

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Unaudited Financial Statements for the Financial Year Ended 31 December 2019

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR AND FULL YEAR RESULTS

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

	Full Year Ended 31.12.2019 (unaudited)	Full Year Ended 31.12.2018 (audited)	Increase/ (Decrease)
<u>Group</u>	S\$'000	S\$'000	%
Revenue	23,709	27,473	(14)
Cost of sales	(17,888)	(22,155)	(19)
Gross profit	5,821	5,318	9
Other income	374	334	12
Expenses			
Administrative expenses	(7,634)	(8,484)	(10)
Other expenses	(511)	(590)	(13)
Finance costs	(518)	(338)	53
Share of results of associates	44	52	(15)
Loss before income tax	(2,424)	(3,708)	(35)
Income tax (expenses)/credit	(15)	34	n.m.
Loss for the year	(2,439)	(3,674)	(34)
(Loss)/Profit attributable to :			
Owners of the Company	(2,452)	(3,410)	(28)
Non-controlling interests	13	(264)	n.m.
	(2,439)	(3,674)	(34)

Loss per share attributable to owners of the Company

	Full Year Ended 31.12.2019 (unaudited) Singapore Cents	Full Year Ended 31.12.2018 (audited) Singapore Cents	Increase/ (Decrease)
<u>Group</u>			%
Basic and diluted	(1.99)	(2.77)	(28)

n.m. denotes not meaningful

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

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

Statement of Comprehensive Income for Full Year Ended 31 December 2019

	Full Year Ended 31.12.2019 (unaudited)	Full Year Ended 31.12.2018 (audited)	Increase/ (Decrease)
Group	S\$'000	S\$'000	%
Loss for the year	(2,439)	(3,674)	(34)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising on consolidation	(13)	(37)	(65)
Share of other comprehensive income of associates	(23)	-	100
Other comprehensive loss for the year, net of tax	(36)	(37)	
Total comprehensive loss for the year, net of tax	(2,475)	(3,711)	(33)
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(2,488)	(3,447)	(28)
Non-controlling interests	13	(264)	n.m.
Total comprehensive loss for the year	(2,475)	(3,711)	(33)

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

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

	Full Year Ended 31.12.2019 (unaudited)	Full Year Ended 31.12.2018 (audited)	Increase/ (Decrease)
Group	S\$'000	S\$'000	%
Depreciation of property, plant and equipment ⁽¹⁾	1,211	1,125	8
Directors' fees	151	148	2
Employee benefits expense ⁽²⁾	13,215	15,493	(15)
Cost of defined contribution plans (included in employee benefits expense)	473	513	(8)
Write-off for inventory obsolescence	-	16	(100)
(Gain)/Loss on disposal of plant and equipment ⁽³⁾	(80)	29	n.m.
Plant and equipment written off ⁽⁴⁾	62	2	n.m.
Loss on impairment of plant and equipment	-	41	(100)
Loss on allowance on trade receivables ⁽⁵⁾	46	103	(55)
Reversal of loss allowance on receivables	(45)	(12)	n.m.
Trade and other debts written off	26	110	(76)
Interest income	(8)	(6)	33
Net foreign exchange loss/(gain) ⁽⁶⁾	62	(22)	n.m.
Reversal of foreseeable losses	-	(153)	100
Provision for warranty	-	23	100
Loss on striking off/liquidation of a subsidiary	2	24	(92)
Loss on impairment of goodwill	-	288	(100)
Adjustment for underprovision of income tax In respect of prior years	-	16	(100)

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

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

- (1) Included in cost of sales and administrative expenses.
- (2) Employee benefits expenses amounting to S\$8.5 million, S\$4.2 million and S\$0.3 million in FY2019 (FY2018: S\$10.2 million, S\$4.8 million and S\$Nil) had been included in cost of sales, administrative expenses and other expenses respectively.
- (3) Gain on disposal of plant and equipment in FY2019 relates to sales proceeds from disposal of plant and machineries and motor vehicles, while loss on disposal of plant and equipment in FY2018 relates to loss on disposal of plant and machineries.
- (4) This relates mainly to the write off of plant and machineries in FY2019.
- (5) Loss on allowance on trade receivables decreased by S\$57,000 in FY2019 due to lower provision in doubtful debts.
- (6) Net foreign exchange loss of S\$62,000 was recorded in FY2019, as compared to net foreign exchange gain of S\$22,000 in FY2018, due to the weakening of USD against SGD.

