

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.

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Unaudited Financial Statements for the Financial Year Ended 31 December 2020

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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 31.12.2020 (unaudited) S\$'000	Full Year Ended 31.12.2019 (audited) S\$'000	Increase/ (Decrease) %
Group			
Revenue	20,781	23,709	(12)
Cost of sales	(16,064)	(17,888)	(10)
Gross profit	4,717	5,821	(19)
Other income			
- Interest	8	8	-
- Others	2,589	304	n.m.
Expenses			
Administrative expenses	(6,348)	(7,635)	(17)
Other operating expenses	-	(420)	(100)
Net impairment losses on financial assets	(309)	(28)	n.m.
Finance costs	(468)	(518)	(10)
Share of results of associates	36	45	(20)
Profit/(Loss) before tax	225	(2,423)	n.m.
Income tax expenses	(30)	(15)	100
Profit/(Loss) for the financial year	195	(2,438)	n.m.
Profit/(Loss) attributable to:			
Equity holders of the Company	(35)	(2,451)	(99)
Non-controlling interests	230	13	n.m.
	195	(2,438)	n.m.

Loss per share attributable to owners of the Company

	Full Year Ended 31.12.2020 (unaudited) Singapore Cents	Full Year Ended 31.12.2019 (audited) Singapore Cents	Increase/ (Decrease) %
Group			
Basic and diluted	(0.03)	(1.99)	(99)

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

- 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 2020

	Full Year Ended 31.12.2020 (unaudited)	Full Year Ended 31.12.2019 (audited)	Increase/ (Decrease)
Group	S\$'000	S\$'000	%
Profit/(Loss) for the financial year	195	(2,438)	n.m.
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	17	(13)	n.m.
Share of other comprehensive Income/(loss) of associates	13	(23)	n.m.
Other comprehensive income/(loss) for financial year, net of tax	30	(36)	n.m.
Total comprehensive income/(loss) for the financial year	225	(2,474)	n.m.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(5)	(2,487)	(100)
Non-controlling interests	230	13	n.m.
Total comprehensive income/(loss) for the financial year	225	(2,474)	n.m.

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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 profit/(loss) before income tax is arrived at after charging/(crediting) the following items:

	Full Year Ended 31.12.2020 (unaudited)	Full Year Ended 31.12.2019 (audited)	Increase/ (Decrease)
Group	S\$'000	S\$'000	%
Depreciation of property, plant and equipment ⁽¹⁾	1,210	1,211	-
Directors' fees	148	151	(2)
Employee benefits expense ^{(2) (3)}	9,700	13,486	(28)
Cost of defined contribution plans (included in employee benefits expense)	453	475	(5)
Loss on disposal of property, plant and equipment	3	38	(92)
Loss on allowance on trade receivables ⁽⁴⁾	308	1	n.m.
Write-off of trade and other receivables	1	26	(96)
Interest income	(8)	(8)	-
Net foreign exchange (gain)/loss ⁽⁵⁾	(10)	62	n.m.
Gain on liquidation of a subsidiary	(6)	-	100
Provision for warranty	22	-	100
Adjustment for under-provision of income tax expense in respect of prior years ⁽⁶⁾	34	-	100

