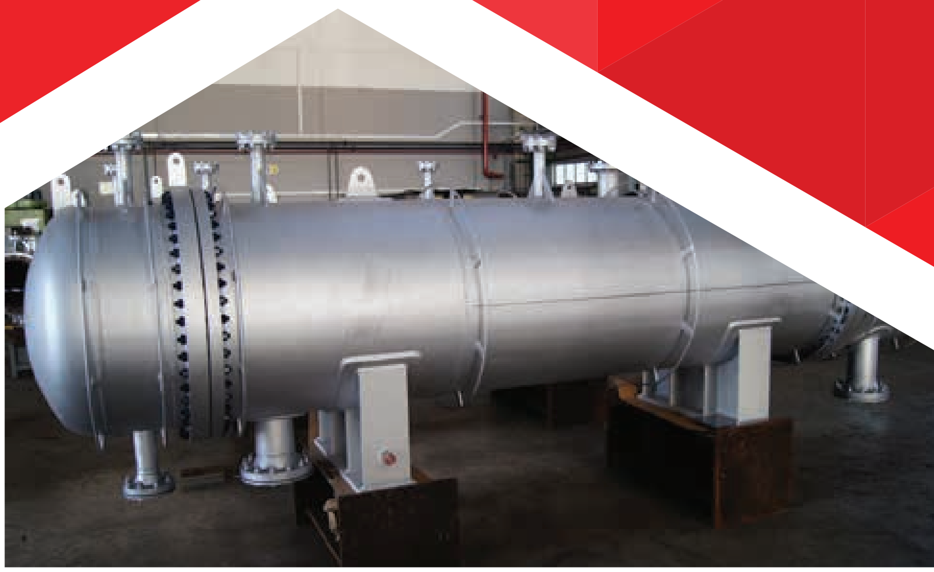
HEATEC JIETONG HOLDINGS LTD.

LEVERAGING ON OUR EXPERTISE

ANNUAL REPORT 2024



OUR **VISION**

To provide value-added solutions, enabling our customers to operate their vessels and plants efficiently, and in turn produce value-added products and services for others.

OUR **MISSION**

To be the premium heat transfer and piping system products, services and solutions provider in the marine, oil and gas and related industries.

QUALITY **POLICY**

To achieve and enhance customer satisfaction through on-time delivery of quality products, services and solutions through using resources efficiently.

TABLE OF **CONTENTS**

COMPANY PROFILE

Heatec Jietong Holdings Ltd. (the “Company” or “Heatec”) is one of the leaders in piping and heat exchanger services for the marine and oil and gas industries. In FY2024, our primary business segments were:

HEAT EXCHANGER SERVICES

We provide the full range of heat exchanger services on a 24 by 7 basis. We service any heat exchangers that are utilised on board marine and offshore vessels, such as plate heat exchangers, charged air coolers, shell and tube heat exchangers and pressure vessels.

Our heat exchanger services include:
- engineering consultancy services;
- on-site inspection; and
- fabrication and restoration of work.

We design, sell and fabricate heat exchangers, as well as provide related services to major players in the offshore marine, oil and gas and shipping industries.

We also provide land-based heat exchanger services to the process and chemical plants conducting routine shut-down maintenance. The heat exchangers that we service include plate heat exchangers and shell and tube heat exchangers.

Heatec is a member of the Heat Transfer Research Inc. and hence is able to design and manufacture Shell and Tube Heat Exchangers, and Air Coolers to meet the stringent requirements of any certification parties and is in compliance with ASME Section VIII Div 1 and API 661, 660. Heatec is also an ASME-U Stamp and National Board “R” Stamp certified fabricator which further enhances our commitment to quality and excellence in all the products and services that we provide.

The ability of Heatec to conduct the entire stream of heat transfer related services, from design, fabrication to restoration, repair, and final on-site removal and installation, allows us to be a one-stop centre for client’s heat exchanger needs. This further reinforces Heatec’s commitment to our customers, enabling them to operate their vessel and plants efficiently with quality products.

TRADING SERVICES

To better service our clients, the Group, through our subsidiary Setya Energy, supplies and trades various products, including but not limited to petroleum products, bunkers, lubricants, chemicals, equipment and tools.

We also offer tank cleaning related services such as de-sloping, demucking, sludge disposal etc to our marine clients in the region. Strategically located in Singapore, a global transhipment hub, the Group aims to support our global marine clients in this part of the world, ensuring their vessels operates smoothly and efficiently.

PIPING SERVICES

We perform a variety of piping services which include:
- fabrication and installation of all types of piping;
- restoration and installation of all types of pipes and systems, including marine piping; and
- process piping for floating, production, storage and offloading (“**FPSO**”) conversions.

Our piping works are used in, among others, offshore structures such as FPSOs, oil rigs, restoration of ship piping systems, routine docking maintenance of ships, and other types of ship conversions and ship lengthening.

In recent times, we expanded our piping services to include turnkey project management which encompasses:
- procurement;
- construction;
- fabrication;
- commissioning; and
- overall project management.

CHEMICAL CLEANING SERVICES

Our subsidiaries, Chem-Grow Pte Ltd and Chem Grow Engineering Pte. Ltd. (collectively, “**Chem-Grow**”) are well-established companies since 1981 that serve the marine, oil & gas, food, chemical industries in chemical cleaning of boilers, coolers and pipelines.

Chem-Grow services include:
- Ultrasonic cleaning (charged air cooler, filters etc);
- Chemical cleaning (Heat exchangers, Pipelines engine parts, pressure vessel etc);
- Stainless steel passivation;
- Tank cleaning;
- Hot oil flushing up to NAS/ISO standard for pipeline;
- Chemical sales;
- Rental of portable steam boiler/ borescope/particle counter; and
- Hydro-jetting machines.

Chem-Grow currently occupies a land of 10,500 square feet with its own building which includes a warehouse and a waste treatment facility.

MESSAGE TO SHAREHOLDERS

"Looking ahead, we envisage that the overall business environment is cautiously positive as the Group is well positioned in our field of business..."

DEAR SHAREHOLDERS,

The complex global landscape is characterised by widespread uncertainty stemming from geopolitical tensions, economic fluctuations, and policy shifts. Global shipping routes are evolving to adapt to these evolving challenges.

Despite the macroeconomic uncertainties, we remain focused and committed to our key businesses to serve our valuable customers in providing repair and services in heat exchangers, fabricate and install all types of piping for our main offshore and marine customers, and perform chemical cleaning services to a wide range of industries.

There were fewer projects in heat exchanger design and build in FY2024 as compared to FY2023. This has led us to focus more on business segments which are more stable in revenue and profit margins such as repair and services.

Our businesses are labour-intensive. We continue to face higher operating costs from increased levies for migrant workers as well as workers' dormitory costs. Due to certain requirements from government agencies, our factory dormitory is expected to be ready by June 2025. We are closely monitoring the associated costs and any manpower constraints and will constantly adapt our business strategies to focus on higher-value projects.

FINANCIAL UPDATES

We closed FY2024 with a revenue of S$20.1 million, which was 20% lower from FY2023 due to the decrease in heat exchanger design and build projects. Overall, the Group sustained a loss of S$1.0 million in FY2024, compared to a loss of S$0.9 million in the preceding year. EBITDA stood at S$0.34 million. The Group recorded a gross profit margin of 35.8% in FY2024, mainly due to better profitability of the heat exchanger projects secured in repair and services.

The Group reported total equity of S$10.8 million. We reduced borrowings by S$1.5 million in FY2024 compared to FY2023. The Group continued to report positive net cash generated from operating activities of S$1.4 million.

MOVING AHEAD

In March 2025, we tied-up with our partner Tema India through a joint venture agreement as part of our strategy to expand the business operations and open up new market opportunities in all types of heat and mass heat transfer equipment. Through this joint venture, we believe that the Group will be able to capitalise on Tema India's strengths and know-how in the industry in order to secure new clientele base for the Group.

As we move into 2025, our priority remains clear, to be more resilient amid rapid changes in the global market and continue to drive long term inorganic growth. Beyond our core markets, we are actively exploring new revenue streams, while forming strategic collaborations with global partners to expand our capabilities and achieve greater market recognition. We look forward to strengthening our supply chain and optimising internal operational strategies to further mitigate the Company's cost pressures.

APPRECIATION

We would like to take this opportunity to express our gratitude to our Board members, management, and staff for their hard work and dedication in navigating these demanding times. Their perseverance and teamwork remain key drivers of our progress. We would also like to express our appreciation to the Directors who have stepped down from their roles in FY2024. Their guidance and leadership have played a role in shaping our journey and achieving milestones.

On behalf of the Board, we extend our appreciation to our customers, business partners, and stakeholders for their continued support and trust in us.

As we move forward, we remain focused on strengthening our market position and growing alongside our partners. We look forward to better times ahead.

CHONG ENG WEE
Non-Executive Independent Chairman

SOON JEFFREY
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS

CHONG ENG WEE (ZHANG YINGWEI)

Non-Executive and Independent Chairman

Mr Chong Eng Wee is our Non-Executive and Independent Chairman and was appointed to our Board on 16 April 2018. He chairs our Nominating Committee and is a member of our Audit and Risks Management Committee and Remuneration Committee.

Mr Chong is the Managing Director and heads the Corporate & Capital Markets Practice at Chevalier Law LLC. He is admitted as an Advocate and Solicitor in Singapore, Solicitor of the High Court of Hong Kong, Lawyer of the Supreme Court of New South Wales, Australia, and a Barrister and Solicitor of the High Court of New Zealand.

Prior to founding his own firm, he was a Partner and Head of Corporate at Kennedys Legal Solutions Pte. Ltd., a joint law venture between Kennedys Singapore LLP and Legal Solutions LLC, the Deputy Head of both the Capital Markets and the International China (South East Asia) practices at RHTLaw Taylor Wessing LLP and an Associate Director and Representative for the Shanghai representative office of another joint law venture firm, Duane Morris & Selvam LLP in Singapore.

His areas of practice include capital markets, mergers and acquisitions, private equity, funds, China ("**PRC**"), private wealth, corporate and commercial contracts, regulatory compliance, and corporate governance. He has advised issuers, issue managers, underwriters and placement agents, private equity funds, multinational corporations, high net-worth individuals and small and medium enterprises on transactions including initial public offerings ("**IPO**"), pre-IPO investment, dual listings, reverse takeovers, public takeovers, rights and warrants issues, placement, local and cross border acquisitions and disposals of shares and assets, downstream investment by private equity funds, joint ventures, and corporate restructuring. He has advised clients on variable capital companies, establishment of family offices and their tax incentives and applications to the Monetary Authority of Singapore pertaining to capital market service licenses and registered fund management companies. He has also acted in various cross border transactions with PRC elements, and frequently advises issuers on their regulatory compliance and corporate governance issues. He was ranked as Singapore's Top 40 Most Influential Lawyers aged 40 and under by Singapore Business Review (2015).

Currently, he is a Non-Executive and Lead Independent Director of Willas-Array Electronics (Holdings) Limited, listed on both SGX-ST Mainboard (Stock Code: BDR) and the Mainboard of Hong Kong Stock Exchange (Stock Code: 00854), since August 2023, the Non-Executive and Independent Chairman of Polaris Limited, a SGX-ST Catalist listed company (Stock Code: 5BI) since March 2024, a Non-Executive and Lead Independent Director of Accrelist Limited, a SGX-ST Catalist listed company since July 2024, a Non-Executive and Independent Director of China Yuanbang Property Holdings Limited, listed on SGX-ST Mainboard (Stock Code: BCD) since September 2023, and a Non-Executive and Independent Director of AJJ Medtech Holdings Limited, a SGX-ST Catalist listed company (Stock Code: 584) since June 2020.

He is also the Company Secretary of LHN Limited, listed on both SGX-ST Mainboard (Stock Code: 41O) and the Mainboard of Hong Kong Stock Exchange (Stock Code: 1730) since April 2020, Shanghai Turbo Enterprises Ltd., a SGX-ST Mainboard listed company (Stock Code: AWM) since October 2022, Sincap Group Limited, a SGX-ST Catalist listed company (Stock Code: 5UN) since November 2021 and GS Holdings Limited, a SGX-ST Catalist listed company (Stock Code: 43A) since March 2025. He was previously the joint company secretary and company secretary, as the case may be, of 3 SGX-ST Mainboard listed companies: Hanwell Holdings Limited (Singapore Stock Code: DM0), Intraco Limited (Singapore Stock Code: I06), and Tat Seng Packaging Group Ltd (Singapore Stock Code: T12) between March 2012 and October 2012 and China Vanadium Titano-Magnetite Mining Company Limited, a company listed on Mainboard of the Hong Kong Stock Exchange (Stock Code: 893) between December 2019 and March 2025.

BOARD OF DIRECTORS

SOON JEFFREY

Executive Director and Chief Executive Officer

Mr Soon Jeffrey is our Executive Director and Chief Executive Officer. Mr Soon was appointed to our Board on 1 January 2016. He is a member of our Nominating Committee.

Mr Soon oversees the Group's day-to-day operations and determines the Group's strategic direction for business growth. Mr Soon joined the Company in May 2005 as a Project Engineer. He has held the position as Group Sales & Business Development Director before assuming his current appointment.

Mr Soon has a Master of Business and Administration from Singapore Management University and a Bachelor of Engineering (Honours) (Mechanical and Production Engineering) from Nanyang Technological University.

LIE LY @ LIELY LEE

Non-Executive and Independent Director

Ms Lie Ly @ Liely Lee was appointed to our Board on 28 July 2018. She chairs both our Audit and Risks Management Committee and the Remuneration Committee and is a member of our Nominating Committee.

Currently, Ms Lee is the CEO and Director of PT Pelayaran Bina Buana Raya TBK. (PT BBR Tbk.) a company listed on the Indonesia Stock Exchange. She also holds the position of Non-Executive Director at Marco Polo Marine Ltd (Stock Code: 5LY), listed on the Mainboard of the SGX-ST.

With over 25 years of experience in accounting and finance across listed companies in Singapore and Indonesia, Ms Lee has played a pivotal role in shaping the strategic growth trajectories of the organizations she has been part of. Her expertise goes beyond traditional financial management, as she has spearheaded transformative restructuring initiatives, driving revitalization and long-term success for the companies she serves.

Ms Lee holds a Bachelor of Commerce from Murdoch University in Western Australia and a Master of Accounting from Curtin University, also in Western Australia. She is a qualified Chartered Public Accountant (CPA) Australia.

BOARD OF DIRECTORS

LIM SOON HOCK
Non-Executive and Non-Independent Director

Mr Lim Soon Hock is our Non-Executive and Non-Independent Director and was appointed to our Board on 1 May 2018, as a nominee of Tru-Marine Pte Ltd. He is a member of our Audit and Risks Management Committee, and Remuneration Committee. Mr Lim has more than 30 years of experience as a board member (in the public, private and people sectors), CEO, technopreneur and private investor, across various highly competitive industries in a global environment.

After stepping down from Compaq Computer Asia Pacific, where he was the first Asian appointed to the position of Vice President and Managing Director for the Asia Pacific, he had been involved in taking companies public, M&As and consulting for several global MNCs and promising SMEs.

Mr Lim is a Board Member and/or Senior Advisor of several public listed and private companies (local and global); an Adjunct Professor with the National University of Singapore; a Mediator with our State Courts Singapore, Singapore Mediation Centre, Singapore International Mediation Institute and Community Mediation Centre. He received several awards, including two National Day Awards, in recognition of his work and public service.

JAMES LOKE
Alternate Director to Mr Lim Soon Hock

James Loke is responsible for shaping the overall strategy of the Tru-Marine Group, with a strong focus on global sales and marketing strategy development, execution, and expansion across the Group's service stations in Singapore, China (Shanghai, Zhoushan, Guangzhou, Weihai), the United Arab Emirates (Dubai), and the Netherlands (Rotterdam).

With over 20 years of experience in the shipbuilding and repair sector, James has held various leadership roles within Tru-Marine. He began his journey in the company's management trainee program, gaining hands-on experience across all departments before being appointed Director of Sales and Marketing. In 2008, he played a pivotal role in the establishment of Tru-Marine Rotterdam, developing business systems and processes in line with the Group's policies.

In 2021, he assumed the role of Group Chief Executive Officer, leading Tru-Marine's global expansion, innovation initiatives, and strategic transformations to strengthen the company's position in the marine engineering sector. Under his leadership, the company continues to push boundaries in service excellence, digitalization, and sustainability, ensuring long-term value for customers and stakeholders.

As Group CEO, James leads cross-functional strategic initiatives to enhance customer experience and drive operational excellence, ensuring the achievement of service-level targets. His team oversees key account management, business partnerships, brand management, external stakeholder engagement, media relations, and corporate social responsibility.

James holds a Bachelor of Engineering degree from University College London and a Bachelor of Commerce degree from Curtin University.

KEY MANAGEMENT PERSONNEL

SAM KAI CHYUAN
Chief Financial Officer

Mr Sam first joined the Group in August 2024. He is responsible for all matters relating to finance, administration and human resources management of the Group.

Mr Sam has more than 20 years of experience in finance, corporate and investment banking experience. He has working experience as the chief financial officer of a property investment company and an electronics manufacturer, as well as holding senior positions in a fintech company, large property investment company and business trust.

Mr Sam has completed an Executive Master Class on Advances in Real Estate Capital Market by National University of Singapore and holds a Bachelor Degree of Finance from National Taiwan University.

SOON JENSON
Group General Manager (Operation)

Mr Soon is responsible for the overall supervision and management of the Group's engineering and operations. His responsibilities include oversight of quality control and adherence to our Health and Safety Policy.

Mr Soon joined Heatec in January 2008 as an Engineering Manager and held the position of Assistant General Manager (Engineering & Operations) till March 2013. Prior to his current appointment, Mr Soon was a Project Director with Viking Airtech Pte Ltd.

Mr Soon has a Master of Business and Administration from Nanyang Technological University, a Master of Mechanical & Aerospace Engineering from the Illinois Institute of Technology, Chicago, USA and a Bachelor of Engineering (Mechanical & Production Engineering) (Second Class Honours) from Nanyang Technological University.

KOH LAY CHENG
General Manager – Commercial & Procurement

Ms Koh is responsible for all commercial and procurement activities relating to our Group's Heat Exchanger and Piping businesses.

Ms Koh joined Heatec in July 1995, and has held various positions in various departments ranging from that of Manager to that of General Manager – Operations before assuming her current appointment.

Ms Koh has a Diploma in Marine Engineering from the Singapore Polytechnic.

FINANCIAL REVIEW

PERFORMANCE REVIEW

REVENUE BY SEGMENTS

	FY2024		FY2023		Variance	
	S$'000	%	S$'000	%	S$'000	%
Heat Exchanger	9,800	48.7	16,174	64.5	(6,374)	(39.4)
Chemical Cleaning	3,113	15.4	3,251	13.0	(138)	(4.2)
Piping	7,064	35.1	5,497	21.9	1,567	28.5
Trading	155	0.8	143	0.6	12	8.4
	20,132	**100.0**	**25,065**	**100.0**	**(4,933)**	**(19.7)**

In FY2024, the Group posted a 19.7% decline in revenue to S$20.1 million, primarily driven by a reduction in the Heat Exchanger segment, which reported a 39.4% decrease in sales to S$9.8 million. On the other hand, the Piping segment saw an increase in revenue of 28.5% from S$5.5 million in FY2023 to S$7.1 million in FY2024. Revenue from the Chemical Cleaning segment experienced a decrease of 4.2% to S$3.1 million. Revenue from the Trading segment showed a marginal increase of 8.4% to S$0.16 million.

From a segmental perspective, the Heat Exchanger business accounted for 48.7% of total revenue (FY2023: 64.5%) while the Chemical Cleaning segment contributed 15.4% (FY2023: 13.0%) and Piping segment showed a notable increase, contributing 35.1% of total revenue (FY2023: 21.9%). The Trading segment maintained a small share, accounting for 0.8% of the total revenue (FY2023: 0.6%).

PROFITABILITY

	FY2024	FY2023	Variance	
	S$'000	S$'000	S$'000	%
Gross profit	7,211	8,149	(938)	(11.5)
Gross profit margin	35.8%	32.5%	–	3.3 ppt
Other operating income	305	426	(121)	(28.4)
Administrative expenses	(6,957)	(7,783)	826	(10.6)
Other operating expenses	(17)	(70)	53	>100
Net impairment losses on financial assets	(234)	(839)	605	>100
Impairment of goodwill	(1,011)	(375)	(636)	>100
Finance costs	(481)	(501)	20	(4.0)
Share of results of associates	130	123	7	5.7
Loss before tax	**(1,054)**	**(870)**	**(184)**	**21.1**
Income tax credit	11	2	9	NM
Loss for the year	**(1,043)**	**(868)**	**(175)**	**20.2**

Ppt – percentage points
NM – not meaningful
* – Less than a thousand

FINANCIAL REVIEW

For the full year ended 31 December 2024, the Group achieved a gross profit of S$7.2 million, representing a decline of 11.5% compared to the previous year, However, the gross profit margin improved by 3.3 percentage points, reaching 35.8% in FY2024. This improvement was primarily attributable to better profitability of Heat Exchanger projects secured in repair and services.

Other operating income decreased by 28.4% to S$0.3 million primarily due to lesser government grants received.

Administrative expenses decreased by 10.6% to S$7.0 million, reflecting lower professional fees, reduced office expenses, and lower staff-related costs.

Finance costs remained stable at approximately S$0.5 million.

Following a performance review of a subsidiary, the Group recorded a goodwill impairment amounting to S$1.0 million. Overall, the Group reported a net loss of S$1.0 million for FY2024.

FINANCIAL POSITION

	As at 31 December 2024	As at 31 December 2023	Variance	
	S$'000	S$'000	S$'000	%
Non-current assets	7,407	9,182	(1,775)	(19.3)
Current assets	13,216	16,086	(2,870)	(17.8)
Non-current liabilities	1,563	2,591	(1,028)	(39.7)
Current liabilities	8,243	10,818	(2,575)	(23.8)
Working capital	4,973	5,268	(295)	(5.6)
Equity attributable to owners of the Company	10,993	11,926	(993)	7.8
Net asset value per share (Singapore cents)	5.28	5.79	(0.5)	(8.8)

As of 31 December 2024, the Group's net asset value per share stood at 5.28 Singapore cents, reflecting a decline of 8.8% compared to the prior year. The Group's working capital remained relatively stable, decreasing marginally by 5.6% to S$5.0 million.

Non-current assets

Non-current assets decreased by 19.3% to S$7.4 million largely due to the impairment of goodwill and depreciation charges. This impairment was in line with the Group's review of asset valuations.

Current assets

Current assets decreased by 17.8% to S$13.2 million, mainly due to a decline in contract assets and cash and bank balances. Contract assets amount was lower due to more settlement of work-in progress in the Piping segment. Trade and other receivables increased by S$0.7 million, reflecting higher outstanding amounts due to increased business activities.

Non-current liabilities

Non-current liabilities decreased by 39.7% to S$1.6 million, primarily due to the change of long-term borrowings to short-term borrowings.

Current liabilities

Current liabilities decreased by 23.8% to S$8.2 million, primarily due to the repayment of bank borrowings, lower trade and other payables and contract liabilities.

FINANCIAL REVIEW

CASH FLOW

	FY2024	FY2023	Variance	
	S$'000	S$'000	S$'000	%
Net cash generated from operating activities	1,367	1,384	(17)	(1.2)
Net cash (used in)/generated from investing activities	(13)	93	NM	NM
Net cash used in financing activities	(2,029)	(1,346)	(683)	(50.7)
Cash and cash equivalents as at end of the financial year	1,205	1,881	(676)	(35.9)

In FY2024, the Group's net cash generated from operating activities decreased by 1.2% year-on-year to S$1.4 million, primarily due to:

- Operating profit inflows before changes in working capital amounting to S$1.5 million.
- Net working capital outflow of S$0.1 million, driven by an increase in changes in trade and other receivables and contract assets of S$1.9 million, offset by decrease in changes in trade and other payable contract liabilities of S$2.0 million.

During the year in review, the Group's net cash used in investing activities amounted to S$0.01 million, primarily due to purchases of property, plant, and equipment, and was offset by dividend received from an associate.

Net cash used in financing activities for the year amounted to S$2.0 million, primarily as a result of repayment of bank loans and trade financing amounting to S$7.2 million. These were partially offset by proceeds from bank loans and trade financing totaling S$5.8 million. Aggregate interest paid amounted to S$0.4 million in FY2024.

As a result, the Group's cash and cash equivalents decreased by 35.9%, ending the year at S$1.2 million as of 31 December 2024.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE:
Mr. Soon Jeffrey
(Chief Executive Officer and Executive Director)

NON-EXECUTIVE:
Mr. Chong Eng Wee
(Non-Executive and Independent Chairman)
Ms. Lie Ly @ Liely Lee
(Non-Executive and Independent Director)
Mr. Lim Soon Hock
(Non-Executive and Non-Independent Director)

ALTERNATE:

Mr. Loke Chern Wei, James
(Alternate Director to Mr. Lim Soon Hock)

AUDIT AND RISKS MANAGEMENT COMMITTEE

Ms. Lie Ly @ Liely Lee (Chairman)
Mr. Chong Eng Wee
Mr. Lim Soon Hock

NOMINATING COMMITTEE

Mr. Chong Eng Wee (Chairman)
Ms. Lie Ly @ Liely Lee
Mr. Soon Jeffrey

REMUNERATION COMMITTEE

Ms. Lie Ly @ Liely Lee (Chairman)
Mr. Chong Eng Wee
Mr. Lim Soon Hock

COMPANY SECRETARY

Casey Yew Junxi

REGISTERED OFFICE

10 Tuas South Street 15, Singapore 637076
Tel: (65) 6861 1433
Fax: (65) 6861 1347
Email: finance@heatec.com.sg
Website: http://www.heatecholdings.com

SHARE REGISTRAR/SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITORS

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
1 Raffles Place
#04-61/62 One Raffles Place
Tower 2
Singapore 048616

AUDIT PARTNER-IN-CHARGE

Chan Ser
(Since the financial year ended 31 December 2023)

CONTINUING SPONSOR

Novus Corporate Finance Pte. Ltd.
7 Temasek Boulevard, #04-02 Suntec Tower 1
Singapore 038987

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or "**Directors**") of Heatec Jietong Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance and is committed to ensuring the practices recommended in the Code of Corporate Governance 2018 issued in August 2018 (the "**Code**") are complied with. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long-term shareholders' value and protect the interests of shareholders.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2024 ("**FY2024**"), with specific reference made to the Principles and the Provisions of the Code, which form part of the continuing obligations under the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

The Company confirms that during FY2024, it has adhered to the Principles of the Code and the Provisions of the Code (except where otherwise explained). In areas where the Company's practices vary from any Provision of the Code, the Company has stated herein the Provision of the Code from which it has varied, and appropriate explanations are provided for the variation and how the practices the Company has adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

I. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1

Principle Duties of the Board

The Company is headed by an effective Board to lead and control its operations and affairs. The Board is entrusted with the responsibility for the overall management and corporate governance of the Group, including establishing strategic objectives and providing entrepreneurial leadership. The Board's key responsibilities include charting and reviewing the Group's overall business strategy, supervising the management personnel of the Company (the "**Management**") and reviewing the Group's financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

In addition, the Board has an obligation to shareholders of the Company ("**Shareholders**") and other stakeholders of the Company to safeguard their interests and the Company's assets by establishing a framework of prudent and effective controls which enables risks to be assessed and managed, setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met, as well as identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation.

Code of Business Conduct and Ethics

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount. The Company is also committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law.

Conflict of Interests

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognisant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors and shall, in any event, recuse himself or herself from the decision-making process.

Pursuant to Section 156 of the Companies Act 1967 of Singapore (the "**Companies Act**"), each Director is to declare to the Company his or her interests (direct or indirect) in all transactions with the Company and/or the Group and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested person transactions.

Provision 1.2

Director Competencies

All Directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all Directors, a listed Board will generally have different classes of directors with different roles:

- **Executive Directors (EDs)** are members of Management who are involved in the day-to-day running of the business. They work closely with the Non-Executive Directors on the long-term sustainability and success of the businesses. They provide insight and recommendations on the Group's operations at the Board and Board Committees meetings.

- **Non-Executive Directors (NEDs)** do not participate in the business operations. They constructively challenge Management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of Management's performance in achieving the strategic objectives of the Group as well as the appointment, assessment and remuneration of the Executive Directors and key personnel of the Group.

- **Independent Directors (IDs)** are Non-Executive Directors who are unrelated to any of the Executive Directors and are deemed to be impartial by the Board. Independent Directors have similar duties as the Non-Executive Directors, with the additional responsibility of providing independent and objective advice and insight to the Board and Management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

Appointment Letter

Each newly appointed Director will be provided with a formal letter of appointment, explaining, among other matters, the roles, obligations, duties and responsibilities, and the expectations of his or her contribution to the Company as a member of the Board.

CORPORATE GOVERNANCE REPORT

Directors' Orientation and Training

The Company does not have a formal training program for Directors, however, all new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic direction and industry-specific knowledge, corporate functions and governance practices, as well as the expected duties of a director of a listed company. To better understand the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management.

The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry-specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company.

The Company encourages existing Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a director of a public listed company in Singapore, and such training will be funded by the Company.

All Directors are provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("**ACRA**") and other relevant regulatory bodies which are relevant to the Group and/or Directors are circulated to the Board.

Seminars and Trainings attended by Directors in FY2024

Details of updates provided to, and seminars and training programs attended by the Directors in FY2024 include, amongst others, the following:

- Top Executive WSH Programme (TEWP)
- Fundamentals of the Personal Data Protection Act

Provision 1.3

Matters Requiring Board's Approval

The Company has in place internal guidelines on matters which specifically require the Board's decision or approval, which have been clearly communicated to Management, including but not limited to the following:

(a) approval of announcements released via SGXNet, including announcements on financial results;

(b) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual report;

(c) dividend matters;

(d) authorisation of banking facilities and corporate guarantees;

(e) approval of change in corporate business strategy and direction;

(f) appointment and cessation of Directors and key management personnel;

(g) any matters relating to general meetings, Board and Board Committees; and

(h) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

CORPORATE GOVERNANCE REPORT

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management of the Company via a structured delegation of authority matrix, which is reviewed on a regular basis and revised accordingly when necessary.

Provision 1.4

Delegation by the Board

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, the Board has established a number of Board committees, namely the Audit and Risks Management Committee (the "**ARMC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"). Each of the Board Committees function within clearly defined terms of references and operating procedures endorsed by the Board, which are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration any changes in the governance and legal environment. The Board Committees will also review their terms of reference on a regular basis to ensure their continued relevance, and the effectiveness of each Board Committee is also constantly reviewed by the Board. The composition and description of each Board Committee are set out in this report. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference are revised as and when appropriate for alignment with the Code.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Each Board Committee reports its activities regularly to the Board. Please refer to the respective principles as set out in this report for further information on the activities of each Board Committee. Minutes of the Board Committees meetings are regularly provided to the Board and are available to all Board members. The Board acknowledges that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation from Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior Management personnel to attend their meetings.

Provision 1.5

Board and Board Committees Meetings

The schedule of all the Board and Board Committees meetings as well as the annual general meeting of the Company (the "**AGM**") for the next calendar year is planned well in advance. The Board meets at least twice a year and whenever warranted by particular circumstances. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board undertakes informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

Regulation 104(4) of the Company's Constitution allows Board meetings to be conducted by means of conference telephone, videoconferencing, audiovisual, or other electronic means of communication by which all persons participating in the meeting can hear one another contemporaneously. Board and Board Committees meetings in FY2024 were conducted through a mixture of physical meetings, video conference and/or other means of telecommunication. Decisions of the Board and Board Committees may also be obtained through circulating resolutions in writing.

CORPORATE GOVERNANCE REPORT

The attendance of each Director at meetings of the Board and Board Committees in FY2024 as well as the frequency of such meetings held are set out in the table below:

	Board of Directors				**ARMC**					**NC**		**RC**	
	4				**4**					**1**		**1**	
No. of Meetings held	**1/4**	**2/4**	**3/4**	**4/4**	**Member**	**1/4**	**2/4**	**3/4**	**4/4**	**Member**	**1/1**	**Member**	**1/1**
Present Directors													
Soon Yeow Kwee Johnny[1]	✓	✓	✓	N/A	No	✓*	✓*	✓*	N/A	No	✓*	No	✓*
Lim Soon Hock[2]	✓	✓	✓	✓	Yes	✓*	✓*	✓*	✓	No	✓	Yes	✓
Soon Jeffrey	✓	✓	✓	✓	No	✓*	✓*	✓*	✓*	Yes	✓	No	✓*
Chong Eng Wee[3] (Zhang Yingwei)	✓	✓	✓	✓	Yes	✓	✓	✓	✓	Chairman	✓	Yes	✓*
Anthony Ang Meng Huat[4]	✓	✓	✓	N/A	No	✓	✓	✓	N/A	No	✓*	No	✓
Lie Ly @ Liely Lee[5]	✓	✓	✓	✓	Chairman	✓	✓	✓	✓	Yes	✓*	Chairman	✓
Chua Siong Kiat[6]	✓	✓	✓	N/A	No	✓	✓	✓	N/A	No	✓*	No	✓*
Loke Weng Seng[7] (Alternate Director to Lim Soon Hock)	✓	X	X	N/A	No	✓*	X	✓*	N/A	No	✓*	No	✓*
Loke Chern Wei, James[8] (Alternate Director to Lim Soon Hock)	N/A	N/A	N/A	✓	No	N/A	N/A	N/A	✓*	N/A	N/A	N/A	N/A

✓ – Attendance at the meeting as a member of the Board/Board Committee
* – Attendance by invitation of the relevant Board Committee
N/A – Not Applicable

Notes:–

(1) Mr. Soon Yeow Kwee Johnny resigned as the Executive Chairman with effect from 1 August 2024.

(2) Mr. Lim Soon Hock stepped down from his position as member of the Nominating Committee and was appointed as a member of the Audit and Risks Management Committee with effect from 1 August 2024. He remains a member of the Remuneration Committee.

(3) Mr. Chong Eng Wee was redesignated as Non-Executive and Independent Chairman of the Company and was appointed as a member of the Remuneration Committee with effect from 1 August 2024. He remains as the Chairman of the Nominating Committee and a member of the Audit and Risks Management Committee.

(4) Mr. Anthony Ang Meng Huat resigned as a Non-Executive and Independent Director with effect from 1 August 2024 and stepped down from his position as the Chairman of the Remuneration Committee and a member of the Audit and Risks Management Committee of the Company.

(5) Ms. Lie Ly @ Liely Lee was appointed as the Chairman of the Audit and Risks Management Committee and Remuneration Committee and a member of the Nominating Committee with effect from 1 August 2024.

(6) Mr. Chua Siong Kiat resigned as a Non-Executive and Independent Director with effect from 1 August 2024 and stepped down from his position as the Chairman of the Audit and Risks Management Committee of the Company.

(7) Mr. Loke Weng Seng resigned as the Alternate Director to Mr. Lim Soon Hock with effect from 1 August 2024.

(8) Mr. Loke Chern Wei, James was appointed as the Alternate Director to Mr. Lim Soon Hock with effect from 1 August 2024.

If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairman of the Board or the Board Committees of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination or re-nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as whether sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, and that sufficient time and attention are given to the affairs of the Company, after taking into consideration the number of listed company board representations and other principal commitments in FY2024 of each Director. In view of this, the Board does not limit the maximum number of listed company board representations which a Director may hold as long as each Director is able to commit his or her time and attention to the affairs of the Company and adequately carries out his or her duties as a Director. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit.

Provision 1.6

Access to Information

All Directors have unrestricted access to the Company's records and information and are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. From time to time, the Directors are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of Management. This knowledge is essential for the Directors to engage in informed and constructive discussions.

Detailed Board papers are prepared and circulated to the Directors before each Board and Board Committee meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Members of the Management who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting and Board Committee meetings.

The Board receives quarterly financial performance results, annual budgets and explanations on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also updated on the Group's matters during quarterly board meetings, and as and when there are any significant developments or events relating to the Group's business operations.

In particular, to ensure that Non-Executive Directors are well supported by accurate, complete and timely information, all Non-Executive Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by Management on major decisions and prospective business deals.

CORPORATE GOVERNANCE REPORT

Provision 1.7

Access to Management and Company Secretary

The Directors have separate and independent access to Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, at all times through email, telephone and face-to-face meetings.

The Directors may also liaise with Management as and when required to seek additional information. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or his representatives attend all the Board and Board Committees meetings and prepare minutes of the meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Independent Professional Advice

Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties and responsibilities, the Company will appoint such professional adviser(s) to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

Director Independence

The criterion for independence is based on the definition set out in the Code and the Practice Guidance of the Code of Corporate Governance issued in August 2018 (the "**Practice Guidance**") and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" Director as one who is independent in conduct, character and judgment, has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company.

The NC shall conduct an annual review to determine the independence of the Independent Directors according to the Code and the Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Independent Directors before tabling its finding and recommendations to the Board for approval.

For FY2024, the Independent Directors (namely Mr. Chong Eng Wee (Zhang Yingwei), Mr. Anthony Ang Meng Huat, Ms. Lie Ly @ Liely Lee and Mr. Chua Siong Kiat) have confirmed that neither they nor their immediate family members have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment in the best interests of the Company, and do not fall under any of the circumstances set out in Rule 406(3)(d) of the Catalist Rules. Furthermore, the foregoing Independent Directors have also confirmed that they were not in any foreseeable situation that could compromise their independence of thought and decision. As of 1 August 2024, Mr. Anthony Ang Meng Huat and Mr. Chua Siong Kiat have resigned as Non-Executive and Independent Directors of the Company.

The Board, based on the review conducted by the NC, has determined that the foregoing Directors are independent.

Duration of Independent Directors' Tenure

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his or her first appointment. The Company is also cognizant of the removal of the two-tier vote mechanism by the Singapore Exchange Regulation and will ensure that the tenure of each of its Independent Directors does not exceed the nine-year limit.

Provision 2.2

Proportion of Independent Non-Executive Directors

Provision 2.2 of the Code states that independent directors are to make up the majority of the Board where the Chairman is not independent.

Following the resignation of Mr. Soon Yeow Kwee Johnny as the Executive Chairman of the Company with effect from 1 August 2024, Mr. Chong Eng Wee (Zhang Yingwei) has been redesignated as the Non-Executive and Independent Chairman of the Company.

As at the date of this report, the Board comprises of two (2) Independent Directors (out of a four (4)-member Board). Given that the Chairman is independent, Provision 2.2 of the Code is not applicable to the Company.

Provision 2.3

Proportion of Non-Executive Directors

Provision 2.3 of the Code states that non-executive directors should make up a majority of the Board. As at the date of this report, the Board comprises a majority of three (3) Directors (out of a four (4)-member Board) who are Non-Executive Directors.

Provision 2.4

Board Composition and Size

As at the date of this report, the Board comprises the following four (4) Directors, one (1) of whom is an Executive Director and three (3) of whom are Non-Executive Directors, of which two (2) are Independent Directors:

Executive Director

Soon Jeffrey	–	Executive Director and Chief Executive Officer ("**CEO**")

Non-Executive Directors

Chong Eng Wee (Zhang Yingwei)[(1)]	–	Non-Executive and Independent Chairman
Lim Soon Hock (Alternate Director – Loke Chern Wei, James[(2)])	–	Non-Executive and Non-Independent Director
Lie Ly @ Liely Lee	–	Non-Executive and Independent Director

Notes:–

(1) Following the resignation of Mr. Soon Yeow Kwee Johnny as the Executive Chairman with effect from 1 August 2024, Mr. Chong Eng Wee was redesignated as Non-Executive and Independent Chairman of the Company with effect from 1 August 2024.

(2) Following the resignation of Mr. Loke Weng Seng as the Alternate Director to Mr. Lim Soon Hock with effect from 1 August 2024, Mr. Loke Chern Wei, James was appointed as the Alternate Director to Mr. Lim Soon Hock with effect from 1 August 2024.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's operations, the requirements of the businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity of skills, experience and knowledge of the Group without interfering with efficient decision-making.

CORPORATE GOVERNANCE REPORT

Board Diversity

The Company has a Board Diversity Policy which sets out guidelines in identifying nominees for directorship positions withing the Company, and is primarily focused on having an appropriate mix of expertise with complementary skills, core competencies and experiences for facilitating effective decision-making, regardless of gender. The Board Diversity Policy emphasises that a balanced composition of skills, experience, and background at the Board level is essential to provide a range of perspectives, insights, and challenges. This will enable the Board to discharge its duties and responsibilities effectively, make informed decisions that align with the Company's core businesses and strategy, and support succession planning and development of the Board. In recognition of the importance and value of gender diversity in the composition of the Board, the Company appointed a female Director in July 2018. Each Director has been appointed based on his or her skills, experience and knowledge, and is expected to bring forth his or her experience and expertise to the Board for the continuous development of the Group.

