(unaudited)	(restated)
Basic and diluted loss per ordinary share (Singapore cents)	(2.77)	(3.50)
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

Loss per ordinary share of the Group for each of FY2018 and FY2017 is calculated based on net loss attributable to owners of the Company for the respective financial years divided by the weighted average number of ordinary shares in issue during the respective financial years.

For FY2018, the basic and diluted loss per ordinary share of the Group were the same as the exercise of the outstanding share options were anti-dilutive in nature and there were no other potential dilutive ordinary shares in existence. For FY2017, the basic and diluted loss per ordinary share of the Group were the same as there were no potentially dilutive ordinary shares in existence.

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	
	As at	As at	As at	As at
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(restated)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	13.30	16.08	10.07	9.92

The net asset value per ordinary share of the Group and the Company as at 31 December 2018 and 31 December 2017 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 122,959,345.

- 8** 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.

8(a) Income Statement

(i) Revenue

Revenue increased by 31% from S\$20.97 million in FY2017 to S\$27.48 million in FY2018. The increase was due to securing several major projects in the Heat Exchanger segment, which reported a 94% increase in revenue from S\$8.69 million in FY2017 to S\$16.86 million in FY2018.

The increase in revenue from the Heat Exchanger segment helped to offset the decline in revenue from both the Piping and Chemical Cleaning segments due to slower than expected recovery in the Marine and Offshore Engineering sector, which resulted in lesser work orders from the shipyards.

Revenue from the Piping segment decreased by 17% from S\$9.52 million in FY2017 to S\$7.94 million in FY2018. Revenue from the Chemical Cleaning segment decreased by 3% from S\$2.77 million in FY2017 to S\$2.68 million in FY2018.

(ii) Operating Results

Overall profitability

The Group recorded a lower gross profit margin of 19% for FY2018, as compared to 26% for FY2017.

8(a) Income Statement (cont'd)

Significant factors that affected the Group's profitability were:

1. The Group recorded a 42% increase in cost of sales, from S\$15.56 million in FY2017 to S\$22.16 million in FY2018 which was more than the corresponding 31% increase in revenue, resulting in a negative impact on the gross profit margin. This was mainly due to:
 - (i) higher cost of materials and increased manpower costs due to a lower foreign worker dependency ratio implemented by the Singapore Government; and
 - (ii) a substantial loss from a major project in the Heat Exchanger segment.
2. The Group's profitability in FY2018 was affected by the decrease in revenue from the Piping segment.

Other income

Other income decreased by 12% or S\$0.05 million, from S\$0.40 million in FY2017 to S\$0.35 million in FY2018 due mainly to reversal of doubtful debts amounting to S\$0.15 million, partially offset by refund of GST for claiming bad debt relief amounting to approximately S\$64,000.

Administrative expenses

Administrative expenses remained relatively stable in FY2018 as compared to FY2017. The Group recorded a 2% or S\$0.15 million increase in administrative expenses in FY2018 despite the increase in revenue by 31% or S\$6.50 million.

Other expenses

Other expenses decreased by 45% or S\$0.50 million, from S\$1.10 million in FY2017 to S\$0.61 million in FY2018 due mainly to (i) the absence in FY2018 of a loss on liquidation of S\$1.0 million upon winding up of a 72.5%-owned subsidiary during FY2017; (ii) loss on impairment of goodwill of S\$0.29 million in FY2018; and (iii) trade debts written off in FY2018 amounting to S\$0.12 million.

8(a) Income Statement (cont'd)**Share of profit/loss of associates**

In FY2018, the Group recorded its share of profit of associates of S\$52,000 attributable to Zhoushan Heatec IMC-YY Engineering Co., Ltd, of which the Company holds a 45% interest. In FY2017, the Group recorded its share of loss of associates of S\$0.22 million due to its share of accumulated losses in Ipomar (Pte) Ltd., of which the Company holds a 25% interest.

