



HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

(Company Registration No. 200717808Z)

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), 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 Half Year Ended 30 June 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

Group	Half Year Ended	Half Year Ended	Increase/
	30.6.2019	30.6.2018	(Decrease)
	(unaudited)	(unaudited)	
	S\$'000	S\$'000	%
Revenue	11,715	13,380	(12.4)
Cost of sales	(8,510)	(10,958)	(22.3)
Gross profit	3,205	2,422	32.3
Other income	238	430	(44.7)
Expenses			
Administrative expenses	(4,012)	(4,334)	(7.4)
Other expenses	(331)	(20)	n.m.
Share of profit of associates	26	31	(16.1)
Finance costs	(296)	(142)	n.m.
Loss before tax	(1,170)	(1,613)	(27.5)
Income tax credit/(expense)	2	(12)	n.m.
Loss for the period	(1,168)	(1,625)	(28.1)
(Loss)/Profit attributable to :			
Owners of the Company	(1,241)	(1,580)	(21.5)
Non-controlling interests	73	(45)	n.m.
	(1,168)	(1,625)	(28.1)

n.m. denotes not meaningful

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- 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 Half Year Ended 30 June 2019 ("1H2019")

Group	Half Year Ended	Half Year Ended	Increase/ (Decrease)
	30.6.2019	30.6.2018	
	(unaudited)	(unaudited)	
	S\$'000	S\$'000	%
Loss for the period	(1,168)	(1,625)	(28.1)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	1	7	(85.7)
Total comprehensive loss for the period, net of tax	(1,167)	(1,618)	(27.9)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(1,240)	(1,573)	(21.2)
Non-controlling interests	73	(45)	n.m.
Total comprehensive loss for the period	(1,167)	(1,618)	(27.9)

n.m. denotes not meaningful

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The loss for the period is arrived at after charging/(crediting) the following items:

Group	Half Year Ended 30.6.2019 (unaudited)	Half Year Ended 30.6.2018 (unaudited)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment ⁽¹⁾	615	534	15.2
Directors' fee	76	76	-
Employee benefits expense ⁽²⁾	7,021	7,510	(6.5)
Cost of defined contribution plans (included in staff costs)	238	254	(6.3)
Cost of inventories recognised in cost of sales	1,699	2,887	(41.1)
Net foreign exchange loss/(gain)	24	(56)	n.m.
Reversal of allowance for sales discount ⁽³⁾	(136)	(73)	86.3
(Reversal of)/Allowance for doubtful debts	(32)	16	n.m.
Write-off for inventory obsolescence	-	16	(100)
(Gain)/Loss on disposal of plant and equipment	(26)	35	n.m.
Plant and equipment written off ⁽⁴⁾	37	-	n.m.
Interest income	(8)	(5)	60
Share-based payments	-	23	(100)
Adjustment for underprovision of income tax in respect of prior years	-	12	(100)

n.m. denotes not meaningful

Notes:

- ⁽¹⁾ Included in cost of sales and administrative expenses. Depreciation of property, plant and equipment increased mainly due to the depreciation of right-of-use lease assets of approximately S\$71K in 1H2019 (1H2018: nil) under SFRS (I) 16 Leases.
- ⁽²⁾ In 1H2019, employee benefits expenses amounting to S\$4.38 million and S\$2.48 million (1H2018: S\$4.98 million and S\$2.61 million) were included in cost of sales and administrative expenses respectively.
- ⁽³⁾ The reversal of allowance for sales discount in 1H2019 was mainly due to overprovision of sales discount in the previous financial year.
- ⁽⁴⁾ This relates mainly to the write off of motor vehicles.

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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
	30.6.2019 (unaudited) S\$'000	31.12.2018 (audited) S\$'000	30.6.2019 (unaudited) S\$'000	31.12.2018 (audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,825	10,846	5,839	4,793
Subsidiaries	-	-	6,624	6,624
Associates	257	303	-	-
Other receivables	-	-	551	-
Total non-current assets	12,082	11,149	13,014	11,417
Current assets				
Inventories	585	1,167	-	-
Trade receivables	11,517	11,183	-	-
Contract assets	1,506	5,590	-	-
Other receivables	774	854	860	4,548
Cash and bank balances	4,914	2,434	29	14
Total current assets	19,296	21,228	889	4,562
Total assets	31,378	32,377	13,903	15,979
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	11,555	11,555	11,555	11,555
Reserves	(3,709)	(3,710)	70	70
Retained earnings	7,248	8,508	(209)	757
Equity attributable to owners of the Company	15,094	16,353	11,416	12,382
Non-controlling interests	2,110	2,037	-	-
Total equity	17,204	18,390	11,416	12,382