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

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\$5.4 million, S\$4.3 million and S\$Nil for the financial year ended 31 December 2020 ("FY2020") (financial year ended 31 December 2019 ("FY2019"): S\$8.5 million, S\$4.7 million and S\$0.3 million) had been included in cost of sales, administrative expenses and other expenses respectively.
- (3) Employee benefits expenses decreased by 28% from S\$13.5 million in FY2019 to S\$9.7 million in FY2020, mainly due to the waiver of foreign worker levy by the Singapore government and lower foreign workers wages incurred in FY2020. The foreign workers employed by the Group had not been able to work from April 2020 to August 2020, due to the restriction of movement of foreign workers residing in dormitories which had been gazetted as isolation areas on 21 April 2020 as a result of the COVID-19 pandemic. The foreign workers gradually returned to work in September 2020.
- (4) Loss on allowance on trade receivables increased by S\$0.3 million in FY2020 due to higher provision in doubtful debts.
- (5) Net foreign exchange gain of S\$10,000 was recorded in FY2020, as compared to net foreign exchange loss of S\$62,000 in FY2019, due to the strengthening of USD against SGD.
- (6) Relates to the differences in final tax assessment and tax estimates made in prior years.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000	As at 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	10,720	11,677	5,086	5,589
Investment in subsidiaries	-	-	5,503	5,503
Investment in associates	302	253	-	-
Total non-current assets	11,022	11,930	10,589	11,092
Current assets				
Inventories	557	321	-	-
Contract assets	6,379	4,138	-	-
Trade receivables	5,957	7,673	-	-
Other receivables	1,743	2,311	1,291	1,332
Cash and bank balances	4,649	3,554	363	16
Total current assets	19,285	17,997	1,654	1,348
Total assets	30,307	29,927	12,243	12,440
Non-current liabilities				
Borrowings	1,720	1,815	1,122	1,211
Deferred tax liabilities	297	305	-	-
Total non-current liabilities	2,017	2,120	1,122	1,211
Current liabilities				
Contract liabilities	864	60	-	-
Trade payables	1,278	1,638	-	-
Other payables	1,857	3,692	343	597
Borrowings	8,307	6,533	89	84
Tax payable	6	13	-	-
Total current liabilities	12,312	11,936	432	681
Total liabilities	14,329	14,056	1,554	1,892
Net assets	15,978	15,871	10,689	10,548

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

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
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Equity				
Share capital	11,555	11,555	11,555	11,555
Reserves	2,306	2,311	(866)	(1,007)
Equity attributable to equity holders of the Company, total	13,861	13,866	10,689	10,548
Non-controlling interests	2,117	2,005	-	-
Total equity	15,978	15,871	10,689	10,548

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
1(c) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
As at 31.12.2020 (unaudited)		As at 31.12.2019 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,307	-	6,533	-

Amount repayable after one year

Group			
As at 31.12.2020 (unaudited)		As at 31.12.2019 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,720	-	1,815	-

Details of any collateral

The bank loans are secured by:

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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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 31.12.2020 (unaudited) S\$'000	Full Year Ended 31.12.2019 (audited) S\$'000
Group		
Cash flows from operating activities		
Profit/(Loss) before income tax	225	(2,423)
Adjustments for:		
Interest income	(8)	(8)
Interest expenses	468	518
Net impairment losses on financial assets	309	27
Depreciation of property, plant and equipment	1,210	1,211
Loss on disposal of property, plant and equipment	3	38
Share of results of associates	(36)	(45)
Gain on liquidation of a subsidiary	(6)	-
Provision for warranty	22	-
Operating cash flows before movements in working capital	2,187	(682)
Change in operating assets and liabilities		
Trade and other receivables and contract assets	(328)	3,479
Inventories	(236)	846
Trade and other payables and contract liabilities	(1,470)	(744)
Currency translation adjustments	24	(14)
Cash generated from operations	177	2,885
Interest received	8	8
Interest paid	(23)	(29)
Income tax paid	(45)	(11)
Net cash generated from operating activities	117	2,853
Cash flows from investing activities		
Purchases of property, plant and equipment	(268)	(224)
Proceeds from disposal of property, plant and equipment	16	123
Dividends received from an associate	-	72
Net cash used in investing activities	(252)	(29)

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

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 31.12.2020 (unaudited) S\$'000	Full Year Ended 31.12.2019 (audited) S\$'000
Group		
Cash flows from financing activities		
Interest paid	(445)	(489)
Decrease/(Increase) in pledged fixed deposit	388	(1,164)
Dividend paid to non-controlling shareholders	-	(45)
Proceeds from bank loans	3,000	-
Repayments of bank loans	(1,019)	(613)
Repayments of revolving credit loans	(200)	(400)
Repayments of lease liabilities	(106)	(157)
Net cash generated from/(used in) financing activities	1,618	(2,868)
Net increase/(decrease) in cash and cash equivalents	1,483	(44)
Cash and cash equivalents at beginning of financial year	2,340	2,384
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of financial year	3,823	2,340

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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 31.12.2020 (unaudited) S\$'000	Full Year Ended 31.12.2019 (audited) S\$'000
Group		
Comprising:		
Cash at bank	3,386	1,879
Fixed deposits	1,263	1,675
Total cash and bank balances	4,649	3,554
Less: Pledged fixed deposits	(826)	(1,214)
Cash and cash equivalents for presentation on the consolidated statement of cash flows	3,823	2,340

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.