Finance costs

Finance costs increased by 81% or S\$0.15 million, from S\$0.19 million in FY2017 to S\$0.34 million in FY2018. The increase in finance costs was in tandem with the increase in bank loans.

Income tax credit/expense

The income tax credit of S\$37,000 in FY2018 was mainly due to reversal of deferred tax liability, whereas the income tax expense of S\$0.25 million in FY2017 was mainly due to a reversal of previously recognised deferred tax asset of S\$0.23 million.

As a result of the above, the Group made a net loss attributable to owners of the Company of S\$3.40 million in FY2018, as compared to a net loss attributable to owners of the Company of S\$4.31 million in FY2017.

8(b) Statement of financial position

The Group's working capital and net assets decreased in line with the losses incurred in FY2018. Nonetheless, as at 31 December 2018, the Group recorded positive working capital of S\$7.70 million and net asset value stood firm at 13.30 cents per share.

The Group's gearing ratio increased from 13% as at 31 December 2017 to 31% as at 31 December 2018 due to the increase in new bank loans secured during FY2018.

(i) Non-current assets

Property, plant and equipment decreased from S\$11.79 million as at 31 December 2017 to S\$10.85 million as at 31 December 2018. The decrease was mainly due to depreciation charge and loss on impairment of plant and equipment amounting to S\$1.13 million and S\$41,000 respectively, partially offset by new purchases of plant and equipment amounting to S\$0.27 million.

8(b) Statement of financial position (cont'd)**(i) Non-current assets (cont'd)**

The Group made a provision for impairment of goodwill during FY2018, amounting to S\$0.29 million.

Save for the above, non-current assets of the Group remained relatively stable as at 31 December 2018, as compared to 31 December 2017.

(ii) Current assets

Trade and other receivables increased by 11% or S\$1.74 million, from S\$15.92 million as at 31 December 2017 to S\$17.66 million as at 31 December 2018. The increase in trade and other receivables was due to the increase in revenue in FY2018.

Inventories increased by a fold or S\$0.61 million, from S\$0.56 million as at 31 December 2017 to S\$1.17 million as at 31 December 2018, mainly due to a batch of materials purchased for a project in the Heat Exchanger segment that were in transit as at 31 December 2018.

Cash and bank balances decreased by 6% or S\$0.15 million, from S\$2.60 million as at 31 December 2017 to S\$2.45 million as at 31 December 2018. Please refer to the "Statement of cash flows" below for the reasons for the decrease.

(iii) Current liabilities

Current portion of bank loans increased by S\$3.83 million, from S\$3.52 million as at 31 December 2017 to S\$7.35 million as at 31 December 2018. The increase was mainly due to a breach of a covenant clause in a bank facility letter by a subsidiary of the Company, which resulted in the reclassification of the bank loan from non-current liabilities to current liabilities. Subsequent to FY2018, the subsidiary has obtained a confirmation letter from the bank to accommodate the breach for FY2018 on a one-off basis.

Trade and other payables increased by 63% or S\$2.38 million, from S\$3.80 million as at 31 December 2017 to S\$6.18 million as at 31 December 2018. The increase was mainly due to an increase in purchases during the last quarter of FY2018 for new projects.

The current portion of finance leases decreased from S\$0.20 million as at 31 December 2017 to S\$36,000 as at 31 December 2018 mainly due to repayment made in FY2018.

8(b) Statement of financial position (cont'd)**(iv) Non-current liabilities**

The non-current portion of bank loans decreased from S\$1.36 million as at 31 December 2017 to S\$89,000 as at 31 December 2018. As mentioned in paragraph 8(b)(iii) "Current liabilities" above, the decrease in balance was mainly due to reclassification of non-current portion of the bank loan from non-current liabilities to current liabilities.

The non-current portion of finance leases decreased from S\$94,000 as at 31 December 2017 to S\$58,000 million as at 31 December 2018, mainly due to reclassification of non-current portion of finance leases from non-current liabilities to current liabilities.

8(c) Statement of cash flows

The Group's cash and cash equivalents as per consolidated statement of cash flows was lower at S\$2.40 million in FY2018, as compared to S\$2.60 million in FY2017.