The Board Diversity Policy does not specify any specific targets or accompanying plans and timelines for achieving diversity. Instead, the policy emphasises that measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. It is the responsibility of the NC to monitor the achievement of these measurable objectives and report on progress in the Corporate Governance Report annually. The NC reviews the policy at least annually to ensure its effectiveness. The NC will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

All Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and Shareholders. To maintain and/or enhance the balance and diversity of the Board, the NC will review the board composition annually to assess whether the existing attributes and core competencies of the Board are adequate for the Board to discharge its responsibilities effectively, taking into account the Group's existing risk profile, business operations and future business strategy, and will consider the results of such review in putting forth its recommendation for the appointment of new Directors and/or re-appointment of incumbent Directors.

Provision 2.5

Meeting of Non-Executive Directors (including Independent Directors) without Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Non-Executive Directors (including Independent Directors) are encouraged to meet without the presence of Management, so as to facilitate a more effective check on Management. The Lead Independent Director shall lead the meetings among the Non-Executive Directors (including Independent Directors) without the presence of other Directors. The Lead Independent Director shall provide feedback to the Board and the Chairman of the Board after such meetings, where necessary.

In FY2024, the Non-Executive Directors, led by the Lead Independent Director, have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes and succession planning as well as leadership development and the remuneration of Directors and key management personnel of the Company ("**KMPs**").

Following the redesignation of Mr. Chong Eng Wee (Zhang Yingwei) as the Non-Executive and Independent Chairman of the Company with effect from 1 August 2024, it is now his role as the Non-Executive and Independent Chairman to lead the meetings among the Non-Executive Directors (including Independent Directors) without the presence of other Directors and provide feedback to the Board after such meetings, where necessary.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separation of the Role of Chairman and Chief Executive Officer

Following the resignation of Mr. Soon Yeow Kwee Johnny as the Executive Chairman of the Company with effect from 1 August 2024, Mr. Chong Eng Wee (Zhang Yingwei) has been redesignated as the Non-Executive and Independent Chairman of the Company. Mr Soon Jeffrey remains the CEO of the Company.

The Chairman of the Board and the CEO are separate persons who are not related to each other, thus maintaining an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and Management responsible for managing the Group's business operations.

Provision 3.2

Role of Chairman and Chief Executive Officer

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management and effective communication with Shareholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with Management, as well as facilitates effective contribution from the Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

(a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary and his representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;

(b) ensuring that all agenda items are adequately and openly debated at the Board meetings;

(c) ensuring that all Directors receive complete, adequate and timely information; and

(d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees the execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Chairman and the ARMC, and recommended to the Board for its consideration and approval. The performance and remuneration package of the CEO is reviewed periodically by the NC and the RC. As of the date of this report, the Board comprises two (2) Independent Directors out of a four (4)-member Board, and the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

CORPORATE GOVERNANCE REPORT

Provision 3.3

Lead Independent Director

The Board had a Lead Independent Director, Mr. Chong Eng Wee (Zhang Yingwei), who provided leadership in situations where the previous Executive Chairman, who is not an Independent Director, was conflicted. The Lead Independent Director was a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between Shareholders, the Chairman and the Board.

The Lead Independent Director's role included chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead Independent Director assisted the NC in conducting annual performance evaluations and development of succession plans for the Chairman and CEO, and collaborated with the RC on designing and assessing both the Chairman's and CEO's remuneration.

As the Lead Independent Director, he made himself available at all times when Shareholders had concerns and for which contact through the normal channels of communication with the Chairman, the CEO or Management have failed to resolve or is inappropriate, as well as at the Company's general meetings.

Following the resignation of Mr. Soon Yeow Kwee Johnny as the Executive Chairman on 1 August 2024, Mr. Chong Eng Wee (Zhang Yingwei) was redesignated as the Non-Executive and Independent Chairman of the Company. As a result, the role of Lead Independent Director has been vacated as at the date of this report. Mr. Chong Eng Wee (Zhang Yingwei) will continue to make himself available to Shareholders and can be contacted at engwee.chong@heatec.com.sg.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

Roles and Duties of Nominating Committee

The Board has established the NC since 2009 with written terms of reference which clearly set out its authority and duties. The NC reports to the Board directly.

The terms of reference of the NC, which was revised and adopted for alignment with the Code and Catalist Rules, set out its duties and responsibilities. Amongst them, the NC is responsible for:–

1. regularly and strategically reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;

2. identifying and nominating candidates to fill Board vacancies as they occur;

3. requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;

4. sending the newly appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;

5. recommending the membership of the Board Committees to the Board;

6. reviewing the independent status of the Independent Directors (in accordance with Catalist Rule 406(3)(d) and Provision 2.1 of the Code), if applicable, annually, or when necessary, along with issues of conflict of interests;

7. developing the performance evaluation framework for the Board, the Board Committees and individual Directors and proposing objective performance criteria for the Board, the Board Committees and individual Directors;

8. recommending that the Board removes or reappoints a Director (including alternate director(s)) at the end of his or her term, and recommending the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;

9. reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;

10. reviewing and ensuring that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;

11. reviewing the Board's succession plans for directors, in particular the appointment and/or replacement of the Board Chairman, Directors, CEO and KMPs;

12. keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates;

13. review of training and professional development programmes for the Board and its Directors, where applicable; and

14. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

Provision 4.2

Nominating Committee Composition

As at the date of this report, the NC comprised three (3) members, the majority of whom, including the Nominating Committee Chairman, are Independent:

Chong Eng Wee (Zhang Yingwei)	–	Chairman
Lie Ly @ Liely Lee[1]	–	Member
Soon Jeffrey	–	Member

Note:

(1) Ms. Lie Ly @ Liely Lee was appointed as a member of the Nominating Committee in place of Mr. Lim Soon Hock with effect from 1 August 2024.

Provision 4.3

Nomination and Selection of Directors

Where a vacancy arises pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board would benefit from the services of a new Director with a particular skillset, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC may also approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board and the Board approves such appointment.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors, amongst others, to consider succession planning and refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

When an existing Director chooses to retire, or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

Re-election of Directors

Regulation 98 of the Company's Constitution provides that at each AGM, at least one-third of the Directors, for the time being, shall retire from office by rotation and submit themselves for re-election, provided that all Directors shall retire from office at least once every three (3) years. Rule 720(4) of the Catalist Rules also provides that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

Regulation 99 of the Company's Constitution provides that the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself or herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. Between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by the drawing of lots. A retiring Director shall be eligible for re-election.

Regulation 102 of the Company's Constitution provides that the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by the Company's Constitution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

In this respect, the Board has accepted the NC's nomination of the following Directors for re-election at the forthcoming AGM:–

(a) Mr. Lim Soon Hock, who is retiring by rotation pursuant to Regulations 98 and 99 of the Company's Constitution. Mr. Loke Chern Wei, James, who is the alternate director to Mr. Lim Soon Hock, will remain as the alternate director, subject to Mr. Lim Soon Hock's reappointment as a Director of the Company; and

(b) Mr. Chong Eng Wee, who is retiring by rotation pursuant to Regulations 98 and 99 of the Company's Constitution.

Mr. Lim Soon Hock has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director and a member of the Audit and Risks Management Committee and Remuneration Committee.

Mr Chong Eng Wee has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Chairman, Chairman of the NC and a member of the Audit and Risks Management Committee and Remuneration Committee. He is also considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

In making the recommendation, the NC has considered the Directors' overall contributions and performance. Pursuant to Rule 720(5) of the Catalist Rules, information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules is disclosed as follows.

Name of Director	**Lim Soon Hock**	**Loke Chern Wei, James**	**Chong Eng Wee**
Date of Appointment	1 May 2018	1 August 2024	16 April 2018
Date of last re-appointment (if applicable)	24 May 2023	–	24 May 2023
Age	75	48	45
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr. Lim Soon Hock ("**Mr Lim**") as the Non-Executive and Non-Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	Mr Loke Chern Wei, James, who is currently the alternate Director to Mr Lim (Non-Executive and Non-Independent Director of the Company), will continue in office if Mr Lim is re-elected as a Director of the Company at the forthcoming AGM. The Board has considered the expertise and experience, as well as the business and financial backgrounds of Mr Loke Chern Wei, James and is satisfied that Mr Loke Chern Wei is appropriately qualified to serve as an alternate Director to Mr Lim.	The re-election of Mr Chong Eng Wee as the Non-Executive and Independent Chairman of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company. The Board considers Mr. Chong Eng Wee to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, ARMC Chairman, ARMC member etc.)	Non-Executive and Non-Independent Director, member of the ARMC and member of RC	Alternate Director to Mr Lim.	Non-Executive and Independent Chairman, Chairman of the NC and a member of the ARMC and RC

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
Professional qualifications	• Bachelor of Engineering (Electrical, Honours), University of Singapore, Singapore • Post-grad Diploma of Business Adminstration, National University of Singapore, Singapore • Graduate Certificate in International Arbitration • Registered Professional Engineer(s) • Fellow of Institution of Engineers Singapore • Fellow of Academy of Engineering Singapore • Chartered Engineer (UK) Fellow of Institution of Engineering and Technology (UK) • Honorary Fellow of ASEAN Federation of Engineering Organisations • Fellow of Singapore Computer Society • Fellow of Singapore Institute of Directors • Fellow of Singapore Institute of Arbitrators • Member of the Singapore Mediation Centre's Family Panel of Mediators and Associate Mediators Panel	• Bachelor of Engineering of University College London • Bachelor of Commerce – Marketing and Management of Curtin University	• Advocate & Solicitor, Supreme Court of Singapore • Solicitor, High Court of Hong Kong • Lawyer, Supreme Court of New South Wales, Australia • Barrister & Solicitor, High Court of New Zealand • Bachelor of Laws, Victoria University of Wellington, New Zealand • Graduate Diploma in Singapore Law, National University of Singapore, Singapore • Overseas Lawyers Qualification, the Law Society of Hong Kong
Working experience and occupation(s) during the past 10 years	**2019 – Present** Mediator, Singapore International Mediation Institute **2018 – Present** Adjunct Professor, National University of Singapore **2017 – Present** Deputy Chairman and Senior Advisor of Tru-Marine Pte Ltd **2013 – Present** Mediator, State Courts Singapore **2015 – Present** Mediator, Singapore Mediation Centre **2006 – Present** Managing Director and member of PLAN-B ICAG Pte Ltd	**July 2021 – Present** Group Chief Executive Officer of Tru-Marine Pte. Ltd. **July 2016 – June 2021** Deputy General Manager of Tru-Marine Pte. Ltd. **February 2010 – June 2016** Sales General Manager of Tru-Marine Pte. Ltd.	**August 2021 – Present** Managing Director and Member at Chevalier Law LLC **October 2017 – July 2021** Partner & Head of Corporate at Kennedys Legal Solutions Pte Ltd **July 2015 – October 2017** Partner & Deputy Head, Capital Markets & International China Practice (South East Asia) at RHTLaw Taylor Wessing LLP **April 2011 – June 2015** Associate Director & Representative of Shanghai Representative office at Duane Morris & Selvam LLP

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
Shareholding interest in the listed issuer and its subsidiaries	None	None	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes, he is currently the Deputy Chairman and Senior Advisor of Tru-Marine Pte. Ltd., which is a substantial shareholder of the Company.	Mr Loke Chern Wei, James is currently the Chief Executive Officer of Tru-Marine Pte. Ltd. and the son of Mr Loke Weng Seng, a shareholder and Group Executive Chairman of Tru-Marine Pte. Ltd., which is a substantial shareholder of the Company holding direct interests in 32,030,678 shares, representing 15.64% of the issued share capital of the Company.	None
Conflict of interest (including any competing business)	None	Tru-Marine Pte. Ltd. operates in the same general industry as the Company and its subsidiaries. However, Tru-Marine Pte. Ltd. is not a competitor of the Company and its subsidiaries as it provides different products and services as compared to the Company and its subsidiaries. In the event any conflict of interest arises of which Mr Loke Chern Wei, James is reasonably aware in respect of himself and/or Mr Lim Soon Hock, Mr Loke Chern Wei, James will make such conflict known to the Board as soon as he is reasonably made aware so that he may recuse himself from such related discussions and/or decisions and resolutions as most appropriate. Further, any future transactions between the Company or its subsidiaries and any company where Mr Chern Wei, James and/or Mr Lim Soon Hock is a director of or has substantial interest in, will be done on an armslength basis, normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.	None

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	1. REDA Industrial Materials (Holding) Ltd 2. Justice of Peace – Member of Board of Visiting Justices, Singapore Prison Service	1. WFDP Pte. Ltd.	1. GS Holdings Limited 2. Kennedys Legal Solutions Pte Ltd 3. Legal Solutions LLC 4. Wish Hospitality Holdings Private Limited 5. Wish Health Management (Shanghai) Co. Ltd. 6. KTL Global Limited 7. Kingsblade Asia Pte. Ltd.
Present	1. China Fishery Group Limited (incorporated in Cayman islands) 2. DiSa Limited 3. PLAN-B ICAG Pte. Ltd. 4. RIMRISE FZCO 5. Tru-Marine Pte. Ltd. 6. REDA Pte. Ltd. 7. Archer (S) Pte. Ltd. 8. Mundipharma Singapore Holding Pte. Limited 9. Institution of Engineers (Singapore) Fund Ltd 10. A-Sonic Aerospace Limited Other Principal Commitments: 1. Adjunct Professor, National University of Singapore, Singapore 2. Mediator, State Courts of Singapore, Singapore Mediation Centre & Singapore International Mediation Institute, Community Mediation Centre 3. Deputy Registrar of Marriage Licensed Solemnizer, Registry of Marriage 4. Member, Board of Governance, Raffles Girls' Secondary School	1. Pmax One Technologies Pte. Ltd. 2. Tru-Marine Pte. Ltd. 3. Tru-Marine Technologies Pte. Ltd. 4. Tru-Marine Machinery & Engineering Guangzhou Co., Ltd. 5. Tru-Marine Cosco (Tianjin) Engineering Co., Ltd. 6. Trumarine (M) Sdn Bhd	1. Willas-Array Electronics (Holdings) Limited 2. China Yuanbang Property Holdings Limited 3. Accrelist Ltd 4. AJJ Medtech Holdings Limited 5. Polaris Ltd. Other Principal Commitments: 1. Chevalier Law LLC 2. Chevalier CS Pte. Ltd. 3. Nixon Peabody CWL 4. Coronet Ventures (Singapore) Pte. Ltd. 5. Lucky Sesa Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
Disclose the following matters concerning an appointment of director. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. 1. China Fishery Group Limited, of which Mr Lim is an independent director, filed for judicial provisional liquidation in Hong Kong by its bank creditors in November 2015. The Company won the case and subsequently filed for Chapter 11 in the United States of America. 2. Globalroam Group Ltd, of which Mr Lim was the chairman, filed for judicial management after he stepped down on 4 August 2017. The provisional liquidator and liquidator was appointed on 22 November 2017 and 5 February 2018 respectively.	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes 1. In February 2006, while Mr Lim was an independent director of Stratech Systems Limited ("**Stratech**"), Stratech was investigated by the Commercial Affairs Department ("**CAD**") in relation to a possible breach of the Securities and Futures Act 2001 of Singapore ("**SFA**") in relation to a past announcement made relating to the civil litigation brought against it by a former director. The relevant announcement was released by the management without prior approval from the board of directors of Stratech. To the best of Mr Lim's knowledge, the investigation has been closed and no charges were made against any director of Stratech. However, Stratech was subsequently issued a warning by the SGX-ST for the relevant announcement.	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
	2. In August 2015, China Fishery Group Limited ("**China Fishery**") and its subsidiaries were investigated by the Monetary Authority of Singapore and the CAD into an offence under the SFA pursuant to the provisions of the Criminal Procedure Code 2010. This investigation arose out of investigation into the parent company in Hong Kong. None of the independent directors (including Mr Lim) was investigated. In October 2019, China Fishery was informed that the investigation by the authorities had been concluded without any further action being taken with respect to China Fishery and its parent company.		
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

Name of Director	Lim Soon Hock	Loke Chern Wei, James	Chong Eng Wee
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. These disclosures are in respect of the re-election of a Director of the Company.	No. Mr Loke Chern Wei, James, who is currently the alternate Director to Mr Lim Soon Hock (Non-Executive and Non-Independent Director of the Company), will continue in office if Mr Lim Soon Hock is re-elected as a Director of the Company at the forthcoming AGM. Nonetheless, he will be attending the mandatory training courses for first time directors conducted by SID in the financial year ending 31 December 2025 ("**FY2025**") and in any case, within one (1) year of his appointment as an alternate Director to Mr Lim Soon Hock on 1 August 2024.	Not applicable. These disclosures are in respect of the re-election of a Director of the Company.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

CORPORATE GOVERNANCE REPORT

The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and the Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors have submitted their confirmation of independence annually for the NC's review. In respect of the Company's current Independent Directors, namely Mr. Chong Eng Wee (Zhang Yingwei) and Ms. Lie Ly @ Liely Lee, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2024, the Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

Provision 4.5

Directors' Time Commitments

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

The NC undertakes an annual review of the declarations from the Directors on their principal time commitments and directorships in other listed companies and is satisfied that all the Directors of the Company are able to and have adequately carried out their duties as Directors of the Company, and that sufficient time and attention are given to the affairs of the Company, after taking into consideration the number of listed company board representations and other principal commitments in FY2024 of each Director.

Duties and obligations of new directors

As mentioned in respect of Provision 4.1 above, the NC is responsible for sending each newly appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company.

Listed Company Directorships and Principal Commitments

As at the date of this report, the members of the Board and their details are set out below:–

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
Mr. Lim Soon Hock	24 May 2023 (shall retire and be subject to re-election at the forthcoming AGM)	Non-Executive and Non-Independent	Member of the ARMC and RC	• Bachelor of Engineering (Electrical, Honours), University of Singapore • Post-grad Diploma of Business Administration, National University of Singapore • Graduate Certificate in International Arbitration • Registered Professional Engineer(s) • Fellow of Institution of Engineers Singapore	Other Principal Commitments/ directorships Member, Board of Governors – Raffles Girls' Secondary School Adjunct Professor – National University of Singapore Mediator – State Courts Singapore, Singapore Mediation Centre & Singapore International Mediation Institute, Community Mediation Centre

CORPORATE GOVERNANCE REPORT

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
				• Fellow of Academy of Engineering Singapore • Chartered Electrical Engineer and Fellow of Institution of Engineering & Technology, UK • Honorary Fellow of The ASEAN Federation of Engineering Organisations • Fellow of Singapore Computer Society • Fellow of Singapore Institute of Directors • Fellow of Singapore Institute of Arbitrators • Member of the Singapore Mediation Centre's Family Panel of Mediators and Associate Mediators Panel	Deputy Registrar and Licensed Solemniser – Registrar of Marriages Director – Tru-Marine Pte Ltd (also as Deputy Chairman & Senior Advisor) Director – REDA Pte. Ltd. Director – Archer (S) Pte. Ltd. Director – Mundipharma Singapore Holding Pte. Limited Board Member – Institution of Engineers (Singapore) Fund Ltd Founder and Managing Director – PLAN-B ICAG Pte Ltd Board of Advisors – RIMRISE FZCO Present Listed Company Directorships China Fishery Group Limited DiSa Limited A-Sonic Aerospace Limited
Mr. Soon Jeffrey	27 June 2024	Executive	Chief Executive Officer and a member of the NC	• Master of Business Administration, Singapore Management University • Degree of Bachelor of Engineering (Honours) (Mechanical and Production Engineering), Nanyang Technological University	Other Principal Commitments/ directorships Director – Heatec Jietong Pte. Ltd. Director – Heatec Veslink Marine Services Co. Ltd Director – HJT Engineering & Construction Pte. Ltd. Director – Chem-Grow Pte. Ltd. Director – Chem Grow Engineering Pte. Ltd. Director – JTY Engineering Pte Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
					Director – Megane Marine Pte. Ltd. Director – Heatec (Shanghai) Co., Ltd. Director – Zhoushan Heatec IMC-YY Engineering Co. Ltd Director – Setya Energy Pte. Ltd. Present Listed Company Directorships –
Mr. Chong Eng Wee (Zhang Yingwei)	24 May 2023 (shall retire and be subject to re-election at the forthcoming AGM)	Non-Executive and Independent	Non-Executive and Independent Chairman, Chairman of the NC and a member of the ARMC and RC	• Advocate & Solicitor, Supreme Court of Singapore • Solicitor of the High Court of Hong Kong • Legal Practitioner, Supreme Court of New South Wales, Australia • Barrister & Solicitor, High Court of New Zealand • Postgraduate Practical Course in Law, Board of Legal Education • Graduate Diploma in Singapore Law, National University of Singapore • Certificate for Professional Legal Studies course (New Zealand), Institute of Professional legal Studies • Bachelor of Laws, Victoria University of Wellington New Zealand	Other Principal Commitments/ directorships Managing Director – Chevalier Law LLC Director – Chevalier CS Pte. Ltd. Partner – Nixon Peabody CWL Director – Coronet Ventures (Singapore) Pte. Ltd. Director – Lucky Sesa Pte. Ltd. Present Listed Company Directorships AJJ Medtech Holdings Limited Willas-Array Electronics (Holdings) Limited China Yuanbang Property Holdings Limited Accrelist Ltd. Polaris Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
Ms. Lie Ly @ Liely Lee	24 May 2023	Non-Executive and Independent	Chairman of the ARMC and RC and a member of the NC	• Qualified Chartered Public Accountant, CPA Australia • Master of Accounting, Curtin University • Bachelor of Commerce, Murdoch University	Other Principal Commitments/ directorships Director – Marco Polo Marine Ltd. Director – Marco Polo Shipyard Pte. Ltd. Director – MP Marine Pte. Ltd. Director – MP Shipping Pte. Ltd. Director – MP Ventures Pte. Ltd. Director – Marco Polo Offshore Pte. Ltd. Director – Marco Polo Shipping Co Pte. Ltd. Director – Marco Polo Wind Private Limited Director – Marco Polo Offshore (II) Pte. Ltd. Director – MP Offshore Pte. Ltd. Director – Marco Polo Offshore (III) Pte. Ltd. Director – BBR Shipping Pte. Ltd. Director – PT. Sinar Bintang Makmur Director – Marco Polo Offshore (VII) Pte. Ltd. Director – MP Windcraft Pte. Ltd. Present Listed Company Directorships Marco Polo Marine Ltd. CEO/Director – PT. Pelayaran Nasional Bina Buana Raya TBK

CORPORATE GOVERNANCE REPORT

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
Mr. Loke Chern Wei, James	1 August 2024	Alternate director to Mr. Lim Soon Hock	Alternate director to Mr. Lim Soon Hock	• Bachelor of Engineering, University College London • Bachelor of Commerce – Marketing and Management, Curtin University	Other Principal Commitments/ directorships Group Chief Executive Officer of Tru-Marine Pte. Ltd. Director – Pmax One Technologies Pte. Ltd. Director – Tru-Marine Pte. Ltd. Director – Tru-Marine Technologies Pte. Ltd. Director – Tru-Marine Machinery & Engineering Guangzhou Co., Ltd. Director – Tru-Marine Cosco (Tianjin) Engineering Co Ltd. Director – Trumarine (M) Sdn. Bhd. Present Listed Company Directorships –

Information on the interests of the Directors who held office at the end of FY2024 in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement on pages 57 to 61 of this annual report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best efforts to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board in developing a performance evaluation framework for the Board, Board Committees and individual Directors, and to propose performance criteria and assist in the conduct of the evaluation, analyse the findings, and report the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Directors to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

On an annual basis, all the Directors are required to complete the following:

- Board Performance Evaluation Questionnaire;
- Audit and Risks Management Committee Performance Evaluation Questionnaire;
- Nominating Committee Performance Evaluation Questionnaire;
- Remuneration Committee Performance Evaluation Questionnaire; and
- Individual Director Self-Assessment Form.

For FY2024, the NC conducted a formal review of the performance evaluation of the Board, Board Committees and individual Directors, by way of circulating the questionnaires to the Board and Board Committees and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board, Board Committees and each individual Director has been discussed and reviewed by the NC.

Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

(a) Board composition;

(b) Board conduct of affairs;

(c) Internal controls and risk management;

(d) Board accountability;

(e) CEO performance/succession planning; and

(f) Standard of conduct.

Based on the summary of findings of the evaluation for FY2024 together with the feedback and recommendations from each Director, the NC is satisfied that the Board has, as a whole, met its performance objective in FY2024.

Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

<u>*Audit and Risks Management Committee*</u>

(a) Composition;

(b) Meetings;

(c) Financial reporting;

(d) Internal audit and external audit process; and

(e) Communication with Shareholders

Nominating Committee

(a) Composition;

(b) Meetings; and

(c) Accountability

Remuneration Committee

(a) Composition;

(b) Meetings; and

(c) Accountability

Based on the summary of the evaluation for FY2024 together with the feedback and recommendations from members of the respective Board Committees, the NC is satisfied that each of the Board Committees has met its performance objective in FY2024.

The primary objective of the Board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the procedures and processes of the Board and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

The NC has, without the engagement of any external facilitator, assessed the Board's and Board Committees' overall performance to-date and is of the view that the performance of the Board as a whole and Board Committees was satisfactory.

Individual Directors Evaluation Process

The evaluation serves to assess the effectiveness of each of the individual Directors on the following parameters:

(a) Attendance at Board and related activities;

(b) Adequacy of preparation for Board meetings;

(c) Contribution in certain key aspects of business;

(d) Initiative;

(e) Participation in constructive debate/discussion;

(f) Maintenance of independence;

(g) Disclosure of interested person transactions; and

(h) Overall assessment.

Based on the evaluation summary for FY2024 together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each individual Directors has met his or her performance objective in FY2024.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM, and in determining whether Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as Director.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: **The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

Provision 6.1

Roles and Duties of Remuneration Committee

The Board has established the RC since 2009 with written terms of reference, which clearly set out its authority and duties. The RC reports to the Board directly.

The terms of reference of the RC, which was revised and adapted for alignment with the Code and Catalist Rules, set out its duties and responsibilities. Amongst them, the RC is responsible for:–

1. determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;

2. ensuring that the level and structure of remuneration of the Board and KMPs are appropriate and proportionate to the sustained performance and value creation of the Company;

3. setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMPs;

4. reviewing and recommending to the Board, the specific remuneration packages for each Director and KMP;

5. recommending proposed Directors' fees for Shareholders' approval;

6. monitoring the level and structure of remuneration for KMPs relative to the internal and external peers and competitors;

7. ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;

8. reviewing the remuneration of employees related to the Directors, CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

9. reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);

10. obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;

11. overseeing any major changes in employee benefits or remuneration structures;

12. reviewing the design of all long-term and short-term incentive schemes for approval by the Board and Shareholders;

13. ensuring that the contractual terms and any termination payments are fair to the individual and the Company, and that poor performance is not rewarded;

14. setting performance measures and determining targets for any performance-related pay schemes operated by the Company;

15. ensuring that a significant and appropriate proportion of Executive Directors' and KMPs' remuneration is structured so as to link rewards to corporate and individual performance;

16. working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and

17. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

Provision 6.2

Remuneration Committee Composition

As at the date of this report, the RC comprised three (3) members, all of whom are Non-executive Directors, the majority of whom, including the Remuneration Committee Chairman, are Independent:

Lie Ly @ Liely Lee(1)	–	Chairman
Lim Soon Hock	–	Member
Chong Eng Wee	–	Member

Note:

(1) Following the resignation of Mr. Anthony Ang Meng Huat as Non-Executive and Independent Director with effect from 1 August 2024, Ms. Lie Ly @ Liely Lee was appointed as the Chairman of the Remuneration Committee with effect from 1 August 2024.

Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages and policies for the Directors/CEO and the KMPs based on the performance of the Group, the individual Director and the KMPs. No Director individually decides or is involved in the determination of his or her own remuneration. The recommendations of the RC are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the respective service agreements entered into with the Executive Directors and KMPs that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and to avoid rewarding poor performance.

Provision 6.4

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No external expert was engaged by the Company in FY2024.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value of creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

Remuneration of Executive Directors and KMPs

The Group's remuneration policy is to provide compensation packages at market rates that reward successful performance and to attract, retain and motivate Directors and KMPs. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMPs.

The Executive Directors do not receive Directors' fees. The remuneration of Mr. Soon Jeffrey, Executive Director and CEO of the Company, and Mr. Soon Jenson, one of the KMPs (who is the brother of Mr. Soon Jeffrey and son of Mr. Soon Yeow Kwee Johnny), are governed by their respective service agreements effective 1 January 2016. The respective service agreements of Mr. Soon Jeffrey and Mr. Soon Jenson have been renewed on a yearly basis. To align the interests of the Executive Directors and KMPs with those of Shareholders, Mr. Soon Jeffrey and Mr. Soon Jenson are allowed to participate in a profit-sharing incentive scheme pursuant to which the performance condition is based on the Group's profit before tax for each of the financial years. The RC and the Board have reviewed and approved the service agreements without any changes to the remuneration packages.

Having reviewed and considered the variable components in the remuneration packages of the Executive Directors and KMPs, which are moderate, the RC is of the view that there is no urgent need presently to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group.

Provision 7.2

Remuneration of Non-Executive Directors

The Non-Executive Directors receive Directors' fees in accordance with their contributions. Directors' fees for the Non-Executive Directors are proposed by Mr. Soon Jeffrey, the Executive Director and CEO of the Company and reviewed and recommended by the RC, based on the effort, time spent and the responsibilities of the individual Non-Executive Directors. No Director is involved in deciding his or her own remuneration. The Non-Executive Directors have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Directors (including Non-Executive Directors) is recommended for Shareholders' approval at each AGM.

The Directors' fees for the Non-Executive Directors of S$165,300 for the current financial year ending 31 December 2025 (with payment to be made quarterly in arrears) have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and relationships between remuneration, performance and value creation.

Provision 8.1

Remuneration Criteria

The compensation packages for employees, including the Executive Director and the KMPs, comprises a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

CORPORATE GOVERNANCE REPORT

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Director and KMPs is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director and CEO of the Company (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Disclosure on Fees and Remuneration of Directors and CEO

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2024 is as follows:

Name of Director	Remuneration (S$'000)	Salary[1]	Bonus[1] and/or profit sharing	Directors' fees	Allowances and other benefits	Stock options, share-based incentives, long-term incentives	Total
Soon Yeow Kwee Johnny[2]	155	87%	6.5%	6.5%	-	-	100%
Soon Jeffrey[3]	241	81%	7%	-	12%	-	100%
Lim Soon Hock[4]	34	-	-	100%	-	-	100%
Chong Eng Wee (Zhang Yingwei)[5]	51	-	-	100%	-	-	100%
Anthony Ang Meng Huat[6]	23	-	-	100%	-	-	100%
Lie Ly @ Liely Lee[7]	39	-	-	100%	-	-	100%
Chua Siong Kiat[8]	25	-	-	100%	-	-	100%

Notes:

(1) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund contributions.

(2) Mr. Soon Yeow Kwee Johnny resigned as the Executive Chairman of the Company with effect from 1 August 2024.

(3) Mr. Soon Jeffrey is also the CEO of the Company.

(4) Mr. Lim Soon Hock stepped down from his position as member of the Nominating Committee and was appointed as a member of the Audit and Risks Management Committee with effect from 1 August 2024.

(5) Mr. Chong Eng Wee was redesignated as the Non-Executive and Independent Chairman of the Company with effect from 1 August 2024.

(6) Mr. Anthony Ang Meng Huat resigned as a Non-Executive and Independent Director of the Company with effect from 1 August 2024. He then stepped down from his positions as the Chairman of the Remuneration Committee and a member of the Audit and Risks Management Committee of the Company.

(7) Ms. Lie Ly @ Liely Lee was appointed as the Chairman of the Audit and Risks Management Committee and Remuneration Committee and a member of the Nominating Committee with effect from 1 August 2024.

(8) Mr. Chua Siong Kiat resigned as a Non-Executive and Independent Director with effect from 1 August 2024. He then stepped down from his position as the Chairman of the Audit and Risks Management Committee of the Company.

Disclosure on Remuneration of Key Management Personnel

A breakdown of the remuneration bands payable to the top three (3) KMPs (who are not Directors or the CEO), including the immediate family members of a Director or the CEO or a substantial Shareholder for FY2024, is as follows:

Name of Key Management Personnel	Remuneration Band[(1)]	Salary[(2)] (%)	Bonus[(2)] and/or profit sharing (%)	Allowances and other benefit (%)	Total (%)
Soon Jenson[(3)]	B	77	6	17	100
Ng Wei Jet[(4)]	A	78	9	13	100
Koh Lay Cheng	A	86	7	7	100
Sam Kai Chyuan[(5)]	A	100	–	–	100

Notes:

(1) Remuneration Bands:–
  (a) Band A: Remuneration from S$0 to S$150,000 per annum.
  (b) Band B: Remuneration from S$150,001 to S$250,000 per annum.
  (c) Band C: Remuneration from S$250,000 to S$500,000 per annum.

(2) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund contributions.

(3) Mr. Soon Jenson is the brother of Mr. Soon Jeffrey, Executive Director and CEO, and the son of Mr. Soon Yeow Kwee Johnny, Executive Chairman and a substantial Shareholder of the Company. Mr. Soon Yeow Kwee Johnny resigned as the Executive Chairman of the Company with effect from 1 August 2024.

(4) Mr. Ng Wei Jet resigned as Chief Financial Officer of the Company with effect from 1 September 2024.

(5) Mr. Sam Kai Chyuan was appointed as Chief Financial Officer of the Company with effect from 1 August 2024.

The Company has no other KMPs other than as disclosed above. The RC will review the remuneration of the Directors and the KMPs from time to time. All Directors and KMPs are remunerated on an earned basis, and there were no termination, retirement and post-employment benefits granted during FY2024.

The Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders with information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company has complied with Principle 8 of the Code.

Provision 8.2

Disclosure on Remuneration of Immediate Family Member of Substantial Shareholder

Saved as disclosed above under Provision 8.1 – Disclosure on Remuneration of Key Management Personnel and in the table set out below, there were no other employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S$100,000 during FY2024.

The following table shows a breakdown of the annual remuneration (in percentage terms) of an immediate family member of a substantial Shareholder (who is not a KMP) and whose remuneration exceeds S$100,000 for FY2024.

Name	Salary[(1)] (%)	Bonus[(1)] and/or profit sharing (%)	Allowances and other benefits (%)	Total (%)
Yong Chin Seng[(2)]	74	13	13	100

Notes:

(1) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund contributions.

(2) Mr. Yong Chin Seng was promoted to the position of General Manager of Chem-Grow Pte. Ltd. with effect from 25 August 2023 and is responsible for sourcing new clients, sales administrative and sales management for the chemical cleaning segment of the Company. He is the son of Mr. Yong Yeow Sin, who is a substantial shareholder. His remuneration was in the band between S$100,001 and S$200,000 for FY2024.

CORPORATE GOVERNANCE REPORT

Provision 8.3

Details of Heatec Employee Share Option Scheme and Heatec Performance Share Plan

The Company has a share option scheme known as the Heatec Employee Share Option Scheme (the "**Heatec ESOS**") and a performance share plan known as the Heatec Performance Share Plan (the "**Performance Share Plan**") which were approved by Shareholders at the extraordinary general meeting of the Company ("**EGM**") held on 18 June 2009. The Heatec ESOS and Performance Share Plan expired on 17 June 2019, and the Company obtained the approval of its Shareholders at the AGM held on 30 April 2019 for the extension of the respective durations of the Heatec ESOS and Performance Share Plan for a further period of 10 years from 18 June 2019 up to 17 June 2029.

The Heatec ESOS and Performance Share Plan comply with the relevant rules as set out in Chapter 8 of the Catalist Rules. The Heatec ESOS and Performance Share Plan will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the Heatec ESOS and Performance Share Plan are administered by the RC. Details of the Heatec ESOS and Performance Share Plan were set out in the Company's Offer Document dated 30 June 2009.

The Heatec Employee Share Option Scheme is administered by the Remuneration Committee which comprises Ms. Lie Ly @ Liely Lee, Mr. Chong Eng Wee and Mr. Lim Soon Hock.

As at 31 December 2024, the Company has granted an aggregate of 1,772,000 share awards pursuant to the Performance Share Plan, all of which were granted prior to FY2024. The shares to be issued pursuant to the share awards granted are subject to certain performance conditions to be satisfied by the participants and such shares pursuant to the share awards granted have been issued to the relevant participants as at the date of this report. The Company did not grant any share awards pursuant to the Performance Share Plan in FY2024.

As at 31 December 2024, there were 3,000,000 outstanding share options granted under the Heatec ESOS that may be exercised by Mr. Soon Jeffrey to subscribe for 3,000,000 new ordinary shares in the capital of the Company. Movements in the number of unissued shares of the Company under the Heatec ESOS during FY2024 were as follows:

Exercise period		Outstanding options as at 1 January 2024	Number of options granted in FY2024	Number of options cancelled in FY2024	Outstanding options as at 31 December 2024	Exercise price (S$)
From	**To**					
18 April 2017	17 April 2026	1,800,000	–	–	1,800,000	0.085
16 April 2019	15 April 2028	1,200,000	–	–	1,200,000	0.062
Total		**3,000,000**	**–**	**–**	**3,000,000**	

In accordance with Rule 851(1)(b) of the Catalist Rules, the following table sets out the options granted to the following Director:

Name of Director	Options granted during the financial year ended 31 December 2024	Aggregate options granted since commencement of the Heatec ESOS to 31 December 2024	Aggregate options exercised since commencement of the Heatec ESOS to 31 December 2024	Aggregate options cancelled since commencement of the Heatec ESOS to 31 December 2024	Aggregate options outstanding as at 31 December 2024
Soon Jeffrey	–	3,000,000	–	–	3,000,000

Other than above, no share option granted to directors and employees of the Company and its subsidiaries.

Please refer to the Directors' Statement and Note 26 to the Financial Statements set out in this annual report for more information on the Heatec ESOS.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

Nature and Extent of Risks

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the ARMC, internal and external auditors.

As part of the review of the Company's internal control process and in view of the qualified opinion issued by the independent auditors of the Company in respect of the audited financial statements for FY2024, the Management has, in consultation with the Board, further tightened and enhanced such internal controls in respect of, among others, the specific delegation of authority for different threshold amounts, the segregation of such authorisation for both operational and non-operation activities and ensuring that the terms of any contracts entered into with third parties specify, to the extent possible, the deliverables and stipulated payment milestones for such deliverables.

The Group has in place an Enterprise Risk Management Framework to manage its exposure to risks that are associated with the conduct of its business. The Board will continue to undertake risk assessment, which is an on-going process, with a view to improving the Group's internal control systems.

Provision 9.2

Assurance from the Chief Executive Officer, Chief Financial Officer and Key Management Personnel

The Board and the ARMC have reviewed, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The Board has received written assurance from the CEO and Chief Financial Officer that, as at 31 December 2024, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received written assurance from the CEO and the relevant KMPs that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2024 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board Committees and the Board, as well as the said assurances set out above, the Board is satisfied, and the ARMC concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2024 to address the risks that the Group considers relevant and material to its business operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit and Risks Management Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

Roles and Duties of Audit and Risks Management Committee

The Board has established the Audit Committee since 2009 (which was later renamed as ARMC on 28 July 2018), with written terms of reference which clearly set out its authority and duties. The ARMC reports to the Board directly.

The terms of reference of the ARMC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the ARMC is responsible for:–

1. reviewing the major financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;

2. overseeing and reviewing the adequacy and effectiveness of the Company's risk management function;

3. overseeing Management in establishing the risk management framework of the Company;

4. reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;

5. reviewing the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;

6. reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit and the Company's internal audit function;

7. reviewing the independence and objectivity of the external auditors;

8. making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;

9. ensuring that the Company complies with the requisite laws and regulations;

10. ensuring that the Company has programmes and policies in place to identify and prevent fraud;

11. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including but not limited to, overseeing the establishment and operation of the whistle-blowing policy and procedures of the Company;

12. reviewing all interested person transactions and related party transactions; and

13. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

The ARMC has explicit authority to investigate any matters within its terms of reference. The ARMC also has full access to, and the co-operation of, Management and full discretion to invite any Director or senior management to attend its meetings. The ARMC has adequate resources, including access to external consultants and auditors, to enable it to properly discharge its responsibilities.