	Attributable to equity holders of the Company								
	Share capital	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	11,555	221	(123)	(3,914)	70	6,057	13,866	2,005	15,871
(Loss)/profit for the financial year	-	-	-	-	-	(35)	(35)	230	195
Other comprehensive income/(loss)									
Currency translation differences arising on consolidation	-	-	17	-	-	-	17	-	17
Share of other comprehensive income of associates	-	-	13	-	-	-	13	-	13
Other comprehensive income/(loss) for the financial year, net of tax	-	-	30	-	-	-	30	-	30
Total comprehensive income/(loss) for the financial year	-	-	30	-	-	(35)	(5)	230	225
Effects of liquidation of a subsidiary	-	-	-	-	-	-	-	2	2
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	(120)	(120)
At 31 December 2020	11,555	221	(93)	(3,914)	70	6,022	13,861	2,117	15,978

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)**

	Attributable to equity holders of the Company								
	Share capital	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group (audited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	11,555	221	(87)	(3,914)	70	8,508	16,353	2,037	18,390
(Loss)/profit for the financial year	-	-	-	-	-	(2,451)	(2,451)	13	(2,438)
Other comprehensive income/(loss)									
Currency translation differences arising on consolidation	-	-	(13)	-	-	-	(13)	-	(13)
Share of other comprehensive loss of associates	-	-	(23)	-	-	-	(23)	-	(23)
Other comprehensive income/(loss) for the financial year, net of tax	-	-	(36)	-	-	-	(36)	-	(36)
Total comprehensive (loss)/income for the financial year	-	-	(36)	-	-	(2,451)	(2,487)	13	(2,474)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(45)	(45)
At 31 December 2019	11,555	221	(123)	(3,914)	70	6,057	13,866	2,005	15,871

- 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
At 1 January 2020	11,555	70	(1,077)	10,548
Profit and total comprehensive income for the financial year	-	-	141	141
At 31 December 2020	11,555	70	(936)	10,689

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

- 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\$)
<u>Ordinary shares</u>		
Balance as at 30 June 2020 and 31 December 2020	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 2020, 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 2019: 3,000,000 outstanding share options).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 31 December 2020 and 31 December 2019.

- 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	
	31.12.2020	31.12.2019
Total number of issued shares excluding treasury shares	122,959,345	122,959,345

There were no treasury shares as at 31 December 2020 and 31 December 2019.

- 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 FY2020.

- 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 FY2020.

- 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 2019 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 Group has adopted the same accounting policies and methods of computation for the current financial period reported on as those adopted in its recently audited annual financial statements for the financial year ended 31 December 2019.

- 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.**

Not applicable.

- 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 31.12.2020 (unaudited)	Full Year Ended 31.12.2019 (audited)
Basic and diluted loss per ordinary share (Singapore cents)	(0.03)	(1.99)
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

Loss per ordinary share of the Group for each of FY2020 and FY2019 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 FY2020 and FY2019, 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 31.12.2020 (unaudited)	As at 31.12.2019 (audited)	As at 31.12.2020 (unaudited)	As at 31.12.2019 (audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	11.27	11.28	8.69	8.58

The net asset value per ordinary share of the Group and the Company as at 31 December 2020 and 31 December 2019 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 financial year ended 31 December 2020 ("FY2020") and 31 December 2019 ("FY2019").

Revenue

Revenue decreased by 12% or S\$2.9 million, from S\$23.7 million in FY2019 to S\$20.8 million in FY2020, due to lower revenue generated by two business segments of the Group (being chemical cleaning and piping segments), partially offset by the higher revenue generated by the heat exchanger segment of the Group. The decrease in revenue from the chemical cleaning and piping segments was mainly due to two months of circuit breaker and extended lockdown of foreign workers' dormitories imposed by the Singapore government in FY2020, which resulted in most of the operations and projects of the Group being temporarily halted. The Group's foreign workers gradually returned to work in September 2020. The increase in revenue from the heat exchanger segment was mainly due to more projects awarded in FY2020.

