

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES  
Condensed Interim Financial Statements Announcement  
For the Six Months ended 30 June 2023

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## Condensed Interim Unaudited Financial Statements Announcement for the Six Months ended 30 June 2023

This announcement has been prepared by Heatec Jietong Holdings Ltd. (the “**Company**”) and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

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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**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<b>Group</b>	Note	6 months ended	6 months ended	Increase/ (Decrease)
		30 June 2023 (unaudited)	30 June 2022 (unaudited)	
		S\$'000	S\$'000	%
<b>Revenue</b>	4	<b>11,751</b>	<b>10,037</b>	<b>17</b>
Cost of sales		(7,785)	(7,270)	7
<b>Gross profit</b>		<b>3,966</b>	<b>2,767</b>	<b>43</b>
Other income	6	249	693	(64)
<b>Expenses</b>				
Administrative expenses		(3,935)	(3,770)	4
Reversal impairment losses on financial assets		36	-	NM
Finance costs	7	(248)	(249)	-
Share of results of associates		24	19	26
<b>Profit/(loss) before tax</b>	8	<b>92</b>	<b>(540)</b>	<b>NM</b>
Income tax (expense)/credit	9	(11)	4	NM
<b>Profit/(loss) for the financial period</b>		<b>81</b>	<b>(536)</b>	<b>NM</b>

NM denotes not meaningful

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**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**

<b>Group</b>	<b>Note</b>	<b>6 months ended</b>	<b>6 months ended</b>	<b>Increase/</b>
		<b>30 June 2023</b>	<b>30 June 2022</b>	<b>(Decrease)</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(Decrease)</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Profit/(loss) for the financial period</b>		<b>81</b>	<b>(536)</b>	<b>NM</b>
<b>Other comprehensive income/(loss):</b>				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(36)	(16)	>100
Share of other comprehensive loss of associates		(10)	(5)	100
<b>Other comprehensive loss for the financial period, net of tax</b>		<b>(46)</b>	<b>(21)</b>	<b>&gt;100</b>
<b>Total comprehensive income/(loss) for the financial period</b>		<b>35</b>	<b>(557)</b>	<b>NM</b>
<b>Profit/(loss) attributable to:</b>				
Equity holders of the Company		43	(557)	NM
Non-controlling interests		38	21	81
<b>Profit/(loss) for the financial period</b>		<b>81</b>	<b>(536)</b>	<b>NM</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company		(3)	(578)	(99)
Non-controlling interests		38	21	81
<b>Total comprehensive income/(loss) for the financial period</b>		<b>35</b>	<b>(557)</b>	<b>NM</b>

NM denotes not meaningful

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**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**

		6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	Increase/ (Decrease) %
	Note			
<b><u>Profit/(loss) per share attributable to equity holders of the Company during the financial period:</u></b>				
Basic (Singapore cents)	10	0.02	(0.45)	NM
Diluted (Singapore cents)	10	0.02	(0.45)	NM

NM denotes not meaningful

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**B. Condensed Interim Statements of Financial Position**

	Note	The Group		The Company	
		As at	As at	As at	As at
		30.06.2023 (unaudited)	31.12.2022 (audited)	30.06.2023 (unaudited)	31.12.2022 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	8,000	8,488	3,654	3,917
Investment in subsidiaries		-	-	8,203	5,503
Investment in associates		232	253	-	-
Intangible assets		1,969	-	-	-
<b>Total non-current assets</b>		<b>10,201</b>	<b>8,741</b>	<b>11,857</b>	<b>9,420</b>
<b>Current assets</b>					
Inventories		353	358	-	-
Contract assets		4,350	6,340	-	-
Trade receivables	14	6,963	4,724	-	-
Other receivables	14	2,596	547	4,408	4,483
Cash and bank balances		1,485	1,850	30	88
<b>Total current assets</b>		<b>15,747</b>	<b>13,819</b>	<b>4,438</b>	<b>4,571</b>
<b>Total assets</b>		<b>25,948</b>	<b>22,560</b>	<b>16,295</b>	<b>13,991</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	15	1,995	2,219	1,198	1,613
Deferred tax liabilities		265	269	-	-
<b>Total non-current liabilities</b>		<b>2,260</b>	<b>2,488</b>	<b>1,198</b>	<b>1,613</b>
<b>Current liabilities</b>					
Contract liabilities		1,131	825	-	-
Trade payables	16	1,410	888	-	-
Other payables	16	1,640	1,987	576	736
Provision for warranty		45	45	-	-
Borrowings	15	5,386	5,597	826	764
Tax payable		155	31	-	-
<b>Total current liabilities</b>		<b>9,767</b>	<b>9,373</b>	<b>1,402</b>	<b>1,500</b>
<b>Total liabilities</b>		<b>12,027</b>	<b>11,861</b>	<b>2,600</b>	<b>3,113</b>
<b>NET ASSETS</b>		<b>13,921</b>	<b>10,699</b>	<b>13,695</b>	<b>10,878</b>