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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 30.6.2019 (unaudited)	As at 31.12.2018 (audited)	As at 30.6.2019 (unaudited)	As at 31.12.2018 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Bank loans	91	89	-	-
Finance leases	12	58	-	-
Right-of-use liability	1,432	-	1,791	-
Deferred tax liabilities	331	313	-	-
Total non-current liabilities	1,866	460	1,791	-
Current liabilities				
Bank loans	6,986	7,356	-	-
Finance leases	12	36	-	-
Trade payables	1,803	3,930	-	-
Other payables	3,425	2,205	597	3,597
Right-of-use liability	71	-	99	-
Income tax payable	11	-	-	-
Total current liabilities	12,308	13,527	696	3,597
Total equity and liabilities	31,378	32,377	13,903	15,979

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1(c) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

Group			
As at 30.6.2019 (unaudited)		As at 31.12.2018 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,998	-	7,392	-

Amount repayable after one year

Group			
As at 30.6.2019 (unaudited)		As at 31.12.2018 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
103	-	147	-

Details of any collateral

- (a) The bank loans are secured by:
- (i) a first legal mortgage over the Group's leasehold property;
 - (ii) pledge of certain fixed deposits; and/or
 - (iii) corporate guarantees by a subsidiary and the Company.
- (b) The revolving credit facilities are repayable on demand and are secured by:
- (i) proceeds from 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.

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- 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.

<u>Group</u>	Half Year Ended	Half Year Ended
	30.6.2019 (unaudited)	30.6.2018 (unaudited)
	S\$'000	S\$'000
Operating activities		
Loss before income tax	(1,170)	(1,613)
Adjustments for:		
Interest income	(8)	(5)
Interest expenses	271	142
Reversal of allowance for sales discount	(136)	(73)
Depreciation of property, plant and equipment	615	534
Share of profit of associates	(26)	(31)
(Reversal of)/Allowance for doubtful debts	(32)	16
Write-off for inventory obsolescence	-	16
(Gain)/Loss on disposal of plant and equipment	(26)	35
Plant and equipment written off	37	-
Reversal of provision for foreseeable losses	-	(167)
Share-based payments	-	23
Loss on striking off of a subsidiary	-	23
Unrealised exchange differences	25	7
Operating cash flows before movements in working capital	(450)	(1,093)
Change in operating assets and liabilities		
Trade and other receivables	(221)	(1,942)
Contract assets	4,083	-
Inventories	582	(117)
Trade and other payables	(956)	176
Cash generated from/(used in) operations	3,038	(2,976)
Interest received	8	5
Interest paid	(271)	(142)
Income tax refund	6	-
Income tax paid	(4)	(16)
Net cash from/(used in) operating activities	2,777	(3,129)

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

Group	Half Year Ended 30.6.2019 (unaudited) S\$'000	Half Year Ended 30.6.2018 (unaudited) S\$'000
Investing activities		
Proceeds from disposal of plant and equipment	90	-
Purchase of plant and equipment	(108)	(112)
Dividend received from an associate	71	28
Net cash from/(used in) investing activities	53	(84)
Financing activities		
Increase in pledged fixed deposit	(434)	-
Proceeds from bank loans	-	4,000
Repayment of bank loans	(367)	(297)
Repayment of trade financing loans	-	(149)
Repayment of revolving credit line	-	(160)
Repayment of finance leases	(70)	(139)
Net cash (used in)/from financing activities	(871)	3,255
Net increase in cash and cash equivalents	1,959	42
Cash and cash equivalents at beginning of financial period	2,434	2,601
Effects of exchange rate changes on cash and cash equivalents	(4)	-
Cash and cash equivalents at end of financial period	4,389	2,643

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

Group	Half Year Ended 30.6.2019 (unaudited) S\$'000	Half Year Ended 30.6.2018 (unaudited) S\$'000
Comprising:		
Cash at bank	4,009	2,312
Fixed deposits	905	418
Sub-total	4,914	2,730
Fixed deposit pledged as a collateral for trade facilities	(525)	-
Bank overdraft	-	(87)
Cash and cash equivalents at end of financial period	4,389	2,643

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

	Share capital	Revaluation reserve	Other reserve	Translation reserve	Merger reserve	Share option 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	S\$'000
Balance at 1 January 2019	11,555	-	221	(87)	(3,914)	70	8,508	16,353	2,037	18,390
Total comprehensive income/(loss) for the period:										
(Loss)/profit for the period	-	-	-	-	-	-	(1,241)	(1,241)	73	(1,168)
Other comprehensive income for the period	-	-	-	1	-	-	-	1	-	1
Total	-	-	-	1	-	-	(1,241)	(1,240)	73	(1,167)
Transactions with owners, recognised directly in equity										
Recognition of share-based payments	-	-	-	-	-	-	-	-	-	-
Prior year adjustment	-	-	-	-	-	-	(19)	(19)	-	(19)
Total	-	-	-	-	-	-	(19)	(19)	-	(19)
Balance at 30 June 2019	11,555	-	221	(86)	(3,914)	70	7,248	15,094	2,110	17,204