Operating Results

Cost of sales decreased by 10% or S\$1.8 million, from S\$17.9 million in FY2019 to S\$16.1 million in FY2020, which was largely in line with the decline in revenue. The Group recorded a lower gross profit margin of 22.7% for FY2020, as compared to 24.6% for FY2019, due mainly to the aforesaid two months of circuit breaker and extended lockdown of foreign workers' dormitories in FY2020.

Other income increased by S\$2.3 million, from S\$0.3 million in FY2019 to S\$2.6 million in FY2020, mainly due to funds and support grants received from the Singapore government as a result of the COVID-19 pandemic.

Administrative expenses decreased by 17% or S\$1.3 million, from S\$7.6 million in FY2019 to S\$6.3 million in FY2020, as the Group continued its efforts to manage administrative expenses prudently.

- 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 (Cont'd)

No other operating expenses were incurred in FY2020. Other operating expenses of S\$0.4 million in FY2019 relate mainly to compensation staff costs incurred for a subsidiary undergoing a restructuring exercise.

Finance costs decreased by 10% or S\$0.05 million, from S\$0.52 million in FY2019 to S\$0.47 million in FY2020, due to lower interest rates.

Overall, the Group made a net profit of S\$0.2 million in FY2020, from a net loss of S\$2.4 million in FY2019.

8(b) Review of Statement of Financial Position

Non-Current Assets

The Group's non-current assets decreased by 8% or S\$0.9 million, from S\$11.9 million as at 31 December 2019 to S\$11.0 million as at 31 December 2020. The decrease was mainly due to depreciation charges of property, plant and equipment incurred in FY2020.

Current Assets

The Group's current assets increased by 7% or S\$1.3 million, from S\$18.0 million as at 31 December 2019 to S\$19.3 million as at 31 December 2020. The increase was due to the increase in inventories, contract assets, and cash and bank balances, partially offset by the decrease in trade and other receivables. Inventories increased by S\$0.2 million, mainly due to a batch of materials purchased for a project in the heat exchanger segment. Contract assets increased by S\$2.2 million, mainly due to the increase in work-in-progress works. Trade and other receivables decreased by S\$2.3 million mainly due to a decrease in revenue and settlement of collection from customers. Please refer to "Review of Cash Flows" below for the reasons for the increase in cash and cash balances.

- 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)

Non-Current Liabilities

The Group's non-current liabilities decreased by 5% or S\$0.1 million, from S\$2.1 million as at 31 December 2019 to S\$2.0 million as at 31 December 2020, mainly due to repayment of lease liabilities.

Current Liabilities

The Group's current liabilities increased by 3% or S\$0.4 million, from S\$11.9 million as at 31 December 2019 to S\$12.3 million as at 31 December 2020. The increase was mainly due to the increase in borrowings of S\$1.7 million and contract liabilities of S\$0.8 million due to advance billing to customer, partially offset by the decrease in trade and other payables of S\$2.2 million as a result of payment made to suppliers.

Working Capital Position

The Group reported improved working capital position of S\$7.0 million as at 31 December 2020, as compared to S\$6.1 million as at 31 December 2019.

8(c) Review of Statement of Cash Flows

In FY2020, the Group recorded net cash generated from operating activities of S\$0.1 million, which was a result of operating cash inflows before changes in working capital of S\$2.2 million, net working capital outflows of S\$2.0 million, and after adjusting for net interest expenses and income tax paid of a total of S\$0.1 million.

Net cash used in investing activities of S\$0.3 million in FY2020, was mainly due to purchase of plant and equipment of S\$0.3 million.

- 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(c) Review of Statement of Cash Flows (Cont'd)

Net cash generated from financing activities of S\$1.7 million in FY2020, was mainly due to the net proceeds from borrowings of S\$1.7 million, and the decrease in pledged fixed deposit of S\$0.4 million, partially offset by interest paid of S\$0.4 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows increased by S\$1.5 million, from S\$2.3 million as at 31 December 2019 to S\$3.8 million as at 31 December 2020.

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

Not applicable.

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

The International Energy Association, in its Oil Market Report of January 2021, is expecting an acceleration of economic activities to spur a stronger growth in oil demand globally in the second half of 2021. With crude oil prices having reached US\$57 per barrel at the beginning of 2021, coupled with heightened exploration activities in Brazil, Guyana and the North Sea, the year of 2021 started on an encouraging note for the Floating, Production, Storage and Offloading ("FPSO") new-builds market.