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,677	10,846	5,589	4,793
Investment in Subsidiaries	-	-	5,503	6,624
Investment in Associated Companies	251	303	-	-
Total non-current assets	11,928	11,149	11,092	11,417
Current assets				
Inventories	321	1,167	-	-
Trade and other receivables	9,984	12,037	1,332	4,548
Contract asset	4,138	5,590	-	-
Cash and bank balances	3,555	2,434	16	14
Total current assets	17,998	21,228	1,348	4,562
Total assets	29,926	32,377	12,440	15,979
EQUITY AND LIABILITIES				
Equity				
Share capital	11,555	11,555	11,555	11,555
Reserves	2,310	4,798	(1,007)	827
Equity attributable to equity holder of the Company	13,865	16,353	10,548	12,382
Non-controlling interests	2,005	2,037	-	-
Total equity	15,870	18,390	10,548	12,382

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (Cont'd)

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Borrowings	1,716	89	-	-
Finance leases	-	57	1,146	-
Deferred tax liabilities	305	313	-	-
Total non-current liabilities	2,021	459	1,146	-
Current liabilities				
Trade and other payables	5,330	6,136	597	3,597
Contract liability	60	-	-	-
Borrowings	6,632	7,356	-	-
Finance leases	-	36	149	-
Income tax payable	13	-	-	-
Total current liabilities	12,035	13,528	746	3,597
Total equity and liabilities	29,926	32,377	12,440	15,979

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(c) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

Group			
As at 31.12.2019 (unaudited)		As at 31.12.2018 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,632	-	7,392	-

Amount repayable after one year

Group			
As at 31.12.2019 (unaudited)		As at 31.12.2018 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,716	-	146	-

Details of any collateral

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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Full Year Ended 31.12.2019 (unaudited) S\$'000	Full Year Ended 31.12.2018 (audited) S\$'000
Group		
Operating activities		
Loss before income tax	(2,424)	(3,708)
Adjustments for:		
Interest income	(8)	(6)
Interest expenses	518	338
Loss on allowance on trade receivables	46	103
Trade and other debts written off	26	110
Reversal of loss allowance on receivables	(45)	(12)
Write-off for inventory obsolescence	-	16
Depreciation of property, plant and equipment	1,211	1,125
Plant and equipment written off	62	2
(Gain)/Loss on disposal of plant and equipment	(80)	29
Loss on impairment of plant and equipment	-	41
Share of results of associates	(44)	(52)
Share-based payment expenses	-	23
Loss on striking off/liquidation of a subsidiary	2	24
Reversal of foreseeable losses	-	(153)
Provision for warranty	-	23
Loss on impairment of goodwill	-	288
Unrealised exchange differences	-	(21)
Operating cash flows before movements in working capital	(736)	(1,830)
Change in operating assets and liabilities		
Trade and other receivables	(1,004)	1,708
Contract assets	4,482	(3,455)
Inventories	846	(628)
Trade and other payables	(804)	3,183
Contract liabilities	60	(869)
Currency translation adjustments	(55)	-
Cash from/(used in) generated from operations	2,789	(1,891)
Interest received	8	6
Interest paid	(28)	(338)
Income tax paid	(11)	(27)
Net cash from/(used in) operating activities	2,758	(2,250)

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Full Year Ended 31.12.2019 (unaudited) S\$'000	Full Year Ended 31.12.2018 (audited) S\$'000
Group		
Investing activities		
Purchase of plant and equipment	(224)	(271)
Proceeds from disposal of plant and equipment	221	12
Dividend received from an associate	72	25
Net cash from/(used in) investing activities	69	(234)
Financing activities		
Increase in pledged fixed deposit	(1,164)	(50)
Dividend paid to non-controlling shareholders	(45)	(30)
Interest paid on borrowings	(491)	-
Repayment of finance leases	-	(200)
Repayment of lease liabilities	(157)	-
Proceeds from bank loans	-	6,701
Repayment of bank loans	(613)	(1,820)
Proceeds from revolving credit loans	-	1,000
Repayments of revolving credit loans	(400)	(3,122)
Proceed from trade financing loan	-	1,033
Repayment of trade financing loan	-	(1,234)
Net cash (used in)/from financing activities	(2,870)	2,278
Net decrease in cash and cash equivalents	(43)	(206)
Cash and cash equivalents at beginning of financial year	2,384	2,601
Effects of exchange rate changes on cash and cash equivalents	-	(11)
Cash and cash equivalents at end of financial year	2,341	2,384