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

	Share capital	Revaluation reserve	Other reserve	Translation reserve	Merger reserve	Share option 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	S\$'000
Balance at 1 January 2018	11,555	-	221	(50)	(3,914)	99	11,866	19,777	2,307	22,084
Total comprehensive income/(loss) for the period:										
Loss for the period	-	-	-	-	-	-	(1,580)	(1,580)	(45)	(1,625)
Other comprehensive income for the period	-	-	-	7	-	-	-	7	-	7
Total	-	-	-	7	-	-	(1,580)	(1,573)	(45)	(1,618)
Transactions with owners, recognised directly in equity										
Recognition of share-based payments	-	-	-	-	-	(29)	52	23	-	23
Effects of striking off of a subsidiary	-	-	-	-	-	-	-	-	23	23
Total	-	-	-	-	-	(29)	52	23	23	46
Balance at 30 June 2018	11,555	-	221	(43)	(3,914)	70	10,338	18,227	2,285	20,512

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- 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 period, representing total comprehensive income for the period	-	-	(966)	(966)
Total	-	-	(966)	(966)
Recognition of share-based payments	-	-	-	-
Balance at 30 June 2019	11,555	70	(209)	11,416

	Share capital	Share options reserve	Retained Earnings	Total
Company (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	11,555	99	547	12,201
Profit for the period, representing total comprehensive income for the period	-	-	100	100
Total	-	-	100	100
Recognition of share-based payments	-	(29)	52	23
Balance at 30 June 2018	11,555	70	699	12,324

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

	Company	
	No. of shares	Resultant issued and paid-up share capital (\$\$)
Ordinary shares		
Balance as at 31 December 2018 and 30 June 2019	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 30 June 2019, there were 3,000,000 outstanding share options under the Heatec Employee Share Scheme that may be exercised into 3,000,000 new ordinary shares in the capital of the Company (30 June 2018: 3,000,000 outstanding share options).

Save as disclosed above, there were no convertibles, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

- (i) 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	
	30.6.2019	31.12.2018
Total number of issued shares excluding treasury shares	122,959,345	122,959,345

There were no treasury shares as at 30 June 2019 and 31 December 2018.

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(ii) 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 treasury shares during and as at the end of 1H2019.

(iii) 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 subsidiary holdings during and as at the end of 1H2019.

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

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

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation for the current financial period as those adopted in the audited annual financial statements for the financial year ended 31 December 2018, except as disclosed 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:

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- 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 (Cont'd).**

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 (unaudited)	
	Half Year Ended 30.6.2019	Half Year Ended 30.6.2018
Loss per ordinary share of the Group based on net loss attributable to owners of the Company:		
(i) Basic (Singapore cents)	(1.01)	(1.28)
(ii) On a fully diluted basis (Singapore cents)	(1.01)	(1.28)
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

For 1H2019 and 1H2018, the basic and diluted loss per ordinary share of the Group were the same as the Group does not have any dilutive instruments for 1H2019 and 1H2018.

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- 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 30.6.2019 (unaudited)	As at 31.12.2018 (audited)	As at 30.6.2019 (unaudited)	As at 31.12.2018 (audited)
Net asset value per share based on total number of issued shares excluding treasury shares (Singapore cents)	12.28	13.30	9.28	10.07

The net asset value per ordinary share of the Group and the Company as at 30 June 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
Revenue and Operating Result

Revenue for 1H2019 decreased by 12.4% or S\$1.7 million mainly due to lower revenue recognition from the heat exchanger segment, partially offset by a marginal increase in revenue from the piping and chemical cleaning segments. The lower revenue recognition from the heat exchanger segment was mainly due to more projects being in completion stage in 1H2018, as compared to 1H2019, where more projects were still in design stage.

Cost of sales decreased by 22.3% or S\$2.4 million, and gross profit margin increased by 9.3 percentage points, to 27.4% in 1H2019 from 18.1% in 1H2018, mainly due to better project management which led to lower manpower costs and material costs incurred.

Other income decreased by 44.7% or approximately S\$192,000 mainly due to a decrease in reversal of foreseeable losses amounting to approximately S\$167,000, partially offset by an increase in government grant of approximately S\$39,000 in 1H2019.

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- 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).**

In 1H2019, the Group continued its efforts to manage administrative expenses prudently. Compared to 1H2018, the Group recorded a 7.4% or S\$0.3 million decrease in administrative expenses in 1H2019.

Other expenses increased by S\$0.3 million in 1H2019 mainly due to compensation staff costs incurred for a subsidiary, which is undergoing a restructuring exercise.

Share of profit of associates remained relatively stable at approximately S\$26,000 in 1H2019, as compared to approximately S\$31,000 in 1H2018.