Provisions 10.2 and 10.3

Audit and Risks Management Committee Composition

As at the date of this report, the ARMC comprises three (3) members, all of whom are Non-Executive and the majority of whom, including the ARMC Chairman, are Independent:

Lie Ly @ Liely Lee[(1)]	–	Chairman
Chong Eng Wee (Zhang Yingwei)	–	Member
Lim Soon Hock	–	Member

Note:

(1) Following the resignation of Mr. Chua Siong Kiat and Mr. Anthony Ang Meng Huat as Non-Executive and Independent Directors with effect from 1 August 2024, Ms. Lie Ly @ Liely Lee was appointed as the Chairman of the Audit and Risks Management Committee with effect from 1 August 2024.

The Board is of the view that the members of the ARMC, including the ARMC Chairman for FY2024 and as of the date of this report, are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. All ARMC members possess extensive expertise in and have years of experience in accounting, finance and/or legal related matters.

No former partner or director of the Company's existing auditing firm is a member of the ARMC and the members of ARMC have also confirmed that they have no financial interest in the Company's existing auditing firm.

Provision 10.4

Internal Audit Function

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The internal audit function of the Company is outsourced to BDO Advisory Pte. Ltd. ("**BDO**"), a member of the BDO network. BDO is a full-resourced service provider, providing internal audit, corporate governance and risk management services.

The engagement team is led by a partner who has more than 25 years of internal audit and risk advisory experience. BDO is currently serving clients primarily listed on SGX-ST, privately held entities and public sector entities, ranging from multi-national companies to local small and medium enterprises, in a wide range of industries. The BDO team engaged to undertake the Company's internal audit function is a team of approximately 3 to 5 persons for each review.

The ARMC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors report primarily to the ARMC on internal audit matters and the ARMC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the ARMC.

CORPORATE GOVERNANCE REPORT

The internal auditors will submit their annual audit planning for approval by the ARMC and report their findings to the ARMC. In FY2024, the internal auditors carried out the review, which references to the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors on certain key areas to assess and evaluate:

(a) whether adequate systems of internal controls are in place;

(b) whether operations of the business processes under review are conducted efficiently and effectively; and

(c) internal control improvement opportunities.

The ARMC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and Management's responses to those findings, the adequacy and effectiveness of material internal controls, (including financial, operational, compliance and information technology controls) and risk management systems of the Company and the Group for FY2024. The ARMC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The ARMC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and references to International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The annual audits conducted by the internal auditors aim to assess the effectiveness of the Group's internal control procedures and to provide reasonable assurances to the ARMC and Management that the Group's controls and governance processes are adequate and effective.

On an annual basis, the ARMC reviews the adequacy and effectiveness of the internal audit function.

External Audit Function

The ARMC reviews the scope and results of the audit carried out by the external auditors, the quality of the audit, as well as their independence and objectivity. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide high quality professional services at a reasonable price. The ARMC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The appointment of external auditors and re-appointment of the external auditors (if any) is always subject to Shareholders' approval at the AGM.

Foo Kon Tan LLP ("**FKT LLP**") was appointed as the external auditors of the Company at the EGM held on 30 October 2023. The aggregate amount of audit fees paid to FKT LLP in FY2024 was S$125,000. There were S$55,000 non-audit fees, in respect of audit-related services, such as the review of asset impairment prepared by the Group. The ARMC has undertaken a review of the non-audit fees awarded to the external auditors and confirms that the non-audit services would not affect the independence of the external auditors.

In reviewing the nomination of FKT LLP for re-appointment for the financial year ending 31 December 2025, the ARMC has considered the adequacy of the resources, experience and competence of FKT LLP, and has taken into account the Audit Quality Indicators relating to FKT LLP at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members who shall be handling the audit matters of the Group. The Board also considered the audit team's expected ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the foregoing bases, the ARMC and the Board are satisfied with the standard and quality of work performed by FKT LLP and have recommended the nomination of FKT LLP for re-appointment as external auditors of the Company for the ensuring year be tabled for Shareholders' approval at the forthcoming AGM.

For FY2024, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The ARMC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies of the Group, other than those of the Company.

CORPORATE GOVERNANCE REPORT

Provision 10.5

Meeting Auditors without the Management

In performing its functions, the ARMC and Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The ARMC also meets regularly with Management, the Chief Financial Officer, and external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. At least once a year and as and when required, the ARMC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately.

The ARMC has separately met with the external and internal auditors once in the absence of Management in FY2024.

Whistleblowing Policy

The Company has implemented a whistleblowing policy which provides the mechanism for which staff of the Company or any person may, in confidence, raise concerns about possible improprieties of financial reporting or other matters. The whistleblowing policy (and any amendments thereto) and procedures for raising such concerns are disclosed and clearly communicated to all employees of the Group.

An employee of the Company or any person may raise concerns about possible improprieties of financial reporting or other matters directly to the Company's dedicated independent external party handling our whistleblowing hotline at +65 8417 9161.

The independent external party will escalate the matter to the ARMC for investigation and follow-up. The ARMC reviews the whistleblowing policy and its effectiveness from time to time, with recommendations regarding any amendments thereto to be made to the Board for approval. The ARMC oversees the administration of and is responsible for the oversight and monitoring of whistleblowing policy.

The identity of the whistleblower is treated with strict confidentiality and will not be disclosed at any time by the independent external party to the Management of the Company. The Company is committed to ensuring that any employee raising a genuine concern and acting in good faith under its whistleblowing policy will not be at risk of losing his or her job or suffering from retribution, harassment or any other detrimental or unfair treatment as a result.

Audit and Risks Management Committee Activities

In FY2024, the ARMC had, among others, carried out the following activities:

(a) reviewed the quarterly, half-year and full-year financial statements announcements of the Group, and recommended the same to the Board for approval and release to the SGX-ST via SGXNet;

(b) reviewed the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;

(c) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(d) reviewed interested person transactions of the Group;

(e) reviewed and approved the annual audit plan of the external auditors;

(f) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;

(g) reviewed the effectiveness of the Group's internal audit function;

(h) reviewed the audit findings of the internal auditors and Management's responses to those findings;

(i) reviewed the independence of the external auditors;

(j) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and

(k) met with the internal and external auditors once without the presence of Management.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of performance, position and prospects.

Provision 11.1

Shareholders' Participation in General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all Shareholders. These notices are also posted onto the SGXNet. These notices, together with the annual reports or circulars, are distributed to all Shareholders at least fourteen (14) days or twenty one (21) days (where applicable) before the scheduled AGM/EGM date in order to provide ample time for Shareholders to review the same. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

If a Shareholder is not able to attend in person, the Shareholder is generally able to appoint one (1) or two (2) proxies to attend and vote in his or her stead at general meetings. The Companies Act allows for certain members, defined as a "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirements. A relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund investors. A proxy need not be a member of the Company.

The Company's AGM in FY2024 were conducted by way of physical means. Shareholders were invited to submit any questions they may have had in advance via email to the Investor Relations team of the Company or raise them during the AGM in relation to any resolution set out in the notice of AGM.

Shareholders were also informed of the voting procedures in respect of voting at the AGM or via submission of the proxy forms in the Notice of AGM.

Provision 11.2

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are in respect of each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting. The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGM/EGM agenda is provided in the explanatory notes to the Notice of AGM/EGM.

CORPORATE GOVERNANCE REPORT

Provision 11.3

Interaction with Shareholders

The Company typically requires all Directors to be present at all general meetings of shareholders. The external auditor is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

In FY2024, the Company invited Shareholders to submit their questions in advance or raise them during the AGM in relation to any resolutions set out in the notice of meeting for the AGM held on 27 June 2024. The Company did not receive any questions from Shareholders prior to the AGM. However, the Company received queries from the Securities Investors Association Singapore and responded to them via an announcement on the SGXNet dated 26 June 2024. All Directors were present at the AGM of the Company held on 27 June 2024.

Save for the AGM held on 27 June 2024, there were no other general meetings of the Company held during FY2024.

Provision 11.4

Absentia Voting

The Company had decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Notwithstanding the foregoing, Shareholders were invited to exercise their voting rights during the AGM in FY2024 through the submission of proxy forms nominating proxy or proxies (other than the Chairman of the AGM) or the Chairman of the AGM to vote on their behalf.

Provision 11.5

Minutes of General Meetings

The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available on the Company's corporate website. In respect of the previous AGM held on 27 June 2024, the Company published the minutes of the AGM on the SGXNet and its corporate website on 9 July 2024, within one month from the date of the AGM.

Provision 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

(a) the level of the Group's cash and retained earnings;

(b) the Group's actual and projected financial performance;

(c) the Group's projected levels of capital expenditure and other investment plans;

(d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST; and

(e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any).

In view of the loss attributable to equity holders of the Company recorded for FY2024, the Board has not recommended any dividends for FY2024.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

Investor Relations Practices

The Company has in place an Investor Relations Policy to ensure the dissemination of material information in a timely and useful manner to the Shareholders, analysts, and other stakeholders in the investment community in compliance with the Catalist Rules and the Code.

In accordance with the Investor Relations Policy, the Company ensures that, among others, all Shareholders are informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. Notwithstanding the foregoing, Shareholders were invited to submit their questions in advance of the AGM or raise them during the AGM held on 27 June 2024, in relation to any resolutions set out in the notice of meeting for the AGM held on 27 June 2024, to the investor relations team of the Company.

Disclosure of Information

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:–

(a) annual reports that are prepared and issued to all Shareholders;

(b) quarterly, half-year and full-year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST via SGXNet; and

(e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages thereto.

Outside of the financial announcement periods, when necessary and appropriate, the Chairman and/or the CEO will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

Dialogue with Shareholders

The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. Before general meetings, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend each AGM and EGM of the Company, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

Alternatively, Shareholders may contact the Company at finance@heatec.com.sg directly with questions, and the Company will respond to such questions through such channel.

V. MANAGING RELATIONSHIPS WITH STAKEHOLDERS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

Stakeholders' Engagement

The Company and the Group have regularly engaged its stakeholders through various mediums and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address their concerns so as to improve services and product standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Six stakeholder groups have been identified through an assessment of their significance to the business operations. They are namely, employees, investors/Shareholders, customers, local communities, suppliers and service providers, and government and regulators.

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

A detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) are disclosed under the Sustainability Report on pages 133 to 178 of this annual report.

Provision 13.3

Corporate Website

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at http://www.heatecholdings.com through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

VI. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARMC and that the transactions are conducted at arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

All interested person transactions ("**IPTs**") are subject to review by the ARMC to ensure compliance with established procedures. The Company has not obtained a general mandate from its Shareholders in respect of interested person transactions for FY2024. There were no interested person transactions with a value of S$100,000 or more during the financial year under review.

VII. MATERIAL CONTRACTS

Save for the service agreements entered into between the Company and Executive Directors and CEO as well as the consultancy agreements entered into between the Company and Mr Yong Yeow Sin as disclosed on Notes 23 and 28 of the Directors' Statement and Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2024 or if not then subsisting, entered into since the end of the previous financial year.

VIII. DEALINGS IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to the best practices on dealings in the securities:

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;

(b) Directors and officers of the Company are discouraged from dealing in the Company's securities on short-term considerations; and

(c) The Company, its Directors and its officers are prohibited from dealing in the Company's securities (i) during the periods commencing one month before the announcement of the Company's half-year and full-year financial statements and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

IX. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, S$4,500 in non-sponsorship fees were paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd., for the period commencing from 1 January 2024 and ended on 31 December 2024.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The directors submit this statement to the members together with the audited financial statements of Heatec Jietong Holdings Ltd. ((the "**Company**") and its subsidiaries (collectively the "**Group**")) for the financial year ended 31 December 2024.

In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Name of directors

The directors of the Company in office at the date of this report are as follows:

Chong Eng Wee
Soon Jeffrey
Lie Ly @ Liely Lee
Lim Soon Hock
Loke Chern Wei, James (alternate director to Lim Soon Hock) (Appointed on 1 August 2024)

Arrangements to enable directors to acquire benefits

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	As at 1.1.2024	As at 31.12.2024	As at 1.1.2024	As at 31.12.2024
The Company				
Soon Jeffrey	1,400,000	1,400,000	*81,818,181	*81,818,181
Subsidiary corporation				
Heatec Veslink Marine Services Corp.				
Soon Jeffrey	1	1	–	–

* Jeffrey Soon's deemed interest arose from shares held in Megane Marine Pte. Ltd.

The director, Mr Jeffrey Soon by virtue of Section 7 of the Act, is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

The director, Mr Jeffrey Soon, by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the shares of the following subsidiary corporations that are not wholly-owned by the Group:

	Number of ordinary shares	
	As at 1.1.2024	As at 31.12.2024
Heatec Veslink Marine Services Corp.	5,399,997	5,399,997
Setya Energy Pte. Ltd.	500,000	500,000

The directors' interests in the shares of the Company at 21 January 2025 were the same as those as at 31 December 2024.

Share options

(a) The Company adopted the Heatec Employee Share Option Scheme (the "**Heatec ESOS**") and the Heatec Performance Share Plan which were approved by the shareholders at an Extraordinary General Meeting held on 18 June 2009. The Heatec ESOS is administered by the Remuneration Committee which comprise of these three directors, Lie Ly @ Liely Lee (Chairman), Chong Eng Wee and Lim Soon Hock.

(b) Information regarding the Heatec ESOS is set out below:

1) The exercise price of the options is determined based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five consecutive trading days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price.

2) The options vest 12 months after the grant date and expire 10 years after vesting date unless cancelled or lapsed prior to that date.

Share options (continued)

(c) Share options outstanding at the end of the financial year, details of the options granted under the Heatec ESOS on the unissued shares at exercise price per share of $0.062 to $0.085 each of the Company are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant of option	Exercise price per share	Options outstanding at 1.1.2024	Options granted	Cancelled/ lapsed	Options outstanding at 31.12.2024	Exercisable period
18 April 2016	$0.085	1,800,000	–	–	1,800,000	18 April 2017 to 17 April 2026
16 April 2018	$0.062	1,200,000	–	–	1,200,000	16 April 2019 to 15 April 2028
		3,000,000	–	–	3,000,000	

Except as disclosed, there were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations as at the end of the financial year.

(d) In accordance with Rule 851(1)(b) of the Catalist Rules, the following table sets out the options granted to the following Director:

Name	Options granted during the financial year ended 31.12.2024	Aggregate options granted since commencement of Heatec ESOS to 31.12.2024	Aggregate options exercised since commencement of Heatec ESOS to 31.12.2024	Aggregate options cancelled since commencement of Heatec ESOS to 31.12.2024	Aggregate options outstanding as at 31.12.2024
Director					
Soon Jeffrey	–	3,000,000	–	–	3,000,000

(e) Since the commencement of the Heatec ESOS till the end of the financial year:

– No options have been granted to directors or controlling shareholders of the Company and their associates (save for Soon Jeffrey, who is a director and controlling shareholder of the Company).

– No participant under the Heatec ESOS has received 5% or more of the total options available under the Heatec ESOS.

– No options have been granted at a discount.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Audit and Risks Management Committee

The members of the Audit and Risks Management Committee during the financial year ended 31 December 2024 and as at 31 December 2024 were:

Lie Ly @ Liely Lee	(Chairman)
Chong Eng Wee	(Member)
Lim Soon Hock	(Member)

The Audit and Risks Management Committee carried out its functions specified in Section 201B(5) of the Companies Act 1967. Their functions are detailed in the Report on Corporate Governance.

In performing those functions, the Audit and Risks Management Committee reviewed:

– the scope and the results of internal audit procedures with internal auditor;

– the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;

– the assistance given by the Company's management to the independent auditors;

– the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the consolidated financial statements of the Group before submission to the Board of Directors (the "Board") for approval;

– the statement of financial position of the Company as at 31 December 2024 and the consolidated financial statements of the Group for the financial year ended 31 December 2024 prior to their submission to the Board, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group; and

– interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit and Risks Management Committee has recommended to the Board that the independent auditor, Foo Kon Tan LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

In appointing the external auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Further details regarding the Audit and Risks Management Committee are disclosed in the Corporate Governance Report included in the Annual Report of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

…………………………………………………………….
CHONG ENG WEE

…………………………………………………………….
SOON JEFFREY

Dated:
11 April 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Heatec Jietong Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

Consultancy service arrangements

As highlighted in our auditor's report for the financial year ended 31 December 2023 dated 12 June 2024, a qualification was made on the nature of the consultancy service arrangements which totalled $220,000 paid to a company ("Service Provider") for purported corporate mergers and acquisitions ("M&A") related advisory services ("Purported Corporate M&A Services") pursuant to three service agreements (collectively, "Consultancy Agreements"). The agreements were terminated in April and October 2023. These payments were substantial relative to the net loss of $868,421 recorded by the Group in the financial year ended 31 December 2023. The effects or possible effects of the matter on the current period's results may be immaterial but require a modification to the auditor's opinion because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence regarding the nature of consultancy service arrangements and whether any adjustments in the accompanying financial statements that may be necessary in the comparative periods. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment testing of non-financial assets (the Group's goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries)

a) Impairment assessment of goodwill (Note 8)

Refer to Note 8 to the financial statements.

In February 2023, the Group recognised a goodwill of $1.4 million upon acquisition of a subsidiary, Setya Energy Pte. Ltd. ("Setya"). The Group is required to, at least annually, perform impairment assessment of goodwill. An impairment loss is recognised for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Setya is considered as a cash generating unit ("CGU") on its own. The recoverable amount of the underlying CGU was determined based on value-in-use calculations, being the higher of fair value less costs of disposal and value-in-use. Management concluded that the recoverable amount of the CGU is lower than its carrying value and hence the goodwill was impaired accordingly.

We focused on this area as the assessment made by management involved significant estimates and judgements, including sales growth rates, gross profit margin and terminal growth rates used to estimate future cash flows and the discount rates applied to these forecasted future cash flows of the underlying CGU. These estimates and judgements may be affected by unexpected changes in future market or economic conditions or discount rates applied.

Our response and work performed:

We evaluated management's assessment of impairment by comparing the carrying values of the CGU with their recoverable amount determined based on higher of fair value less costs of disposal and value-in-use. The recoverable amount is determined based on value-in-use. We assessed the methodology used (value-in-use calculations based on future discounted cash flows) by the Group to market practice. We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the financial budget and future forecasts prepared by management. We also evaluated historical actual results to those budgeted and assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, terminal growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluated management's basis for determining the assumptions and compared them to external industry outlook reports and economic growth forecasts from relevant sources. We also engaged our auditor's expert to assist us in assessing the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market information; and testing the key assumptions applied by management in determining the recoverable amount.

We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Impairment testing of non-financial assets (the Group's goodwill, property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries) (continued)

b) Impairment assessment of the Group's property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries

For the financial year ended 31 December 2024, in view of the losses sustained by the Group and certain of the Company's subsidiaries, management has assessed that there are indications of impairment in respect of the property, plant and equipment and right-of-use assets of the Group and the investment in subsidiaries of the Company. For certain investment in subsidiaries held by the Company, management has also evaluated that the impairment losses recognised in prior periods may no longer exist or may have decreased for these investments. Accordingly, these assets are tested for impairment.

The impairment testing of the Group's property, plant and equipment and right-of-use assets and the Company's investment in subsidiaries is considered to be a significant risk area due to the judgemental nature of key assumptions and the significance of the carrying amounts of these assets in the statements of financial position of the Group and the Company.

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Value in use involves estimating the expected future cash flows from the assets or cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. Fair value less costs of disposal encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the comparable assets used in the fair value measurements, could result in material misstatement in the financial statements. The valuation techniques and inputs to the impairment tests are disclosed in Notes 4, 5, and 6 to the financial statements.

Our response and work performed:

- Reviewing for external and internal indicators of impairment or reversal of impairment of the Group's property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries;

- Considering the higher of value in use and fair value less costs of disposal;

- Assessing the methodologies and appropriateness of the key assumptions used by the management's expert;

- Understanding and reviewing the assumptions in the input data from management and the management's expert through discussions, comparisons to industry peers and independent external data sources, and agreeing to supporting documentation and historical trends; and

- Evaluating the competence, capabilities and objectivity of the management's expert.

We involved our auditor's expert to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the expert. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
11 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	The Group 31 December 2024 $	The Group 31 December 2023 $	The Company 31 December 2024 $	The Company 31 December 2023 $
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	5,818,591	6,487,139	2,462,986	2,839,040
Right-of-use assets	5	1,229,172	1,354,056	701,236	809,090
Investment in subsidiaries	6	–	–	8,121,834	6,423,729
Investment in associates	7	359,177	329,433	–	–
Goodwill	8	–	1,011,017	–	–
		7,406,940	9,181,645	11,286,056	10,071,859
Current Assets					
Inventories	9	347,953	362,136	–	–
Contract assets	10	4,225,293	7,065,512	–	–
Trade and other receivables	11	7,363,007	6,702,880	3,964,094	4,177,874
Cash and bank balances	12	1,279,565	1,955,290	28,404	71,102
		13,215,818	16,085,818	3,992,498	4,248,976
Total assets		20,622,758	25,267,463	15,278,554	14,320,835
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	13,354,627	13,354,627	13,354,627	13,354,627
Reserves	14	(2,361,542)	(1,428,199)	343,611	(1,420,587)
Equity attributable to owners of the Company		10,993,085	11,926,428	13,698,238	11,934,040
Non-controlling interests		(176,146)	(67,605)	–	–
Total equity		10,816,939	11,858,823	13,698,238	11,934,040
Non-Current Liabilities					
Borrowings	15	–	905,088	–	–
Lease liabilities	16	1,309,548	1,424,463	716,047	824,588
Deferred tax liabilities	17	253,334	261,410	–	–
		1,562,882	2,590,961	716,047	824,588
Current Liabilities					
Contract liabilities	10	106,244	453,144	–	–
Trade and other payables	18	3,396,183	5,093,210	747,803	752,763
Provision	19	44,853	44,853	–	–
Borrowings	15	4,529,651	5,094,113	–	700,188
Lease liabilities	16	122,838	115,233	116,466	109,256
Current tax payable		43,168	17,126	–	–
		8,242,937	10,817,679	864,269	1,562,207
Total liabilities		9,805,819	13,408,640	1,580,316	2,386,795
Total equity and liabilities		20,622,758	25,267,463	15,278,554	14,320,835

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	**Note**	**Year ended 31 December 2024 $**	**Year ended 31 December 2023 $**
Revenue	3	20,131,819	25,064,452
Cost of sales	*	(12,920,960)	(16,915,647)
Gross profit		7,210,859	8,148,805
Other operating income	20	305,413	425,612
Administrative expenses		(6,957,178)	(7,782,742)
Other operating expenses		(17,375)	(70,012)
Allowance for impairment losses of financial assets and contract assets		(233,724)	(838,984)
Impairment of goodwill	8	(1,011,017)	(374,826)
Finance costs	21	(481,314)	(500,916)
Share of results of associates		130,122	122,882
Loss before tax	22	(1,054,214)	(870,181)
Tax credit	24	11,207	1,760
Loss for the year		(1,043,007)	(868,421)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		174	(36,672)
Share of other comprehensive income/(loss) of associates		949	(11,365)
Other comprehensive income/(loss) for the year, net of nil tax		1,123	(48,037)
Total comprehensive loss for the year		(1,041,884)	(916,458)
Loss attributable to:			
Equity holders of the Company		(934,466)	(551,563)
Non-controlling interests		(108,541)	(316,858)
		(1,043,007)	(868,421)
Total comprehensive loss attributable to:			
Equity holders of the Company		(933,343)	(599,600)
Non-controlling interests		(108,541)	(316,858)
		(1,041,884)	(916,458)
Loss per share:			
Basic and diluted loss per share (cents)	25	(0.46)	(0.28)

* The major components include the following:

The Group	**Note**	**Year ended 31 December 2024 $**	**Year ended 31 December 2023 $**
Cost of inventories	9	1,729,363	5,776,790
Costs for subcontractor work and materials		3,042,240	3,194,106
Depreciation of property, plant and equipment	4, 22	253,717	270,477
Direct overhead expenses		118,828	154,156
Freight cost		232,103	310,089
Repair and maintenance		125,039	103,885
Wages and other benefits	23	7,239,628	6,994,968
Reversal of allowance for inventory obsolescence	9	–	(16,679)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Note	Share capital $	Translation reserve $	Merger reserve $	Share option reserve $	Net discount received on equity $	Retained earnings $	Equity attributable to owners of the Company $	Non-Controlling Interests $	Total equity $
At 1 January 2023		11,554,627	(135,432)	(3,913,614)	69,690	596,113	2,554,644	10,726,028	(26,851)	10,699,177
Loss for the year		–	–	–	–	–	(551,563)	(551,563)	(316,858)	(868,421)
Other comprehensive loss:										
Currency translation differences arising on consolidation		–	(36,672)	–	–	–	–	(36,672)	–	(36,672)
Share of other comprehensive loss of associates		–	(11,365)	–	–	–	–	(11,365)	–	(11,365)
Other comprehensive loss for the year, net of nil tax		–	(48,037)	–	–	–	–	(48,037)	–	(48,037)
Total comprehensive loss for the year		–	(48,037)	–	–	–	(551,563)	(599,600)	(316,858)	(916,458)
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owner										
Issue of ordinary shares related to business combination	6B	1,800,000	–	–	–	–	–	1,800,000	–	1,800,000
Changes in ownership interests in subsidiaries										
Acquisition of a subsidiary, with non-controlling interest	6B	–	–	–	–	–	–	–	276,104	276,104
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	276,104	276,104
Total transactions with owners		1,800,000	–	–	–	–	–	1,800,000	276,104	2,076,104
At 31 December 2023		13,354,627	(183,469)	(3,913,614)	69,690	596,113	2,003,081	11,926,428	(67,605)	11,858,823
Loss for the year		–	–	–	–	–	(934,466)	(934,466)	(108,541)	(1,043,007)
Other comprehensive income:										
Currency translation differences arising on consolidation		–	174	–	–	–	–	174	–	174
Share of other comprehensive income of associates		–	949	–	–	–	–	949	–	949
Other comprehensive income for the year, net of nil tax		–	1,123	–	–	–	–	1,123	–	1,123
Total comprehensive loss for the year		–	1,123	–	–	–	(934,466)	(933,343)	(108,541)	(1,041,884)
At 31 December 2024		13,354,627	(182,346)	(3,913,614)	69,690	596,113	1,068,615	10,993,085	(176,146)	10,816,939

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 $	Year ended 31 December 2023 $
Cash Flows from Operating Activities			
Loss before taxation		(1,054,214)	(870,181)
Adjustments for:			
Interest income	20	(114)	(177)
Interest expense	21	481,314	500,916
Allowance for impairment losses of financial assets and contract assets	10, 11	233,724	838,984
Depreciation of property, plant and equipment	4	779,234	868,531
Depreciation of right-of-use assets	5	133,688	132,131
Loss/(gain) on disposal of property, plant and equipment	20, 22	3,242	(94,916)
Property, plant and equipment written off		767	1,490
Share of results of associates	7	(130,122)	(122,882)
Impairment on goodwill	8, 22	1,011,017	374,826
Write back for inventory obsolescence	9	–	(16,679)
Exchange differences		212	(35,092)
Operating profit before working capital changes		1,458,748	1,576,951
Changes in inventories		14,183	12,099
Changes in trade and other receivables and contract assets		1,946,368	(1,980,999)
Changes in trade and other payables and contract liabilities		(2,043,927)	1,916,026
Cash generated from operations		1,375,372	1,524,077
Interest received		114	177
Interest paid		(37,720)	(65,265)
Income tax refunded/(paid)		29,173	(75,059)
Net cash generated from operating activities		1,366,939	1,383,930
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	4	(114,733)	(332,022)
Proceeds from disposal of property, plant and equipment		–	95,000
Acquisition of a subsidiary, net of cash acquired	6B	–	295,203
Dividends received from an associate	7	101,327	34,995
Net cash (used in)/generated from investing activities		(13,406)	93,176
Cash Flows from Financing Activities			
Interest paid	Note A	(443,594)	(435,651)
Decrease in pledged bank deposits	Note B	–	26,541
Payment of deferred consideration in respect of the acquisition of non-controlling interests in subsidiaries		–	(200,000)
Proceeds from bank loans	Note A	1,288,492	3,033,732
Proceeds from trade financing	Note A	4,462,161	2,343,834
Repayment of bank loans	Note A	(3,639,355)	(3,664,024)
Repayment of trade financing	Note A	(3,580,848)	(2,342,590)
Repayment of lease liabilities	Note A	(116,114)	(107,472)
Net cash used in financing activities		(2,029,258)	(1,345,630)
Net (decrease)/increase in cash and cash equivalents		(675,725)	131,476
Cash and cash equivalents at beginning of year		1,880,908	1,749,432
Cash and cash equivalents at end of year	12	1,205,183	1,880,908

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Note A:

The Group	Term loans $	Trade financing with a financier $	Lease liabilities $	Total $
At 1 January 2023	6,019,402	174,509	1,622,363	7,816,274
Cash flows:				
– Proceeds	3,033,732	2,343,834	–	5,377,566
– Repayments	(3,664,024)	(2,342,590)	(107,472)	(6,114,086)
– Interest paid	(258,842)	(74,440)	(102,369)	(435,651)
Acquisition of subsidiary	434,338	–	–	434,338
Non-cash changes:				
– Interest expense	258,842	74,440	102,369	435,651
– Modification on lease liabilities	–	–	24,805	24,805
At 31 December 2023	5,823,448	175,753	1,539,696	7,538,897
Cash flows:				
– Proceeds	1,288,492	4,462,161	–	5,750,653
– Repayments	(3,639,355)	(3,580,848)	(116,114)	(7,336,317)
– Interest paid	(220,197)	(127,612)	(95,785)	(443,594)
Non-cash changes:				
– Interest expense	220,197	127,612	95,785	443,594
– Modification on lease liabilities	–	–	8,804	8,804
At 31 December 2024	3,472,585	1,057,066	1,432,386	5,962,037

Note B:

The Group	Pledged bank deposit $
At 1 January 2023	(100,923)
Cash flows:	
Decrease in pledged bank deposit	26,541
At 31 December 2023 and at 31 December 2024	(74,382)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The financial statements of the Group and of the Company for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

The Company is incorporated and domiciled in Singapore and is listed on the Catalist which is a market on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and principal place of business is at 10 Tuas South Street 15, Singapore 637076.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

2(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("$") which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

The accounting policies have been applied consistently to all years presented in these financial statements.

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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, actual results may differ from those estimates.

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 and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving significant judgement are described below.

Significant judgement made in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Principal versus agent considerations

The Group acts as an agent to procure, on behalf of customers, supply of goods from relevant suppliers in relation to its trading of marine petroleum product business. The Group has determined that it does not control the goods at any time, because the goods are provided only at the time that they are transferred to the customers and, thus, do not exist before that transfer. Therefore, the Group does not at any time have the ability to direct the use of the goods, or obtain substantially all of the remaining benefits from the goods, before they are transferred to customers. The Group neither purchases, nor commits itself to purchase, goods before they are sold to customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(A) BASIS OF PREPARATION (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past historical experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of the Group's and the Company's trade and other receivables and contract assets at the end of the reporting period are disclosed in Notes 10 and 11 to the financial statements. A reasonably possible change in key assumptions indicates that the impact is insignificant.

The Company held non-trade receivables from its subsidiaries that are repayable on demand of $3,914,213 (2023 – $4,131,269) as at the reporting date. These balances are amounts extended to the subsidiaries to satisfy their short-term funding requirements. The impairment of the amounts due from subsidiaries is based on the expected loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the reporting date. As a result of management's assessment, allowance for impairment loss on non-trade receivables due from its subsidiaries during the financial year ended 31 December 2024 is disclosed in Note 11. A reasonably possible change in key assumptions indicates that the impact is insignificant.

(b) Revenue and costs of contracts

Heat exchanger services

Revenue from the provision of heat exchanger services is recognised over time using the input method. The measures of progress is determined based on the actual contract costs incurred by the Group to-date compared as a proportion of the total budgeted contract costs. Significant assumptions are required in determining the stage of completion and the estimated total contract costs to complete. In making these estimates, the Group relied on past experience, knowledge of the project managers, as well as appropriate source documents and records such as quotations from sub-contractors.

When it is probable that the unavoidable aggregate costs of meeting the obligations under the contracts exceed the economic benefits expected to be received, a provision for onerous contract is to be recognised immediately. These are based on the presumption that the outcome of the project can be estimated reliably.

Piping services

Revenue from the provision of piping services is recognised based on the stage of completion of the contract determined based on the labour hours delivered at the expected settlement rates. Management estimates the expected settlement rates based on historical settlement rates and actual settlement rates during the financial year, taking into consideration discounts provided to the customers.

Revenue from the provision of heat exchanger services and piping services are disclosed in Note 3. The carrying amounts of contract assets and liabilities are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(A) BASIS OF PREPARATION (CONTINUED)

Key sources of estimation uncertainty (continued)

(c) Impairment of non-financial assets (Notes 4, 5, 6 and 7)

Property, plant and equipment, right-of-use assets, investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on the higher of fair value less costs of disposal and value-in-use calculations. These calculations require the use of estimates. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, utilisation period of the assets, discount rates and other factors.

The carrying amounts of the Group's property, plant and equipment and right-of-use assets at the reporting date amounted to $5,818,591 (2023 – $6,487,139) and $1,229,172 (2023 – $1,354,056), respectively. The carrying amounts of the Company's property, plant and equipment and right-of-use assets at the reporting date amounted to $2,462,986 (2023 – $2,839,040) and $701,236 (2023 – $809,090), respectively.

The Company's investments in subsidiaries and the Group's investment in associates at the reporting date amounted to $8,121,834 (2023 – $6,423,729) and $359,177 (2023 – $329,433) respectively. Allowance for impairment loss on investment in subsidiaries is disclosed in Note 6.

Sensitivity analysis

Management has considered the most significant assumption used in the value-in-use calculations is the discount rate applied in the determination of the recoverable amount of certain subsidiaries held under HJPL Group. Had the discount rate varied from the management's estimation, the estimated recoverable amount of the investment in HJPL Group and the reversal of impairment loss would be as follows:

	Decrease in reversal of Impairment loss
HJPL Group	**$**
Discount rate at:	
2024	
0.5% higher than the management's projection	247,284

In respect of the financial year ended 2023, a reasonably possible change in the discount rate would not have a significant impact to the financial statements.

(d) Impairment tests for Setya containing goodwill (Note 8)

Goodwill is allocated to a subsidiary, Setya as follows:

	2024	**2023**
	$	**$**
Goodwill:		
Setya	–	1,011,017

The recoverable amount of goodwill is determined based on the higher of fair value less costs to sell ("FVLCTS") and value in use ("VIU"). The VIU is the cash flow projections based on financial budgets and future forecasts prepared by management covering a five-year period for Setya with terminal value. Key assumptions used for VIU are disclosed in Note 8 to the financial statements.

As at 31 December 2024, the recoverable amount of the CGU amounted to Nil. Given this, a change of 0.5% in the discount rate would not impact the impairment assessment, as the recoverable amount would remain Nil. In the last financial year ended 31 December 2023, an increase of 0.5% in the discount rate used would decrease the recoverable amount of the CGU by $56,000.

NOTES TO THE FINANCIAL STATEMENTS

2(B) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

On 1 January 2024, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	*Supplier Finance Arrangements*	1 January 2024

Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

There is no material impact to the financial statements on initial application.

Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date and therefore must be considered in assessing the classification of the liability as current or non-current. Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

There is no material impact to the financial statements on initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(B) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability applying the general requirements. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

There is no impact to the financial statements on initial application as the Group does not have such transactions in scope of SFRS(I) 16 as at the reporting date.

Amendments to SFRS(I) 1-7 and SFRS(I) 7 Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and introduce additional disclosure requirements. The disclosure requirements are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

There are specific transition provisions in the first annual reporting period in which the entity applies the amendments, including available reliefs with respect to disclosure of comparative information, disclosure of certain opening balances, and interim financial statements.

There is no impact to the financial statements on initial application as the Group does not have such arrangements in scope of SFRS(I) 7 as at the reporting date.

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective. Management anticipates that the adoption of these relevant new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 1-21	*Lack of Exchangeability*	1 January 2025
Amendments to SFRS(I) 9 and SFRS(I) 7	*Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7	*Contracts Referencing Nature-dependent Electricity*	1 January 2026
Annual Improvements to SFRS(I)	*– Volume 11*	1 January 2026
SFRS(I) 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
SFRS(I) 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be Determined

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION

Consolidation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company or its subsidiary reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company or its subsidiary has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company's or its subsidiary's voting rights in an investee are sufficient to give it power, including:

- size of the Company's or its subsidiary's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company or its subsidiary, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances which indicate that the Company or its subsidiary has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Consolidation (continued)

(ii) Changes in the Group 's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate and joint venture.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date on which the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and

- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Consolidation (continued)

(ii) Changes in the Group ‘s ownership interests in existing subsidiaries (continued)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associates

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Where a Group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's statement of financial position, investments in associates are carried at cost less accumulated impairment loss, if any. On disposal of investment in associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the cash generating unit pro-rata on the basis of the carrying amount of each asset in the cash generating unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Industrial building on leasehold land	1.8% to 5.3% (18.83 years to 55 years)
Leasehold improvements	1.8% to 5.3% (18.83 years to 55 years)
Plant and equipment	5.26% to 33.33% (3 years to 19 years)
Motor vehicles	18% to 26% (4 years to 5 years)
Renovation	10% to 20% (5 years to 10 years)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before that expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Asset under construction represents premise under renovation, which is stated at cost less any impairment losses, and is not depreciated. Costs comprise the renovation costs. Asset under construction is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible asset that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (continued)

The recoverable amount of an assets or CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCTS"). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. In determining FVLCTS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded comparable public companies or other available fair value indicators.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of subsidiaries is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

(a) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises those lease payments in the statement of profit or loss and other comprehensive income in the periods that trigger those lease payments. For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component. The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

(b) Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land	1.8% to 5.3% (18.83 years to 55 years)

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Financial instruments

Financial instruments carried on the statement of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These are recognised on the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Disclosures of the Group's and the Company's financial risk management objectives and policies are provided in Note 31.

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

– Financial assets at amortised cost (debt instruments);

– Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);

– Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or

– Financial assets at FVTPL.

The Group and the Company do not hold any financial assets at FVOCI or financial assets at FVTPL.

Subsequent measurement of debt instruments depends on the Group's and the Company's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding on the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the assets are derecognised or impaired, and through amortisation process.

The Group's and the Company's financial assets at amortised cost comprise trade and other receivables (excluding prepayments, GST recoverable and advance payment to supplier) and cash and bank balances.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group and the Company assess on a forward-looking basis, the expected credit losses (“ECLs”) associated with its debt instrument assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables and contract assets, the Group and the Company measure the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

Financial liabilities

Financial liabilities include trade and other payables, borrowings and lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value less, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

Financial guarantees

Financial guarantee contract are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(i) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(ii) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions for other liabilities (continued)

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is calculated based on past historical experience of the level of repairs and replacements.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Borrowings

Borrowings are presented as current liabilities unless the Group has a right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

Employee benefits

Defined contribution obligations

The Group contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Group's contributions to CPF are charged to the statement of profit or loss and other comprehensive income in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee benefits (continued)

Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share options reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of the reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share options reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share options reserve are credited to share capital account if new ordinary shares are issued, or credited to the "treasury shares" account if treasury shares are re-issued to the employees. Upon expiry of the options, the balance in the share options reserve is transferred to retained earnings.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income taxes are recognised as income or expense in the statement of profit or loss and other comprehensive income except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition

The Group recognises revenue from the following major sources:

- Fabrication and servicing of heat exchangers;
- Provision of piping services;
- Provision of chemical cleaning services; and
- Trading of marine petroleum products.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated sales discount allowance.

Revenue from fabrication and servicing of heat exchangers

The Group provides heat exchanger services (including design, fabricate and repair of heat exchangers) under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs.

Revenue from provision of such services is therefore recognised over time using input method, based on the actual contract costs incurred by the Group to-date compare with the total budgeted contract costs for the project to estimate the revenue recognised during the period. The management of the Group considers that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligation under SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group is entitled to invoice customers for heat exchanger services based on achieving a series of performance-related milestones. When a particular milestone is reached, an invoice and the relevant documents as required by the milestone arrangement is sent to the customer for acknowledgement. The Group recognises a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to-date under the input method then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in heat exchanger contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is usually made within a year.