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Company Registration No. 200717808Z)
1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Full Year Ended 31.12.2019 (unaudited)	Full Year Ended 31.12.2018 (audited)
Group	S\$'000	S\$'000
Comprising:		
Cash at bank	1,883	1,967
Fixed deposits	1,672	467
Sub-total	3,555	2,434
Fixed deposit pledged as a collateral for trade facilities	(1,214)	(50)
Cash and cash equivalents as per consolidated statement of cash flows	2,341	2,384

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

- 1(e) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	11,555	221	(87)	(3,914)	70	8,508	16,353	2,037	18,390
Total comprehensive loss for the year:									
(Loss)/profit for the year	-	-	-	-	-	(2,452)	(2,452)	13	(2,439)
Other comprehensive loss for the year	-	-	(36)	-	-	-	(36)	-	(36)
Total	-	-	(36)	-	-	(2,452)	(2,488)	13	(2,475)
Transactions with owners, recognised directly in equity:									
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(45)	(45)
Total	-	-	-	-	-	-	-	(45)	(45)
Balance at 31 December 2019	11,555	221	(123)	(3,914)	70	6,056	13,865	2,005	15,870

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

1(e) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Share capital	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group (audited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	11,555	221	(50)	(3,914)	99	11,866	19,777	2,307	22,084
Total comprehensive loss for the year:									
Loss for the year	-	-	-	-	-	(3,410)	(3,410)	(265)	(3,675)
Other comprehensive loss for the year	-	-	(37)	-	-	-	(37)	-	(37)
Total	-	-	(37)	-	-	(3,410)	(3,447)	(265)	(3,712)
Transactions with owners, recognised directly in equity:									
Recognition of share-based payments	-	-	-	-	(29)	52	23	-	23
Striking off of a subsidiary	-	-	-	-	-	-	-	24	24
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(29)	(29)
Total	-	-	-	-	(29)	52	23	(5)	18
Balance at 31 December 2018	11,555	221	(87)	(3,914)	70	8,508	16,353	2,037	18,390

- 1(e) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Share capital	Share options reserve	Retained Earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	11,555	70	757	12,382
Loss for the year, representing total comprehensive income for the year	-	-	(1,834)	(1,834)
Balance at 31 December 2019	11,555	70	(1,077)	10,548

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

- 1(f) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

	Company	
	No. of shares	Resultant issued and paid-up share capital (S\$)
Ordinary shares		
Balance as at 30 June 2019 and 31 December 2018	122,959,345	11,554,627

- 1(g) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 31 December 2019, there were 3,000,000 outstanding share options under the Heatec Employee Share Option Scheme that may be exercised into 3,000,000 new ordinary shares in the capital of the Company (31 December 2018: 3,000,000 outstanding share options).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 1(h) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	31.12.2019	31.12.2018
Total number of issued shares excluding treasury shares	122,959,345	122,959,345

There were no treasury shares as at 31 December 2019 and 31 December 2018.

- 1(i) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any sale, transfer, cancellation and/or use of treasury shares during and as at the end of the financial year ended 31 December 2019 ("FY2019").

- 1(j) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of FY2019.

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

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

- 3 Where the figures have been audited or reviewed, the auditor's report (including any modifications or emphasis of a matter).**

Not applicable.

- 3(a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(i) Updates on the efforts taken to resolve each outstanding audit issue.

(ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2018 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation applied by the Group for the financial statements for the current financial year reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2018 ("FY2018") except as explained in paragraph 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted all applicable new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and Interpretations of SFRS(I) (“**SFRS(I) INT**”) which are effective for its financial year beginning 1 January 2019. The adoption of the new and revised SFRS(I) and SFRS(I) INT have no material effect on the financial statements, except as described below:

SFRS(I) 16 : Leases

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise all leases on its statements of financial position to reflect its right-of-use of the leased assets (“**ROU assets**”) and the associated obligations for lease payments (lease liabilities), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charge of ROU assets and interest expenses on lease liabilities. The Group has adopted SFRS(I) 16 using the modified retrospective approach as of 1 January 2019, with no restatement of comparative information.