The net decrease in cash and cash equivalents of S\$0.20 million for FY2018 was mainly due to the following:

- (i) net cash outflow of S\$2.24 million used in operating activities was mainly due to (a) operating cash flows before movements in working capital of S\$1.52 million; (b) the increase in trade and other receivables and inventories of S\$2.49 million, partially offset by the decrease in trade and other payables of S\$2.14 million; and (c) interest and income tax paid of S\$0.36 million;
- (ii) net cash outflow of S\$0.23 million used in investing activities was mainly due to capital expenditure of S\$0.27 million to facilitate the Group's operations; partially offset by
- (iii) net cash inflow of S\$2.28 million generated from financing activities, which comprised proceeds from bank loan and revolving credit line totaled S\$4.05 million, partially offset by repayments of bank loans totaled S\$0.63 million, net repayments of trade financing loans totaled S\$0.20 million, repayment of revolving credit line totaled S\$0.67 million and repayments of finance leases of S\$0.20 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.

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 general consensus is that the oil and gas industry has bottomed but recovery may be slow. Local major shipyards have announced several awards recently and that is likely to provide the local market with a stream of orders in the near future. However, factors such as price, cost, foreign labour constraints, etc, are challenging for the contractors and the market may require more time to adjust and stabilise.

The Company had, on 28 December 2018, announced a new contract secured under its Heat Exchanger segment, with a contract value of approximately US\$3.2 million. The Group is building on this positive momentum to secure more orders to further strengthen its order book.

The Group will continue to adopt a cautious approach in the execution of its business plans to overcome the challenges it faces in the industries it operates in, with the objective of achieving a turn-around in its financial performance.

11 Dividend

(a) Current Financial Period Reported On

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

No dividend has been declared or recommended for FY2018.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

11 Dividend (cont'd)**(c) Date payable**

Not applicable.

(d) Books closure date

Not applicable.

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

In view of the Group's loss-making position for FY2018, no dividend has been declared/recommended by the Board of Directors for FY2018.

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.

The aggregate value of interested person transactions entered into during FY2018 is as follows:-

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Name of Interested Person	S\$'000	S\$'000
Soon Yeow Kwee Johnny and Yong Yeow Sin - Provision of consultancy services and allowances	289	-

- 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. (cont’d)**

Each of Mr Soon Yeow Kwee Johnny and Mr Yong Yeow Sin (the “**Consultants**”) is a controlling shareholder of the Company and hence, each of them is considered an interested person to the Company under the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). Fees paid by the Group to the Consultants are disclosed as an aggregate sum, rather than on an individual basis, as the Board of Directors is of the view that disclosure of the latter may affect the working relationships amongst the stakeholders and contributions by the Consultants in relation to the operations of the Group.

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
14. Segmented revenue and results for business or geographical 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

For management purpose, the Group is currently organised into the following three operating segments – piping, heat exchanger and chemical cleaning. These segments are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and contribution to operating results and segment assets and liabilities by business segment is as follows:

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

Group	Revenue		Net Loss	
	Full Year	Full Year	Full Year	Full Year
	Ended	Ended	Ended	Ended
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(restated)	(unaudited)	(restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Piping	7,936	9,516	(841)	(374)
Heat Exchanger	16,857	8,690	(1,984)	(2,454)
Chemical Cleaning	2,682	2,765	(361)	(98)
	27,475	20,971	(3,186)	(2,926)
Other income			136	214
Other expenses			(370)	(916)
Share of profit/(loss) of associates			52	(216)
Finance costs			(337)	(186)
Loss before income tax			(3,705)	(4,030)
Income tax credit/(expense)			37	(249)
Loss for the year			(3,668)	(4,279)

14. **Segmented revenue and results for business or geographical 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 (Cont'd)**