Revenue from provision of piping services

The Group provides piping services, which include installation and restoration of pipes and systems that are used for marine and offshore business operations. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs. Such services are recognised as performance obligations are satisfied over time. Revenue is recognised for these piping services based on the stage of completion of the contract at the expected settlement rates. Management has assessed and determined that recognition of revenue on actual man hours delivered at the expected settlement rate per man hour to be an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15 as it represents an amount that corresponds directly with the value to customers of the Group's performance completed to date, and as allowed by practical expedient in SFRS(I) 15.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Revenue from provision of piping services (continued)

Payment for piping services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the piping services are performed representing the Group's right to consideration for the services performed to-date.

Revenue from provision of chemical cleaning services

The Group provides chemical cleaning services, which comprise mainly cleaning of heat exchangers, pipelines engine parts, pressure vessels and oil tanks. Such services are recognised over time as performance obligations are satisfied. Due to the short duration of these services, management is of the view that the effect of recognising revenue from the provision of chemical cleaning services at a point in time is not materially different from recognising revenue over time. Accordingly, management recognises revenue from provision of chemical cleaning services at a point in time, upon completion of the services rendered to the customer.

A receivable is recognised by the Group upon completion of the service rendered to the customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Trading of marine petroleum products

The Group acts as an agent to procure, on behalf of customers, supply of goods from relevant suppliers. The Group recognises a net income, being the amount of consideration that the Group retains after paying the supplier the consideration received in exchange for the goods provided by the supplier.

Referral income

Net referral income is recognised upon the performance of services.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties (continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

<u>Key management personnel</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Functional currencies

<u>Functional and presentation currency</u>

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currency of the Company is Singapore Dollar.

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in profit of loss, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the Group entities *(none of which has the currency of a hyperinflationary economy)* and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the grant is presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset and is amortised to profit or loss over the expected useful life of the relevant asset by equal instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 REVENUE

The following table provides a disaggregation of the Group's revenue by timing of revenue recognition:

The Group	2024 $	2023 $
Timing of revenue recognition		
At a point in time:		
Chemical cleaning*	3,112,896	3,250,815
Net income earned on trading of marine petroleum product#	154,837	9,242
Net income earned on referral service#	–	133,552
Over time:		
Heat exchanger*	9,799,572	16,174,263
Piping*	7,064,514	5,496,580
	20,131,819	25,064,452

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining unsatisfied performance obligation if the performance obligation is part of a contract that has an original expected duration of one year or less.

* relates to the provision of service, such as fabrication and servicing of heat exchangers, piping and chemical cleaning.

\# relates to net revenue earned as an agent

Geographical Information

For management purposes, revenue is grouped into country or region that exhibit similar economic environment. Revenue information based on the geographical location of customers is as follows:

The Group	2024 $	2023 $
Revenue		
Singapore	19,640,270	24,639,179
People's Republic of China	491,549	425,273
	20,131,819	25,064,452

4 PROPERTY, PLANT AND EQUIPMENT

The Group	Asset under construction $	Industrial building on leasehold land $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Renovation $	Total $
Cost							
At 1 January 2023	–	9,760,184	177,242	4,100,031	285,292	310,549	14,633,298
Additions	268,576	–	–	63,446	–	–	332,022
Disposals	–	–	–	(283,824)	(169,006)	–	(452,830)
Write-offs	–	–	–	(2,980)	–	–	(2,980)
Currency translation differences	–	–	–	(2,019)	(2,357)	–	(4,376)
At 31 December 2023	268,576	9,760,184	177,242	3,874,654	113,929	310,549	14,505,134
Additions	–	–	31,500	57,483	–	25,750	114,733
Disposals	–	–	–	(32,429)	–	–	(32,429)
Write-offs	–	–	–	(2,300)	–	–	(2,300)
Currency translation differences	–	–	–	(5,850)	5	–	(5,845)
At 31 December 2024	268,576	9,760,184	208,742	3,891,558	113,934	336,299	14,579,293
Accumulated depreciation							
At 1 January 2023	–	4,198,957	63,963	2,773,250	250,158	279,400	7,565,728
Depreciation for the year	–	435,912	11,019	379,045	18,681	23,874	868,531
Disposals	–	–	–	(283,740)	(169,006)	–	(452,746)
Write-offs	–	–	–	(1,490)	–	–	(1,490)
Currency translation differences	–	–	–	(1,236)	(1,561)	–	(2,797)
At 31 December 2023	–	4,634,869	74,982	2,865,829	98,272	303,274	7,977,226
Depreciation for the year	–	435,912	11,111	315,661	10,311	6,239	779,234
Disposals	–	–	–	(29,187)	–	–	(29,187)
Write-offs	–	–	–	(1,533)	–	–	(1,533)
Currency translation differences	–	–	–	(5,826)	19	–	(5,807)
At 31 December 2024	–	5,070,781	86,093	3,144,944	108,602	309,513	8,719,933
Accumulated impairment loss							
Balance at 1 January 2023, 1 January 2024 and 31 December 2024	–	–	–	40,769	–	–	40,769
Net carrying amount							
At 31 December 2024	268,576	4,689,403	122,649	705,845	5,332	26,786	5,818,591
At 31 December 2023	268,576	5,125,315	102,260	968,056	15,657	7,275	6,487,139

In view of the losses sustained by the Group and certain of the Company's subsidiaries during the year, management has assessed that there are indications of impairment in respect of the property, plant and equipment and right-of-use assets. The recoverable amount of these assets has been determined based on fair value less cost of disposal which is still higher than the carrying value of the assets under assessment. As such, no further impairment loss was recognised during the year. Refer to Note 6C for the disclosure of the determination of fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	**Asset under construction**	**Industrial building on leasehold land**	**Leasehold improvements**	**Plant and equipment**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
At 1 January 2023	–	6,036,700	177,242	1,012,569	7,226,511
Additions	268,576	–	–	–	268,576
At 31 December 2023	268,576	6,036,700	177,242	1,012,569	7,495,087
Additions	–	–	31,500	–	31,500
At 31 December 2024	268,576	6,036,700	208,742	1,012,569	7,526,587
Accumulated depreciation					
At 1 January 2023	–	3,268,613	63,963	876,220	4,208,796
Depreciation for the year	–	353,364	11,019	82,868	447,251
At 31 December 2023	–	3,621,977	74,982	959,088	4,656,047
Depreciation for the year	–	353,364	11,111	43,079	407,554
At 31 December 2024	–	3,975,341	86,093	1,002,167	5,063,601
Net book value					
At 31 December 2024	268,576	2,061,359	122,649	10,402	2,462,986
At 31 December 2023	268,576	2,414,723	102,260	53,481	2,839,040

The Group's and the Company's industrial building on leasehold land with the net carrying value of $4,689,403 (2023 – $5,125,315) and $2,061,359 (2023 – $2,414,723) respectively are pledged to secure certain banking facilities granted to the Group (Note 15).

Depreciation included in the consolidated statement of profit or loss and other comprehensive income as follows:

	The Group		**The Company**	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Cost of sales (Note 22)	253,717	270,477	–	–
Administrative expenses (Note 22)	525,517	598,054	407,554	447,251
	779,234	868,531	407,554	447,251

5 RIGHT-OF-USE ASSETS

The Group	**Leasehold land** **$**
Cost	
At 1 January 2023	1,981,454
Lease modifications	24,805
At 31 December 2023	2,006,259
Lease modifications	8,804
At 31 December 2024	2,015,063
Accumulated depreciation	
At 1 January 2023	520,072
Depreciation	132,131
At 31 December 2023	652,203
Depreciation	133,688
At 31 December 2024	785,891
Carrying amount	
At 31 December 2024	1,229,172
At 31 December 2023	1,354,056
The Company	
Cost	
At 1 January 2023	1,353,505
Lease modifications	24,805
At 31 December 2023	1,378,310
Lease modifications	8,804
At 31 December 2024	1,387,114
Accumulated depreciation	
At 1 January 2023	454,163
Depreciation	115,057
At 31 December 2023	569,220
Depreciation	116,658
At 31 December 2024	685,878
Carrying amount	
At 31 December 2024	701,236
At 31 December 2023	809,090

Depreciation included in the consolidated statement of profit or loss and other comprehensive income as follows:

	The Group		**The Company**	
	2024 **$**	**2023** **$**	**2024** **$**	**2023** **$**
Administrative expenses (Note 22)	133,688	132,131	116,658	115,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6 INVESTMENT IN SUBSIDIARIES

The Company	2024 $	2023 $
Unquoted equity shares, at cost		
At 1 January	17,883,928	16,083,928
– Acquisition of a subsidiary	–	1,800,000
– Accumulated impairment loss	(9,762,094)	(11,460,199)
At 31 December	8,121,834	6,423,729
Movement in impairment losses:		
At 1 January	(11,460,199)	(10,675,741)
– Reversal of impairment loss in subsidiaries	2,839,516	1,466,764
– Impairment loss for the year	(1,141,411)	(2,251,222)
	(9,762,094)	(11,460,199)

Details of subsidiaries of the Company are set out below:

Name	Place of incorporation/ principal place of business	Effective equity held by the Company 2024 %	2023 %	Principal activities
Held by the Company				
Heatec Jietong Pte. Ltd.[1]	Singapore	100	100	Servicing and fabrication of heat exchanger.
JJY Engineering & Construction Pte.Ltd.[1]	Singapore	100	100	To carry on the businesses of repairing ships, tankers and other ocean-going vessels.
HJT Engineering & Construction Pte.Ltd.[1]	Singapore	100	100	To carry on the businesses of repairing ships, tankers and other ocean-going vessels.
Setya Energy Pte. Ltd.[1]	Singapore	60	60	Trading of marine petroleum products.
Held by Heatec Jietong Pte. Ltd.				
Heatec (Shanghai) Co., Ltd.[2, 4]	People's Republic of China	100	100	Sales and repair of air cooler(s) evaporator, heat exchanger and related auxiliaries.
Chem-Grow Pte Ltd[1]	Singapore	100	100	Provide chemical cleaning services to ships and tankers.
Chem Grow Engineering Pte. Ltd.[1]	Singapore	100	100	Provide repair services to ships, tankers and other ocean-going vessels, and chemical cleaning services to ships and tankers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	**Place of incorporation/ principal place of business**	**Effective equity held by the Company**		**Principal activities**
		2024	**2023**	
		%	**%**	
Heatec Veslink Marine Services Corp.[3]	Philippines	60	60	To engage in the business of trading, selling, servicing, manufacturing, distributing, marketing, maintenance, export and import.
JTY Engineering Pte. Ltd.[1]	Singapore	100	100	To carry on business of repairing ships, tankers and other ocean-going tankers.
Heatec Vietnam Company Ltd.[3]	Vietnam	100	100	Technical and management consultancy services.

(1) Audited by Foo Kon Tan LLP
(2) Audited by Shanghai Zhong Chuang Haijia CPA Co., Ltd, a firm of Certified Public Accountants in People's Republic of China
(3) Dormant entities
(4) Audited by Foo Kon Tan LLP for consolidation purpose

A. Summarised financial information of subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that are considered by management to be material to the Group:

Name of subsidiary	**Place of incorporation/ principal place of business**	**Ownership interests held by NCI**		**Losses allocated to NCI**		**Net liabilities attributable to NCI**	
		2024	**2023**	**2024**	**2023**	**2024**	**2023**
		%	**%**	**$**	**$**	**$**	**$**
Setya Energy Pte. Ltd.	Singapore	40	40	(104,827)	(316,184)	(144,906)	(40,080)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

A. Summarised financial information of subsidiary with material non-controlling interest ("NCI") (continued)

Summarised financial information prepared in accordance with SFRS(I), modified for fair value adjustments on acquisitions but before inter-company eliminations, in respect of Group's subsidiaries that have a material non-controlling interest (NCI) is set out below:

31 December 2024	**Setya Energy Pte. Ltd. $**	**Other individually immaterial subsidiaries $**	**Total $**
Summarised Statement of Financial Position			
Non-current assets	–		
Current assets	1,512,708		
Current liabilities	(1,874,973)		
Net liabilities	(362,265)		
Net liabilities attributable to NCI	(144,906)	(31,240)	(176,146)
Summarised Income Statement			
Revenue	236,944		
Loss before tax	(265,198)		
Income tax credit	3,131		
Loss after tax representing total comprehensive loss	(262,067)	(9,284)	
Loss after tax representing total comprehensive loss allocated to NCI	(104,827)	(3,714)	(108,541)
Summarised Cash Flows			
Cash flows used in operating activities	(571,218)		
Cash generated from investing activities	200,378		
Cash flows generated from financing activities	429,318		
Net increase in cash and cash equivalents	58,478		
31 December 2023			
Summarised Statement of Financial Position			
Non-current assets	–		
Current assets	580,860		
Current liabilities	(681,058)		
Net liabilities	(100,198)		
Net liabilities attributable to NCI	(40,080)	(27,525)	(67,605)
Summarised Income Statement			
Revenue	204,502		
Loss before tax	(784,144)		
Income tax expense	(6,316)		
Loss after tax representing total comprehensive loss	(790,460)	(1,684)	
Loss after tax representing total comprehensive loss allocated to NCI	(316,184)	(674)	(316,858)
Summarised Cash Flows			
Cash flows generated from operating activities	203,880		
Cash flows used in financing activities	(128,333)		
Net increase in cash and cash equivalents	75,547		

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

B. Acquisition of Setya Energy Pte. Ltd.

On 6 February 2023, the Group completed its acquisition of 60% of the equity shares and voting interests in Setya Energy Pte. Ltd. ("Setya") and gained control over Setya.

Included in the identifiable assets and liabilities acquired on the date of acquisition of Setya were inputs (customer relationships), process and an organised workforce. The Group had determined that together the acquired inputs and process significantly contributed to the ability to create revenue and concluded that the acquired set was a business.

As the Group provided chemical cleaning services as part of its existing business, the Group was expected to be able to capitalise and leverage on the network of customers in the marine industry available to Setya and also offered services which were presently provided under the Group's existing business to such customers (and vice versa in respect of Setya). The acquisition was expected to expand the Group's existing customer base as well as the scale of the Group's existing business operation in providing such related services.

For the 11 months ended 31 December 2023, Setya contributed revenue of $204,502 and loss of $790,460 to the Group's results. If the acquisition had occurred on 1 January 2023, management estimated that consolidated revenue would have been $25,156,836 and consolidated loss for the year would have been $879,626. In determining these amounts, management had assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

Acquisition related costs

In 2023, the Group incurred acquisition related costs of $374,100. These costs had been included in "Administrative expenses".

Details of the consideration transferred, the assets acquired, and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, were as follows:

The Group		**FY 2023** **$**
Consideration transferred through equity instruments issued (81,818,181 ordinary shares)	(i)	1,800,000
Identifiable assets acquired and liabilities assumed		
At fair value		
Trade and other receivables	(ii)	1,015,238
Cash and bank balances		295,203
Trade payables		(126,977)
Other payables		(3,758)
Current tax payables		(55,107)
Borrowings		(434,338)
Net identifiable assets acquired		690,261
Non-controlling interests recognised and goodwill arising		
Consideration transferred		1,800,000
Add: Non-controlling interest	(iii)	276,104
Less: Fair value of identifiable net assets acquired		(690,261)
Goodwill arising from acquisition		1,385,843
Effects on cash flows of the Group		
Cash consideration paid		–
Add: Cash and cash equivalents in acquiree		295,203
Cash inflow on acquisition of a subsidiary		295,203

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

B. Acquisition of Setya Energy Pte. Ltd. (continued)

(i) Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company on 6 February 2023 of $0.022 per share.

(ii) Trade receivables comprised gross contractual amounts due of $1,015,238. Other receivables comprised of deposits paid to vendor to secure marine petroleum products of $502,400 was expected to be uncollectible at the date of acquisition.

(iii) The Group had elected to recognise the non-controlling interests in Setya based on its proportionate share in the recognised amounts of identifiable assets acquired and liabilities assumed of the acquiree.

The goodwill was attributable mainly to the synergies expected to be achieved from integrating the entity into the Group's existing business. None of the goodwill recognised was expected to be deductible for tax purpose.

C. Company level – Assessment of carrying value of cost of investment in subsidiaries

(i) *Heatec Jietong Pte. Ltd. and its subsidiaries ("HJPL Group")*

During the financial year, in view of the losses sustained by HJPL, management performed a review of the Company's cost of investment in HJPL Group to determine if further impairment or reversal of impairment loss is necessary. Based on the recoverable amount of the investments in subsidiaries, determined based on the higher of FVLCTS and VIU, the Company recognised a reversal of impairment loss of $2,357,313 (2023 – $1,466,764). The recoverable amount of HJPL Group was determined based on FVLCTS. As at 31 December 2024, the recoverable amount of HJPL and certain of its subsidiaries was based on their revalued net assets. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices or realisable amounts, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Management had considered the underlying assets and liabilities of the investees held by HJPL, including the engagement of independent valuers to determine the fair values of the property, plant and equipment.

The fair value of the industrial building on leasehold land has been estimated using the comparable sales approach. The significant unobservable inputs used in the valuation included the transacted prices, timing of the transactions, location & accessibility, tenure, size, type of use and age & condition of the comparable properties. Accordingly, the fair value measurement of the properties is categorised as an unobservable level 3 input. The adjusted price per square foot of the comparable properties range from $277 – $291 (2023 – $234 – $549).

The fair value of the plant and equipment has been estimated using replacement method under cost approach. As significant unobservable inputs are used in the valuation, therefore the fair value measurement of the plant and equipment is categorised under level 3 of the fair value hierarchy. The significant unobservable inputs included the estimation of the reinstatement value and the residual life of the assets.

For two (2023: one) subsidiaries whose recoverable amount was determined based on future cash flow projections, the forecasted revenue growth was 2.2% and 6% (2023 – 5%) and the forecasted gross margin was 11.4% and 47% respectively (2023 – 21%). The pre-tax discount rate applied to the cash flow projections was 10.4% and 10.2% (2023 – 12.4%) and terminal growth rate applied was 1.96% (2023 – 2.22%).

A discount for lack of marketability ("DLOM") of 15.6% is applied to the revalued net assets of HJPL Group since is not publicly traded. The DLOM was extracted from the 2023/2024 Edition of Stout Restricted Stock Companion Guide, which is an independent research study report.

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

C. Company level – Assessment of carrying value of cost of investment in subsidiaries (continued)

(ii) *HJT Engineering & Construction Pte. Ltd. ("HJT")*

During the financial year, in view of the losses sustained by HJT, management performed a review for the carrying value of the Company's investment in HJT to determine if further impairment or reversal of impairment loss may be necessary. Based on the recoverable amount of the investment in HJT, determined based on the higher of FVLCTS and VIU, the Company recognised an allowance of impairment loss of $628,827 (2023 – $836,199) on the investment in HJT.

The recoverable amount was determined based on the revalued net asset approach since the financials of the entity comprised mainly of cash balances, trade and other receivables, contract assets, trade and other payables and borrowings which were current and approximated fair values at year end.

(iii) *JJY Engineering & Construction Pte. Ltd. ("JJY")*

During the financial year, management performed a review for the carrying value of the Company's investment in JJY to determine if further impairment or reversal of impairment loss may be necessary. Based on the recoverable amount of the investment in JJY, determined based on the higher of FVLCTS and VIU, the Company recognised a reversal of allowance of impairment loss of $482,203 (2023 – impairment loss of $127,607) on the investment in JJY.

The recoverable amount was determined based on the revalued net asset approach since the financials of the entity comprised mainly of cash balances, trade and other receivables, contract assets and trade and other payables which were current and approximated fair values at year end.

(iv) *Setya Energy Pte. Ltd. ("Setya")*

During the financial year, management performed a review of the Company's cost of investment in Setya to determine if further impairment or reversal of impairment loss is necessary. The recoverable amount of Setya was based on VIU. The VIU is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value. Based on management's assessment, the recoverable amount has been estimated to be lower than its carrying amount of the cost of investment in Setya and thus impairment loss of $512,584 (2023 – $1,287,416) has been recognised in the profit or loss to write down the cost of investment to its recoverable amount. Refer to Note 8 for details of the assumptions used.

7 INVESTMENT IN ASSOCIATES

The Group	**2024** **$**	**2023** **$**
Unquoted equity shares, at cost	187,616	187,616
Share of post-acquisition reserves, net of dividend received	272,144	243,349
Foreign currency translation differences	(30,583)	(31,532)
Impairment loss	(70,000)	(70,000)
	359,177	329,433

At the end of each reporting period, the Group carried out a review whether there is an indication that the investment in associates is impaired. No impairment loss has been recognised in respect of the financial years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7 INVESTMENT IN ASSOCIATES (CONTINUED)

Movements in impairment losses are as follows:

The Group	**2024 $**	**2023 $**
Balance at beginning and end of year	70,000	70,000

Details of associates of the Group are set out below:

Name of associates	**Place of incorporation/ principal place of business**	**Effective equity held by the Group 2024 %**	**Effective equity held by the Group 2023 %**	**Principal activities**
Held by Heatec Jietong Pte. Ltd.				
Zhoushan Heatec IMC-YY[1] Engineering Co., Ltd.	People's Republic of China	45	45	Service and repair all kinds of heat exchangers and piping works.
Heatec Marine Phils Construction Inc.	Philippines	39.97	39.97	Dormant.

(1) Audited by Zhoushan An Da Certified Public Accountants.

Summarised financial information, adjusted for the Group's share of equity interest in respect of the associate are set out below:

The Group	**Zhoushan Heatec IMC-YY Engineering Co., Ltd. 2024 $**	**Zhoushan Heatec IMC-YY Engineering Co., Ltd. 2023 $**
Revenue	1,855,779	1,742,455
Profit for the year	289,161	273,070
Other comprehensive income	–	–
Total comprehensive income	289,161	273,070
Dividends received from associate	101,327	34,995
Current assets	939,047	864,511
Non-current assets	91,796	101,565
Current liabilities	(232,672)	(234,003)
Net assets of the associate	798,171	732,073

7 INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associates, is as follows:

The Group	**2024 $**	**2023 $**
Net assets attributable to investee's shareholders	798,171	732,073
Proportion of the Group's ownership interest in the associate	45%	45%
	359,177	329,433
Proportion of the Group's ownership interest held in the associate at beginning of the year	329,433	252,911
Share of results for the year	130,122	122,882
Dividend received	(101,327)	(34,995)
Foreign currency translation differences	949	(11,365)
Carrying amount of the Group's ownership interest in the associate at the end of the year	359,177	329,433

8 GOODWILL

The Group	**2024 $**	**2023 $**
At beginning of year	1,011,017	–
Goodwill arising on consolidation	–	1,385,843
Allowance for impairment loss	(1,011,017)	(374,826)
At end of year	–	1,011,017

Movement in impairment losses:

The Group	**2024 $**	**2023 $**
At beginning of year	374,826	–
Addition	1,011,017	374,826
At end of year	1,385,843	374,826

Impairment tests for goodwill

As at 31 December 2024, the carrying amount of goodwill is attributable to Setya Energy Pte. Ltd., which has been identified as the lowest level of identifiable cash inflows that are independent of the cash inflows from other assets or group of assets.

The recoverable amounts of the goodwill was determined based on VIU, being the higher of FVLCTS and VIU calculations. The VIU calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8 GOODWILL (CONTINUED)

Impairment tests for goodwill (continued)

Key assumptions used for VIU:

	2024	2023
The Group		
Gross profit margin(1)	1.12%	2.3%
Growth rate(2)	(1.31%)	13.4%
Terminal growth rate(3)	1.96%	2%
Discount rate(4)	10.50%	12.07%

(1) Budgeted average gross profit margin
(2) Compound annual growth rate
(3) Long term average growth rate of Singapore
(4) Pre-tax discount rate applied to the pre-tax cash flow projections

The discount rate was determined based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. A long-term growth rate into perpetuity has been determined based on the inflation rate of Singapore forecasted at the end of the five-year period.

These assumptions were used for the analysis of CGU within the business segment. Management determined budgeted gross profit margin and revenue growth rate based on expectation of future market changes. The discount rates used reflected specific risks to the CGU.

The recoverable amount was determined to be lower than the carrying amount of its CGU and an impairment loss of $1,288,567 was recognised during the year. An impairment loss of $1,011,017 was fully allocated to goodwill first and then to the other assets in the CGU on a pro-rata basis, which had been recognised in the consolidated statement of profit or loss and other comprehensive income.

The impairment loss was allocated on a pro rata to the other assets under Setya CGU as follows:

The Group	2024 $
Trade receivable	277,550

9 INVENTORIES

The Group	2024 $	2023 $
Raw materials, at cost	379,819	394,002
Less: Allowance for slow moving inventories		
Beginning of the financial year	(31,866)	(48,545)
Reversal of allowance for slow moving inventory	–	16,679
End of financial year	(31,866)	(31,866)
	347,953	362,136

Inventories amounting to $1,729,363 (2023 – $5,776,790) were recognised as cost of sales in profit or loss for the year ended 31 December 2024.

In the last financial year ended 31 December 2023, a reversal of allowance for inventories of $16,679 was made as a result of Group's ability to sell the inventories at higher net realisable value. The reversal had been included in 'cost of sales' in the profit or loss.

10 CONTRACT ASSETS AND LIABILITIES

The Group receives payments from customers based on performance milestone as established in contract.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's heat exchanger, piping businesses and chemical cleaning services.

Contract assets

The Group	**2024 $**	**2023 $**
Contract assets	4,225,293	7,145,512
Less: Loss allowance		
Beginning of the financial year	(80,000)	(80,000)
Reversal of allowance for impairment loss for the financial year	80,000	–
End of financial year	–	(80,000)
Contract assets	4,225,293	7,065,512

As at 1 January 2023, the Group's contract assets balance amounted to $6,420,108.

The Group	**2024 $**	**2023 $**
Contract assets reclassified to trade receivables	(22,745,306)	(23,418,906)
Increase due to revenue recognised during the financial year but not reclassified to trade receivables	19,825,087	24,144,310

Further information about ECL is disclosed at Note 31.

Contract liabilities relate to advance consideration received from customers and billings in-excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

Contract liabilities

The Group	**2024 $**	**2023 $**
Advances from customers and billing in-excess	106,244	453,144

As at 1 January 2023, the Group's contract liabilities balance amounted to $825,381.

The Group	**2024 $**	**2023 $**
Revenue recognised that was included in the contract liabilities at the beginning of the financial year	(453,144)	(777,348)
Increase due to cash received, excluding amounts recognised as revenue during the financial year	106,244	405,111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10 CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Contract liabilities (continued)

The following table provides information about contract assets and contract liabilities from contracts with customers.

The Group	2024 $	2023 $
Trade receivables from contract with customers (Note 11)	6,182,289	5,991,903
Contract assets	4,225,293	7,065,512
Contract liabilities	106,244	453,144

Decrease in contract assets and contract liabilities occurred because of lower revenue generated from heat exchanger segment.

11 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2024 $	2023 $	2024 $	2023 $
Trade receivables	7,747,206	7,243,096	–	–
Allowance for impairment loss	(1,564,917)	(1,251,193)	–	–
Net trade receivables	6,182,289	5,991,903	–	–
Other receivables	182,292	111,350	–	–
Amount due from subsidiaries	–	–	3,998,928	4,131,269
Allowance for impairment loss	–	–	(84,715)	–
Net amount due from subsidiaries	–	–	3,914,213	4,131,269
Deposits	816,482	278,644	18,720	14,700
Financial assets at amortised cost	7,181,063	6,381,897	3,932,933	4,145,969
Advance payment to supplier	37,060	121,928	–	–
Prepayments	132,902	178,820	31,161	31,905
Net input GST/VAT recoverable	11,982	20,235	–	–
	7,363,007	6,702,880	3,964,094	4,177,874

Trade receivables are non-interest bearing and are generally on 30 to 45 days (2023 – 30 to 45 days) credit term.

Other receivables which comprise mainly of work injury compensation claim receivables, are non-trade in nature, non-interest bearing, unsecured and repayable on demand at the reporting date.

The Company's non-trade amounts due from subsidiaries representing loan advances and payments made on behalf of these subsidiaries are non-trade in nature, non-interest bearing, unsecured and repayable on demand.

The movements of allowance for impairment losses for the Group's trade receivables and the Company's amount due from subsidiaries are as follows:

	The Group		The Company	
	2024 $	2023 $	2024 $	2023 $
At the beginning of the year	1,251,193	510,675	–	–
Allowance for impairment loss	374,563	880,972	84,715	–
Reversal of impairment loss	(60,839)	(41,988)	–	–
Impairment loss recognised, net	313,724	838,984	84,715	–
Impairment loss utilised	–	(98,466)	–	–
At the end of the year	1,564,917	1,251,193	84,715	–

12 CASH AND BANK BALANCES

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Cash at bank	934,133	1,552,302	28,404	71,102
Bank deposits	74,382	74,382	–	–
Cash on hand	271,050	328,606	–	–
	1,279,565	1,955,290	28,404	71,102
Pledged bank deposits	(74,382)	(74,382)	–	–
Cash and cash equivalents in the statement of cash flows	1,205,183	1,880,908	28,404	71,102

As at 31 December 2024, bank deposits of $74,382 (2023 – $74,382) are pledged to secure banking facilities granted to the Group (Note 15).

As at 31 December 2024, a wholly-owned subsidiary in People's Republic of China ("PRC") has cash and bank balances of $75,271 (2023 – $78,276) that are held in the PRC, of which the repatriation of funds out of the country is subject to the local Foreign Exchange Control Regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

13 SHARE CAPITAL

	No. of ordinary shares		Amount	
The Group and The Company	2024	2023	2024	2023
			$	$
Issued and fully paid, with no par value				
Balance at beginning of year	204,777,526	122,959,345	13,354,627	11,554,627
Issue of new shares	–	81,818,181	–	1,800,000
Balance at end of year	204,777,526	204,777,526	13,354,627	13,354,627

The Company had, on 6 February 2023, announced that it had completed the acquisition of 60% of the entire issued capital in Setya. Pursuant to the sale and purchase agreement ("SPA"), the Company issued 81,818,181 new ordinary shares amounted to an aggregate consideration of $1,800,000 at the date of settlement. 81,818,181 new shares were issued and allotted on 6 February 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14 RESERVES

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Translation reserve[(a)]	(182,346)	(183,469)	–	–
Merger reserve[(b)]	(3,913,614)	(3,913,614)	–	–
Share options reserve[(c)]	69,690	69,690	69,690	69,690
Net discount received on acquisition from non-controlling interests[(d)]	596,113	596,113	–	–
Retained earnings/(accumulated losses)	1,068,615	2,003,081	273,921	(1,490,277)
	(2,361,542)	(1,428,199)	343,611	(1,420,587)

(a) Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries and associates into Singapore Dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component in equity under the header of translation reserve.

<u>Movement in translation reserve:</u>

The Group	2024 $	2023 $
Balance at 1 January	(183,469)	(135,432)
Changes during the financial year in other comprehensive income	1,123	(48,037)
Balance at 31 December	(182,346)	(183,469)

(b) Merger reserve

Merger reserve represents the difference between the amount of the share capital of the subsidiaries at the date on which was acquired by the Group and the amount of the share capital issued as consideration for the acquisition. The merger reserve amounted to a debit balance of $3,913,614 as at 31 December 2024 and 2023.

(c) Share options reserve

The share option reserve arises due to the grant of share options to employees under the employee share option plan.

Further information about share-based payments to employees is disclosed in Note 26.

(d) Net discount received on acquisition from non-controlling interests

This represents discount received on acquisition of additional equity interests in subsidiaries from non-controlling interests, whereby the changes in ownership in these subsidiaries did not result in a change in control of the Group.

15 BORROWINGS

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Non-current				
Term loans				
– Lender A	–	–	–	–
– Lender B	–	905,088	–	–
– Lender C	–	–	–	–
– Lender D	–	–	–	–
– Lender E	–	–	–	–
	–	905,088	–	–
Current				
Term loans				
– Lender A	–	700,188	–	700,188
– Lender B	2,939,400	3,912,167	–	–
– Lender C	166,005	306,005	–	–
– Lender D	66,667	–	–	–
– Lender E	300,513	–	–	–
Trade Financing with financier	1,057,066	175,753	–	–
	4,529,651	5,094,113	–	700,188
Total borrowings	4,529,651	5,999,201	–	700,188

Certain term loans are subject to contractual interest rate repricing annually. Such term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Lender A

The Company was granted a loan from Lender A on 10 December 2021 which had been settled in FY2024 (2023 – $700,188). Repayment commenced on 16 December 2021 and was repayable over 3 years. The loan was secured by a corporate guarantee by the Company's subsidiary. The loan carried fixed interest at 5.00% per annum.

Lender B

The Group had been granted following loans from Lender B:

(i) A loan with principal amount of $3,701,156 was raised on 18 October 2018. The loan has carrying amount of $448,396 at the reporting date (2023 – $986,471). Repayment commenced on 19 November 2018 and is repayable over 7 years. The loan carries interest at 1.73% plus 3 months Singapore Overnight Rate Average ("SORA") per annum.

(ii) A loan with principal amount of $3,000,000 was raised on 16 May 2018 which has been settled in FY2024 (2023 – $352,356). Repayment commenced on 18 June 2018 and is repayable over 6 years. The loan carries fixed interest at 6.75% per annum.

(iii) A loan with principal amount of $1,500,000 was raised on 14 July 2020 has carrying amount of $228,393 at the reporting date (2023 – $611,844). Repayment commenced on 14 August 2021 and is repayable over 4 years. The loan carries fixed interest at 2.50% per annum.

(iv) A loan with principal amount of $1,500,000 was raised on 15 September 2020 has carrying amount of $228,393 at the reporting date (2023 – $611,844). Repayment commenced on 14 August 2021 and is repayable over 4 years. The loan carries fixed interest at 2.50% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15 BORROWINGS (CONTINUED)

(v) Import invoice financing loans outstanding of $34,218 (2023 – $754,740) were drawn down to finance the purchase of goods and services. The import invoice financing loans carry interest rate at 1.70% per annum over the bank's prevailing cost of funds.

(vi) Total revolving working capital loans outstanding of $2,000,000 (2023 – $1,500,000) were drawn down between September 2024 and November 2024. The revolving loans carry interest rate which ranged from 6.09% to 6.20% per annum over the bank's prevailing cost of funds.

As at 31 December 2024, bank deposits of $74,382 (2023 - $74,382) are pledged to secure some of the above loans' banking facilities granted to the Group.

The above loans are secured by:

(a) A first legal mortgage over the Group's industrial building on leasehold land (Note 4); and

(b) A corporate guarantee by the Company. (Note 27)

Lender C

The Group has been granted following loans from Lender C relating to Setya:

(i) A loan with principal amount of $400,000 was raised on 9 March 2020 has carrying amount of $36,109 as at 31 December 2024 (2023: $116,109). Repayment commenced on 23 April 2020 and is repayable over 5 years. The loan carries fixed interest at 6.50% per annum.

(ii) A loan with principal amount of $300,000 was raised on 21 December 2021 has carrying amount of $129,896 as at 31 December 2024 (2023: $189,896). Repayment commenced on 26 February 2022 and is repayable over 5 years. The loan carries fixed interest at 4.50% per annum.

A personal guarantee had been provided by a director of Setya to Lender C.

Lender D

The Group was granted a loan from Lender D on 31 July 2024 which has a carrying amount of $66,667 at the reporting date. Repayment commenced on 31 August 2024 and was repayable within a year. The loan carries fixed interest at 2.08% per month. The personal guarantee had been provided by a director of Setya to Lender D.

Lender E

The Group had been granted following loans from Lender E:

(i) A loan with principal amount of $200,000 was raised on 24 December 2024 has carrying amount of $200,440 as at 31 December 2024. Repayment commenced on 24 January 2025 and is repayable within a year. The loan carries fixed interest at 1.1% per month.

(ii) A loan with principal amount of $100,000 was raised on 27 December 2024 has carrying amount of $100,073 as at 31 December 2024. Repayment commenced on 27 January 2025 and is repayable within a year. The loan carries fixed interest at 1.1% per month.

15 BORROWINGS (CONTINUED)

Trade Financing with financier

In 2022, one of the subsidiaries entered into Corporate Vendor Financing Facility agreement with a third party factoring service provider. The factoring loan has carrying amount of $457,186 (2023: $175,753). The facility bears an interest rate of 1.02% per month and is repayable in 5 months from the funding dates, with repayment dated on 25 May 2025.

During the financial year, Setya entered into Recourse Factoring Facility agreement with a third party factoring service provider. The factoring loan has carrying amount of $599,880. The facility bears an interest rate of 1.00% per month and is repayable in 3 months from the funding dates, with repayment dated on 30 March 2025.

Fair values

Fixed-rate term loans

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period.

The carrying amounts of non-current borrowings at fixed rates are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Term loans				
– Lender B	–	456,692	–	–

Fair values of non-current borrowings at fixed rates for disclosure purposes at the end of the reporting period are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Term loans				
– Lender B	–	429,328	–	–

In the last financial year ended 31 December 2023, the fair values were determined from discounted cash flow analysis using a discount rate based upon the market borrowing rates at 5.27% per annum of an equivalent instrument or market lending rate for similar types of lending arrangement which the directors expect would be available to the Group.

This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

Floating rate term loans

The fair values of the Group's borrowings approximate the carrying amounts of the borrowings as the term loans are charged market interest rates. This fair value measurement for disclosure purposes is categorised in Level 2 of the fair value hierarchy.

The Group is required to maintain net worth of a specified amount in order to comply with covenants in loan agreements with banks.

In FY2024, two subsidiaries (2023 – one) had breached their loan covenants with Lender B and C (2023 – Lender C) as they did not meet the debt service coverage ratio of more than 1 and the positive net worth (2023 – positive net worth) as at 31 December 2024 respectively. The related bank borrowings of $2,939,400 and $166,005 (2023 – $306,005) respectively was already classified within current liabilities on the statement of financial position. At the date of the financial statements, the Group has yet to apply successfully for a waiver of the breach with Lender B and C, who have the right to recall the loans immediately. However, the Group intends to continue repaying the borrowings in accordance with the agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16 LEASE LIABILITIES

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Undiscounted lease payments due:				
– Within one year	212,162	210,568	167,533	165,939
– In the second to fifth year inclusive	848,649	842,271	670,133	663,756
– From sixth year and onwards	1,324,164	1,533,138	167,533	331,878
	2,384,975	2,585,977	1,005,199	1,161,573
Less: Future interest costs	(952,589)	(1,046,281)	(172,686)	(227,729)
	1,432,386	1,539,696	832,513	933,844
Presented as:				
– Non-current	1,309,548	1,424,463	716,047	824,588
– Current	122,838	115,233	116,466	109,256
	1,432,386	1,539,696	832,513	933,844

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Total cashflows for all leases in the current financial year amounted to $344,210 (2023 – $316,371).

Interest expense on lease liabilities of $95,785 (2023 – $102,369) is recognised within "finance costs" in the consolidated statement of profit or loss and other comprehensive income.

Information about the Group's leases are disclosed in Note 29.

Further information about the financial risk management are disclosed in Note 31.

17 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

The Group	**2024** **$**	**2023** **$**
Balance at 1 January	261,410	269,486
Tax credited to profit or loss (Note 24)	(8,076)	(8,076)
Balance at 31 December	253,334	261,410
Presented on the statements of financial position:		
Non-current		
Deferred tax liabilities	253,334	261,410

The following are the major deferred tax liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods.

The Group	**Accelerated tax depreciation** **$**	**Others** **$**	**Total** **$**
Balance at 1 January 2023	281,921	(12,435)	269,486
Credited to profit or loss for the year (Note 24)	(8,076)	–	(8,076)
Balance at 31 December 2023	273,845	(12,435)	261,410
Credited to profit or loss for the year (Note 24)	(8,076)	–	(8,076)
Balance at 31 December 2024	265,769	(12,435)	253,334

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Trade payables:				
– Associate	303,550	411,865	–	–
– Third parties	1,244,152	1,570,434	–	–
	1,547,702	1,982,299	–	–
Other payables:				
Subsidiaries	–	–	332,030	209,864
Accruals	1,137,634	1,410,012	303,186	390,078
Other payables	453,294	1,579,938	53,925	114,943
GST payables	257,553	120,961	58,662	37,878
	3,396,183	5,093,210	747,803	752,763

The credit period for trade payables generally ranges from 30 to 60 days (2023 – 30 to 60 days).