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

	Group	
	Full Year Ended 31.12.2019 (unaudited)	Full Year Ended 31.12.2018 (audited)
Basic and diluted loss per ordinary share (Singapore cents)	(1.99)	(2.77)
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

Loss per ordinary share of the Group for each of FY2019 and FY2018 is calculated based on net loss attributable to owners of the Company for the respective financial years divided by the weighted average number of ordinary shares in issue during the respective financial years.

For FY2019 and FY2018, the basic and diluted loss per ordinary share of the Group were the same as the exercise of the outstanding share options were anti-dilutive in nature and there were no other potential dilutive ordinary shares in existence.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-**
- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Group		Company	
	As at 31.12.2019	As at 31.12.2018	As at 31.12.2019	As at 31.12.2018
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	11.28	13.30	8.58	10.07

The net asset value per ordinary share of the Group and the Company as at 31 December 2019 and 31 December 2018 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 122,959,345.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8(a) Review of Group Performance

For the year ended 31 December 2019 ("FY2019") and 31 December 2018 ("FY2018").

Revenue

Revenue decreased by 14% or S\$3.8 million, from S\$27.5 million in FY2018 to S\$23.7 million in FY2019, due to lower revenue generated by all three business segments of the Group (being heat exchanger, chemical cleaning and piping segments). The decrease in revenue from the heat exchanger, chemical cleaning and piping segments was mainly due to the slowdown in the marine and offshore engineering sector affected by the oil and gas industry, which resulted in lower work orders and projects in FY2019.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)**

8(a) Review of Group Performance (Cont'd)

Operating Results

Cost of sales decreased by 19% or S\$4.3 million, from S\$22.2 million in FY2018 to S\$17.9 million in FY2019, was largely in line with the decline in revenue. The decrease in cost of sales was also attributable to better project management which led to lower manpower costs and material costs incurred.

As a result of the above, the Group recorded improved gross profit margin of 24.6% for FY2019 as compared to 19.4% for FY2018.

Other income increased marginally by 12% or S\$0.1 million, from S\$0.3 million in FY2018 to S\$0.4 million in FY2019 mainly due to gains on disposal of plant and equipment in FY2019.

Administrative expenses decreased by 10% or S\$0.9 million, from S\$8.5 million in FY2018 to S\$7.6 million in FY2019, as the Group continued its efforts to manage administrative expenses prudently.

Other expenses decreased by 13% or S\$0.1 million, from S\$0.6 million in FY2018 to S\$0.5 million in FY2019 mainly due to lower loss on allowance on trade receivables.

Finance costs increased by 53% or S\$0.2 million, from S\$0.3 million in FY2018 to S\$0.5 million in FY2019 due to lease interest expenses arising from the adoption of SFRS (I) 16 from 1 January 2019.

Overall, the Group reduced its net loss position by 34% or S\$1.2 million, from a net loss of S\$3.7 million in FY2018 to S\$2.5 million in FY2019.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)**

8(b) Review of Statement of Financial Position

Non-Current Assets

The Group's non-current assets increased by 7% or S\$0.8 million, from S\$11.1 million as at 31 December 2018 to S\$11.9 million as at 31 December 2019. The increase was mainly due to an increase in property, plant and equipment as a result of the recognition of ROU assets of S\$2.0 million arising from the adoption of SFRS(I) 16 on 1 January 2019, partially offset by depreciation charges of S\$1.2 million.

Current Assets

The Group's current assets decreased by 15% or S\$3.2 million, from S\$21.2 million as at 31 December 2018 to S\$18.0 million as at 31 December 2019. The decrease was due to the decrease in inventories, trade and other receivables, and contract assets, partially offset by the increase in cash and bank balances of approximately S\$1.1 million. Inventories decreased by approximately S\$0.8 million, mainly due to movement of goods-in-transit to goods used in production in FY2019. Trade and other receivables decreased by approximately S\$2.1 million, mainly due to a decrease in revenue and collection from customers. Contract assets decreased by approximately S\$1.4 million, mainly due to a decrease in work-in-progress works. Please refer to "Review of Cash Flows" below for the reasons for the increase in cash and cash balances.