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**B. Condensed Interim Statements of Financial Position (Cont'd)**

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		30.06.2023	31.12.2022	30.06.2023	31.12.2022
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
<b>EQUITY</b>					
Share capital	17	14,255	11,555	14,255	11,555
Reserves		(832)	(829)	(560)	(677)
<b>Equity attributable to equity holders of the Company, total</b>		<b>13,423</b>	<b>10,726</b>	<b>13,695</b>	<b>10,878</b>
Non-controlling interests		498	(27)	-	-
<b>Total equity</b>		<b>13,921</b>	<b>10,699</b>	<b>13,695</b>	<b>10,878</b>

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**C. Condensed Interim Statements of Changes in Equity**

	Attributable to equity holders of the Group								Total
	Share capital	Translation reserve	Merger reserve	Share options reserve	Net discount received on equity	Retained earnings	Total	Non-controlling interest	
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2023</b>	11,555	(135)	(3,914)	70	596	2,554	10,726	(27)	10,699
Profit for the financial period	-	-	-	-	-	43	43	38	81
<i>Other comprehensive loss</i>									
Currency translation differences arising on consolidation	-	(36)	-	-	-	-	(36)	-	(36)
Share of other comprehensive loss of associates	-	(10)	-	-	-	-	(10)	-	(10)
Other comprehensive loss for the financial period, net of tax	-	(46)	-	-	-	-	(46)	-	(46)
Total comprehensive income/(loss) for the financial period	-	(46)	-	-	-	43	(3)	38	35
Acquisition of a subsidiary	2,700	-	-	-	-	-	2,700	487	3,187
<b>At 30 June 2023</b>	<b>14,255</b>	<b>(181)</b>	<b>(3,914)</b>	<b>70</b>	<b>596</b>	<b>2,597</b>	<b>13,423</b>	<b>498</b>	<b>13,921</b>



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**C. Condensed Interim Statements of Changes in Equity (Cont'd)**

	Attributable to equity holders of the Group								Total
	Share capital	Translation reserve	Merger reserve	Share options reserve	Net discount received on equity	Retained earnings	Total	Non-controlling interests	
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2022</b>	11,555	(45)	(3,914)	70	221	3,332	11,219	1,927	13,146
(Loss)/profit for the financial period	-	-	-	-	-	(557)	(557)	21	(536)
<i>Other comprehensive loss</i>									
Currency translation differences arising on consolidation	-	(16)	-	-	-	-	(16)	-	(16)
Share of other comprehensive income of associates	-	(5)	-	-	-	-	(5)	-	(5)
Other comprehensive loss for the financial period, net of tax	-	(21)	-	-	-	-	(21)	-	(21)
Total comprehensive income/(loss) for the financial period	-	(21)	-	-	-	(557)	(578)	21	(557)
Acquisition of equity interest from Non-Controlling Interest without a change in control	-	-	-	-	375	-	375	(1,975)	(1,600)
<b>At 30 June 2022</b>	11,555	(66)	(3,914)	70	596	2,775	11,016	(27)	10,989

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**C. Condensed Interim Statements of Changes in Equity (Cont'd)**

	Share capital	Share options reserve	Retained earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2023</b>	<b>11,555</b>	<b>70</b>	<b>(747)</b>	<b>10,878</b>
Profit and total comprehensive income for the financial period	-	-	117	117
Acquisition of a subsidiary	2,700	-	-	2,700
<b>At 30 June 2023</b>	<b>14,255</b>	<b>70</b>	<b>(630)</b>	<b>13,695</b>

	Share capital	Share options reserve	Retained earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2022</b>	<b>11,555</b>	<b>70</b>	<b>(775)</b>	<b>10,850</b>
Loss and total comprehensive loss for the financial period	-	-	(152)	(152)
<b>At 30 June 2022</b>	<b>11,555</b>	<b>70</b>	<b>(927)</b>	<b>10,698</b>

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**D. Condensed Interim Consolidated Statement of Cash Flows**

	Note	The Group	
		6 months ended	6 months ended
		30 June 2023	30 June 2022
		(unaudited)	(unaudited)
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		92	(540)
<b>Adjustments for:</b>			
Interest expenses	7	248	249
Depreciation of property, plant and equipment	8.1	516	586
Gain on disposal of property, plant and equipment		(95)	-
Share of results of associates		(24)	(19)
<b>Operating cash flows before movements in working capital</b>		<b>737</b>	<b>276</b>
Change in operating assets and liabilities			
Trade and other receivables and contract assets		(768)	760
Inventories		5	4
Trade and other payables and contract liabilities		348	(742)
Exchange differences		(35)	(13)
<b>Cash generated from operations</b>		<b>287</b>	<b>285</b>
Interest paid	7	(56)	(55)
Income tax paid		(16)	(35)
<b>Net cash generated from operating activities</b>		<b>215</b>	<b>195</b>
<b>Cash flows from investing activities</b>			
Acquisition of a subsidiary, net of cash acquired		354	(1,400)
Purchases of property, plant and equipment		(6)	(55)
Proceeds from disposal of property, plant and equipment		95	-
Dividends received from an associate		35	-
<b>Net cash generated from/(used in) investing activities</b>		<b>478</b>	<b>(1,455)</b>