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

19 PROVISION

This represents provision for warranty, which was estimated by management based on present value of the future outflow of economic benefits that may be required under the Group's warranty program for design-and-build contracts relating to heat exchangers. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20 OTHER OPERATING INCOME

	2024	2023
The Group	$	$
Interest income	114	177
Government grant income	83,092	121,528
Gain on disposal of property, plant and equipment	–	94,916
Sundry income	222,207	208,991
	305,413	425,612

21 FINANCE COSTS

	2024	2023
The Group	$	$
Interest expense on:		
– Term loans	220,197	258,842
– Lease liabilities	95,785	102,369
– Trade financing	127,612	74,440
– Others	37,720	65,265
	481,314	500,916

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

22 LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

The Group	Note	2024 $	2023 $
Included in "cost of sales"			
Depreciation of property, plant and equipment	4	253,717	270,477
Reversal of allowance for inventory obsolescence	9	–	(16,679)
Cost of inventories	9	1,729,363	5,776,790
Costs for subcontractor work and materials		3,042,240	3,194,106
Employee benefits:			
– Wages, bonuses and other benefits	23	7,190,326	6,958,854
– Contribution to defined contribution plans	23	49,302	36,114
Included in "Administrative expenses"			
Depreciation of property, plant and equipment	4	525,517	598,054
Depreciation of right-of-use assets	5	133,688	132,131
Audit fees paid/payable to the auditors of the Company[@]		180,000	200,000
Professional fees:			
– others[*]		75,274	296,283
– corporate advisory services[#]		45,500	283,909
Rental expenses		132,311	106,530
Employee benefits:			
– Salaries, bonuses and other benefits	23	4,302,413	4,506,468
– Contribution to defined contribution plans	23	474,058	393,724
Utilities		200,678	257,187
Upkeep of motor vehicles		130,649	192,610
Property tax		130,089	127,278
Included in "Other operating expenses"			
Foreign exchange loss		2,424	68,438
Loss on disposal of property, plant and equipment		3,242	–
Impairment losses on financial assets and contract assets			
Reversal of expected credit loss	10,11	(140,839)	(41,988)
Allowance for expected credit loss	11	374,563	880,972
Impairment of goodwill	8	1,011,017	374,826

[@] In 2024, there are non-audit fees of $55,000 (2023 – $45,200) payable to the auditors of the Company.

[*] This includes the professional fee amounting to $23,150 (2023 – $37,900) for legal and corporate secretarial services rendered by an entity managed and controlled by one of the directors of the Company.

[#] On 15 June 2021, the Company entered into an agreement entitled "Consultancy Service Agreement" with an entity incorporated in Singapore in April 2018 (the "Service Provider"). Pursuant thereto, the Company engaged the Service Provider to provide corporate advisory work relating to the Company's business with a "focus on the corporate aspect of the business as well as monetisation of existing businesses to enable successful fund raise". The Company was to pay the Service Provider a monthly consultancy service fee of $45,000.

While the service period was not specified, the Agreement had expired on 31 July 2022; hence, the execution of further two separate agreements with the Service Provider on 1 August 2022 were as follows:

- An agreement entitled "Consultancy Service Agreement", with a service period from 1 August 2022 to 31 March 2023, to expand the scope of corporate advisory work in the earlier agreement (see above) to include, among others, due diligence work, valuation, identification and facilitation of merger and acquisition ("M&A") activities. The Service Provider was to be paid a monthly consultancy fee of $25,000. This agreement was not further renewed upon its expiry on 31 March 2023.
- Another agreement entitled "Client Service Agreement", with a service period of 1 year from 1 August 2022, under which the Service Provider will provide mortgage brokerage and funding assistance as an intermediary between the Company and potential lenders. The service remuneration under this agreement comprises a fixed charge of $10,000 per month and a variable brokerage fee of 0.25% on the loan amount. However, the agreement was terminated in April 2023.

  On 21 July 2023, the Company entered into an agreement entitled "Consultancy Service Agreement" with a 12 months service period from 21 July 2023 with the Service Provider. Pursuant thereto, the Company engaged the Service Provider to provide consultancy services including but not limited to advisory work relating to expansion of business through M&A program and all associated corporate structuring and fund-raising services that is needed. The Company was to pay the Service Provider a monthly consultancy service fee of $35,000. However, the agreement was subsequently terminated in October 2023.

Pursuant to the above mentioned agreements, the Group and the Company had incurred and paid a total of $220,000 in the last financial year ended 31 December 2023.

23 STAFF COSTS

The Group	2024 $	2023 $
Included in "Administrative expenses"		
Directors' fees	182,433	191,000
Directors' remuneration		
– Salaries, bonuses and other benefits	361,500	367,500
– Contribution to defined contribution plans	24,712	22,164
	386,212	389,664
Other key management personnel		
– Salaries, bonuses and other benefits	485,523	457,195
– Contribution to defined contribution plans	51,518	44,377
	537,041	501,572
Total key management personnel remuneration		
– Salaries, bonuses and other benefits (including directors' fees)	1,029,456	1,015,695
– Contribution to defined contribution plans	76,230	66,541
	1,105,686	1,082,236
Other staff costs		
– Salaries, bonuses and other benefits	3,272,957	3,490,773
– Contribution to defined contribution plans	397,828	327,183
	3,670,785	3,817,956
Total salaries, bonuses and other benefits	4,302,413	4,506,468
Total contribution to defined contribution plans	474,058	393,724
	4,776,471	4,900,192
Included in "Cost of sales"		
Other staff costs		
– Salaries, bonuses and other benefits	7,190,326	6,958,854
– Contribution to defined contribution plans	49,302	36,114
	7,239,628	6,994,968
	12,016,099	11,895,160
Total salaries, bonuses and other benefits	11,492,739	11,465,322
Total contribution to defined contribution plans	523,360	429,838
	12,016,099	11,895,160

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24 TAX CREDIT

Major components of income tax credit

The major components of income tax expenses for the year ended 31 December 2024 and 31 December 2023 are:

The Group	2024 $	2023 $
Current tax expense		
Current year tax expense	–	–
(Over)/under provision in respect of prior years	(3,131)	6,316
	(3,131)	6,316
Deferred tax credit (Note 17)		
Deferred taxation	(8,076)	(8,076)
	(8,076)	(8,076)
Total tax credit	(11,207)	(1,760)

Reconciliation of effective tax rate

The Group	2024 $	2023 $
Loss before taxation	(1,054,214)	(870,181)
Less: Share of results of associate, net of tax	130,122	122,882
Loss before taxation excluding share of result of associate	(1,184,336)	(993,063)
Tax at statutory rate of 17% (2023 – 17%)	(201,337)	(168,821)
Tax effect on non-deductible expenses[(a)]	294,795	142,351
Tax effect on non-taxable income	(17,336)	(11,242)
Effect of different tax rate in other countries	7,961	10,668
Effect of partial tax exempt income	(34,721)	(52,275)
Unused tax losses and capital allowances not recognised as deferred tax assets	52,901	240,412
Utilisation of previously unrecognised deferred tax assets	(110,339)	(177,278)
(Over)/under provision of current tax in respect of previous financial years	(3,131)	6,316
Others	–	8,109
	(11,207)	(1,760)

(a) Expenses not deductible for tax purposes relate mainly to disallowed expenses incurred in the ordinary course of business and the impairment loss of goodwill attributable to Setya.

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

As at 31 December 2024, the Group has deferred tax assets in respect of tax losses, capital allowances and other temporary differences of $9,058,000 (2023 – $9,396,000) and available for carry-forward to set-off against future taxable income arising from trade source subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the Group operate. The potential deferred tax assets have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow related tax benefits to be utilised. The unutilised tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

25 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

The Group	**2024** **$**	**2023** **$**
Loss attributable to equity holders of the Company	(934,466)	(551,563)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share	204,777,526	196,483,628
Basic and diluted loss per share (cents per share)	(0.46)	(0.28)

In FY2023, the weighted average number of ordinary shares in issue for the 12 months ended 31 December 2023 was calculated after taking into account that 81,818,181 shares were issued on 6 February 2023.

The diluted loss per share is equivalent to the basic loss per share as the share options outstanding during the financial year were anti-dilutive in nature as at 31 December 2024 and 31 December 2023.

There has been no other transactions involving ordinary shares on potential ordinary shares for the financial year except as disclosed.

26 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme (the "**Heatec ESOS**") for certain employees of the Company. The Heatec ESOS is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five consecutive trading days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the above price. The vesting period is 1 year. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the financial year are as follows:

	2024		**2023**	
The Group and The Company	**Number of share options**	**Weighted average exercise price** **$**	**Number of share options**	**Weighted average exercise price** **$**
Outstanding at the beginning and end of the financial year	3,000,000	0.076	3,000,000	0.076
Exercisable at the end of the financial year	3,000,000	0.076	3,000,000	0.076

The options outstanding at the end of the financial year have a weighted average remaining contractual life of 2.30 (2023 – 3.30) years.

27 FINANCIAL GUARANTEES

The Company has provided financial guarantees to banks for borrowings of $2,939,400 (2023 – $4,817,255) and letters of guarantee of $519,047 (2023 – $623,106) taken by its subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees. The fair values of these corporate guarantees is estimated to be insignificant as the borrowings are fully collateralised by the related mortgaged properties and no default in payment is noted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

28 RELATED PARTY TRANSACTIONS

(i) Sale and purchase of goods and services

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

The Group	2024 $	2023 $
With associates		
Purchases	508,476	743,083
With entity controlled by a Director of one of the subsidiaries		
Rental expense	36,000	13,500
With shareholders who exert significant influence over the Company		
Rendering of services	23,718	13,065
Provision of consultancy services	72,912	72,912
With entity controlled by a Director of the Company		
Acquisition of Setya via issuance of shares in the Company	–	1,800,000
Provision of legal and corporate secretarial services	23,150	37,900

(ii) Compensation of key management personnel

Key management personnel are directors and those person having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly. Remuneration for key management personnel, including amounts paid to the Company's Directors are disclosed in Note 23.

29 LEASES

Nature of the Group's leasing activities

The Group's activities comprise the following:

i) The Group leases leasehold land from non-related parties. The leases have an average tenure of between 18 to 55 years.

ii) In addition, the Group leases staff accommodation and equipment with contractual terms of an average period of one year. These leases are short-term in nature. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 16.

Rental expenses not capitalised in lease liabilities but recognised within "Administrative expenses" in profit or loss are set out below:

The Group	2024 $	2023 $
Short-term lease	132,311	106,530

Please refer to Note 31 for liquidity risk exposure.

Lease liabilities are denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30 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 of petroleum products. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment. Expenses other than finance costs of $481,314 (2023 – $500,916) are allocated to the other operating segments.

The segment information provided to management for the reportable segments are as follows:

2024	**Piping** **$**	**Heat exchanger** **$**	**Chemical cleaning** **$**	**Trading of petroleum products** **$**	**Head office** **$**	**Consolidated** **$**
Segment revenue:						
Sales to external customers, representing total revenue	7,064,514	9,799,572	3,112,896	154,837	–	20,131,819
Segment results	4,901	(412,022)	883,085	(1,178,986)	–	(703,022)
Other significant non-cash expenses						
Depreciation of property, plant and equipment	6,006	216,078	149,596	–	407,554	779,234
Depreciation of right-of-use assets	–	–	17,030	–	116,658	133,688
Impairment of goodwill	–	–	–	1,011,017	–	1,011,017
Net allowance for impairment losses of financial assets and contract assets	(73,250)	88,553	861	217,560	–	233,724
Share of results of associates	–	–	–	–	(130,122)	(130,122)
Loss on disposal of property, plant and equipment	–	3,242	–	–	–	3,242
Segment assets	5,438,075	5,058,126	5,411,956	1,490,417	3,224,184	20,622,758
Segment assets includes						
Additions to non-current assets	3,143	11,278	68,812	–	31,500	114,733
Segment liabilities	1,280,625	2,663,616	3,353,926	1,259,367	1,248,285	9,805,819

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30 SEGMENT INFORMATION (CONTINUED)

2023	Piping $	Heat exchanger $	Chemical cleaning $	Trading of petroleum products $	Head office $	Consolidated $
Segment revenue:						
Sales to external customers, representing total revenue	5,496,580	16,174,263	3,250,815	142,794	–	25,064,452
Segment results	(1,206,555)	1,426,152	489,648	(1,201,392)	–	(492,147)
Other significant non-cash expenses						
Depreciation of property, plant and equipment	7,649	224,358	189,273	–	447,251	868,531
Depreciation of right-of-use assets	–	–	17,074	–	115,057	132,131
Impairment of goodwill	–	–	–	374,826	–	374,826
Net allowance for impairment losses of financial assets and contract assets	827	(40,940)	(658)	879,755	–	838,984
Share of results of associates	–	–	–	–	(122,882)	(122,882)
Write back for inventory obsolescence	–	(16,679)	–	–	–	(16,679)
Gain on disposal of property, plant and equipment.	–	–	(94,916)	–	–	(94,916)
Segment assets	5,995,525	8,766,118	5,178,526	1,579,778	3,747,516	25,267,463
Segment assets includes						
Additions to non-current assets	2,935	19,045	41,466	–	268,576	332,022
Segment liabilities	1,871,634	5,918,015	2,961,002	481,059	2,176,930	13,408,640

Segment results

Segment revenue represents revenue generated from external and internal customers. Segment results represents the loss/profit incurred/generated by each segment without allocation of share of results of associates, finance costs and income tax expense, and after allocation of head office expenses. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

A reconciliation of segment results to the consolidated loss before tax is as follows:

The Group	2024 $	2023 $
Segment results	(703,022)	(492,147)
Share of results of associates	130,122	122,882
Finance costs	(481,314)	(500,916)
Loss before tax	1,054,214	(870,181)

Segment assets

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

30 SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are primarily carried out in Singapore and People's Republic of China ("PRC"). Management has evaluated and concluded that the non-current assets and revenue from external customers recorded in a subsidiary in PRC are not material to the Group. Accordingly, no geographical segment on non-current assets and revenue from external customers' information are presented.

Information about major customer

Revenue is derived from 2 (2023 – 4) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

The Group	Attributable segments	2024 $	2023 $
Customer A	Piping segment and Chemical cleaning segment	3,698,798	3,692,934
Customer B	Heat exchanger segment	–	1,958,277
Customer C	Heat exchanger segment	–	4,042,412
Customer D	Piping segment and Chemical cleaning segment	4,542,054	3,353,623
		8,240,852	13,047,246

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group does not hold derivative financial instruments for trading purposes.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's entities are exposed to foreign currency risk on trade and other receivables, cash and bank balances, borrowings and trade and other payables that are denominated in currencies other than their respective functional currencies. The foreign currency in which the Group's currency risk arises is mainly United States Dollar ("USD"). The Group does not hedge against foreign exchange exposure as the currency risk is not expected to be significant.

The Group's exposure to foreign currency risk is as follows:

The Group	2024 $	2023 $
United States Dollar		
Financial assets		
Trade receivables	2,075,543	2,326,261
Cash and bank balances	107,472	796,772
	2,183,015	3,123,033
Financial liabilities		
Trade payables	1,592,694	1,342,702
Borrowings	34,219	754,739
	1,626,913	2,097,441
	556,102	1,025,592
Sensitivity analysis		
Strengthened 10% (2023 – 10%)	(55,610)	(102,560)
Weakened 10% (2023 – 10%)	55,610	102,560

A 10% weakening/strengthening of the USD against the functional currencies of the respective entities within the Group at the reporting date would increase/(decrease) the Group's loss after tax by the amounts above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

The Company is not exposed to foreign currency risk because its transactions and related financial assets and financial liabilities are mainly transacted and denominated in SGD.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings. Borrowings at variable rates totalling $2,482,614 (2023 – $3,241,211) expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, in respect of the fixed rate instruments, a change in fixed rate at the reporting date would not affect profit or loss. The Group's policy is to obtain most favourable interest rate available whenever the Group obtains additional financing through bank borrowings. The interest rates and terms of maturity and repayment of borrowings of the Group are disclosed in Note 15. The Group does not utilise derivatives to mitigate its interest rate risk.

As the Group and the Company have no significant interest-bearing assets, the Group's and the Company's income is substantially independent of changes in market interest rates.

As at the reporting date, the Company is not significantly exposed to interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at the end of reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars ("SGD"). If the SGD interest rates increase/decrease by 200 (2023 – 200) basis points with all other variables including tax rate being held constant, the loss after tax of the Group will be higher/lower by $49,652 (2023 – $64,824) as a result of higher/lower interest expense on these borrowings.

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses publicly available financial information and its own trading records to rate its major customers and other receivables.

<u>Concentration of credit risk and maximum exposure</u>

The Group does not have significant credit concentration except that the Group's 2 (2023 – 3) largest trade receivables and contract assets represented 57% (2023 – 65%) of total trade receivables and contract assets.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of $3,458,447 (2023 – $5,440,361) (Note 27) relating to corporate guarantees given by the Company to banks for the subsidiaries' credit facilities.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 3 years past due for major shipyards or more than 1 year past due for other counterparties unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 4 years past due for major shipyards or 3 years past due for other counterparties unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

Movements in credit loss allowance are as follows:

The Group	Trade receivables $	Contract assets $	Total $
Balance at 1 January 2023	510,675	80,000	590,675
Loss allowance measured:			
Lifetime ECL			
– simplified approach	880,972	–	880,972
Loss allowance utilised	(98,466)	–	(98,466)
Receivables recovered	(41,988)	–	(41,988)
Balance at 31 December 2023	1,251,193	80,000	1,331,193
Loss allowance measured:			
Lifetime ECL			
– simplified approach	374,563	–	374,563
Receivables recovered	(60,839)	(80,000)	(140,839)
Balance at 31 December 2024	1,564,917	–	1,564,917

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

Contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic on the ability of the customers to settle the receivables. There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2024 and 2023 are set out in the provision matrix below:

	Debts Aging:					
	Not past due	**< 1 year**	**> 1-3 years**	**> 3 – 4 years**	**> 4 – 5 years**	**> 5 years**
Customer that are major shipyards	Category A	Category B	Category B	Category C	Category D	Category E
Other customers	Category A	Category B	Category C	Category D	Category D	Category E

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Trade receivables and contract assets (continued)

The Group has recognised a loss allowance of 100% against trade receivables over more than 5 years past due from customers that are major shipyards, and against trade receivables over more than 5 years past due from other customers because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2024 are set out in the provision matrix below:

			Past due			
The Group	**Category A $**	**Category B $**	**Category C $**	**Category D $**	**Category E $**	**Total $**
31 December 2024						
Trade receivables and contract assets – Gross	8,184,824	2,251,940	1,231,749	198,889	105,097	11,972,499
Loss allowance	–	(29,182)	(1,231,749)	(198,889)	(105,097)	(1,564,917)
	8,184,824	2,222,758	–	–	–	10,407,582
31 December 2023						
Trade receivables and contract assets – Gross	9,773,217	3,363,227	1,002,246	138,104	111,814	14,388,608
Loss allowance	–	(100,066)	(981,307)	(138,006)	(111,814)	(1,331,193)
	9,773,217	3,263,161	20,939	98	–	13,057,415

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables (excluding prepayments, GST recoverable, and advance payment to supplier) and cash and bank balances. The table below details the credit quality of the Group's and the Company's other financial assets at amortised cost:

At 31 December 2024	**12-month/ Lifetime ECL**	**Gross carrying amount $**	**Loss allowance $**	**Net carrying amount $**
The Group				
Other receivables (excluding prepayments, GST/VAT recoverable, and advance payment to supplier)	12-month ECL	998,774	–	998,774
Cash and bank balances	Limited exposure	1,279,565	–	1,279,565
		2,278,339	–	2,278,339
The Company				
Other receivables (excluding prepayments)	12-month ECL	4,017,648	(84,715)	3,932,933
Cash and bank balances	Limited exposure	28,404	–	28,404
		4,046,052	(84,715)	3,961,337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Other financial assets at amortised cost (continued)

At 31 December 2023	12-month/ Lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
The Group				
Other receivables (excluding prepayments, GST/VAT recoverable, and advance payment to supplier)	12-month ECL	389,994	–	389,994
Cash and bank balances	Limited exposure	1,955,290	–	1,955,290
		2,345,284	–	2,345,284
The Company				
Other receivables (excluding prepayments)	12-month ECL	4,145,969	–	4,145,969
Cash and bank balances	Limited exposure	71,102	–	71,102
		4,217,071	–	4,217,071

Cash and bank balances are subject to immaterial credit risk.

The credit loss exposure for other receivables and cash and bank balances are immaterial as at 31 December 2024 and 2023.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet its normal operating commitments and having an adequate amount of committed credit facilities (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude impact of netting agreements:

The Group	Carrying amount $	Contractual undiscounted cash flows Total $	Less than 1 year $	Between 2 and 5 years $	Over 5 years $
31 December 2024					
Trade and other payables#	3,138,630	3,138,630	3,138,630	–	–
Borrowings	4,529,651	4,697,230	4,697,230	–	–
Lease liabilities	1,432,386	2,384,975	212,162	848,649	1,324,164
	9,100,667	10,220,835	8,048,022	848,649	1,324,164
31 December 2023					
Trade and other payables#	4,972,249	4,972,249	4,972,249	–	–
Borrowings	5,999,201	6,118,951	5,199,102	919,849	–
Lease liabilities	1,539,696	2,585,977	210,568	842,271	1,533,138
	12,511,146	13,677,177	10,381,919	1,762,120	1,533,138

The Company	Carrying amount $	Contractual undiscounted cash flows Total $	Less than 1 year $	Between 2 and 5 years $	Over 5 years $
31 December 2024					
Other payables#	689,141	689,141	689,141	–	–
Lease liabilities	832,513	1,005,199	167,533	670,133	167,533
Financial guarantees*	3,458,447	3,458,447	3,458,447	–	–
	4,980,101	5,152,787	4,315,121	670,133	167,533
31 December 2023					
Other payables#	714,885	714,885	714,885	–	–
Lease liabilities	933,844	1,161,573	165,939	663,756	331,878
Term loan	700,188	719,296	719,296	–	–
Financial guarantees*	5,440,361	5,440,361	5,440,361	–	–
	7,789,278	8,036,115	7,040,481	663,756	331,878

* At the end of the reporting period, the maximum exposure of the Company in respect of the intra-group financial guarantees granted in favour of its subsidiaries (Note 27) based on facilities drawn down by the subsidiaries is $3,458,447 (2023 – $5,440,361).

excludes GST payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are not exposed to any movement in price risk as it does not hold any quoted or marketable financial instruments.

32 FAIR VALUE MEASUREMENT

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

The Group analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

The carrying values of variable rate bank loans approximate their fair values as disclosed in Note 15 to the financial statements. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, short term borrowings, trade and other payables and provisions) approximate their fair values because of the short period to maturity.

Long-term borrowings

The fair values and the carrying amounts of the long-term borrowings is disclosed at Note 15.

Lease liabilities

The fair value disclosure of lease liabilities is not required.

There is no financial assets and financial liabilities measured at fair value as at 31 December 2024 and 2023.

33 FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables*	7,181,063	6,381,897
Cash and bank balances	1,279,565	1,955,290
	8,460,628	8,337,187
Financial liabilities at amortised cost		
Trade and other payables#	3,138,630	4,972,249
Lease liabilities	1,432,386	1,539,696
Borrowings	4,529,651	5,999,201
	9,100,667	12,511,146

The Company	2024 $	2023 $
Financial assets at amortised cost		
Other receivables*	3,932,933	4,145,969
Cash and bank balances	28,404	71,102
	3,961,337	4,217,071
Financial liabilities at amortised cost		
Other payable#	689,141	714,885
Lease liabilities	832,513	933,844
Borrowings	–	700,188
	1,521,654	2,348,917

* Excludes prepayments, advance payment to supplier and net input GST/VAT recoverable.

\# Exclude GST payable.

NOTES TO THE FINANCIAL STATEMENTS

34 CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Company currently does not have a fixed dividend policy. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus lease liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, other than those as disclosed in Note 15 to the financial statements.

	The Group		The Company	
	2024	2023	2024	2023
	$	$	$	$
Net debt	8,078,655	10,676,817	1,551,912	2,315,693
Total equity	10,816,939	11,858,823	13,698,238	11,934,040
Total capital	18,895,594	22,535,640	15,250,150	14,249,733
Net debt to total capital ratio	43%	47%	10%	16%

35 EVENT AFTER THE REPORTING PERIOD

On 20 March 2025, the Board of Directors of Company announced that its wholly-owned subsidiary, HJPL, entered into a Joint Venture Agreement ("JVA") with TEMA India Private Limited for the establishment of a joint venture company in Singapore. Pursuant to the JVA, the joint venture company was incorporated with an initial issued and paid-up share capital of S$10,000 comprising 10,000 ordinary shares, of which 5,100 shares are held by TEMA India and 4,900 shares are held by HJPL.

CHAIRMAN'S MESSAGE

Dear Stakeholders,

Building a sustainable future is a collective responsibility that requires clear and decisive actions from all of us. At Heatec Jietong Holdings Ltd, we firmly believe in aligning our efforts with Singapore's Green Plan 2030, thereby contributing significantly towards a greener and more resilient tomorrow. The growing emphasis on sustainability has further reinforced our resolve to deeply embed sustainable practices into our operational processes and strategic planning.

In 2024, our management has placed a strong emphasis on conducting precise benchmark analyses. These analyses have become instrumental in evaluating our performance, identifying improvement areas, and setting realistic sustainability targets. By meticulously tracking our progress and refining our strategies, we ensure that our sustainability initiatives are effective, measurable, and aligned with our overarching goals.

A key milestone in FY2024 was the successful publication of our Sustainability Report, which includes our first disclosure fully aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). This achievement marks an important step forward, enhancing our understanding of our carbon emissions, and energy usage.

Looking ahead to FY2025 and beyond, our commitment remains robust. We aim to continually evaluate climate-related financial risks and opportunities in line with TCFD disclosures. Streamlining our data collection methodologies remains a critical priority to ensure accurate monitoring of our environmental impact. Over the next 2-3 years, our primary objective will be setting clear targets to minimize our operational carbon footprint and ensuring that our business remains economically sustainable and resilient.

We also acknowledge the critical role played by our stakeholders in our sustainability journey. I extend my gratitude to each stakeholder for their invaluable input and continued support. The Group continues to actively collaborate with the Singapore Exchange ("**SGX**") to ensure compliance with all regulatory requirements and remains closely aligned with national strategy. We fully aware of the imperative to achieve net-zero emissions and the rising carbon pricing, compelling us to adopt increasingly sustainable operational practices. we have adopted a systematic approach to data collection for monitoring our environmental and social performance, an initiative we continued diligently in FY2024 and will maintain through FY2025.

At Heatec Jietong Holdings Ltd, we acknowledge that progress might be incremental, but we are resolute in our determination to make steady and meaningful advances towards sustainability. We remain confident that our continuous efforts will lead us to a greener, sustainable, and prosperous future.

Thank you.

Mr Chong Eng Wee
Chairman and Independent Director

SUSTAINABILITY REPORT

BOARD STATEMENT

As the Board of Directors of Heatec Jietong Holdings Ltd. (the "**Company**" or "**Heatec**", together with its subsidiaries, the "**Group**"), we remain committed to steering the Group towards a sustainable future where economic growth, environmental stewardship, and social responsibility collectively enhance long-term value.

We consistently embed sustainability considerations into our strategic decision-making framework, driven by our recognition that the sustained success of Heatec is closely linked to environmental well-being and the prosperity of the communities we serve. We understand that the decisions we make today will shape the legacy we leave behind for future generations.

The Board assumes full responsibility for guiding Heatec's strategic direction and ensuring sustainability issues are central to our planning and operations. Additionally, we uphold our accountability for the Group's sustainability reporting, and we are confident that this report transparently and accurately communicates our strategies, efforts, and achievements concerning environmental, social, and governance aspects.

SUPPORT THE GLOBAL GOALS

In September 2015, the United Nations ("**UN**") Sustainable Development Goals ("**SDGs**") were unanimously adopted by 193 member states at the UN Summit, charting a bold and transformative path for global progress. These goals recognize that meaningful, lasting change cannot be achieved by governments alone-they call for a collective effort, with the private sector playing a crucial role in driving innovation, mobilizing resources, and scaling impactful solutions. Businesses are not just supporters but key architects of a sustainable future.

Our support of the UN SDGs is deeply woven into our corporate strategy, shaping how we address the world's most urgent social and environmental challenges. Through strategic partnerships, responsible business practices, and dedicated investments in sustainable solutions, we go beyond compliance-we embed these goals into the very fabric of our operations. By doing so, we reaffirm our strategy in creating long-term value, driving positive change, and building a more sustainable, resilient world for future generations.

Source: Image from United Nations (https://sdgs.un.org/goals)

In line with our business strategy, we are focusing on the following Goals:

ABOUT THIS REPORT

We are pleased to present Heatec's Sustainability Report for FY2024, reaffirming our commitment to transparency, accountability, and sustainable business practices. This report provides a detailed assessment of our Environmental, Social, and Governance ("**ESG**") strategies, initiatives, and performance, addressing key material concerns for our stakeholders, including shareholders, suppliers, customers, management, and employees. It highlights the measures we have implemented to advance sustainability and create long-term value. For a comprehensive understanding of our overall performance, this report should be read in conjunction with the FY2024 Annual Report.

Reporting Period

This report provides a comprehensive account of our sustainability initiatives and achievements throughout FY2024, covering the period from 1 January 2024 to 31 December 2024. It highlights our steadfast commitment to sustainable business practices and our dedication to fostering a resilient and prosperous future.

Reporting Framework

Aligned with global best practices, our report refer to the Global Reporting Initiative ("**GRI**") Standards (2021 revision), a widely recognized benchmark for sustainability reporting. The GRI framework provides a structured and transparent approach to disclosing our sustainability impacts, ensuring consistency and accountability.

In compliance with regulatory requirements, this report has been prepared in accordance with Rules 711A and 711B of the SGX Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), as well as the Practice Note 7F Sustainability Reporting Guide.

Reaffirming our commitment to climate stewardship, we have also aligned our climate-related financial disclosures with the recommendations of TCFD, enhancing transparency in our approach to climate risk and resilience.

Reporting Scope

Our Sustainability Report provides a comprehensive overview of the Group's sustainability efforts across all business divisions, encompassing heat exchanger services, piping services, and chemical cleaning services. In addition, the company has recently expanded into the trading sector through a new acquisition. As this integration is still in progress, additional time is required to align operations and establish standardized data collection methodologies. Once these processes are fully integrated, we will disclose the relevant information in a future report.

We remain committed to maintaining a robust and transparent reporting framework, ensuring that all business segments are adequately represented. This report offers an in-depth review of our sustainability journey for FY2024, highlighting the contributions of the following key subsidiaries:

- Heatec Jietong Pte. Ltd. ("**HJPL**")
- Chem-Grow Pte. Ltd. ("**Chem-Grow**")
- Chem-Grow Engineering Pte. Ltd. ("**Chem-Grow Engineering**")
- HJT Engineering & Construction Pte Ltd. ("**HJT**")
- JJY Engineering & Construction Pte Ltd. ("**JJY**")
- JTY Engineering Pte. Ltd. ("**JTY**")

We affirm that there have been no significant changes in the scope, boundary, or assessment of material sustainability issues compared to the previous reporting period, ensuring continuity and comparability for our stakeholders.

Feedback

For inquiries, propositions, or input pertaining to the Group's sustainability endeavours, esteemed stakeholders are invited to direct their communication to the following electronic mailing address: info@heatec.com.sg.

Your engagement is greatly valued, and responses will be furnished with due diligence.

Internal Review and Assurance

The Group hereby declares that the data within this report is disclosed in a manner reflecting the utmost integrity and is based upon the most accurate information available to us.

In our pursuit of excellence in sustainability reporting and to align with prevailing standards, we have sought the expertise of an esteemed external sustainability consultancy. Their guidance has been instrumental in ensuring our adherence to the latest reporting requirements.

The internal review of the sustainability reporting process has been conducted by BDO Advisory Pte. Ltd. (the "**Internal Auditor**"). The data and information presented herein have been subject to a rigorous review by the Internal Auditor specializing in sustainability, as appointed by the Group, in line with Rule 711B of the Catalist Rules. It is to be noted, however, that no external assurance has been obtained for the contents of this sustainability report.

BUSINESS MEMBERSHIP AND CERTIFICATION

ISO Certification

Heatec, alongside our subsidiaries, is dedicated to upholding the highest standards of health and safety for our employees. To ensure our practices meet or exceed industry standards, we have earned ISO 9001:2015 Quality Management Systems and ISO 45001:2018 Occupational Health and Safety Management Systems certifications for our subsidiaries. These certifications reflect our commitment to continuous improvement and the well-being of our workforce.

	ISO 9001:2015 Quality Management Systems	ISO 45001:2018 Occupational Health and Safety Management Systems
Heatec Jietong Pte. Ltd.	X	X
Chem-Grow Pte. Ltd.	X	X
Chem Grow Engineering Pte. Ltd.	X	X

BizSafe Star Certification

The following entities have been awarded with BizSafe Star awards:

- Heatec Jietong Pte. Ltd.
- Chem-Grow Pte. Ltd.
- Chem Grow Engineering Pte. Ltd.

Membership Association

We are a member of the following associations and actively participate in their programs:

- Singapore Business Federation ("**SBF**")
- Association of Singapore Marine Industries ("**ASMI**")
- Association of Process Industry ("**ASPRI**")
- Heat Transfer Research Inc ("**HTRI**")

SUSTAINABILITY DEVELOPMENT STRATEGY

Heatec is committed to promoting operations that are environmentally sustainable, socially responsible, and economically viable. We understand the potential impacts of our business activities on both society and the environment, and our strategy is designed to effectively mitigate and minimize these effects.

Sustainability Governance

The Sustainability and Climate Risk Committee ("**SCRC**") led by our Chief Executive Officer ("**CEO**") is tasked with overseeing the integration of sustainability across our business. The SCRC focuses on addressing both the risks and opportunities associated with sustainability, ensuring it is a core consideration in our strategic initiatives.

Occupational Health and Safety

We place a strong emphasis on workplace safety by surpassing regulatory requirements, delivering thorough training programs, and investing in state-of-the-art protective gear and technology to minimize risks.

Chemical Management

We take responsible approach to chemical management, following Singapore regulations on water and chemical discharge. We prioritize and closely monitoring our operation processes to ensure compliance with national environment standards. By staying vigilant, we aim to reduce our impact on the environment to safeguard ecosystems.

Engagement and Training

We are fostering a culture of sustainability by actively engaging employees at all levels and providing comprehensive training to encourage a strong sense of responsibility toward both the environment and society.

Performance Monitoring and Reporting

Sustainability performance is consistently monitored and transparently reported to both the Board and the SCRC.

Review and Continuous Improvement

We continuously evaluate and enhance our sustainability strategy to ensure alignment with global standards, including GRI, TCFD, and the UN SDGs. This ongoing commitment enables us to secure a sustainable future for all our stakeholders.

POLICY COMMUNICATION AND COMMITMENT

The Group reconfirm our commitment to sustainable practices and the highest standards of ethical conduct. Our policies, grounded in comprehensive environmental, human resource management, and occupational health and safety systems, are aligned with our ISO certifications and form the cornerstone of our operations.

Core Commitments:

- We uphold the highest standards of business ethics and integrity.
- We ensure equitable and fair employment practices throughout the organization.
- We are committed to protecting and preserving the environment.
- We prioritize the health and safety of our workforce and partners.

Policy Transparency: We are dedicated to sharing our policies openly with all internal stakeholders as well as external partners – including suppliers, contractors, and other stakeholders.

Anti-Corruption and Fraud Prevention: Our governance framework is designed to combat corruption and fraud, ensuring full compliance with all applicable legal and regulatory requirements. We maintain thorough documentation of financial transactions and implement robust internal controls to minimize risks related to corruption.

Employee Compliance and Discipline: All employees are required to adhere to our anti-corruption policies, with clear disciplinary actions for non-compliance, including potential termination. Employees in key positions must disclose any conflicts of interest on an annual basis. We also encourage employees to report any suspected corruption, with protections in place to shield whistleblowers from retaliation. When possible, we will provide and support employees in attending webinars, seminars, or workshop to strengthen their understanding of anti-corruption measures and expand their knowledges.

Business Partner and Contractor Selection: We carefully select business partners, vendors, and contractors, holding them to strict anti-corruption standards and ethical expectations. We continuously evaluate their compliance to ensure alignment with our commitment to integrity, transparency, and ethical business practices. We reserve the right to take appropriate action in cases of non-compliance, reflecting Heatec's ongoing dedication to maintaining the highest level of integrity across all aspects of our operations.

REMEDIATE NEGATIVE IMPACTS FROM OPERATIONS

Heatec is fully committed to addressing the environmental and workforce-related challenges associated with our operations. To manage these concerns effectively, we have implemented a robust remediation policy that includes the following key components:

- **Labor Health and Safety Remediation**: Prioritizing the safety and well-being of our employees, our policy outlines immediate actions to address health and safety incidents, including providing medical support, rehabilitation, and ensuring thorough investigations to prevent recurrence. The findings of these investigations are transparently communicated to both management and employees on a monthly basis.
- **Noise Pollution Remediation**: Monitoring noise levels at all facilities and work sites actively, taking swift action to minimize noise exposure. We also engage with local communities to address concerns and ensure that noise reduction measures are appropriately implemented.
- **Water Discharge Remediation**: Monitoring chemical cleaning operations to prevent water contamination. In the event of an accidental discharge, our emergency response plan is promptly activated, encompassing cleanup operations and ecosystem restoration. Our procedures will be reviewed and refined to prevent future incidents whenever necessary.
- **Continuous Monitoring and Improvement**: Tracking and report all remediation efforts to the appropriate committees and boards, assessing their effectiveness using established performance metrics systematically. Annual reviews guarantee ongoing compliance with safety and environmental standards.
- **Stakeholder Engagement**: Fostering open communication with employees, customers, suppliers, and local communities. We prioritize transparency regarding our remediation efforts and maintain feedback channels to refine and improve our policies and practices.
- **Training and Education**: Providing continuous training to our employees on effective remediation techniques, fostering a culture of awareness and proactive reporting to address potential environmental or workforce-related issues.

Through these actions, the Group demonstrates its commitment to preventing, addressing, and resolving any negative impacts swiftly, ensuring the long-term sustainability of our operations while fulfilling our responsibility to employees, the environment, and the wider community.

REPORTING APPROACH

In alignment with the GRI 2021-Foundation guidelines, our FY2024 Sustainability Report has been crafted in adherence to the eight core reporting principles. These principles have guided the presentation and substantiation of the information contained within this report.

Principle	Explanation
Accuracy	The information disclosed in this Report is correct and sufficiently detailed to assess Heatec's business impacts towards Governance, Environment, and Social perspective.
Balance	The information is disclosed in an unbiased way and provides a fair representation of Heatec's negative and positive impacts.
Clarity	The information presented in this Report is accessible and understandable.
Comparability	Heatec endeavours to select and compile the report information consistently to enable an analysis of changes of the impact in the Group over time.
Completeness	Heatec tries its best to provide sufficient information to enable the transparency of its efforts in ESG topics.
Sustainability Context	Heatec ensures that the information it discloses in this Report is about its business impacts within the context of sustainable development.
Timeliness	Heatec reviews its ESG material topics on a regular basis to ensure that all the information declared in this Report is updated.
Verifiability	This Report has undergone an internal review to ensure its verifiability. Our Sustainability Consultant and Internal Auditor, acting in their independent capacities, have provided guidance to ensure the accuracy of the critical materiality data.

GOVERNANCE STRUCTURE

A strong corporate governance framework, grounded in ethical business practices, is essential for Heatec's accountability and long-term success, ensuring the protection of shareholder interests. Committed to maintaining the highest standards of governance, our Board rigorously adheres to the Code of Corporate Governance 2018, as well as relevant regulations from authorities such as the Monetary Authority of Singapore ("**MAS**") and the SGX-ST. The Board is responsible for setting strategic objectives, allocating resources, and overseeing risk management to drive shareholder value. With a focus on exemplary governance, the Board ensures compliance with regulatory updates, upholds effective control frameworks, and fosters robust corporate governance, risk management, and internal controls to safeguard both shareholder interests and company assets.

For a comprehensive discussion of our Corporate Governance practices, please refer to pages 12 to 56 of this Annual Report.

SUSTAINABILITY REPORT

Our Governance Structure

For the detailed information of our governance structure and board directors please refer to our Annual Report page 2 to page 6.

Board Director Diversity

The Board has a board diversity policy which sets out guidelines in identifying nominees for directorship positions within Heatec, and primarily focuses on having an appropriate mix of expertise, complementary skills, core competencies and experiences for facilitating effective decision-making, regardless of gender. More information on our board diversity policy can be found in the Corporate Governance Report on page 20 of this Annual Report.

4 out of 5 Board Directors (including an alternate director) are male, a reflection not of preference but of the specific expertise and skill sets required in our industry sector. The composition is structured with 60% serving as non-independent directors and 40% as independent directors, ensuring a balanced oversight.