Non-Current Liabilities

The Group's non-current liabilities increased by S\$1.6 million, from S\$0.5 million as at 31 December 2018 to S\$2.1 million as at 31 December 2019, mainly due to the non-current portion of the ROU lease liabilities of S\$1.7 million as at 31 December 2019 (31 December 2018: S\$Nil) arising from the adoption of SFRS(I) 16 on 1 January 2019.

Current Liabilities

The Group's current liabilities decreased by 11% or S\$1.5 million, from S\$13.5 million as at 31 December 2018 to S\$12.0 million as at 31 December 2019. The decrease was mainly due to the decrease in trade and other payables of approximately S\$0.8 million as a result of payment

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)**

8(b) Review of Statement of Financial Position (Cont'd)

Current Liabilities (Cont'd)

made to suppliers, repayments of bank loans and finance leases of approximately S\$0.9 million, partially offset by the increase in the current portion of the ROU lease liabilities arising from the adoption of SFRS(I) 16 on 1 January 2019 of approximately S\$0.2 million, and contract liability of approximately S\$0.1 million.

Working Capital Position

The Group reported a positive working capital position of S\$6.0 million as at 31 December 2019, as compared to S\$7.7 million as at 31 December 2018.

8(c) Review of Statement of Cash Flows

In FY2019, the Group recorded net cash generated from operating activities of approximately S\$2.8 million, which was a result of operating cash outflows before changes in working capital of S\$0.7 million, net working capital inflow of approximately S\$3.5 million, and after adjusting for net interest expenses paid of approximately S\$0.01 million.

Net cash generated from investing activities of approximately S\$0.07 million in FY2019, was due to proceeds from disposal of plant and equipment of S\$0.2 million and dividend received from an associate of S\$0.07 million, partially offset by the purchase of plant and equipment of S\$0.2 million.

Net cash used in financing activities of S\$2.9 million in FY2019, was mainly due to the repayment of bank loans of S\$1.0 million, increase in pledged fixed deposit of S\$1.2 million and the repayment of ROU liabilities of S\$0.2 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows decreased by S\$0.04 million, from S\$2.38 million as at 31 December 2018 to S\$2.34 million as at 31 December 2019.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In general, shipping activities and vessel arrivals in Singapore have slowed due to US-China trade tensions as well as a broader decline in world economic growth, thus affecting the Group's heat exchanger services segment. Moreover, in light of the economic impact of the COVID-19 outbreak, the International Energy Authority anticipates oil demand to drop in 1Q2020, though demand is expected to recover slightly in the following quarter¹.

Despite the impact of the COVID-19 on the global oil demand, and geopolitical uncertainty, we are cautiously optimistic that the market for Floating, Production, Storage and Offloading ("FPSO") vessels will continue to improve, and with our established track record and proven expertise, the Group is well-positioned to continue actively pursuing new business opportunities through tenders and direct negotiations.

We are also vigilantly overseeing our operations in order to align our costs with the current market situation, and we believe that the Group will remain resilient with our prudent management. Workplace safety is our first priority, and we have implemented business continuity plans to protect our staff and business associates. The Company is in a strong position to weather any disruptions to our operations and business.

¹ Oil prices climb on prospects for deeper Opec+ output cuts, 14 February 2020

<https://www.businesstimes.com.sg/energy-commodities/oil-prices-climb-on-prospects-for-deeper-opec-output-cuts>

11 Dividend**(a) Current Financial Period Reported On**

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

No dividend has been declared or recommended for FY2019.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

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

Not applicable.

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

In view of the Group's loss-making position for FY2019, no dividend has been declared/recommendeded by the Board of Directors for FY2019.

- The aggregate value of interested person transactions entered into during FY2019 is as follows:-

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
<u>Provision of consultancy services and allowances by the following consultants:</u> Soon Yeow Kwee Johnny Yong Yeow Sin	A controlling shareholder of the Company and father of Soon Jeffrey (Chief Executive Officer and Executive Director of the Company)	227 ⁽¹⁾	-
<u>Sales of heat exchangers by the Group to:</u> Tru-Marine Pte. Ltd.	A controlling shareholder of the Company	372	-

- 13 If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect (Cont’d).**

Note:

- (1) Fees paid by the Group to the consultants are disclosed as an aggregate sum, rather than on an individual basis, as the Board of Directors is of the view that disclosure of the latter may affect the working relationships amongst the stakeholders and contributions by the Consultants in relation to the operations of the Group.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

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

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

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

	Revenue		Net Loss	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(unaudited)	(audited)	(unaudited)	(audited)
Group	S\$'000	S\$'000	S\$'000	S\$'000
Heat Exchanger	13,624	16,855	(825)	(1,988)
Chemical Cleaning	2,563	2,682	(458)	(361)
Piping	7,522	7,936	(530)	(841)
	23,709	27,473	(1,813)	(3,190)
Other income			374	135
Other expenses			(511)	(368)
Finance costs			(518)	(338)
Share of result of associates			44	52
Loss before income tax			(2,424)	(3,709)
Income tax (expense)/credit			(15)	34
Loss for the year			(2,439)	(3,674)

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (Cont'd).**

	As at 31.12.2019 (unaudited) S\$'000	As at 31.12.2018 (audited) S\$'000
<u>Segment Assets</u>		
Heat Exchanger	11,455	12,070
Chemical Cleaning	5,312	5,202
Piping	5,738	8,237
Total segment assets	22,505	25,509
Unallocated assets	7,421	6,868
Consolidated total assets	29,926	32,377
<u>Segment Liabilities</u>		
Heat Exchanger	10,395	12,200
Chemical Cleaning	1,079	668
Piping	639	511
Total segment liabilities	12,113	13,379
Unallocated liabilities	1,944	608
Consolidated total liabilities	14,057	13,987

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- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (Cont'd)**

Other segment information

Group	Piping		Heat Exchanger		Chemical Cleaning		Unallocated		Total	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for/(Reversal of) trade receivables	(4)	10	41	25	(15)	57	(21)	-	1	92
Trade and other receivables written off	-	94	26	3	-	-	-	12	26	109
Capital additions	-	24	110	94	114	131	-	22	224	271
Loss/(Gain) on disposal of plant and equipment	-	-	(80)	29	-	-	-	-	(80)	29
Property, plant and equipment written off	-	-	62	2	-	-	-	-	62	2
Loss on impairment of plant and equipment	-	-	-	41	-	-	-	-	-	41
Loss on striking off/liquidation of a subsidiary	-	-	-	-	-	-	-	24	-	24
Loss on impairment of goodwill	-	-	-	-	-	288	-	-	-	288
Depreciation of property, plant and equipment	44	48	236	294	353	316	578	467	1,211	1,125

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- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (Cont'd)**

Geographical information

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

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

Please refer to paragraph 8 above.

- 16. A breakdown of sales**

	Group		Increase/ (Decrease)
	Full Year Ended 31.12.2019 (unaudited)	Full Year Ended 31.12.2018 (audited)	
	S\$'000	S\$'000	
(a) Sales reported for first half year	11,715	13,380	(12)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(1,168)	(1,625)	(28)
(c) Sales reported for second half year	11,994	14,093	(15)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(1,271)	(2,049)	(36)

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

Total Annual Dividend

	FY 2019	FY 2018
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Catalist Rules.**

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Soon Jeffrey	39	Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Chief Executive Officer and Executive Director since 1 January 2016. Responsible for all day-to-day operations and determines the Group's strategic direction for business growth, including the overall Group sales activities, as well as business development in new market and industries.	No change
Soon Jenson	40	Brother of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Group General Manager (Operation) since 1 January 2016. Responsible for the overall supervision and management of the Group's Engineering & operations include oversight of quality control and the adherence to Health and Safety Policy.	No change

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(Company Registration No. 200717808Z)
18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Catalist Rules. (Cont'd)

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Yong Chin Seng	40	Son of Mr Yong Yeow Sin, a substantial shareholder of the Company	Regional Sales Manager of Heatec Jietong Pte. Ltd. since 1 June 2016. Responsible for sourcing of new clients, sales administrative and sales management for the Heat Exchanger (Repair & Services) segment of the Company regionally.	No change
Sim Mong Choon	64	Uncle of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and brother-in-law of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Administrative & Logistics Manager of Heatec Jietong Pte. Ltd. since 1998. Responsible for admin, IT and transportation.	No change

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

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

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

**BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.**

Soon Jeffrey
CEO & Executive Director

Singapore, 24 February 2020