	As at 31.12.2018 (unaudited) S\$'000	As at 31.12.2017 (restated) S\$'000
<u>Segment Assets</u>		
Piping	8,237	9,480
Heat Exchanger	12,118	8,741
Chemical Cleaning	5,202	5,753
Total segment assets	25,557	23,974
Unallocated assets	6,868	7,459
Consolidated total assets	32,425	31,433
<u>Segment Liabilities</u>		
Piping	510	481
Heat Exchanger	12,248	7,417
Chemical Cleaning	668	775
Total segment liabilities	13,426	8,673
Unallocated liabilities	609	681
Consolidated total liabilities	14,035	9,354

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
14. Segmented revenue and results for business or geographical 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 (Cont'd)
Other segment information

Group	Piping		Heat Exchanger		Chemical Cleaning		Unallocated		Total	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(unaudited)	(restated)	(unaudited)	(restated)	(unaudited)	(restated)	(unaudited)	(restated)	(unaudited)	(restated)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Reversal of)/Allowance for sales discount	(49)	(33)	133	112	-	93	-	-	84	172
Allowance for/(Reversal of) doubtful debts	10	1	25	(112)	57	(40)	-	-	92	(151)
Trade debts written off	95	-	14	-	-	-	12	-	121	-
Capital additions	24	111	94	88	131	484	22	52	271	735
Loss/(Gain) on disposal of plant and equipment	-	-	29	-	-	(13)	-	-	29	(13)
Plant and equipment written off	-	1	2	6	-	1	-	-	2	8
Loss on impairment of plant and equipment	-	-	41	-	-	-	-	-	41	-
Loss on striking off/liquidation of a subsidiary	-	-	-	-	-	-	24	997	24	997
Provision for liquidated damages	-	-	208	-	-	-	-	-	208	-
Loss on impairment of goodwill	-	-	-	-	288	-	-	-	288	-
Depreciation of property, plant and equipment	48	48	289	312	316	232	472	444	1,125	1,036

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)

- 14. Segmented revenue and results for business or geographical 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 (Cont'd)**

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.

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 8 above.

- 16. A breakdown of sales**

	Group		Increase/ (Decrease)
	Full Year Ended 31.12.2018 (unaudited)	Full Year Ended 31.12.2017 (restated)	
	S\$'000	S\$'000	
(a) Sales reported for first half year	13,380	11,086	21
(b) Operating loss after tax before deducting minority interests reported for first half year	(1,625)	(1,738)	(7)
(c) Sales reported for second half year	14,095	9,885	43
(d) Operating loss after tax before deducting minority interests reported for second half year	(2,043)	(2,541)	(20)

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)

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

Total Annual Dividend

	Latest Full Year	Previous Full Year
	(31.12.2018)	(31.12.2017)
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

- 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) of the Catalist Rules.**

Name	Age	Family relationship with any director, chief executive officer 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
Soon Jeffrey	38	Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Chief Executive Officer and Executive Director since 1 January 2016. Responsible for all day-to-day operations and determines the Group's strategic direction for business growth, including the overall Group sales activities, as well as business development in new market and industries.	No change
Soon Jenson	39	Brother of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Group General Manager (Operation) since 1 January 2016. Responsible for the overall supervision and management of the Group's Engineering & operations include oversight of quality control and the adherence to Health and Safety Policy.	No change

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
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) of the Catalist Rules. (Cont'd)

Name	Age	Family relationship with any director, chief executive officer 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
Yong Chin Seng	39	Son of Mr Yong Yeow Sin, a substantial shareholder of the Company	Regional Sales Manager of Heatec Jietong Pte. Ltd. Since 1 June 2016. Responsible for sourcing of new clients, sales administrative and sales management for the Heat Exchanger (Repair & Services) segment of the Company regionally.	No change
Sim Mong Choon	63	Uncle of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and brother-in-law of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Administrative & Logistics Manager of Heatec Jietong Pte. Ltd. since 1998. Responsible for admin, IT and transportation.	No change

19 Confirmation by the Company pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings under Rule 720(1) of the Catalist Rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
CEO & Executive Director

Singapore, 26 February 2019