Collective Expertise of the Governance Body

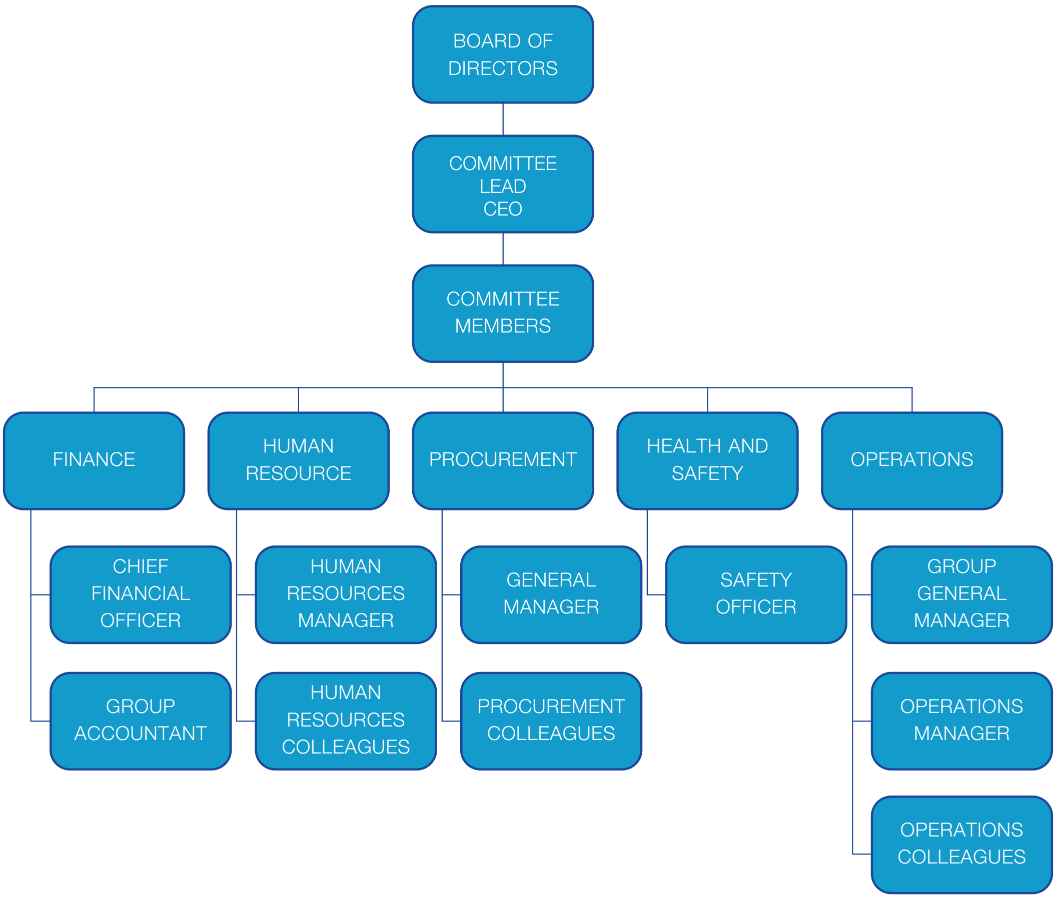
The Board's expertise encompasses essential areas vital for Heatec's success, such as Business and Financial Management, Engineering, Corporate Governance, Accounting. More details are available in the Corporate Governance Statement of our annual report.

Board Director Sustainability Training

All Board Directors have attended the one-time director sustainability training required by the SGX-ST.

SUSTAINABILITY GOVERNANCE STRUCTURE

To fortify our approach to sustainability and climate risk management, Heatec established the Sustainability and Climate Risk Committee in FY2023. Details of its structure are outlined below:



The Board of Directors plays a key role in governing sustainability and climate-related risks, providing strategic oversight, policy direction, resource allocation, cultural leadership, and risk management, while ensuring comprehensive monitoring and control.

The SCRC is tasked with overseeing sustainability governance, with a focus on ESG and climate-related risks. Its responsibilities include setting the strategic direction, developing climate-focused policies, monitoring performance and risks, managing resources for climate initiatives, and driving actionable climate strategies. The SCRC also leads the integration of ESG principles, tracks progress, engages stakeholders, mitigates risks, raises awareness, encourages continuous improvement, monitors climate targets, manages policy discussions, and assesses both risks and opportunities related to climate management.

ENTERPRISE RISK MANAGEMENT

Effective risk management is fundamental to the Group's long-term sustainability. We uphold a robust risk management framework, overseen by the Board, to ensure the integration of controls into daily operations and adherence to regulatory requirements. Our Enterprise Risk Management Framework is designed to assess and balance risks before making strategic decisions. We manage a broad spectrum of risks – including market, credit, operational, legal, financial, and ESG risks – aiming to optimize returns while prudently managing potential exposures.

To strengthen our internal controls, we conduct continuous risk assessments, which encompass risk identification, evaluation, mitigation, communication, implementation, and monitoring. We place a strong emphasis on ESG issues, recognizing their critical importance for long-term sustainability. This focus ensures our responsiveness to evolving legislative, regulatory, socioeconomic, and reputational factors.

We try our best to integrate sustainability into our business operations, mitigate associated risks, and continuously improve our processes to create value for all stakeholders.

For a comprehensive overview of our Risk Management initiatives, please refer to page 47 of the Annual Report.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is critical for building trust, fostering understanding, and ensuring long-term sustainability. We actively engage both internal and external stakeholders through established channels, continuously listening to and responding to their feedback and concerns. By maintaining open, constructive communication, we aim to address stakeholders' needs and feedback, building strong, trusting relationships that support informed decision-making and sustainable business practices.

Stakeholder Identification

The internal and external stakeholders for the Group are listed below:

Stakeholder Engagement Approach

We are committed to expanding our engagement methods and using any subsequent outputs in our future disclosures. The various established means of engaging our internal and external stakeholders are detailed below.

Stakeholder Group	Engagement Approach	Frequency
Management/Employees	Townhall sessions Open dialogue among teams Training and staff appraisal Monthly management meeting Team bonding sessions	Throughout the year
Investors/Shareholders	Annual Report Annual General Meeting Extraordinary General Meeting Circulars Investor meetings/Roadshows Teleconferences Corporate Announcements Press releases	Throughout the year
Customers	Frontline interaction with sales team Hotline/Email queries Customer feedback/surveys	Throughout the year
Local Communities	Social activities	Throughout the year
Suppliers and Service Providers	Face-to-face meetings Annual audit review on quality Feedback sessions	As required
Government and Regulators	Face-to-face meetings Various discussions	As required

MATERIAL TOPICS

A materiality assessment was conducted throughout the year, utilizing a matrix-based approach that evaluates likelihood and impact to effectively address Heatec's sustainability risk profile and prioritize key issues. This approach is employed to regularly monitor and assess the Group's risk landscape.

The Sustainability and Climate Risk Committee consistently evaluates and reviews material aspects in line with industry standards and stakeholder expectations, addressing any findings through internal workshop discussions.

To determine the materiality of an issue, we assess its potential impact on the economy, environment, and society, as well as its influence on stakeholders. The Group has reviewed the materiality of the ESG factors reported in the previous year and integrated insights gained from stakeholder engagements.

The following approach has been adopted to guide our identification of material topics:

Step 1 Scoping	Step 2 Identification	Step 3 Evaluation	Step 4 Prioritization	Step 5 Review
Conduct the scoping analysis to understand the business context.	Identify the actual and potential impacts, including positive and negative.	Evaluate the significance of the impacts based on management and stakeholder inputs.	Prioritize the most significant impacts for reporting.	Re-examine the material topics taking into consideration the changing of business landscape and emerging trends.

The scoping analysis involved a comprehensive review of market trends and the latest regulatory requirements to ensure a clear understanding of the business environment and compliance obligations.

The identification process entailed engaging with senior management to identify a list of key ESG issues. These topics were then assessed based on their significance, incorporating feedback from both management and stakeholders. The material ESG topics were finalized through stakeholder input and management review, with the Board granting approval of the selected priorities.

To maintain relevance and alignment with our business operations, the identified topics will be reviewed annually. Senior management conducts a yearly evaluation of the Group's material topics and monitors progress as part of the broader Sustainability Strategy.

In response to the evolving socio-economic landscape and the new sustainability reporting guidelines introduced by SGX, our leadership, along with the SCRC, has initiated a thorough reassessment of our material topics. This reassessment is critical to maintaining the effectiveness of our sustainability strategy and preserving our competitive advantage in the market.

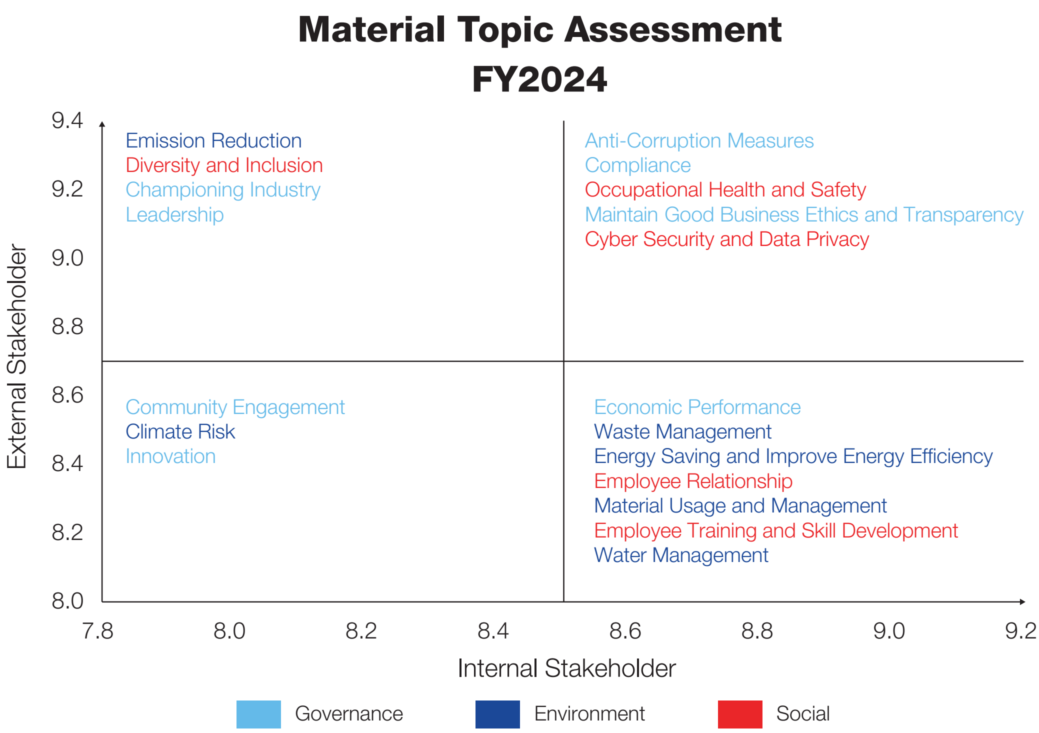
To facilitate this process, the Group has partnered with ESG & Biz Solutions Pte. Ltd. (the "**Consultant**"). In collaboration with the SCRC, the Consultant is responsible for identifying the most impactful sustainability topics for the Group in FY2024.

Additionally, feedback from key external stakeholders is systematically gathered and reviewed to ensure alignment with their evolving expectations and concerns. A detailed questionnaire was developed, and an online survey platform was used to capture the perspectives of both internal and external stakeholders on the most significant ESG topics.

Materiality Assessment and Stakeholder Engagement Outcome

In FY2024, we launched a comprehensive Stakeholder Survey to gain deeper insights into the concerns and expectations of our stakeholders regarding our sustainable development initiatives. We received 34 responses from key stakeholders across diverse groups. The feedback gathered from this survey is invaluable in shaping our sustainability priorities and will be thoroughly detailed in the following sections of the report.

Stakeholder Focus



SUSTAINABILITY REPORT

The management of Heatec remains committed to continuous improvement through active engagement with key stakeholder groups. These engagements are carried out through various channels, including feedback surveys, emails, phone conversations, seminars, and regular discussions. The graph above showcases the results of the abovementioned engagements.

The determination of the focus areas as listed in the table below took the insights gathered through these ongoing interactions into consideration.

Stakeholder Group	Stakeholder Focus
Management/Employees	Anti-Corruption Measures Cyber Security and Customer Data Privacy Occupational Health and Safety Fair Employee Relationship Maintain Good Business Ethics and Transparency Regulatory and Legal Compliance
Government and Regulators	Anti-Corruption Measures Regulatory and Legal Compliance Economic Performance
Investors/Shareholders	Economic Performance
Customers	Anti-Corruption Measures Fair Employee Relationship Employee Training and Skill Development Cyber Security and Customer Data Privacy Supply Chain Management
Local Communities	Economic Performance Waste Management Community Engagement Cyber Security and Customer Data Privacy Diversity and Inclusion
Suppliers and Service Providers	Anti-Corruption Measures Fair Employee Relationship Compliance Maintain Good Business Ethics and Transparency Cyber Security and Customer Data Privacy Occupational Health and Safety

Material aspects, as listed in the table above, were identified and prioritised through internal workshops together with senior management, based on their impact on the Group's business sustainability and stakeholders' needs.

With reference to the GRI Standards, the following material aspects have been identified:

Material Topics

ESG	Material Topics	GRI Standard
Governance and Economic Performance	Economic Performance	GRI 201
	Procurement Practice	GRI 204
	Anti-Corruption	GRI 205
	Regulatory and Legal Compliance	GRI 2-27
Environment	Response to Climate Change	TCFD, GRI 302
	Energy and Emissions	GRI 305
	Water and Effluent Management	GRI 303
	Waste Management	GRI 306
Social	Employee Management	GRI 401
	Equality and Diversity	GRI 405
		GRI 406
	Training and Skill Development	GRI 404
	Occupational Health and Safety	GRI 403
	Customer Health and Safety	GRI 416
	Customer and Employee Data Privacy	GRI 418

ECONOMIC PERFORMANCE

MATERIAL TOPIC	RELEVANT SDG
GRI 201 Economic Performance • 201-1 Direct economic value generated and distributed	8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

Heatec is committed to sustainable development, integrating ESG principles into our core services to drive responsible economic growth. Our expertise in Heat Exchanger, Piping Services, and Chemical Cleaning supports the marine and oil & gas industries by enhancing efficiency, safety, and environmental compliance.

Through strategic investments, we create long-term value for shareholders while contributing to job creation, tax revenues, and community engagement. By prioritizing innovation, resource efficiency, and responsible operations, we balance profitability with social and environmental responsibility, ensuring a sustainable future for our stakeholders and communities.

SUSTAINABILITY REPORT

Management Approach

Heatec's approach to driving economic performance is built on industry best practices in line with internationally recognized standards, including ISO 9001:2015 Quality Management Systems and ISO 45001:2019 Occupational Health and Safety Management Systems. By prioritizing quality, safety, and operational excellence, we establish a solid foundation for sustainable growth and long-term value creation.

In this term, our focus is on enhancing economic performance through revenue growth and cost optimization, capitalizing on opportunities in the expanding Floating Production Storage and Offloading ("**FPSO**") market. Looking ahead, we aim to drive sustainable expansion through strategic, synergistic acquisitions and partnerships that align with our core capabilities. This proactive approach will enhance our market position, foster resilience, and ensure long-term business sustainability in an evolving industry landscape.

FY2024 Performance

For FY2024, we set a target to drive long-term sustainable development in support of economic growth. Although the Group's financial performance in FY2024 was lower compared to FY2023 – partly due to a decline in projects under the design and build segment – customer loyalty remained strong. To ensure more effective resource allocation, the Group continues to focus on aligning our financial strategy with available resources.

	FY2024	FY2023	Change
	S$'000	S$'000	(%)
Economic Value Generated[1]	*20,132*	*26,551*	*(0.8)*
Operating Cost (related to supply chain)	*12,921*	*18,062*	*(0.8)*
Operating Cost (not related to supply chain)	*7,208*	*7,812*	*(0.9)*
Employee benefits expenses	*12,016*	*11,895*	*1*
Distribution to providers of debt capital[2]	*386*	*377*	*1*
Distribution to governments/taxes	*(11)*	*(2)*	*5.5*

Notes:

(1) Economic value generated is derived by summing revenues and other income.

(2) Distribution to providers of debt capital refers to interest paid to the lenders.

Target Setting

Term	Target
Short Term FY2025	• Strengthen financial resilience by embedding sustainability risk assessments into strategic planning and decision-making processes, emphasizing climate-related risks and opportunities.
Medium Term (Till 2030)	• Enhance long-term economic value through active adoption and integration of innovative and sustainable technologies.
Long Term (Beyond 2030)	• Achieve sustained economic growth and market leadership by consistently responding and adapting to evolving market demands and regulatory environments, particularly in terms of sustainable construction practices, decarbonization efforts, and climate resilience.

PROCUREMENT PRACTICES

MATERIAL TOPIC	RELEVANT SDG
GRI 204 Procurement Practices • 204-1 Proportion of spending on local suppliers	8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

Effective procurement practices are integral to The Group's operations, driving financial efficiency by optimizing costs and enhancing overall profitability. Beyond financial benefits, a structured procurement framework upholds transparency and accountability – key pillars in maintaining investor trust and ensuring strict regulatory compliance. Additionally, a robust procurement policy reinforces corporate governance excellence, mitigates supply chain risks, and strengthens The Group's reputation as a responsible and ethical business partner. By integrating sustainability criteria into procurement decisions, we support responsible business practices and long-term value creation.

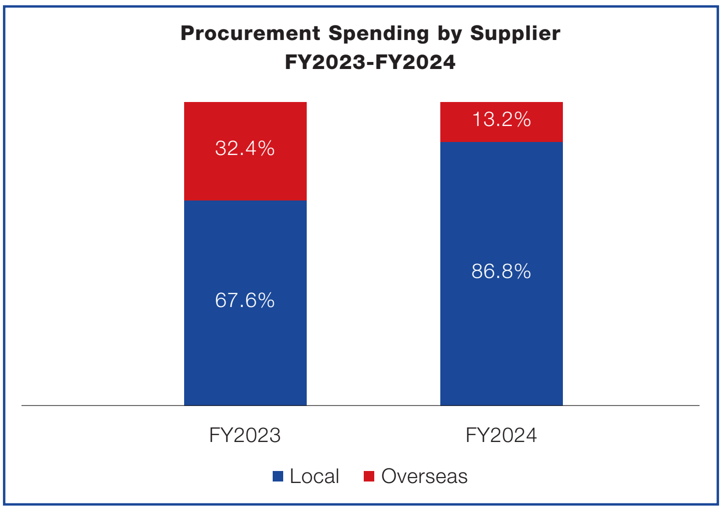
Management Approach

The Group actively collaborates with vendors, suppliers, and service providers to deliver high-quality outcomes and operational excellence. Our procurement practices emphasize building strong, collaborative partnerships based on rigorous selection criteria. We prioritize suppliers and partners demonstrating exemplary health and safety standards, strict adherence to local and international regulations, and relevant industry certifications.

Our comprehensive procurement policies and processes are designed not only to ensure compliance but also to foster sustainable practices within our supply chain. We actively engage suppliers in upholding best practices for environmental management, ethical business conduct, and social responsibility. Through these measures, The Group aims to cultivate long-term relationships, enhance operational excellence, and promote responsible and ethical procurement practices.

FY2024 Performance

For FY2024, we set a target to strengthen partnerships with local suppliers and diversify our supplier base to minimize operational disruptions. During the year, 86.8% of our procurement budget was allocated to local suppliers, while 13.2% was spent on overseas suppliers. Notably, the company did not experience any project delays due to the procurement process, and no negative feedback was received from customers regarding our procurement practices. We have thus met the target set for FY2024.



Target Setting

Term	Target
Short Term FY2025	• Maintain adequate support to the local suppliers and contractors to actively support the local economy and community. • Evaluate supplier and contractor base to improve resilience, reduce dependency on current pool of vendors, and enhances competitiveness.
Medium Term (Till 2030)	• Establish regular communication channels with local suppliers to reinforce expectations around sustainability practices, compliance, and performance standards.
Long Term (Beyond 2030)	• Sustainably maintain procurement from local suppliers at or above 65%, continuously reinforcing support for local economic development. • Introduce capacity-building programs for diversified local suppliers, focusing on improving their ESG practices and readiness to meet the Group's sustainability standards.

ANTI-CORRUPTION

MATERIAL TOPIC	RELEVANT SDG
GRI 205 Anti-Corruption • 205-2 Communication and training about anti-corruption policies and procedures • 205-3 Confirmed incidents of corruption and action taken	8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

Good business ethics and anti-corruption practices are fundamental to the Group's operations, as they foster trust, enhance our reputation, and attract customers and partners. Ethical behaviour not only ensures legal compliance but also mitigates risks, promotes a positive work environment, and boosts employee retention. By cultivating customer loyalty and setting, the Group apart from competitors, ethical conduct appeals to socially responsible investors and strengthens long-term business viability. Ultimately, upholding strong ethics and anti-corruption measures contributes to our sustained growth, resilience, and success.

Management Approach

The Group's Code of Conduct sets standards on ethics, workplace behavior, asset protection, confidentiality, and conflicts of interest. A strong whistle-blowing framework ensures accountability. The Group strictly prohibits child labour and unethical practices, cutting ties with any partners involved to uphold high ethical standards.

Anti-Corruption Policy

The anti-corruption policy is part of Heatec's Employee Handbook, reinforced during HR Orientation for new staff, and extends to suppliers, subcontractors, and business partners. We comply with anti-corruption laws in all regions, prohibiting improper transactions or gifts involving officials, clients, or vendors. The Finance Department closely monitors all financial transactions to detect and prevent anomalies, ensuring ethical standards and maintaining the Group's integrity across operations, firm action will be taken against any employee or vendors who involved in such practices.

Anti-Fraud Policy

The Group defines fraud as any illegal act involving deceit, breach of trust, or concealment of truth to obtain assets, services, or advantages dishonestly. This can include falsifying records, embezzling funds, hiding transactions, or manipulating data for personal gain.

Understanding the serious consequences of such actions – financial loss, legal repercussions, and reputational damage – the Group enforces a strict anti-fraud policy. Any suspected or confirmed fraud, whether by employees or external parties, is immediately reported to the authorities for investigation and action.

Whistle-Blowing Policy

A comprehensive whistle-blowing policy that enables both staff and external stakeholders to report any concerns or suspicious activities related to our business. These may include issues such as discrepancies in financial reporting, auditing practices, internal controls, or business conduct.

Our whistle-blowing policy ensures that all reports are thoroughly and impartially investigated, with appropriate actions taken based on the findings. Clear procedures and protocols are outlined in our Employee Handbook, which is accessible to all employees via Heatec's internal server, promoting transparency and accessibility.

Employees and non-employees can report any irregularities via the Whistleblowing Hotline, managed by Heatec's internal auditors, BDO Advisory Pte. Ltd. ("**BDO Advisory**"), ensuring the utmost confidentiality and professionalism. BDO Advisory is responsible for receiving, logging, and conducting an initial review of all whistleblowing reports made in good faith. BDO Advisory then refers the reports, with recommendations where applicable, to the designated independent function within the Company for further investigation. BDO Advisory maintains regular communication with the Chairman of the Audit and Risks Management Committee, providing monthly updates on hotline activity. The identity of whistleblowers is kept strictly confidential throughout the entire process. The Company is committed to protecting whistleblowers who act in good faith from any form of retaliation, detrimental conduct, or unfair treatment arising from their report. This commitment is clearly stated in the Company's Whistleblowing Policy. The Audit and Risks Management Committee is responsible for the oversight and monitoring of the whistleblowing framework, including the review of all reports and investigation outcomes. The Audit and Risks Management Committee also ensures the effectiveness of the whistleblowing process and that appropriate follow-up actions are taken.

Whistleblowing Hotline number: (+65) 8417 9161

We encourage whistleblowers, including non-employees, to report any suspected misconduct or fraudulent activity via the whistleblowing hotline. All reports will be treated with the highest confidentiality and the identity of whistleblowers is protected to ensure the interests of all parties are safeguarded.

FY2024 Performance

In FY2024, The Group successfully maintained the objectives that were established in the previous year. We are pleased to report zero incidents of corruption, whistleblowing, or detected fraud, reflecting a robust culture of ethical governance and accountability across all operations, thus meeting our target for FY2024.

Target Setting

Term	Target
Short Term FY2025	• Maintain zero reports of misconduct across all operational levels, reinforcing the highest standards of ethical practices. • Establish clear and accessible whistleblowing channels, promoting transparency and encouraging timely reporting of any ethical concerns.
Medium Term (Till 2030)	• Continue to achieve zero misconduct cases annually, embedding a culture of integrity and ethical responsibility across the organization.
Long Term (Beyond 2030)	• Sustain an ongoing zero-tolerance approach to misconduct, maintaining a flawless ethical compliance record indefinitely. • Conduct mandatory annual ethics and anti-corruption training for all employees to strengthen awareness and prevention of misconduct. • Build a robust ethical culture through consistent stakeholder engagement, transparency, and periodic ethical conduct assessments, reinforcing a shared organizational commitment to integrity and accountability.

REGULATORY AND LEGAL COMPLIANCE

MATERIAL TOPIC	RELEVANT SDG
GRI 2 General Disclosures • 2-27 Compliance with laws and regulations	8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

Compliance with laws and regulations is crucial for The Group, as it mitigates legal risks, enhances our reputation, and builds trust among stakeholders. Ensuring robust legal compliance underpins our sustainability initiatives, attracts investor confidence, and enables access to key markets, thus driving long-term stability and growth. Our comprehensive whistleblowing and anti-corruption systems, supported by clearly articulated legal policies, exemplify our dedication to integrity, fairness, and impartiality.

Management Approach

The Group maintains an extensive legal and regulatory compliance framework across all subsidiaries, ensuring alignment with the latest applicable requirements. Our approach is designed not only to achieve compliance but to surpass regulatory standards, demonstrating our proactive approach to ethical business conduct and integrity.

We proactively audit our clients and contractors to safeguard against breaches of international sanctions and ensure adherence to fair-trade practices.

Our dedication to compliance includes environmental stewardship and adherence to stringent safety regulations, reflecting our recognition of the broader societal and environmental impacts of our operations. The Group continually evolves its compliance framework to maintain alignment with legal advancements, particularly in environmental and social governance areas.

FY2024 Performance

The Group is pleased to report full compliance with all local anti-corruption laws, regulations, and standards in FY2024, with no recorded instances of non-compliance in environmental or social matters, thus meeting our target for FY2024.

Target Setting

Term	Target
Short Term FY2025	• Maintain zero incidents of non-compliance with applicable laws and regulations across all operational jurisdictions. • To strengthen compliance efforts, the Group will enhance training programs for employees and management, ensuring they remain well-informed of evolving legal and regulatory requirements. • Continue to receive regular regulatory updates to uphold best governance practices, further embedding a culture of compliance and accountability throughout the organization.
Medium Term (Till 2030)	• Maintain continuous annual records with no significant non-compliance incidents, ensuring sustained compliance performance.
Long Term (Beyond 2030)	• Maintain a sustained record of non-significant regulatory violations, reflecting the long-term institutionalization of compliance and accountability in all operational aspects. • Regularly benchmark and update governance and compliance frameworks against global and industry best practices, fostering an adaptive, resilient, and robust compliance culture.

RESPONSE TO CLIMATE CHANGE

MATERIAL TOPIC	RELEVANT SDGs
Response to Climate Change (TCFD) • Governance • Strategy • Risk Management • Metrics and Target	

Why This Is Important

Heatec is fully committed to addressing the challenges of climate change and the growing carbon tax within the marine engineering industry. These interconnected challenges present a significant threat to our communities as well as the global economy. Recognizing our position in marine and engineering industry, coupled with potential disruptions in the global supply chain, we are acutely aware of the pressures arising from rising energy costs and increasing carbon taxes, alongside broader environmental concerns.

We are deeply committed to preparing for a sustainable future by actively adopting ourselves to emerging regulations and recommendations such as TCFD guidelines. We focus on reducing emissions, promoting sustainable practices, and integrating these efforts into our core operations to ensure both environmental stewardship and long-term competitiveness.

Management Approach

In alignment with the TCFD Reporting guidelines, the Group is proactively gearing up to evaluate our performance and disclosure across four pivotal dimensions: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

Board Oversight

The Board of Directors of the Group maintains ultimate accountability for the Group's sustainability and climate-related strategies, ensuring rigorous strategic oversight and policy guidance to align with global standards and national initiatives such as Singapore's Green Plan 2030. To operationalize this governance, the Board of Directors of the Group delegates day-to-day oversight of climate-related risks and opportunities to the SCRC, chaired by the CEO and composed of senior management members.

The Board conducts a comprehensive review of the Group's sustainability performance, scrutinizing detailed report on annual basis. These reports provide insights into progress against climate targets, emissions reductions, energy efficiency initiatives, and risk exposure analyses – including physical risks and transitional risks linked to regulatory shifts or market demands.

Through quarterly updates, Board Directors receives real-time insights into evolving climate-related challenges, such as regulatory updates, stakeholder expectations, or technological advancements. This continuous flow of information enables the Board to integrate climate considerations into critical decisions, including growth planning, capital investments, and operational expansions. By embedding these considerations into governance processes, the Board ensures that climate resilience and sustainability are non-negotiable pillars of Heatec's strategic trajectory, safeguarding stakeholder value and advancing the Group's leadership in a decarbonizing global economy.

This governance structure underscores the Board's commitment to proactive climate stewardship, balancing risk mitigation with innovation to secure long-term business sustainability.

Management's Role

The SCRC, chaired by Heatec Jietong's CEO and comprising senior management members, serves as the operational engine for integrating sustainability into the Group's core business strategies.

Central to the SCRC's mandate is its role in communicating climate-related risks and opportunities to internal stakeholders, fostering organization-wide awareness and accountability. The SCRC facilitates regular dialogues with department heads, operational teams, and frontline staff to translate high-level climate strategies into actionable policies, such as energy efficiency programs or supply chain decarbonization efforts. To maintain rigor, the SCRC conducts continuous monitoring of climate targets and performance metrics – including emissions reductions, energy consumption trends, and resilience initiatives – ensuring progress is tracked against predefined benchmarks. These insights are synthesized into concise reports for Board of Directors, enabling transparent oversight and informed strategic adjustments.

The SCRC also engages proactively with external sustainability consultants and industry experts to stay ahead of evolving climate policies, regulatory shifts, and emerging best practices. Additionally, the SCRC plays a critical role in preparing TCFD-aligned disclosures for the annual Sustainability Report, consolidating data on governance, strategy, risk management, and metrics. By harmonizing internal data collection with international reporting standards, the SCRC ensures Heatec's disclosures meet stakeholder expectations for transparency and accountability.

Strategy

Climate-related Risks and Opportunities

Heatec proactively assesses climate-related risks and opportunities, categorizing them into physical and transitional risks:

- **Physical Risks**: Increased severity of extreme weather events (flooding, heatwaves) and rising sea levels directly impacting operations and infrastructure.
- **Transitional Risks**: Result from regulatory changes, such as increased carbon taxes and migrant workers levy, shifting market demands, and reputational pressures from stakeholders demanding lower emissions and more sustainable operations.

Impact on Business, Strategy, and Financial Planning

Climate considerations significantly influence short-term operational planning and long-term strategic decisions, including potential capital investments in resilient infrastructure, low-carbon technologies, and sustainable procurement practices. The business strategy prioritizes energy efficiency improvements, adoption of low-carbon technologies, and proactive adaptation measures to sustain operational resilience and market competitiveness.

Physical Risk

Risk Type	Risk	Description	Potential Financial Impact	Mitigation Measures
Acute Risk	Extreme weather events (including flooding, rainstorms, and extreme hot days)	Intense rainfall and flooding can inflict damage on infrastructure and equipment, leading to operations' inability to perform any job and job delays. Reduced outdoor productivity is often a consequence of persistent rainfall. Sudden and extreme precipitation events are capable of causing flash floods, which can disrupt the supply chain of our materials and impede standard business activities. Worker safety is compromised during severe weather conditions, as frequent lightning and flooding curtail outdoor activities and elevate safety hazards. Elevated temperatures heighten the risk of heat-related illnesses, such as heat stroke, among outdoor workers.	Operational difficulties; Supply chain disruption; Increased operating costs;	Enhance infrastructure resilience, implement weather monitoring systems, conduct employee safety training, and diversify supply chain to reduce vulnerability.
Chronic Risk	Rising sea levels	As sea levels rise, there is a heightened risk to port infrastructure. This situation may necessitate substantial financial investment to modify or relocate at-risk facilities.	Increased operating and maintenance costs;	Invest in adaptive infrastructure improvements, consider alternative locations, and enhance monitoring systems to assess future risks.
	Temperature change	Increasingly frequent hot days, or sudden heat waves raise health and safety risks for workers and drivers involved in outdoor operations, necessitating enhanced protective measures and protocols.	Operational difficulties; Increased operation costs	Introduce advanced heat-mitigation measures, implement Wet Bulb temperature reading,, enhance protective gear, and establish heat illness prevention training programs.

Transitional Risk

Risk Type	Risk	Description	Potential Financial Impact	Mitigation Measures
Legal and Regulation Risk	Revising existing requirements and introducing new regulations	As governments reinforce policies to combat climate change, complying with these regulations may require significant investments in environmentally-friendly technologies and operational practice modifications. Government initiatives promoting a shift towards a low-carbon economy include incentives for adopting Electric Vehicles ("**EVs**") in company transportation.	Early scrapping of current assets; Increased operating and maintenance costs	Proactively adopt low-carbon technologies, improve energy efficiency, establish emission reduction targets, and regularly monitor regulatory developments for early compliance readiness.
	Increased carbon tax	Increased carbon taxation will lead to higher energy and maintenance expenses.	Increased operating and maintenance costs;	
Market Shift	Customer preference change	Difficulties in meeting customer expectations for sustainable practices, such as energy efficiency and carbon reduction, could lead to the Group losing its customer base to competitors perceived as leaders in low-carbon industries. Increasing customer demand for environmentally friendly services necessitates an accelerated shift toward a carbon-neutral model, resulting in higher research and development ("**R&D**") expenditures and other operational costs associated with this transition.	Operation difficulties; Increased operating cost; Decline in demand for goods and services; Negatively impact revenue;	Enhance R&D in sustainable practices, actively follow up with market sustainability efforts, and engage proactively with customers to align offerings with evolving preferences.
Reputational Risk	Growing concern of stakeholders about negative feedback	Insufficient environmental performance and transparency may lead investors and customers to prefer competitors who demonstrate stronger eco-friendly credentials. Investors are advocating for the adoption of new and renewable energy sources within company operations to align with sustainable investment criteria. Growing investor and customer scrutiny over environmental performance dictates that compliance with contemporary regulations is critical. Non-compliance may result in Heatec facing contract terminations and a decrease in investments.	Decline in demand for goods and services; Loss of investors; Decrease in income;	Increase transparency through regular sustainability disclosures, actively engage stakeholders, improve ESG performance continuously, and communicate proactive sustainability strategies clearly.

As a Group, we are dedicated to staying at the forefront of environmental responsibility by continuously monitoring and implementing cutting-edge strategies to reduce our environmental footprint.

Opportunities

Opportunity	Explanation
Enhanced Market Demand for Sustainable Solutions	Opportunity to meet increasing market demand for environmentally sustainable marine engineering services, driving revenue growth.
Investment in Innovation and Technology	Development and adoption of low-carbon technologies, energy-efficient equipment, and advanced infrastructure solutions, creating differentiation and competitive advantage.
Cost Savings and Operational Efficiency	Reduction in energy consumption and emissions through improved operational practices and energy-efficient technologies, resulting in significant cost savings.
Access to Green Financing and Incentives	Potential to access green financial instruments, grants, and incentives for implementing sustainable practices and infrastructure upgrades.
Enhanced Reputation and Stakeholder Trust	Strengthening stakeholder relations, improving corporate reputation, and attracting environmentally-conscious investors and customers through transparent and proactive climate disclosures and ESG performance.

Scenario Analysis

Term/Impact		2°C Scenario Analysis	1.5°C Scenario Analysis
Short-term (2024-2030)	**Impact**	Increased regulatory requirements for emission reductions and carbon taxes.	Aggressive regulatory mandates with stringent emission limits and substantial shifts in market demands.
	Mitigation	Immediate investments in renewable energy sources and efficiency upgrades; enhanced sustainability reporting and compliance readiness.	Rapid implementation of carbon-neutral strategies; accelerated adoption of renewable energy by implementing the solar panel in our current workshop; proactive stakeholder communication and strategic realignment to sustainability-centric operations.
Long-term (2030-2050)	**Impact**	Gradual transition to a low-carbon economy with potential technological disruptions.	Mandatory achievement of net-zero emissions, intensified physical climate risks.
	Mitigation	Long-term strategic investments in clean technology innovations and resilient infrastructure; continuous stakeholder engagement to align with evolving market and regulatory expectations.	Complete transformation of operations to net-zero; comprehensive investments in climate-resilient infrastructure; substantial R&D in breakthrough sustainable technologies.

Heatec regularly assesses resilience under potential climate scenarios, evaluating how varying degrees of climate-related risks (extreme weather events, regulatory shifts, customer preference changes) may affect business continuity and financial stability.

Climate Risk Management

The Group recognizes the need for a robust climate risk management strategy to safeguard its operations, financial stability, and long-term growth. Given the company's role in the marine, petrochemical, and oil & gas industries, it faces both physical risks and transition risks.To address these challenges, the Group adopts a comprehensive climate risk management approach, integrating risk identification, mitigation strategies, regulatory compliance, and scenario analysis. By proactively adapting to climate-related changes.

Process for Identifying and Assessing Climate Risks

Comprehensive annual materiality assessments identifying climate risk.

Risk evaluation integrated within enterprise risk management systems, ensuring alignment with strategic and operational risk management frameworks.

Process for Managing Climate Risks

Adoption of proactive measures and regular reviews by the Sustainability and Climate Risk Committee, focusing on reducing operational vulnerability through improved infrastructure resilience, regulatory compliance, and resource optimization.

Integration into Overall Risk Management

Climate risks are systematically integrated within Heatec's Enterprise Risk Management ("**ERM**") framework, with clear accountability lines defined for identifying, evaluating, and mitigating climate-related risks across all operational levels.

Component	Description	Relevance to Heatec Jietong
Risk Identification	Assessing potential physical and transition risks arising from climate change.	Identifying vulnerabilities in infrastructure, supply chains, and regulatory compliance.
Risk Assessment	Evaluating the likelihood and impact of climate risks on operations, finance, and reputation.	Analysing risks such as rising sea levels, extreme weather events, carbon pricing, and policy changes.
Mitigation Strategies	Implementing measures to reduce exposure to climate risks.	Investing in low-carbon technologies, energy-efficient solutions, and sustainable supply chain practices.
Adaptation Measures	Adjusting business operations to minimize climate impacts.	Developing climate-resilient infrastructure and diversifying into green energy sectors.
Scenario Analysis	Conduct Scenarios to predict climate impacts under different situations.	Evaluating business sustainability under scenario analysis to set long-term strategy.
Regulatory Compliance	Ensuring alignment with global and local climate and ESG related regulations.	Adapting to net-zero emission reduction targets, and industry regulations.
Monitoring & Reporting	Tracking climate risks and sustainability performance through structured reporting frameworks (e.g., TCFD, GRI).	Enhancing transparency with investors, stakeholders, and regulatory bodies.

Metrics and Target

The Group tracks the following climate performance indicators:

- Energy Consumption (kWh, gigajoules ("**GJ**"))
- Total Annual Carbon Emissions (Scope 1 and 2)
- Operational Disruptions Due to Climate Events

More details of Metrics and Target are being disclosed under Energy and Emissions Section.

FY2024 Performance

In FY2024 the Group reported zero operational disruptions due to the adverse climate event, thus meeting our target for FY2024.

Target Setting

Term	Target
Short Term FY2025	• Monitor and track Scope 1 and 2 greenhouse gas ("**GHG**") emissions performance. • Kick off Scope 3 emissions data collection process to assess supply chain emissions. • Ensure no significant operational disruptions or project delays due to adverse climate conditions.
Medium Term (Till 2030)	• Collect data for Scope 3 emissions to assess supply chain emissions. • Identify and incorporate sustainable technologies and design solutions in operational activities. • Maintain zero significant operational disruptions or project delays due to adverse climate conditions.
Long Term (Beyond 2030)	• Align the Group's emission reduction efforts with Singapore's national carbon reduction strategy and targets. • Continue comprehensive monitoring, reporting, and managing of GHG emissions across all scopes. • Strengthen resilience to climate risks, ensuring continuous operational stability.

