

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the “**Board**” or “**Directors**”) of Heatec Jietong Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 1 March 2023 relating to the unaudited condensed interim financial statements announcement for the six months and full year ended 31 December 2022 (“**FY2022**”) (the “**Unaudited Financial Statements**”).

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Unaudited Financial Statements.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce certain material adjustments made to the Unaudited Financial Statements following the finalisation of the audit and the issuance of the independent auditor’s report for FY2022 dated 4 May 2023 by the Company’s external auditors, Crowe Horwath First Trust LLP (the “**Independent Auditor’s Report**”, and the related audited financial statements for FY2022 are referred to herein as the “**Audited Financial Statements**”). The details and explanations of the material adjustments are set out in Appendix A as annexed hereto.

Shareholders of the Company (the “**Shareholders**”) are advised to read this announcement in conjunction with the Independent Auditor’s Report and the Audited Financial Statements, which will be incorporated in the Company’s annual report for FY2022, which will be released via SGXNET and uploaded onto the Company’s corporate website at www.heatechholdings.com in due course.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that, to the best of its knowledge, all material disclosure, facts and information have been provided and announced and the Board is not aware of any facts, information or disclosure, the omission of which would make any statement in this announcement misleading.

BY ORDER OF THE BOARD

Soon Jeffrey
Executive Director and Chief Executive Officer

4 May 2023

*This announcement has been prepared by 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 Catalyst.*

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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

Appendix A

Consolidated Statement of Comprehensive Income of the Group for FY2022

	Audited	Unaudited	Variance		Note
	S\$'000	S\$'000	S\$'000	%	
Revenue	21,361	21,198	163	0.8	1 (i)
Gross profit	6,786	6,623	163	2.5	1 (i)
Other Income – Others	816	839	(23)	(2.7)	1 (ii)
Net impairment losses on financial assets	(141)	*	(141)	n.m	1 (i) & (ii)
Income tax (expense)/credit	(4)	12	(16)	(>100)	2
Loss for the financial year	(756)	(740)	(16)	2.2	1 (i) - (ii) & 2

*Less than a thousand

n.m – not meaningful

Consolidated Statement of Financial Position of the Group as at 31 December 2022

	Audited	Unaudited	Variance		Note
	S\$'000	S\$'000	S\$'000	%	
Current Assets					
Contract assets	6,340	6,420	(80)	1.2	3 (i)
Trade receivables	4,724	4,157	567	13.6	3 (i) & (ii)
Total Current Assets	13,819	13,332	487	3.7	3 (ii)
Non-Current Liabilities					
Deferred tax liabilities	269	280	(11)	(3.9)	2
Total Non-Current Liabilities	2,488	2,499	(11)	(0.4)	2

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Current Liabilities					
Contract liabilities	825	338	487	>100	3 (ii)
Tax payable	31	4	27	>100	2
Total Current Liabilities	9,373	8,859	514	5.8	2 & 3 (ii)
Total liabilities	11,861	11,358	503	4.4	2 & 3 (ii)
Net assets	10,699	10,715	(16)	(0.1)	2 & 3(i) - (ii)
Equity					
Reserves	(829)	(813)	(16)	(2.0)	1 (i) - (ii) & 2
Equity attributable to equity holders of the Company, total	10,726	10,742	(16)	(0.1)	1 (i) - (ii) & 2
Total equity	10,699	10,715	(16)	(0.1)	1 (i) - (ii) & 2

Consolidated Statement of Cash Flows of the Group for FY2022

	Audited	Unaudited	Variance		Note
	S\$'000	S\$'000	S\$'000	%	
Cash flows from operating activities					
Net impairment losses/(reversal) on financial assets	141	(22)	163	> 100	1 (i)
Exchange differences	(65)	-	(65)	n.m	5
Operating cash flows before working capital changes	901	802	99	12.3	4
Trade and other receivables and contract assets	596	1,247	(651)	(52.2)	1(i) & 3(ii)
Trade and other payables and contract liabilities	112	(373)	485	(>100)	3(ii)
Currency translation adjustments	-	(65)	65	(100)	5
Interest paid	(47)	(108)	61	(56.5)	6

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Net cash generated from operating activities	1,558	1,498	60	4	4 - 6
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired	-	(1,400)	1,400	(100)	7
Net cash used in investing activities	(58)	(1,459)	1,401	(96)	7
Cash flows from financing activities					
Interest paid	(449)	(389)	(60)	15.4	6
Acquisition of additional interest in subsidiaries	(1,400)	-	(1,400)	n.m	7
Proceeds from bank loans	100	-	100	n.m	8
Repayment of bank loans	(2,702)	(2,602)	(100)	3.8	8
Proceeds from trade financing	2,599	175	2,424	>100	9
Repayment of trade financing	(2,425)	-	(2,425)	n.m	9
Net cash used in financing activities	(4,475)	(3,015)	(1,460)	48.4	6-9

n.m – not meaningful

Note 1

The above variances resulted from the following reclassifications:

- (i) The provision of expected credit loss reclassified from revenue to net impairment losses on financial assets.
- (ii) The receivables recovered reclassified from other income – others to net impairment losses on financial assets.

Note 2

The above variance was derived from provision of current year income tax of S\$27,000 partially offset by reversal of deferred tax of S\$11,000.

As a result of the above adjustment, the Group's loss per share attributable to the equity holders of the Company for the financial year ended 31 December 2022 has increased by 0.01 Singapore cent from 0.62 Singapore cents in the Unaudited Financial Statements to 0.63 Singapore cents in the Audited Financial Statements.

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Note 3

The above variances resulted from the following reclassifications:

- (i) The provision of expected credit loss for contract assets of S\$80,000 reclassified from trade receivables to contract assets.
- (ii) The advance billing of S\$487,000 reclassified from trade receivables to contract liabilities.

Note 4

This was mainly due to provision of expected credit loss of S\$163,000 reclassified from revenue to net impairment losses on financial assets. This was partially offset by the reclassification of currency translation adjustment of S\$65,000 from operating cash flows after working capital changes to operating cash flows before working capital changes.

Note 5

This was mainly due to reclassification of currency translation adjustment of S\$65,000 from operating cash flows after working capital changes to operating cash flows before working capital changes.

Note 6

This was mainly due to reclassification of trade financing interest paid from operating activities to financing activities.

Note 7

The acquisition of additional interest in subsidiaries was reclassified from investing activities to financing activities.

Note 8

The proceeds from and repayment of bank loans were shown on a gross basis instead of a net basis in the Unaudited Financial Statements. As such, a reclassification of proceeds from bank loan of S\$100,000 which was paid during the financial year was reclassified from repayment of bank loans to proceeds from bank loans.

Note 9

The proceeds from and repayment of trade financing were shown on a gross basis instead of a net basis in the Unaudited Financial Statements. As such, a reclassification of proceeds from trade financing of S\$2,425,000 which was paid during the financial year was reclassified from repayment of trade financing to proceeds from trade financing.