Finance costs increased by S\$0.2 million due to an increase in bank loans and the Group having incurred lease interest expenses arising from the adoption of SFRS (I) 16 from 1 January 2019.

Overall, the Group reduced its net loss position by 28.1% or S\$0.5 million, from a net loss of S\$1.6 million in 1H2018 to S\$1.2 million in 1H2019.

8(b) Review of Financial Position

Assets

The Group's non-current assets increased by 8.4% or S\$0.9 million, from S\$11.1 million as at 31 December 2018 to S\$12.0 million as at 30 June 2019 mainly due to an increase in property, plant and equipment as a result of the recognition of ROU assets of S\$1.6 million arising from the adoption of SFRS(I) 16 on 1 January 2019, partially offset by depreciation charges of S\$0.6 million.

The Group's current assets decreased by 9.1% or S\$1.9 million, from S\$21.2 million as at 31 December 2018 to S\$19.3 million as at 30 June 2019, mainly due to the decreases in inventories and contract assets, partially offset by the increases in cash and cash balances and trade receivables. Inventories decreased by 49.9% or S\$0.6 million, mainly due to the goods in transit reclassifying to goods used in production. Contract assets decreased by 73.1% or S\$4.1 million due to a decrease in work-in-progress works. Trade receivables decreased by 3.0% or S\$0.3 million due to a decrease in revenue and debtors' collection. Please refer to "Review of Cash Flows" below for the reasons for the increase in cash and cash balances.

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- 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).**

Liabilities

The Group's non-current liabilities increased by S\$1.4 million, from S\$0.5 million as at 31 December 2018 to S\$1.9 million as at 30 June 2019, mainly due to an increase in the non-current portion of the ROU lease liability arising from the adoption of SFRS(I) 16 on 1 January 2019.

The Group's current liabilities decreased by 9.0% or S\$1.2 million, from S\$13.5 million as at 31 December 2018 to S\$12.3 million as at 30 June 2019, mainly due to the decreases in trade and other payables, and bank loans. Trade and other payables decreased by 14.8% or S\$0.8 million, mainly due to the payments made to suppliers. Bank loans decreased by 5.0% or S\$0.4 million, mainly due to repayments of existing loans.

Working Capital

As at 30 June 2019, the Group recorded positive working capital of S\$7.0 million.

8(c) Review of Cash Flows

The Group generated net cash from operating activities of S\$2.8 million in 1H2019, mainly due to the non-cash adjustment for depreciation including depreciation of ROU assets amounting S\$0.6 million, and cash inflow from contract assets and inventories of S\$4.1 million and S\$0.6 million respectively, partially offset by cash outflow from trade and other payables and trade and other receivables of S\$1.0 million and S\$0.2 million respectively, as well as interest paid of S\$0.3 million.

Net cash from investing activities of approximately S\$53,000 in 1H2019, was due to the proceeds from disposal of plant and equipment and dividend received from an associate in 1H2019, partially offset by the purchase of plant and equipment.

Net cash used in financing activities of S\$0.9 million in 1H2019, was due to the repayment of bank loans and finance leases amounting to an aggregate of S\$0.4 million, and the increase in pledged fixed deposit of S\$0.4 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows increased by S\$2.0 million, from S\$2.4 million as at 31 December 2018 to S\$4.4 million as at 30 June 2019.

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

Not applicable.

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

The general consensus is that the oil and gas industry has bottomed but recovery may be slow. The market for Floating, Production, Storage and Offloading (“FPSO”) vessels has been strengthening, and the Group intends to leverage on its extensive track record to secure more projects.

Financing continues to be a critical concern as banks continue to be conservative and prudent in the current market conditions.

The Company had, on 28 December 2018, announced a new contract secured under its Heat Exchanger segment, with a contract value of approximately US\$3.2 million. This project is expected to be completed by the end of 2019. The Group is building on this positive momentum to secure more orders to further strengthen its order book.

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

- 11 Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for 1H2019.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for 1H2019 as the Group incurred losses in the period.

- 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 the interested person transactions entered into in 1H2019 is as follows:

Name of Interested Person	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
Soon Yeow Kwee Johnny and Yong Yeow Sin - Provision of consultancy services and allowances	123	-

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

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14 CONFIRMATION PURSUANT TO RULE 705(5) OF THE CATALIST RULES

The Board of Directors (the “**Board**”) do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited consolidated financial results of the Group for the half year ended 30 June 2019 to be false or misleading in any material aspects.

15. CONFIRMATION BY THE COMPANY PURSUANT TO RULE 720(1) OF THE CATALIST RULES

The Company confirms that it has procured all the required undertakings from all the Directors and Executive Officers of the Company under Rule 720(1) of the Catalist Rules.

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

Soon Jeffrey
CEO & Executive Director

Singapore, 14 August 2019