ENERGY AND EMISSIONS

MATERIAL TOPIC	RELEVANT SDGs
GRI 302 Energy • 302-1 Energy consumption within the organization GRI 305 Emissions • 305-1 Direct (Scope 1) GHG emissions • 305-2 Energy indirect (Scope 2) GHG emissions	

Why This Is Important

Energy and Emissions Management is fundamental to the Group's sustainable growth, directly aligning with regulatory requirements outlined by SGX and the Singapore Green Plan 2030. This national initiative sets ambitious targets for emissions reduction and energy efficiency, compelling companies to actively reduce their environmental footprints. Given our operations in the energy-intensive marine and oil & gas sectors, proactively managing energy use and emissions reduces costs, minimizes regulatory risks, and demonstrates corporate responsibility. By prioritizing robust energy management, we actively support Singapore's climate targets, comply with regulatory obligations, and secure our long-term sustainability in a low-carbon economy.

Management Approach

The Group places significant emphasis on the efficient, responsible, and sustainable use of energy across all operational facilities. We implement a systematic approach, continuously monitoring energy consumption and adopting proactive measures to reduce usage. Key initiatives include:

- Resource Optimization: Assessing energy use and strategically closing underutilized spaces, deactivating air-conditioning in unused areas.
- Energy-efficient Infrastructure: Using modular air-conditioning units in administrative offices to precisely control energy consumption and reduce electricity demand.
- Data-driven Management: Maintaining a robust data collection framework to accurately measure Scope 1 and Scope 2 GHG emissions. This data-driven approach enables informed decision-making and continuous improvement aligned with international standards, including TCFD recommendations and the Greenhouse Gas Protocol.

SUSTAINABILITY REPORT

In FY2024, our immediate priority is enhancing the quality, consistency, and transparency of energy and emissions data. This initiative will establish a reliable baseline for setting ambitious yet achievable medium- and long-term sustainability targets, clearly communicated to stakeholders.Our methodologies were aligned with internationally recognized frameworks, including the TCFD recommendations and the Greenhouse Gas Protocol. The Group is committed to advancing our data accuracy and monitoring capabilities further in FY2024.

FY2024 Performance

For FY2024, we set a target to develop performance benchmarks through a new data collection approach aligned with the TCFD and GHG Protocol. We aimed to closely monitor the Group's performance and engage in benchmark analysis. We are pleased to report that this target was successfully achieved. During the year, we implemented and followed a consistent methodology for collecting energy and emissions data, laying a strong foundation to support our decarbonisation journey.

Energy Consumption

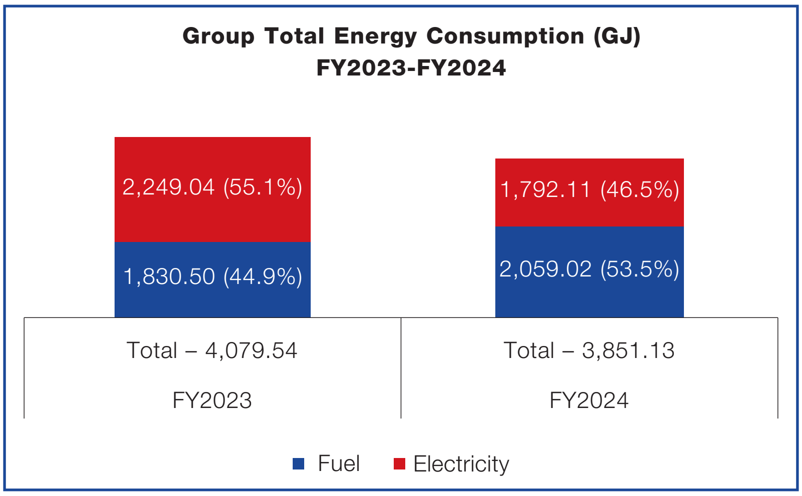
In FY2024, the Group's total energy consumption amounted to 3,851.13 GJ, comprising 2,059.02 GJ from the combustion of diesel and compressed natural gas ("**CNG**") and 1,792.11 GJ from electricity consumption. Compared to FY2023, our total energy consumption decreased by 5.6%. This reduction was primarily driven by lower operational activity and decreased electricity usage.

Energy Consumption (GJ) from Fuel

		FY2023		FY2024	
Source	Fuel	Energy Consumption (GJ)	Total Energy Consumption (GJ)	Energy Consumption (GJ)	Total Energy Consumption (GJ)
Stationary	CNG	47.29	1,830.50	22.79	2,059.02
Stationary	LPG	14.19		0.00	
Stationary	Diesel	30.53		0.00	
Mobile	Diesel	1,738.49		2,036.23	

Energy Consumption (kWh and GJ) from Electricity

FY2023		FY2024	
Electricity Consumption (kWh)	Energy Consumption (GJ)	Electricity Consumption (kWh)	Energy Consumption (GJ)
624,732.91	2,249.04	497,808.83	1,792.11



Emissions

In FY2024, the Group's total GHG emissions amounted to 358.16 tonnes of CO_2 equivalent ("**tCO_2e**"), comprising 153.06 tCO_2e from Scope 1 emissions, which include fuel and gas combustion as well as the use of 0.40 tonnes of purchased CO_2, and 205.10 tCO_2e from Scope 2 emissions generated by electricity consumption.

Scope 1 Emissions (tCO_2e)

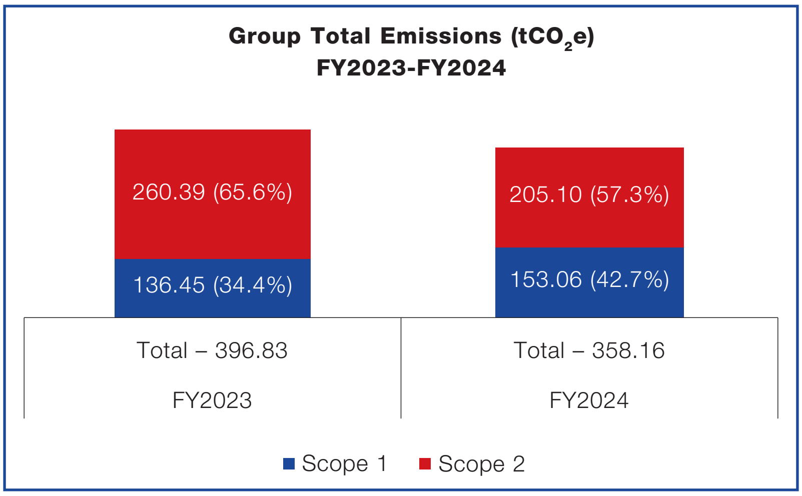
FY2023		FY2024	
Energy Consumption (GJ)	Scope 1 Emissions (tCO_2e)	Energy Consumption (GJ)	Scope 1 Emissions (tCO_2e)
1,830.50	136.45	2,059.02	153.06

* Scope 1 GHG emissions included consumption of 0.98/0.40 tonnes of purchased CO_2 in FY2023/FY2024.

Scope 2 Emissions (tCO_2e)

FY2023		FY2024	
Energy Consumption (GJ)	Scope 2 Emissions (tCO_2e)	Energy Consumption (GJ)	Scope 2 Emissions (tCO_2e)
2,249.04	260.39	1,792.11	205.10

SUSTAINABILITY REPORT



Target Setting

Term	Target
Short Term FY2025	• Monitor and track Scope 1 and 2 GHG emissions performance. • Collect data for Scope 3 emissions to assess supply chain emissions.
Medium Term (Till 2030)	• Maintain ongoing monitoring and reporting of Scope 1, 2, and Scope 3 emissions. • Identify and understand emission hotspots within operations and supply chain to implement emission reduction initiatives.
Long Term (Beyond 2030)	• Align the Group's emission reduction efforts with Singapore's national carbon reduction strategy and targets. • Continue comprehensive monitoring, reporting, and managing of GHG emissions across all applicable scopes.

WATER AND EFFLUENT MANAGEMENT

MATERIAL TOPIC	RELEVANT SDGs
GRI 303 Water and Effluents • 303-2 Management of water discharge-related impacts • 303-5 Water consumption	8 DECENT WORK AND ECONOMIC GROWTH 6 CLEAN WATER AND SANITATION

Why This Is Important

Effective water and effluent management is vital to the Group's sustainability goals, enabling efficient resource use, environmental impact reduction, and full compliance with regulatory requirements set by Singapore's National Environment Agency ("**NEA**") and the Public Utilities Board ("**PUB**"). Given water scarcity in Singapore, rigorous management practices are crucial to prevent contamination, safeguard public health, and protect local ecosystems. Beyond compliance, proactive water management improves operational efficiency, reduces treatment costs, and drives innovation in sustainable solutions, enhancing our reputation as an environmental leader among clients, investors, and the community.

Management Approach

The Group adopts a comprehensive approach to water and effluent management guided by stringent regulatory requirements. In alignment with guidelines set by NEA and PUB, we ensure robust controls across our operational activities, which primarily involve the manufacturing and maintenance of heat exchangers. Our management framework encompasses:

Regulatory Compliance and Monitoring: The Group employs NEA-approved monitoring systems to ensure compliance with water and effluent discharge standards. Continuous monitoring of our effluent treatment processes guarantees effective wastewater neutralization before release into the public sewerage system.

Safe Chemical Handling and Disposal: Our rigorous chemical management procedures cover the proper storage, handling, and disposal of chemicals. Licensed waste collectors are engaged to safely dispose of expired chemicals, further minimizing potential risks to public health and the environment.

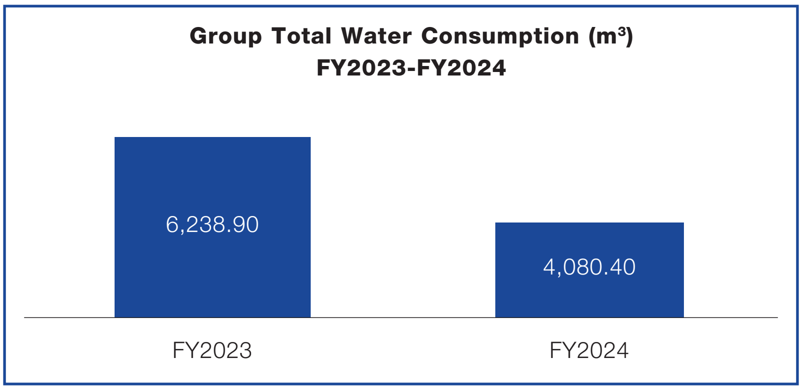
Staff Training and Emergency Preparedness: Recognizing the critical role of our employees, we invest significantly in comprehensive training programs. Personnel receive regular instruction on safe chemical handling, water management procedures, and emergency response protocols, enhancing workplace safety and environmental protection.

Continuous Improvement and Innovation: We regularly conduct internal reviews and external audits of our water and effluent management processes. These reviews facilitate continuous improvement, promote the adoption of more sustainable technologies, and ensure our practices not only meet but exceed current environmental standards.

Transparency and Record-Keeping: Maintaining accurate, detailed records and ensuring timely reporting to regulatory authorities are fundamental aspects of our management approach. These practices enable transparency and facilitate effective monitoring of our environmental performance.

FY2024 Performance

In FY2024, the Group consumed a total of 4,080.40 cubic meters ("**m³**") of water, with a reduction in usage attributed to the decreased frequency of cooler unit cleaning in the workshop. The Group successfully recorded zero accidental spills or violations in trade effluent discharge, thus meeting our compliance and safety objectives.



SUSTAINABILITY **REPORT**

Target Setting

Term	Target
Short Term FY2025	• Maintain zero incidents of illegal discharge or spillage, continuously maintaining full compliance with all water-related regulatory standards and ensuring zero penalties or fines from regulatory bodies.
Medium Term (Till 2030)	• Set up water consumption reduction target. • Maintain zero incidents of illegal discharge or spillage, continuously maintaining full compliance with all water-related regulatory standards and ensuring zero penalties or fines from regulatory bodies.
Long Term (Beyond 2030)	• Lead industry initiatives for water conservation practices and share best practices with industry partners to foster sector-wide improvements in water resource management.

WASTE MANAGEMENT

MATERIAL TOPIC	RELEVANT SDGs
GRI 306 Waste • 306-2 Management of significant waste-related impacts • 306-3 Waste generated	

Why This Is Important

Effective waste management is central to the Group's sustainability and operational strategy, ensuring regulatory compliance, minimizing disruptions, and demonstrating our commitment to environmental stewardship. By promoting resource efficiency, recycling, and responsible disposal, we support a circular economy and strengthen trust with stakeholders who value eco-conscious practices – positioning the Group as a leader in sustainable, responsible operations.

Management Approach

The Group adopts a structured and proactive approach to waste management, based on the well-established principles of Reduce, Reuse, and Recycle ("**3-R**"). Our management approach includes:

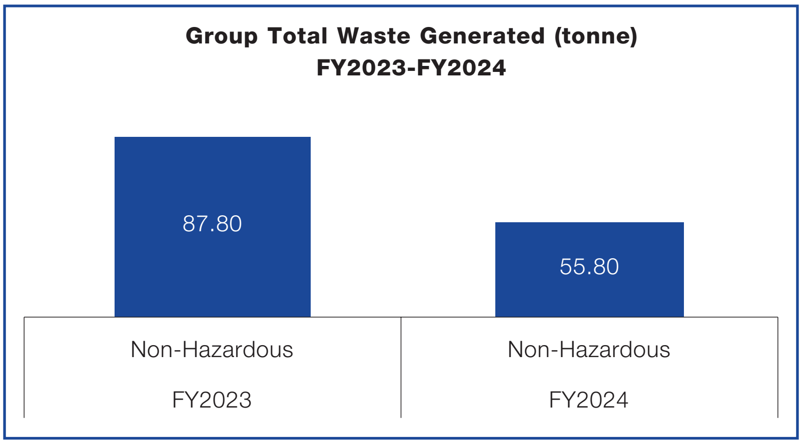
Reduction at Source: Actively minimizing the generation of waste through improved operational processes, effective resource management, and continuous identification of opportunities to decrease consumption of materials.

- Reuse Practices: Identifying and implementing practical opportunities to reuse materials and resources across our operations. By maximizing reuse, we extend the lifecycle of materials, reduce environmental impact, and lower costs.
- Recycling Initiatives: Promoting robust recycling programs across our workplaces to ensure responsible handling and maximum recovery of recyclable materials, thereby diverting waste from landfills and reducing our environmental footprint.
- Responsible Disposal: Where reuse or recycling is not feasible, we engage licensed waste management partners to ensure the safe, compliant, and environmentally responsible disposal of waste, particularly for hazardous materials generated during chemical cleaning and maintenance activities.
- Staff Engagement and Training: Educating and training our staff in effective waste management practices, fostering a culture of environmental responsibility and continuous improvement across the organization.

Through these targeted initiatives and continuous refinement of our waste management strategy, the Group maintains robust compliance, promotes sustainability and innovation, and reinforces our position as a responsible and environmentally conscious industry leader.

FY2024 Performance

In FY2024, the Group generated 55.80 tonnes of non-hazardous waste, including general waste, ferrous and non-ferrous metals, wood, and mud. Compared to the recollected waste data of 87.80 tonnes in FY2023, this represents a 36.4% reduction in waste generation.



The Group successfully recorded zero violations in waste disposal, fully meeting our compliance objectives. Additionally, we observed a notable reduction in total waste generation, reflecting the effectiveness of our operational planning and waste reduction strategies.

Target Setting

Term	Target
Short Term FY2025	• Ensure compliance with all waste management and disposal regulations. • Implement systematic collection of waste generation data across all operational locations.
Medium Term (Till 2030)	• Maintain consistent compliance with waste management and disposal standards. • Continuously monitor and analyse waste generation data to inform reduction strategies.
Long Term (Beyond 2030)	• Focus on maximizing waste recycling and exploring opportunities for upcycling. • Support the national goal of achieving a circular economy as per Singapore Green Plan 2030.

EMPLOYEE MANAGEMENT

MATERIAL TOPIC	RELEVANT SDGs
GRI 401 Employment • 401-1 New employee hires and employee turnover • 401-3 Parental leave	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

The Group operates in a labour-intensive sector where our workforce is critical to our success, making fair employment policies and sound employment practices essential for sustained growth. Prioritizing these practices helps attract and retain high-quality talent, boosts productivity, ensures compliance with legal standards, and reduces risks. A structured employment policy promotes diversity, motivation, innovation, and continuous improvement, enhancing our market position, profitability, and reputation, while reinforcing our commitment to sustainable growth and responsible corporate practices.

Management Approach

The Group has established a comprehensive employment policy, documented in our Employee Handbook and made readily accessible to all employees. Prior to the commencement of employment, new hires are thoroughly briefed on these policies to ensure clarity and understanding.

The Employee Handbook emphasizes The Group's management approach in fostering an inclusive, respectful, and collaborative workplace. It outlines a wide range of policies and procedures, covering key areas such as recruitment, employee benefits, workplace conduct, and career development.

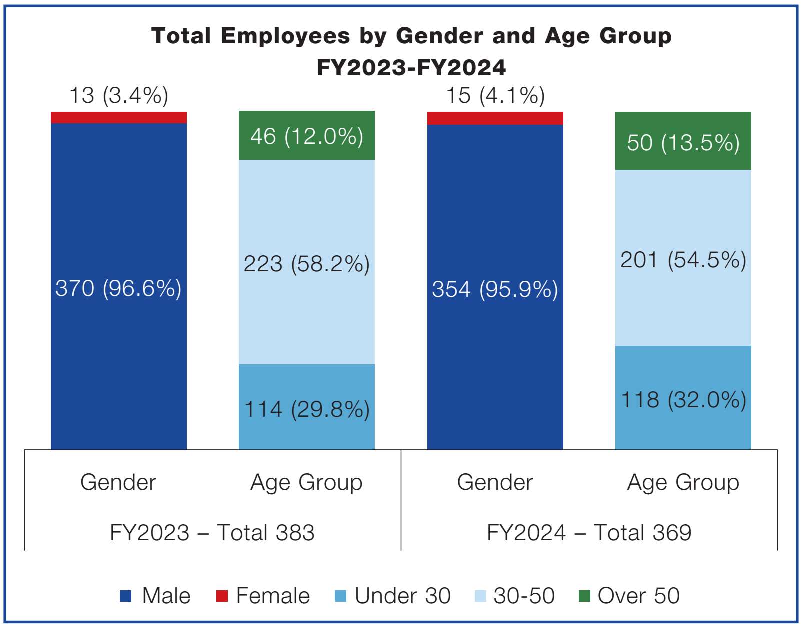
Our Fair Employment Policy reflects our effort to providing equal opportunities to all employees, ensuring a work environment free from discrimination. The hiring process is structured and transparent, encompassing job postings, rigorous application screening, and in-depth interviews, all aimed at identifying the best candidates.

Our comprehensive employee benefits package includes medical and dental coverage, along with provisions for continuous professional development. In addition, we offer a range of leave policies, such as annual, sick, paternal, compassionate, and maternity leave, ensuring employees have access to the necessary time off for personal well-being. These benefits, along with access to medical, dental, and insurance coverage, underline our assurance to the holistic well-being of our employees.

FY2024 Performance

Total Employees

As of 31 December 2024, the Group had a total of 369 employees, with 354 (95.9%) male and 15 (4.1%) female employees. By age group, 118 (32.0%) employees were under 30 years old, 201 (54.5%) were between 30 and 50 years old, and 50 (13.5%) were over 50 years old.The ratios remained stable as compared to FY2023.



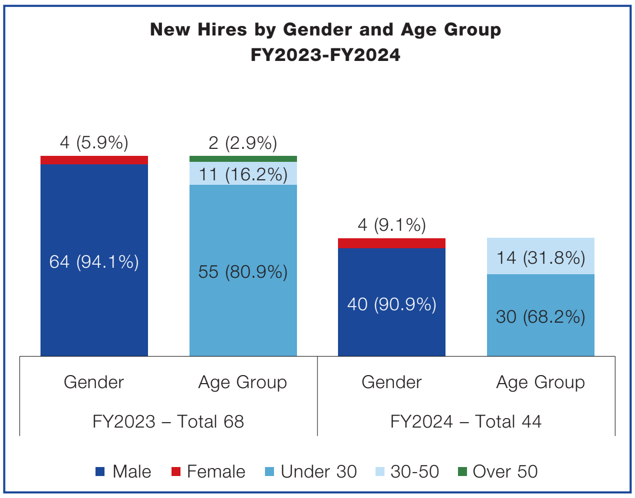
Total Employees by Contract Type and Employment Type

In FY2023 and FY2024, 100% of our employees were on permanent contracts with the Group. The Group employed 364 full-time and 5 part-time employees, compared to 380 full-time and 3 part-time employees in FY2023.

New Hires

New Hires by Gender and Age Group

In FY2024, our 44 new hires comprised 40 (90.9%) males and 4 (9.1%) females. By age group, 30 (68.2%) of the new hires were under 30 years old, while 14 (31.8%) were between 30 and 50 years old.



Employee Turnover

In FY2024, the Group recorded 56 employee departures, resulting in an overall turnover rate of 14.9%. This represents an increase from FY2023, which saw 37 departures and a turnover rate of 10.1%.

Employee Parental Leave

There were no employees taking parental leave during FY2024.

Employee Complaints

In FY2024, we have met the target we had set in the beginning of the year, having received zero complaints of unfair treatment, reflecting a positive and respectful workplace culture.

Our Community Engagement

In 2024, we achieved strong local engagement, with nearly 90% of our management staff participating in the two-day "Managing Partnership" team bonding programme. The event totaled 16 hours and involved all 33 employees from the Heatec Jietong Group.

We have contributed a total of 144 volunteer hours through our committed social associates, including supporting activities at Active Aging Centres by assisting seniors with their morning exercises and engaging in grassroots community efforts to help families in need.

In 2025, we aim to grow our social team and dedicate more hours to community engagement efforts. Through this, we hope to give back meaningfully to the Singapore community and play our part in building a better society as a responsible corporate citizen.

Target Setting

Term	Target
Short Term FY2025	• Maintain zero substantiated complaints regarding employment conditions or unfair treatment.
Medium Term (Till 2030)	• Maintain zero substantiated complaints regarding employment conditions or unfair treatment. • Achieve external recognition or certification (e.g., "Great Place to Work").
Long Term (Beyond 2030)	• Continuously refine and update employment practices and policies based on evolving industry standards and feedback.

EQUALITY AND DIVERSITY

MATERIAL TOPIC	RELEVANT SDGs
GRI 405 Diversity and Equal Opportunity 405-1 Diversity of governance bodies and employees GRI 406 Non-discrimination	

Why This Is Important

Diversity, equal opportunity, and non-discrimination are fundamental to Heatec's ability to innovate, adapt, and excel in the complex global marketplace. Operating within the marine and engineering industry, a traditionally male-dominated sector, we recognize certain limitations in achieving overall gender diversity across the Group. However, we remain strongly committed to promoting fair gender representation, particularly within our management team, placing significant emphasis on employee skill, knowledge, and experience. Prioritizing inclusivity enhances problem-solving capabilities, drives innovation, improves employee retention, strengthens our reputation, and ensures compliance with ethical and legal standards, reinforcing Heatec as an employer of choice.

Management Approach

The Group is deeply committed to promoting diversity, equity, and inclusion across all aspects of our workforce. We set up strict policy against discrimination on the grounds of race, ethnicity, gender, age, religion, sexual orientation, disability, marital status, or any other characteristics unrelated to work performance. Our recruitment, career advancement, and talent management practices are built on merit, capability, and a positive attitude, ensuring equal access to career progression and professional development.

Our recruitment and selection processes are transparent and equitable, structured to identify and employ candidates based solely on qualifications and performance potential. Each employee has equal opportunities for career advancement within the organization, supported by comprehensive training, development, and professional growth initiatives.

Our Employee Handbook outlines explicit guidelines against discrimination and harassment, reinforcing our approach to foster an inclusive, respectful, and collaborative workplace. We maintain a zero-tolerance policy against discriminatory practices, supported by clear reporting channels and prompt investigations to address any incidents swiftly.

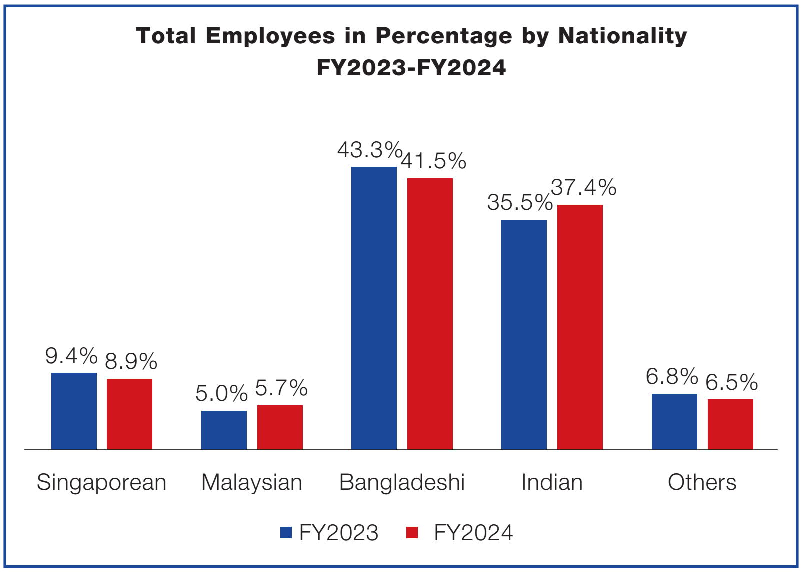
The Group's comprehensive benefits include medical and dental coverage and various leave policies (annual, sick, paternal, compassionate, and maternity leave), ensuring employees' overall well-being. Regular training programs reinforce our policies, fostering an inclusive, respectful workplace culture where all employees can thrive based on their ability and dedication.

FY2024 Performance

In FY2024, our target was achieved with zero reported complaints regarding discrimination, demonstrating our continued efforts in fostering a fair and inclusive environment.

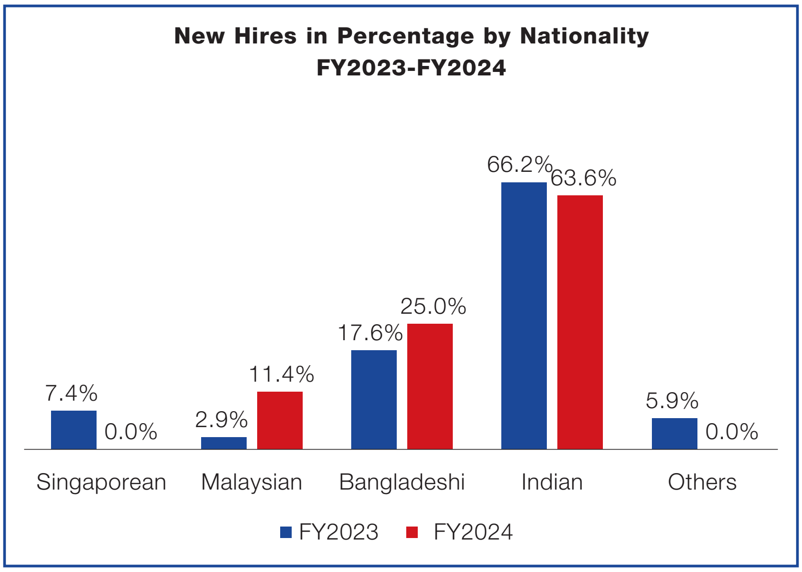
Total Employees in Percentage by Nationality

In FY2024, our workforce comprised employees from seven different countries. Singaporeans and Malaysians constituted 8.9% and 5.7% of our workforce, respectively. Bangladesh nationals represented the largest proportion at 41.5%, followed by Indian employees at 37.4%, while employees from Thailand, the Philippines, and Myanmar collectively accounted for 6.5% of our staff.



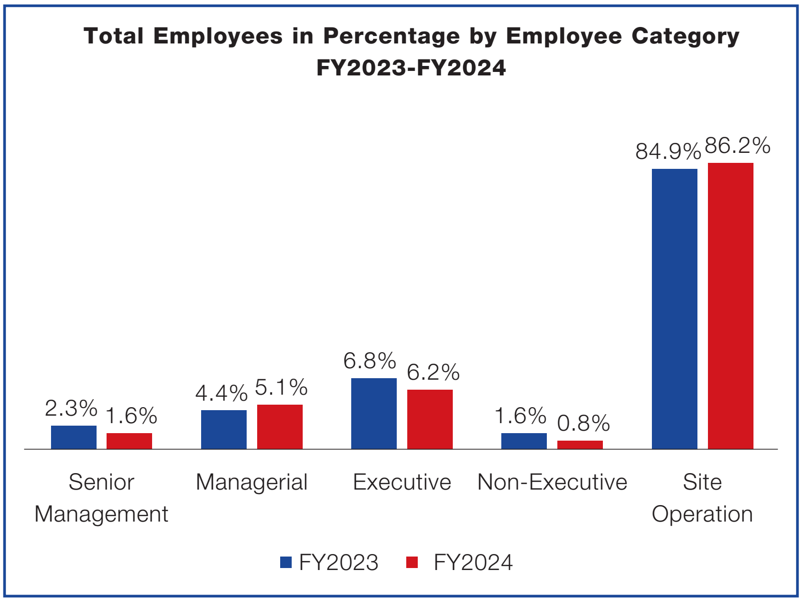
New Hires in Percentage by Nationality

In FY2024, our 44 new hires came from three different countries. Indian nationals comprised the majority at 63.6%, followed by Bangladeshi hires at 25.0%, while Malaysians accounted for 11.4% of the new workforce.



Total Employees in Percentage by Employee Category

In FY2024, our workforce structure remained stable and categorized into five groups. Senior management and managerial employees accounted for 1.6% and 5.1% of total employees, respectively. Executive and non-executive staff comprised 6.2% and 0.8%, while site operation employees made up the majority at 86.2%.



Target Setting

Term	Target
Short Term FY2025	• Maintain zero substantiated complaints regarding employment unfair treatment and discriminations.
Medium Term (Till 2030)	• Maintain zero substantiated complaints regarding employment unfair treatment and discriminations. • Achieve external recognition or certification (e.g., "Great Place to Work").
Long Term (Beyond 2030)	• Continuously refine and update employment practices and policies based on evolving industry standards and feedback.

TRAINING AND SKILL DEVELOPMENT

MATERIAL TOPIC	RELEVANT SDG
GRI 404 Training and Education • 404-1 Average hours of training per year per employee • 404-2 Programs for upgrading employee skills and transition assistance programs • 404-3 Percentage of employees receiving regular performance and career development reviews	

Why This Is Important

Continuous employee training and education are essential to The Group's sustainable growth and competitive advantage. By investing in ongoing professional development, we ensure our workforce remains highly skilled, motivated, and equipped to meet the ever-changing demands of our industry. Comprehensive training and education contribute significantly to employee satisfaction, enhance productivity, and reduce turnover rates, ultimately supporting organizational resilience and success.

Management Approach

The Group prioritizes continuous professional development as a core component of our employee management strategy. We actively identify training needs through systematic performance appraisals and annual reviews. Employees are encouraged to participate in professional development opportunities, including seminars, conferences, and specialized courses, to enhance their expertise and advance their careers.

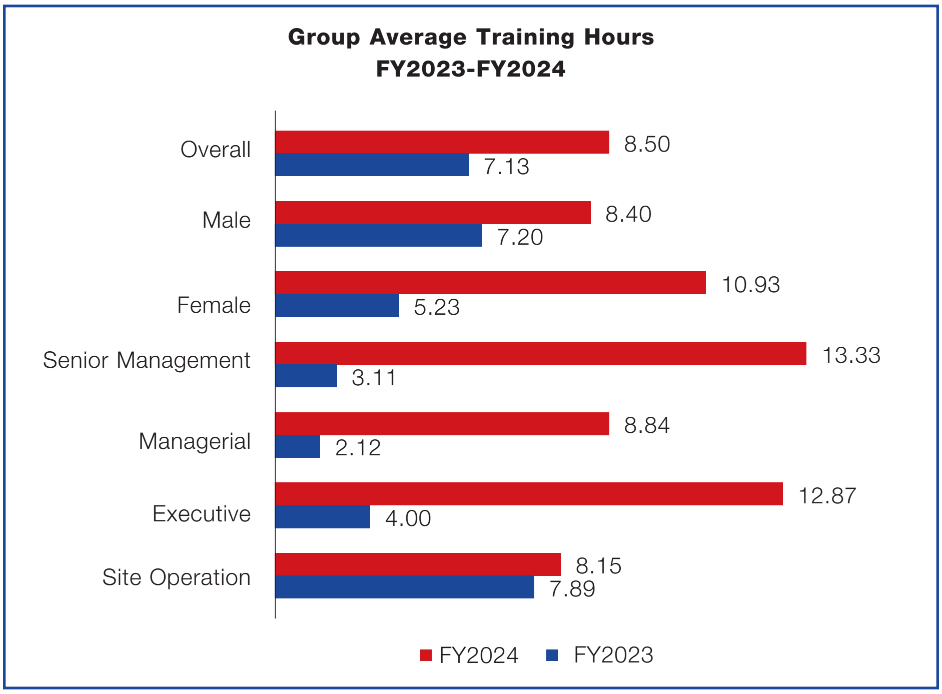
Our Employee Handbook details our commitment to supporting professional growth, outlining specific policies regarding employee participation in training initiatives. We provide financial support and dedicated time for relevant professional development activities that align with organizational objectives and individual career paths.

Furthermore, professional growth and training are integrated into our comprehensive performance management system. Training outcomes are regularly reviewed to ensure alignment with both organizational goals and individual employee career aspirations, fostering an environment of continuous learning and improvement.

SUSTAINABILITY REPORT

FY2024 Performance

In FY2024, the Group surpassed its goal, achieving an average of 8.5 hours per employee, showcasing our commitment to workforce development. Our male employees received an average of 8.40 training hours, while female employees received 10.93 hours on average. By employee category, Senior Management had the highest training hours at 13.33 hours, followed by executives at 12.87 hours, managerial staff at 8.84 hours, and site operation staff at 8.15 hours. Non-executive employees did not receive training during this financial year.



Training Programmes

- Managing Partnership Amongst Co-Workers
- Top Executive WSH Programme
- Confined Space Safety Course/Attendant
- Perform Work At Height Course
- Apply Workplace Safety And Health In Process Plant/Shipyard
- Fire Watchman Course
- Occupational First Aid Course
- ISO 9001:2015 Quality Management System Internal Auditor Course
- Perform Metal Scaffold Erection
- Safety Induction

Employee Performance Review

In FY2024, all employees who had been with the company for more than three months received a performance review.

Target Setting

Term	Target
Short Term FY2025	• Achieve an average of at least 9 training hours per employee annually. • Systematically monitor total training hours quarterly for all employees.
Medium Term (Till 2030) **Long Term (Beyond 2030)**	• Maintain an average of at least 9.5 training hours per employee annually. • Systematically monitor total training hours quarterly for all employees • Extend awareness programs to suppliers and contractors to enhance overall competency and align them with the Group's standards.

OCCUPATIONAL HEALTH AND SAFETY

MATERIAL TOPIC	RELEVANT SDG
GRI 403 Occupational Health and Safety • 403-1 Occupational health and safety management system • 403-2 Hazard identification, risk assessment, and incident investigation • 403-3 Occupational health services • 403-4 Worker participation, consultation, and communication on occupational health and safety • 403-5 Worker training on occupational health and safety • 403-6 Promotion of worker health • 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships • 403-9 Work-related injuries • 403-10 Work-related ill health	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

The Group recognizes that a strong Occupational health and Safety ("**OH&S**") framework is fundamental to sustainable business success. Ensuring a safe and healthy work environment is not just a legal obligation but also a moral responsibility. By prioritizing OH&S, the Group safeguards its employees, contractors, and stakeholders from workplace hazards, thereby fostering a culture of safety and well-being. A well-structured OH&S program reduces risks, prevents workplace incidents, and enhances operational efficiency, ultimately contributing to business resilience and continuity. Moreover, an effective OH&S strategy supports regulatory compliance, builds trust among employees and stakeholders, and strengthens the Group's reputation as a responsible and ethical organization. By embedding OH&S into its corporate strategy, the Group ensures long-term sustainability, operational excellence, and a workplace where safety is an intrinsic value rather than an obligation.

Management Approach

Occupational Health and Safety Management System

The Group is committed to fostering a safe and healthy work environment through a structured OH&S management system. This system is designed to proactively identify and mitigate workplace hazards while ensuring compliance with ISO 45001:2018 and all applicable laws and regulations. The OH&S management system applies to all employees, contractors, and relevant stakeholders, covering all operational activities within the organization. Through continuous monitoring and evaluation, the Group strives to prevent occupational incidents and promote a strong safety culture across its workforce.

Hazard Identification, Risk Assessment, and Incident Investigation

A proactive and systematic approach is taken to hazard identification and risk assessment. Regular workplace inspections, safety audits, and risk assessments are conducted to evaluate potential hazards and implement appropriate control measures. Employees are encouraged to report unsafe conditions, and all incidents, including near-misses, are thoroughly investigated. The Group ensures that root cause analysis is conducted for all reported incidents to implement effective corrective and preventive actions.

Occupational Health Services

The Group prioritizes occupational health services to safeguard employee well-being. Comprehensive medical screenings, workplace health surveillance programs, and wellness initiatives are in place to monitor and address occupational health risks. Employees exposed to hazardous environments receive specialized health assessments and are provided with Personal Protective Equipment ("**PPE**") to ensure their safety. In addition, mental well-being programs, including stress management and counselling services, are available to support employees' holistic health.

Worker Participation, Consultation, and Communication on OH&S

Worker engagement is a fundamental aspect of the Group's OH&S strategy. Employees actively participate in OH&S discussions through structured communication channels, ensuring that their concerns and feedback are addressed. The OH&S Committee, consisting of representatives from both management and employees, plays a crucial role in reviewing safety policies and implementing necessary improvements. Open dialogue is encouraged through safety meetings, toolbox talks, and internal feedback mechanisms, ensuring that employees remain informed and involved in all OH&S related matters.

Worker Training on Occupational Health and Safety

Ensuring that all employees are equipped with the necessary safety knowledge is a priority. The Group conducts comprehensive training programs that cover fire safety, emergency response, hazard recognition, and workplace ergonomics. New employees undergo induction training, while existing employees participate in refresher courses to reinforce safety best practices. Training programs are regularly updated to incorporate emerging risks, regulatory changes, and industry best practices, ensuring that all workers are well-prepared to handle workplace hazards.

Promotion of Worker Health

The Group is dedicated to promoting employee well-being through health and wellness initiatives. Health screenings, ergonomic assessments, and workplace safety enhancements are implemented to ensure a safe working environment. Employees working in high-risk areas are provided with specialized protective equipment, such as noise-reducing ear protection and respiratory safety gear. Additionally, the Group fosters mental health awareness programs and offers resources to support stress management, work-life balance, and overall employee wellness.

Prevention and Mitigation of OH&S Impacts Directly Linked by Business Relationships

The Group extends its OH&S management system beyond internal operations by ensuring that all contractors, suppliers, and third-party service providers comply with stringent safety standards. Contractors are required to conduct risk assessments, adhere to OH&S policies, and participate in safety briefings before commencing work. The Group conducts regular safety audits and workplace inspections to monitor compliance and ensure that all business relationships align with the workplace safety policy. Monthly contractor safety meetings are held to discuss potential risks, share best practices, and implement continuous improvements.

Workers Covered by an Occupational Health and Safety Management System

The Group's OH&S management system applies to all employees, contractors, and relevant third parties across all operations. The system is subject to regular internal and external audits to ensure ongoing compliance with ISO 45001:2018 and regulatory requirements. Performance metrics are continuously tracked to measure the effectiveness of safety initiatives, and corrective actions are implemented based on audit findings. This structured approach reinforces the Group's dedication to continuous improvement and workplace safety excellence for all workers under its operational scope.

FY2024 Performance

Our Employees

While the Group successfully recorded zero fatalities in FY2024, there were four incidents involving 4 employees suffer major injuries, and thus we did not fully achieve our target of zero major injuries. One contributing factor is the inherently high-risk nature of our daily operations. Despite this, our top management and safety department consistently prioritize employee safety by providing adequate resources such as training and PPE. However, some incidents occurred unexpectedly. We are actively reflecting on these events by thoroughly investigating each case, identifying root causes, and implementing corrective measures to prevent recurrence. Overall, our safety performance has improved, particularly in reducing the rate of recordable injuries, demonstrating partial achievement and positive momentum.