The Group's order book for the current financial year ending 31 December 2021 ("FY2021") continues to be very encouraging, evidenced by the Group having secured a US\$3.3 million contract in November 2020 for the supply of various specialised heat exchangers for a repeat customer who operates in the oil and gas industry. This new contract is expected to be completed by third quarter of 2021 and contribute positively to the Group's revenue in FY2021.

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. (Cont'd)

The Group, through one of its subsidiaries, secured a work order for up to approximately S\$7.5 million from its client to supply labour for its projects' needs. Completion of the work order by the Group is subject to amongst others, the availability of foreign workers, client's project requirements, speed of recovery of the market from the COVID-19 pandemic and other prevailing market conditions.

Looking ahead, the resurgence of COVID-19 in many countries around the world, and the continued restrictions on border controls, as well as economic and social activities, will continue to weigh heavily on shipping activities and bunkering demand in Singapore.

In light of the above, the Group remains cautiously optimistic on the FPSO market and will continue to actively seek new opportunities in this segment by leveraging on its proven track record and strong reputation as a one-stop centre heat exchanger solutions provider.

The Group expects the effects of the COVID-19 pandemic to continue to evolve, and the overall global business environment to remain challenging. The Group will take measures to enhance its competitive edge, such as through improving cost effectiveness and operational efficiencies, to better position the Group to pursue new business opportunities.

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 FY2020.

(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 loss attributable to equity holders of the Company recorded for FY2020, no dividend has been declared/recommended by the Board of Directors for FY2020.

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

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

The aggregate value of interested person transactions entered into during FY2020 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) A controlling shareholder of the Company	204 ⁽¹⁾	-

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 Profit/(Loss)	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(unaudited)	(audited)	(unaudited)	(audited)
Group	S\$'000	S\$'000	S\$'000	S\$'000
Heat Exchanger	14,451	13,624	1,083	(1,115)
Chemical Cleaning	2,233	2,563	384	(422)
Piping	4,097	7,522	(591)	(445)
	20,781	23,709	876	(1,982)
Other (expenses)/income			(219)	11
Share of results of associates			36	45
Impairment gain on financial assets			-	21
Finance costs			(468)	(518)
Profit/(Loss) before tax			225	(2,423)
Income tax expenses			(30)	(15)
Profit/(Loss) for the financial year			195	(2,438)

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 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000
<u>Segment Assets</u>		
Heat Exchanger	13,051	11,589
Chemical Cleaning	5,509	5,266
Piping	4,629	5,742
Total segment assets	23,189	22,597
Unallocated assets	7,118	7,330
Consolidated total assets	30,307	29,927
<u>Segment Liabilities</u>		
Heat Exchanger	10,875	10,395
Chemical Cleaning	1,444	1,354
Piping	527	639
Total segment liabilities	12,846	12,388
Unallocated liabilities	1,483	1,668
Consolidated total liabilities	14,329	14,056

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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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	<u>Piping</u>		<u>Heat Exchanger</u>		<u>Chemical Cleaning</u>		<u>Unallocated</u>		<u>Total</u>	
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(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
Depreciation of property, plant and equipment	43	44	225	236	361	353	581	578	1,210	1,211
Loss on allowance on trade receivables	-	(4)	308	41	-	(15)	-	(21)	308	1
Share of results of associates	-	-	-	-	-	-	36	45	36	45
Write-off of trade and other receivables	-	-	1	26	-	-	-	-	1	26

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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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 31.12.2020 (unaudited)	Full Year Ended 31.12.2019 (audited)	
	S\$'000	S\$'000	
(a) Sales reported for first half year	8,886	11,715	(24)
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	147	(1,168)	n.m.
(c) Sales reported for second half year	11,895	11,994	(1)
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	48	(1,270)	n.m.

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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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 2020	FY 2019
	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	40	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	41	Brother of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Group General Manager (Operation) since 1 January 2016. Responsible for the overall supervision and management of the Group's Engineering & operations include oversight of quality control and the adherence to Health and Safety Policy.	No change

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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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	41	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	65	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 2021