Employee Total Working Hours and Work-related Injuries

In FY2024, our employees collectively worked a total of 1,256,759 hours. While no fatalities were reported across the Group, there were three cases of major injuries and seven cases of minor injuries, leading to a total of 35 man-days lost. The rate of high-consequence work-related injuries was 3.18, while the rate of recordable work-related injuries was 8.75.

Financial Year		FY2023	FY2024
Total Working Hour		1,218,933	1,256,759
No. of Occurrence	Fatality(1)	0	0
	Major Injury(2)	1	4
	Minor Injury(3)	12	7
No. of Lost Days		70	35
Rate of high-consequence work-related injuries(4)		0.82	3.18
Rate of recordable work-related injuries(5)		10.67	8.75

(1) Fatality: Fatalities as a result of work-related injury.
(2) Major injury: High-consequence work-related injuries (excluding facilities), including injuries non-fatal but severe injuries.
(3) Minor injury: Recordable work-related injuries, including medical treatment beyond first aid, restricted work or days away from work.
(4)(5) The injury rate is based on per 1,000,000 working hours.

Work-related Ill Health

In FY2024, there were 6 cases of noise-induced deafness ("**NID**") reported across the group.

Our Contractors

Contractor Total Working Hours

In FY2024, our contractors collectively worked a total of 1,836 hours with zero reported injury cases and no man-day losses. Similarly, in FY2023, contractors worked 6,240 hours, also with no injuries or man-day losses reported.

Target Setting

Term	Target
Short Term FY2025	• Maintain zero fatalities. • Maintain zero Stop Work Order from MOM.
Medium Term (Till 2030)	• Maintain zero fatalities. • Maintain zero Stop Work Order from MOM. • By 2030, the Group aims to achieve ISO 45001 certification across all subsidiaries and implement real-time health monitoring for workers.
Long Term (Beyond 2030)	• Maintain zero fatalities. • Maintain zero Stop Work Order from MOM. • Create a safe work organisation recognised as an industry leader.

SUSTAINABILITY REPORT

CUSTOMER HEALTH AND SAFETY

MATERIAL TOPIC	RELEVANT SDG
GRI 416 Customer Health and Safety • 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

At The Group, we recognize that the cornerstone of our success is built upon the trust of our customers. Safeguarding the health and safety of those who use our chemical products extends beyond regulatory compliance – it is deeply embedded in our core values and is a fundamental aspect of our corporate responsibility. Our comprehensive health and safety protocols are meticulously designed to minimize risks and protect our customers from potential hazards associated with chemical usage. We assure our products that are not only top-tier but also safe, reliable, and beneficial for their intended applications.

Management Approach

At The Group, the health and safety of our customers are integral to our operations, particularly in the handling and distribution of chemical products. We strictly adhere to all relevant regulations and industry standards related to product labelling, ensuring each product is accompanied by detailed and accurate information about its proper use, potential hazards, and necessary safety precautions. We extends our assurance beyond regulatory compliance, highlighting our dedication to safeguarding customer well-being, promoting trust, and ensuring a safe environment for all who interact with our products.

FY2024 Performance

In FY2024, The Group maintained an exceptional record of customer satisfaction, with zero complaints or incidents related to health and safety concerning our products, thus meeting our target for FY2024. This achievement reflects our unwavering commitment to quality, safety, and continuous improvement, ensuring that our products consistently meet the highest standards for both performance and safety product.

Target Setting

<table>
<tr><th>Term</th><th>Target</th></tr>
<tr><td>Short Term FY2025</td><td>• Maintain zero complaints from customers regarding health and safety on project</td></tr>
<tr><td>Medium Term (Till 2030)</td><td rowspan="2">• Maintain zero complaints from customers regarding health and safety on project delivery.
• Regularly update safety training and emergency response protocols based on latest standards and customer feedback.
• Continuously review and improve processes based on project outcomes and customer feedback.</td></tr>
<tr><td>Long Term (Beyond 2030)</td></tr>
</table>

CUSTOMER AND EMPLOYEE DATA PRIVACY

MATERIAL TOPIC	RELEVANT SDG
GRI 418 Customer Privacy • 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	8 DECENT WORK AND ECONOMIC GROWTH

Why This Is Important

At The Group, we prioritize the privacy and security of our customers and employees, recognizing it as a fundamental pillar of the trust we build with all stakeholders. Data privacy is not merely a regulatory requirement; it is an essential element of our ethical responsibility. By ensuring the protection of personal information, we uphold the confidentiality and integrity of every individual within our organization. Our proactive approach to data privacy reflects our deep respect for the people we serve and employ, reinforcing our core values of transparency, responsibility, and respect.

Management Approach

In line with the requirements of Singapore's Personal Data Protection Act ("**PDPA**"), The Group has implemented a comprehensive Data Protection Policy since 2021, ensuring the responsible management and safeguarding of personal data. This policy, overseen by a dedicated Data Protection Officer, establishes clear guidelines for the collection, usage, and disclosure of personal data related to employees and job applicants. It applies to all personal data managed by The Group, as well as third-party organizations acting on its behalf.

To strengthen our data privacy and cybersecurity framework, we have initiated several key measures, including regular employee training on best practices for data management and maintaining transparency regarding our data protection efforts. These actions ensure full compliance with the PDPA and seek to exceed its standards, thereby upholding the trust of individuals whose data we manage and ensuring robust protection of all personal information under our care.

FY2024 Performance

In FY2024, The Group successfully maintained its strong performance standards, recording zero complaints concerning privacy breaches, data leaks, thefts, or losses of personal data, thus meeting its target for FY2024.

Target Setting

<table>
<tr><th>Term</th><th>Target</th></tr>
<tr><td>Short Term (FY2025)</td><td>• Sustain zero complaints regarding breaches of customer and employee privacy.</td></tr>
<tr><td>Medium Term (Till 2030)</td><td rowspan="2">• Sustain zero complaints regarding breaches of customer and employee privacy.
• Enhance staff knowledge on data protection and cybersecurity practices.</td></tr>
<tr><td>Long Term (Beyond 2030)</td></tr>
</table>

SUSTAINABILITY REPORT

GRI INDEX

Statement of Use Heatec Jietong Holdings Ltd. has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI standards.	
GRI Foundation 2021 Revision has been used.	

Disclosure	Location
GRI 2: General Disclosures 2021	
2-1 Organizational details	01
2-2 Entities included in the organization's sustainability reporting	135
2-3 Reporting period, frequency and contact point	135
2-4 Restatements of information	N.A.
2-5 External assurance	136
2-6 Activities, value chain and other business relationships	01
2-7 Employees	165
2-8 Workers who are not employees	N.A.
2-9 Governance structure and composition	139 – 140
2-10 Nomination and selection of the highest governance body	24
2-11 Chair of the highest governance body	139
2-12 Role of the highest governance body in overseeing the management of impacts	139 – 141
2-13 Delegation of responsibility for managing impacts	139 – 141
2-14 Role of the highest governance body in sustainability reporting	139 – 141
2-15 Conflicts of interest	13
2-16 Communication of critical concerns	149
2-17 Collective knowledge of the highest governance body	140
2-18 Evaluation of the performance of the highest governance body	38 – 40
2-19 Remuneration policies	43
2-20 Process to determine remuneration	41
2-21 Annual total compensation ratio	44
2-22 Statement on sustainable development strategy	137
2-23 Policy commitments	137
2-24 Embedding policy commitments	137
2-25 Processes to remediate negative impacts	138
2-26 Mechanisms for seeking advice and raising concerns	149
2-27 Compliance with laws and regulations	150
2-28 Membership associations	136
2-29 Approach to stakeholder engagement	142
2-30 Collective bargaining agreements	N.A.

Disclosure	Location
GRI 3: Material Topics	
3-1 Process to determine material topics	142
3-2 List of material topics	145
3-3 Management of material topics	143
GRI 201 Economic Performance	
201-1 Direct economic value generated and distributed	146
GRI 204 Procurement Practices	
204-1 Proportion of spending on local suppliers	147
GRI 205 Anti-Corruption	
205-2 Communication and training about anti-corruption policies and procedures	148
205-3 Confirmed incidents of corruption and actions taken	149
GRI 302 Energy	
302-1 Energy consumption within the organisation	157– 158
GRI 303 Water and Effluents	
303-2 Management of water discharge-related impacts	160
303-5 Water consumption	161
GRI 305 Emissions	
305-1 Direct (Scope 1) GHG emissions	158
305-2 Energy indirect (Scope 2) GHG emissions	158
GRI 306 Waste	
306-2 Management of significant waste-related impacts	162
306-3 Waste generated	163
GRI 401 Employment	
401-1 New employee hires and employee turnover	165
401-3 Parental leave	165
GRI 403 Occupational Health and Safety	
403-1 Occupational health and safety management system	171
403-2 Hazard identification, risk assessment, and incident investigation	171
403-3 Occupational health services	171
403-4 Worker participation, consultation, and communication on occupational health and safety	172
403-5 Worker training on occupational health and safety	172
403-6 Promotion of worker health	172
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	172
403-9 Work-related injuries	172 – 173
403-10 Work-related ill health	172 – 173

Disclosure	Location
GRI 404 Training and Education	
404-1 Average hours of training per year per employee	169 – 170
404-2 Programs for upgrading employee skills and transition assistance programs	169 – 170
404-3 Percentage of employees receiving regular performance and career development reviews	169 – 170
GRI 405 Diversity and Equal Opportunity	
405-1 Diversity of governance bodies and employees	168
GRI 406 Non-discrimination	
406-1 Incidents of discrimination and corrective actions taken	167
GRI 416 Customer Health and Safety	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	174
GRI 418 Customer Privacy	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	175

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

Issued and fully paid-up share capital	:	S$13,354,627
Number of issued shares	:	204,777,526 (excluding treasury shares and subsidiary holdings)
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share

Zero per centum (0%) of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares (excluding treasury shares and subsidiary holdings).

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	20	7.49	12,645	0.01
1,001 – 10,000	54	20.22	359,000	0.17
10,001 – 1,000,000	180	67.42	21,104,423	10.31
1,000,001 AND ABOVE	13	4.87	183,301,458	89.51
TOTAL	**267**	**100.00**	**204,777,526**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares (Direct Interest)	Percentage (%)	No. of shares (Deemed Interest)	Percentage (%)
Megane Marine Pte. Ltd.	81,818,181	39.95	–	–
Soon Jeffrey(1)	1,400,000	0.68	81,818,181	39.95
Mo Jingxiong, Nicholas(2)	–	–	81,818,181	39.95
Tru-Marine Pte. Ltd.	32,030,678	15.64	–	–
Loke Weng Seng(3)	–	–	32,030,678	15.64
Loke Yuen Kong(4)	–	–	32,030,678	15.64
Chan Hon Sing(5)	–	–	32,030,678	15.64
Johnny Soon Yeow Kwee(6)	17,640,399	8.61	4,816,078	2.35
Yong Yeow Sin	27,214,599	13.29	–	–

Notes:

(1) Mr Soon Jeffrey is deemed to have an interest in the 81,818,181 shares in the capital of the Company which are held by Megane Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

(2) Mr Mo Jingxiong, Nicholas is deemed to have an interest in the 81,818,181 shares in the capital of the Company which are held by Megane Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

(3) Mr Loke Weng Seng is deemed to have an interest in the 32,030,678 shares in the capital of the Company which are held by Tru-Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

(4) Mr Loke Yuen Kong is deemed to have an interest in the 32,030,678 shares in the capital of the Company which are held by Tru-Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

(5) Mr Chan Hon Sing is deemed to have an interest in the 32,030,678 shares in the capital of the Company which are held by Tru-Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

(6) Mr Johnny Soon Yeow Kwee is deemed to have an interest in the 4,816,078 shares in the capital of the Company which are held by his spouse, Madam Jasmine Ow Ah Foong.

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MEGANE MARINE PTE LTD	81,818,181	39.95
2	TRU-MARINE PTE LTD	32,030,678	15.64
3	YONG YEOW SIN	27,214,599	13.29
4	SOON YEOW KWEE JOHNNY	17,640,399	8.61
5	DBS NOMINEES (PRIVATE) LIMITED	5,342,145	2.61
6	NG GUICK KIM	4,816,078	2.35
7	OW AH FOONG JASMINE	4,816,078	2.35
8	GOH GUAN SIONG (WU YUANXIANG)	2,387,900	1.17
9	MOHAMED ABDUL JALEEL S/O MUTHUMARICAR SHAIK MOHAMED	2,000,000	0.98
10	PHILLIP SECURITIES PTE LTD	1,524,900	0.74
11	SOON JEFFREY	1,400,000	0.68
12	TAN ENG CHUA EDWIN	1,309,500	0.64
13	SEOW JING YI JONAH	1,001,000	0.49
14	SOON JANICE	1,000,000	0.49
15	SOON JENSON	1,000,000	0.49
16	SOON JEREMY	1,000,000	0.49
17	SOON JI LING JACQUELINE (SUN JIELING)	1,000,000	0.49
18	WANG JIAN GUO	928,000	0.45
19	TAN LYE SENG	889,700	0.43
20	ESTATE OF LEOW SAU CHING HELENA, DECEASED	770,000	0.38
	TOTAL	**189,889,158**	**92.72**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 28 March 2025, approximately 17.52% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Heatec Jietong Holdings Ltd. (the "**Company**") will be held at Raffles Marina, Chartroom, 10 Tuas West Drive Singapore 638404 on Wednesday, 30 April 2025, 2.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2024, together with the Independent Auditor's Report thereon. **[Resolution 1]**

2. To re-elect Mr. Lim Soon Hock as a Director of the Company who is retiring pursuant to Regulations 98 and 99 of the Company's Constitution and being eligible, offers himself for re-election. **[Resolution 2]**
   [See Explanatory Note (i)]

3. To re-elect Mr. Chong Eng Wee as a Director of the Company who is retiring pursuant to Regulations 98 and 99 of the Company's Constitution and being eligible, offers himself for re-election. **[Resolution 3]**
   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$165,300 for the financial year ending 31 December 2025, to be paid quarterly in arrears (FY2024: S$191,000). **[Resolution 4]**

5. To re-appoint Foo Kon Tan LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Directors of the Company to fix their remuneration. **[Resolution 5]**

6. To transact any other business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES AND CONVERTIBLE SECURITIES** **[Resolution 6]**

   That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro-rata* basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Companies Act and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)]

8. **AUTHORITY TO OFFER AND GRANT OPTIONS AND TO ALLOT AND ISSUE SHARES UNDER THE HEATEC EMPLOYEE SHARE OPTION SCHEME** **[Resolution 7]**

That approval be and is hereby given to the Directors of the Company:

(i) to offer and grant options from time to time in accordance with the provisions of the Heatec Employee Share Option Scheme (the "**Heatec ESOS**");

NOTICE OF ANNUAL GENERAL MEETING

(ii) pursuant to Section 161 of the Companies Act, to allot and issue from time to time such Shares as may be required to be issued pursuant to the exercise of options granted under the Heatec ESOS, as the case may be, and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the number of Heatec ESOS Shares to be issued, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec ESOS and any other existing share schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and

(iii) (unless revoked or varied by the Company in a general meeting), such authority conferred by this Resolution shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

9. **AUTHORITY TO OFFER AND GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER THE HEATEC PERFORMANCE SHARE PLAN** **[Resolution 8]**

That approval be and is hereby given to the Directors of the Company:

(i) to offer and grant awards from time to time in accordance with the provisions of the Heatec Performance Share Plan (the "**Heatec PSP**");

(ii) pursuant to Section 161 of the Companies Act, to allot and issue from time to time such Shares as may be required to be issued pursuant to the vesting of awards granted under the Heatec PSP, as the case may be, and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the number of Heatec PSP Shares to be issued, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec PSP and any other existing share schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and

(iii) (unless revoked or varied by the Company in a general meeting), such authority conferred by this Resolution shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

10. **PROPOSED PARTICIPATION BY MR. JENSON SOON, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE HEATEC ESOS** **[Resolution 9]**

That approval be and is hereby given for the participation by Mr. Jenson Soon, an associate of a controlling shareholder of the Company, in the Heatec ESOS.

[See Explanatory Note (vi)]

NOTICE OF ANNUAL GENERAL MEETING

11. **PROPOSED PARTICIPATION BY MR. YONG CHIN SENG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE HEATEC ESOS** **[Resolution 10]**

That approval be and is hereby given for the participation by Mr. Yong Chin Seng, an associate of a controlling shareholder of the Company, in the Heatec ESOS.

[See Explanatory Note (vi)]

12. **PROPOSED GRANT OF OPTIONS UNDER THE HEATEC ESOS TO MR. JENSON SOON, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY** **[Resolution 11]**

That subject to and contingent upon the passing or Ordinary Resolutions 7 and 9, approval be and is hereby given to the Directors of the Company to grant to Mr. Jenson Soon (Group General Manager (Operations)) who is an associate of a controlling shareholder of the Company, up to an aggregate of 3,000,000 options to subscribe for 3,000,000 Shares of the Company (the "**Share Options**", being options granted in accordance with the rules of the Heatec ESOS), and to allot and issue or deliver from time to time such number of fully paid-up ordinary Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Share Options under the Heatec ESOS, on the following terms:

(a)	Proposed Date of Grant	:	Within one (1) month from the date of the 2025 AGM of the Company
(b)	Number of Share Options to be granted	:	Up to 3,000,000 Share Options
(c)	Exercise Price of Share Options	:	The average of the last dealt prices for a Share, as determined by reference to the daily official list published by the SGX-ST, for the five (5) consecutive market days immediately preceding 9 April 2025, being the latest practicable date prior to the date of this notice of AGM to shareholders of the Company
(d)	Exercise Period of the Share Options	:	The period from the day after the first anniversary of the date on which such Share Options are granted to the day falling before the tenth anniversary of the Offering Date

[See Explanatory Note (vii)]

NOTICE OF ANNUAL GENERAL MEETING

13. **PROPOSED GRANT OF OPTIONS UNDER THE HEATEC ESOS TO MR. YONG CHIN SENG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY** **[Resolution 12]**

That subject to and contingent upon the passing or Ordinary Resolutions 7 and 10, approval be and is hereby given to the Directors of the Company to grant to Mr. Yong Chin Seng (General Manager of Chem-Grow Pte. Ltd. (a wholly-owned subsidiary of the Company)) who is an associate of a controlling shareholder of the Company, up to an aggregate of 1,000,000 Share Options in accordance with the rules of the Heatec ESOS and to allot and issue or deliver from time to time such number of fully paid-up ordinary Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Share Options under the Heatec ESOS, on the following terms:

(a)	Proposed Date of Grant	:	Within one (1) month from the date of the 2025 AGM of the Company
(b)	Number of Share Options to be granted	:	Up to 1,000,000 Share Options
(c)	Exercise Price of Share Options	:	The average of the last dealt prices for a Share, as determined by reference to the daily official list published by the SGX-ST, for the five (5) consecutive market days immediately preceding 9 April 2025, being the latest practicable date prior to the date of this notice of AGM to shareholders of the Company
(d)	Exercise Period of the Share Options	:	The period from the day after the first anniversary of the date on which such Share Options are granted to the day falling before the tenth anniversary of the Offering Date

[See Explanatory Note (viii)]

On Behalf of the Board

Soon Jeffrey
Executive Director and Chief Executive Officer

15 April 2025

Explanatory Notes:

(i) Mr. Lim Soon Hock will, upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director, member of the Audit and Risks Management Committee and member of the Remuneration Committee.

Mr. Loke Chern Wei, James, the Alternate Director appointed by Mr. Lim Soon Hock, will continue in office if Mr. Lim Soon Hock is re-elected at the Annual General Meeting.

Detailed information on each of the abovementioned Directors of the Company as required pursuant to Rule 720(5) of the Catalist Rule can be found under the sections entitled “Board of Directors”, “Corporate Governance Report – Principle 4” and “Directors’ Statement” of the annual report.

(ii) Mr. Chong Eng Wee will, upon re-election as a Director of the Company, remain as the Non-Executive Independent Chairman, chairman of the Nominating Committee, member of the Audit and Risks Management Committee and member of the Remuneration Committee. The Board of Directors of the Company considers Mr. Chong Eng Wee to be independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr. Chong Eng Wee and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

Detailed information on Mr. Chong Eng Wee as required pursuant to Rule 720(5) of the Catalist Rules can be found under the sections entitled “Board of Directors”, “Corporate Governance Report – Principle 4” and “Directors’ Statement” of the annual report.

NOTICE OF ANNUAL GENERAL MEETING

(iii) Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro-rata* basis to shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares in the capital of the Company shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution 6 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iv) Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant options under the Heatec ESOS (which were approved at the extraordinary general meeting of the Company held on 18 June 2009 and extended at the annual general meeting of the Company held on 30 April 2019) and to allot and issue Heatec ESOS Shares, pursuant to the exercise of options granted under the Heatec ESOS, provided that the number of Heatec ESOS Shares to be issued under the Heatec ESOS, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec ESOS and any other existing share schemes of the Company does not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being.

(v) Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Heatec PSP (which was approved at the extraordinary general meeting of the Company held on 18 June 2009 and extended at the annual general meeting of the Company held on 30 April 2019) and to allot and issue Heatec PSP Shares, pursuant to the vesting of awards granted under the Heatec PSP, provided that the number of Heatec PSP Shares to be issued under the Heatec PSP, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec PSP and any other existing share schemes of the Company does not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being.

(vi) **Introduction**

The term “controlling shareholder” shall have the meaning ascribed to it by the Catalist Rules as set out below:

a person who:

(a) holds directly or indirectly 15% or more of the issued share capital of the Company (excluding treasury shares and subsidiary holdings); or

(b) in fact exercises control over the Company.

The term “associate” shall have the meaning ascribed to it by the Catalist Rules as set out below:

(a) in relation to any Director, Chief Executive Officer, substantial shareholder or controlling shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any corporation in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

(b) in relation to a substantial shareholder or a controlling shareholder (being a corporation) means any other corporation which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

Mr. Jenson Soon is the brother of Mr. Soon Jeffrey, Executive Director and CEO, and the son of Mr. Soon Yeow Kwee Johnny, a controlling shareholder of the Company. Mr. Yong Chin Seng is the son of Mr. Yong Yeow Sin, who is a controlling shareholder of the Company.

Rationale for the proposed participation by Mr. Jenson Soon and Mr. Yong Chin Seng, being associates of a controlling shareholder of the Company, in the Heatec ESOS

It is the intention of the Company that Mr. Jenson Soon and Mr. Yong Chin Seng, who are employees of the Company and associates of controlling shareholders of the Company, be remunerated for their contributions to the Group on the same basis as other employees who are not associates of controlling shareholders of the Company. The participation of Mr. Jenson Soon and Mr. Yong Chin Seng in the Heatec ESOS is in line with the objectives of the Heatec ESOS, which is a share incentive scheme designed to provide an opportunity for directors and employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group.

NOTICE OF ANNUAL GENERAL MEETING

The Company considers that the services of Mr. Jenson Soon and Mr. Yong Chin Seng are important to the success and continued well-being of the Group, and their inclusion in the Heatec ESOS will enable the Company to give due recognition to their contributions, which is essential to the well-being and prosperity of the Group. At the same time, their participation will provide them with an opportunity to have a direct interest in the Company and to align their interests with those of the shareholders.

The Directors of the Company are of the view that the participation in the Heatec ESOS by Mr. Jenson Soon and Mr. Yong Chin Seng is in the best interests of the Company as Mr. Jenson Soon and Mr. Yong, through their extensive and in-depth experience, are well-positioned to contribute meaningfully to the Company and are therefore uniquely placed to support the growth and long-term prosperity of the Group.

Abstention from voting

Mr. Jenson Soon shall abstain, and undertake to ensure that his associates will also abstain, from voting in respect of the Ordinary Resolution 9 relating to the proposed participation by Mr. Jenson Soon, being an associate of a controlling shareholder of the Company, in the Heatec ESOS at the 2025 AGM of the Company.

Mr. Jenson Soon shall also decline to accept the appointment of proxy/ proxies for any shareholder of the Company to vote in respect of the said resolution unless the shareholder of the Company concerned shall have given instructions in his/her proxy form as to the manner in which his/her votes are to be cast in respect of such resolution.

Mr. Yong Chin Seng shall abstain, and undertake to ensure that his associates will also abstain, from voting in respect of the Ordinary Resolution 10 relating to the proposed participation by Mr. Yong Chin Seng, being an associate of a controlling shareholder of the Company, in the Heatec ESOS at the 2025 AGM of the Company.

Mr. Yong Chin Seng shall also decline to accept the appointment of proxy/ proxies for any shareholder of the Company to vote in respect of the said resolution unless the shareholder of the Company concerned shall have given instructions in his/her proxy form as to the manner in which his/her votes are to be cast in respect of such resolution.

(vii) **Rationale for the proposed grant of options under the Heatec ESOS to Mr. Jenson Soon, an associate of a controlling shareholder of the Company**

Mr. Jenson Soon is the Group General Manager (Operations) of the Company and is responsible for the overall supervision and management of the engineering and operations of the Group.

The Company is of the view that the experience and contribution of Mr. Jenson Soon will continue to be invaluable to the Group's operational excellence and long-term growth. The proposed grant of Share Options to Mr. Jenson Soon will serve as a key incentive to motivate him to maintain high levels of performance and to reinforce his continued commitment to the Group. Accordingly, the Company believes that the grant of Share Options to Mr. Jenson Soon, in accordance with the rules of the Heatec ESOS, is a suitable long-term remuneration measure that will align his interests with those of the shareholders of the Company and support the Group's continued success.

In arriving at the number of the Share Options proposed to be granted to Mr. Jenson Soon, the Remuneration Committee (being the committee administering the ESOS) took into consideration, inter alia, Mr. Jenson Soon's scope of responsibilities, his performance and contributions to the Group, as well as the Group's financial performance. The Remuneration Committee is of the view that Mr. Jenson Soon's remuneration package (including the Share Options which are proposed to be granted) is fair and reasonable given his past and continued contributions to the Group, and at the same time, to strengthen the deep sense of existing commitment to the Group.

The Company confirms that:

(a) the aggregate number of Shares proposed to be granted to Mr. Jenson Soon under the Heatec ESOS pursuant to the proposed grant of the Share Options and any previous grant of Share Options to associates of controlling shareholders of the Company does not exceed 25% of the total number of Shares available under the Heatec ESOS in accordance with Rule 5.2(i) of the rules of the Heatec ESOS;

(b) such grant of Share Options to Mr. Jenson Soon does not exceed 15% of the Shares in the issued and paid-up share capital of the Company as at the date of this notice of AGM, in accordance with Rule 5.1 of the rules of the Heatec ESOS; and

(c) the number of Shares available to Mr. Jenson Soon, an associate of a controlling shareholder of the Company, does not exceed 10% of the Shares available under the Heatec ESOS, pursuant to Rule 5.2(ii) of the rules of the Heatec ESOS.

Should the proposed grant of the Share Options to Mr. Jenson Soon be approved by shareholders of the Company, and all 3,000,000 options granted to Mr. Jenson Soon are subsequently exercised in full, and assuming there is no other change in the share capital of the Company, Mr. Jenson Soon's shareholding interests in the Company will be 4,000,000 Shares, representing approximately 1.95% of the enlarged issued share capital of the Company.

Potential cost of issuing the Share Options

Any Share Option granted under the Heatec ESOS would have a fair value. In the event that such Share Options are granted at prices below the fair value of the Share Options, there will be a cost to the Group.

The cost to the Group of granting Share Options under the Heatec ESOS is as follows:

(a) the exercise of a Share Option at the exercise price would translate into a reduction of the proceeds from the exercise of such Share Option, as compared to the proceeds that the Group would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent a monetary cost to the Group; and

NOTICE OF ANNUAL GENERAL MEETING

(b) the Singapore Financial Reporting Standard (FRS) 102 Share-based Payments will require listed companies to measure equity-settled share-based payments at fair value at the date of grant, which is then expensed off on a straight-line basis over the vesting period.

Abstention from voting

Mr. Jenson Soon shall abstain, and undertake to ensure that his associates will also abstain, from voting in respect of the Ordinary Resolution 11 relating to the proposed grant of options under the Heatec ESOS to Mr. Jenson Soon at the 2025 AGM of the Company.

Mr. Jenson Soon shall also decline to accept the appointment of proxy/ proxies for any shareholder of the Company to vote in respect of the said resolution unless the shareholder of the Company concerned shall have given instructions in his/her proxy form as to the manner in which his/her votes are to be cast in respect of such resolution.

Others

The Ordinary Resolution 11 proposed in item 12 above, if passed, will authorise and empower the Directors of the Company to grant 3,000,000 Share Options to Mr. Jenson Soon in accordance with the Heatec ESOS, based on the abovementioned reasons.

(viii) **Rationale for the proposed grant of options under the Heatec ESOS to Mr. Yong Chin Seng, an associate of a controlling shareholder of the Company**

Mr. Yong Chin Seng is the General Manager of Chem-Grow Pte. Ltd., a wholly-owned subsidiary of the Company, and is responsible for sourcing new clients, sales administration, and sales management for the chemical cleaning segment of the Group.

The Company is of the view that the expertise and contributions of Mr. Yong Chin Seng will continue to be pivotal to the growth of the chemical cleaning segment and the overall success of the Group. The proposed grant of Share Options to Mr. Yong Chin Seng will incentivise him to sustain high performance levels and foster his long-term commitment to the Group's growth. Therefore, the Company believes that granting Share Options to Mr. Yong Chin Seng, in line with the rules of the Heatec ESOS, is an appropriate long-term remuneration strategy that will align his interests with those of the shareholders of the Company and support the continued success and expansion of the Group.

In arriving at the number of the Share Options proposed to be granted to Mr. Yong Chin Seng, the Remuneration Committee (being the committee administering the ESOS) took into consideration, inter alia, Mr. Yong Chin Seng's scope of responsibilities, his performance and contributions to the Group, as well as the Group's financial performance. The Remuneration Committee is of the view that Mr. Yong Chin Seng's remuneration package (including the Share Options which are proposed to be granted) is fair and reasonable given his past and continued contributions to the Group, and at the same time, to strengthen the deep sense of existing commitment to the Group.

The Company confirms that:

(a) the aggregate number of Shares proposed to be granted to Mr. Yong Chin Seng under the Heatec ESOS pursuant to the proposed grant of the Share Options and any previous grant of Share Options to associates of controlling shareholders of the Company does not exceed 25% of the total number of Shares available under the Heatec ESOS in accordance with Rule 5.2(i) of the rules of the Heatec ESOS;

(b) such grant of Share Options to Mr. Yong Chin Seng does not exceed 15% of the Shares in the issued and paid-up share capital of the Company as at the date of this notice of AGM, in accordance with Rule 5.1 of the rules of the Heatec ESOS; and

(c) the number of Shares available to Mr. Yong Chin Seng, an associate of a controlling shareholder of the Company, does not exceed 10% of the Shares available under the Heatec ESOS, pursuant to Rule 5.2(ii) of the rules of the Heatec ESOS.

Should the proposed grant of the Share Options to Mr. Yong Chin Seng be approved by shareholders of the Company, and all 1,000,000 options granted to Mr. Yong Chin Seng are subsequently exercised in full, and assuming there is no other change in the share capital of the Company, Mr. Yong Chin Seng's shareholding interests in the Company will be 1,000,000 Shares, representing approximately 0.49% of the enlarged issued share capital of the Company.

Potential cost of issuing the Share Options

Any Share Option granted under the Heatec ESOS would have a fair value. In the event that such Share Options are granted at prices below the fair value of the Share Options, there will be a cost to the Group. The cost to the Group of granting Share Options under the Heatec ESOS is as follows:

(a) the exercise of a Share Option at the exercise price would translate into a reduction of the proceeds from the exercise of such Share Option, as compared to the proceeds that the Group would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent a monetary cost to the Group; and

(b) the Singapore Financial Reporting Standard (FRS) 102 Share-based Payments will require listed companies to measure equity-settled share-based payments at fair value at the date of grant, which is then expensed off on a straight-line basis over the vesting period.

Abstention from voting

Mr. Yong Chin Seng shall abstain, and undertake to ensure that his associates will also abstain, from voting in respect of the Ordinary Resolution 12 relating to the proposed grant of options under the Heatec ESOS to Mr. Yong Chin Seng at the 2025 AGM of the Company.

Mr. Yong Chin Seng shall also decline to accept the appointment of proxy/ proxies for any shareholder of the Company to vote in respect of the said resolution unless the shareholder of the Company concerned shall have given instructions in his/her proxy form as to the manner in which his/her votes are to be cast in respect of such resolution.

Others

The Ordinary Resolution 12 proposed in item 13 above, if passed, will authorise and empower the Directors of the Company to grant 1,000,000 Share Options to Mr. Yong Chin Seng in accordance with the Heatec ESOS, based on the abovementioned reasons.

IMPORTANT NOTICE:

Participation in the AGM

1. The AGM will be held by way of physical means at Raffles Marina, Chartroom, 10 Tuas West Drive, Singapore 638404. There will be no option for shareholders to participate virtually.

2. The Annual report, notice of AGM, proxy form and request form will be published on SGXNet at URL https://www.sgx.com/securities/company-announcements. There will be no despatch of printed copies of the Annual Report to Shareholders. A Shareholder who wishes to request a printed copy of the Annual Report may do so by completing and returning the request form to the Company by 21 April 2025.

Voting at the AGM and voting by proxy

3. Shareholders of the Company (the "**Shareholders**" and each a "**Shareholder**") may attend, speak and vote for the resolution at the AGM or appoint proxy or proxies to attend, speak and vote on their behalf at the AGM. A proxy need not be a member of the Company.

   (a) If a Shareholder wishes to appoint a proxy or proxies to vote on their behalf at the AGM, duly executed proxy forms, must be submitted in hard copy form or electronically via email: if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or

   (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg,

   in either case, not less than seventy-two (72) hours before the time appointed for the holding of the AGM, i.e. no later than 2.00 p.m. on Sunday, 27 April 2025 and/or any adjournment thereof and in default the proxy form shall be treated as invalid. The completion and return of a proxy form by a Shareholder does not preclude him/her from attending and voting in person at the AGM should he/she subsequently decide to do so, although the appointment of the proxy or proxies shall be deemed to be revoked by such attendance.

4. In appointing the Chairman of the AGM as proxy, Shareholders should specifically indicate in the proxy form how they wish to vote for or vote against (or abstain from voting on) the resolution set out in the notice of AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

7. Supplementary Retirement Scheme ("**SRS**") investors:

   (a) may vote at the AGM if they are appointed as proxies by their SRS Operators, and should contact their SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective SRS Operators to submit their votes by 2.00 p.m. on Monday, 21 April 2025, being at least seven (7) working days before the AGM.

8. A Shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such Shareholder's proxy form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or, at the Company's discretion, to treat this proxy form as invalid.

   A Shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder's proxy form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form.

9. A "**Relevant Intermediary**" is:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

NOTICE OF ANNUAL GENERAL MEETING

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Questions at the AGM and submission prior to the AGM

10. Shareholders and duly appointed proxy or proxies will be able to ask questions relating to the resolution to be tabled for approval at the AGM. The Company will endeavour to respond to and address substantial and relevant questions as far as reasonably practicable during the AGM. Where there are substantially similar questions, the Company will consolidate such questions and consequently not all questions may be individually addressed.

11. Alternatively, Shareholders can submit their questions in advance relating to the resolution to be tabled for approval at the AGM in advance of the AGM:

    (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or

    (b) if submitted by way of electronic means, to be submitted via email to the Company, at finance@heatec.com.sg,

    in either case, by 22 April 2025, being seven (7) calendar days from the publication of this notice of AGM.

    Shareholders who submit questions in advance of the AGM should identify themselves by stating (i) his/her/its full name as it appears on his/her/its CDP/SRS share records, (ii) contact number, (iii) NRIC/Passport/company registration number and (iv) state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP or SRS) for verification purposes.

12. Shareholders are encouraged to submit their questions via one of the foregoing means as soon as possible so that they may have the benefit of the answers to their questions (where substantial and relevant to the agenda of the AGM) prior to submitting their proxy forms. Please note that substantial and relevant questions (as may be determined by the Company at its sole discretion) from Shareholders submitted in advance and received by the Company would be addressed by the Company and published on the SGX website no later than 48 hours before the deadline for submission of the proxy forms. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

PERSONAL DATA PRIVACY

"**Personal data**" in this notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the AGM, or (b) an instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (c) any questions prior to the AGM in accordance with this notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy for the AGM, processing the registration for purpose of granting access to members (or their appointed proxies) to observe and participate in the proceedings of the AGM, addressing relevant and substantial questions from members received before the AGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings at the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he propose/second) may be recorded by the Company for such purpose.

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").

It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this 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, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

HEATEC JIETONG HOLDINGS LTD.
(Company Registration No.: 200717808Z)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. The annual general meeting ("**AGM**" or "**Meeting**") is being convened, and will be held, by physical means. Shareholders and their duly appointed proxy (or proxies) will not be able to participate in the AGM virtually.
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting (or any person other than the Chairman) as a shareholder's proxy to vote on his/her/its behalf at the AGM.
3. This proxy form shall be read together with the notice of AGM and the annual report of the Company dated 15 April 2025 (the "**Annual Report**").

I/We* ______________________ (Name) ______________________ (NRIC/Passport No./Company Registration No.)

of ____ (Address)

being a member/members* of **HEATEC JIEONG HOLDINGS LTD.** (the "**Company**") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%

and/or*

Name	Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing whom, the **Chairman of the Meeting** as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the AGM of the Company to be held at Raffles Marina, Chartroom, 10 Tuas West Drive Singapore 638404 on Wednesday, 30 April 2025 at 2.00 p.m., and at any adjournment thereof.

I/We* direct my/our proxy/proxies* to vote for, against or to abstain from voting in respect of the ordinary resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, my/our proxy/proxies* may vote or abstain from voting at his or her discretion. Where the Chairman of the AGM is appointed as proxy and in the absence of specific directions as to voting, the appointment of the Chairman of the Meeting as my/our proxy* for that resolution will be treated as invalid.

Please indicate your vote "For", "Against" or "Abstain" with an "X" within the boxes provided below. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2024, together with the Independent Auditor's Report thereon			
2.	Re-election of Mr. Lim Soon Hock as a Director of the Company			
3.	Re-election of Mr. Chong Eng Wee as a Director of the Company			
4.	Approval of Directors' fees of S$165,300 for the financial year ending 31 December 2025, payable quarterly in arrears			
5.	Appointment of Foo Kon Tan LLP as auditors of the Company and authority to Directors to fix their remuneration			
6.	Authority to allot and issue new shares or convertible securities pursuant to Section 161 of the Companies Act 1967			
7.	Authority to offer and grant options and to allot and issue shares under the Heatec Employee Share Option Scheme ("**Heatec ESOS**")			
8.	Authority to offer and grant awards and to allot and issue shares under the Heatec Performance Share Plan			
9.	Proposed participation by Mr. Jenson Soon, an associate of a controlling shareholder of the Company, in the Heatec ESOS			
10.	Proposed participation by Mr. Yong Chin Seng, an associate of a controlling shareholder of the Company, in the Heatec ESOS			
11.	Proposed grant of options to Mr. Jenson Soon, an associate of a controlling shareholder of the Company			
12.	Proposed grant of options to Mr. Yong Chin Seng, an associate of a controlling shareholder of the Company			

* *Delete whichever not applicable.*

Dated this __________ day of ______________________ 2025

Total number of Shares	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT NOTES

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy shall be deemed to relate to all the shares held by you.

2. A shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder's proxy form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's discretion to treat this proxy form as invalid.

   A shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   A proxy need not be a member of the Company.

3. If a shareholder wishes to appoint a proxy or proxies to vote on their behalf at the AGM, duly executed proxy forms must be submitted in hard copy form or electronically via email:

   (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or

   (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg,

   in either case, not less than seventy-two (72) hours before the time appointed for the holding of the AGM, i.e. no later than 2.00 a.m. on Sunday, 22 April 2025 and/or any adjournment thereof. A shareholder who wishes to submit the proxy form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it via email to the email address provided above.

4. SRS investors may attend and vote at the AGM if they are appointed as proxies by their SRS Operators and should contact their SRS Operators if they have any queries regarding their appointment as proxies. SRS investors who wish to appoint the Chairman of the AGM as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM.

5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A "**Relevant Intermediary**" is:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2025.

GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

This page has been intentionally left blank

This page has been intentionally left blank

HEATEC JIETONG HOLDINGS LTD.
Company Registration Number: 200717808Z

No. 10 Tuas South Street 15 Singapore 637076
T: +(65) 6861 1433 F: +(65) 6861 1347
Email: finance@heatec.com.sg
Website: http://www.heatecholdings.com