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**D. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)**

	Note	The Group	
		6 months ended	6 months ended
		30 June 2023	30 June 2022
		(unaudited)	(unaudited)
		S\$'000	S\$'000
<b>Cash flows from financing activities</b>			
Interest paid	7	(185)	(194)
Increase in pledged fixed deposit		(74)	-
Proceeds from bank loans		300	-
Proceeds from trade financing		1,291	288
Repayments of bank loans		(1,523)	(1,263)
Repayment for trade financing		(888)	-
Repayments of lease liabilities		(53)	(48)
<b>Net cash (used in) financing activities</b>		<b>(1,132)</b>	<b>(1,217)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(439)</b>	<b>(2,477)</b>
Cash and cash equivalents at beginning of financial period		1,850	4,725
<b>Cash and cash equivalents at end of financial period</b>		<b>1,411</b>	<b>2,248</b>
<b>Group</b>			
<b>Comprising</b>			
Cash at bank		1,485	2,248
Less: Pledged fixed deposits		(74)	-
<b>Cash and cash equivalents for presentation on the consolidated statement of cash flows</b>		<b>1,411</b>	<b>2,248</b>

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**E. Notes to the condensed interim consolidated financial statements**

**1 Corporate Information**

Heatec Jietong Holdings Ltd. (Co. Reg. No. 200717808Z) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”). The address of its registered office and principal place of business is at 10 Tuas South Street 15, Singapore 637076.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are:

- (a) Servicing and fabrication of heat exchangers;
- (b) To carry on the businesses of repairing ships, tankers and other ocean-going vessels;
- (c) To provide chemical cleaning services to ships and tankers; and
- (d) To provide trading services.

**2 Basis of Preparation**

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 are presented in Singapore Dollars (“**\$**”), which is the Company’s functional currency. The unaudited condensed consolidated interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* (“**SFRS(I)**”) issued by the Accounting Standards Council Singapore. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of unaudited condensed consolidated interim financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies and methods of computation adopted for the unaudited condensed consolidated interim financial statements are consistent with those adopted by the Company in its most recently audited annual financial statements for the year ended 31 December 2022, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2.1 Adoption of New or Amended Standards**

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

**2.2 Use of estimates and judgements**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that particular period, or in the period of the revision and future periods if the revision affects both current and future periods.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

**3 Seasonal Operations**

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period reported on.

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**4 Segment Information**

The Group is organised into business units based on its services for management purposes. The reportable segments are piping, heat exchanger, chemical cleaning and trading. The Trading segment is a new business segment, following the acquisition of a 60% shareholding in Setya Energy Pte. Ltd. These operating segments are reported in a manner consistent with internal reporting provided to the management who are responsible for allocation of resources and assessment of performances of each segment.

**4.1 Reportable segments**

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Trading S\$'000	Unallocated S\$'000	Consolidated S\$'000
<b>1 January 2023 to 30 June 2023</b>						
Total segment revenues	2,605	6,857	2,645	1,409	-	13,516
Inter-segment revenues	(34)	(645)	(1,086)	-	-	(1,765)
Revenue from external customers	2,571	6,212	1,559	1,409	-	11,751
Other income	83	66	100	-	-	249
Total revenue and other income	2,654	6,278	1,659	1,409	-	12,000
Depreciation of property, plant and equipment	(4)	(113)	(111)	-	(288)	(516)
Segment results	(714)	409	503	118	-	316
Share of results of associates						24
Finance costs	(32)	(124)	(20)	(9)	(63)	(248)
Profit before tax						92
Income tax expense						(11)
Profit for the financial period						81
<b>Segment assets</b>	<b>5,907</b>	<b>7,421</b>	<b>3,476</b>	<b>1,937</b>	<b>7,207</b>	<b>25,948</b>
Additions to non-current assets (PPE)	3	3	-	-	-	6
<b>Segment liabilities</b>	<b>762</b>	<b>6,737</b>	<b>1,584</b>	<b>623</b>	<b>2,321</b>	<b>12,027</b>

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**4.1 Reportable segments (cont'd)**

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
<b><u>1 January 2022 to 30 June 2022</u></b>					
Total segment revenues	4,510	5,053	1,923	-	11,486
Inter-segment revenues	(27)	(457)	(965)	-	(1,449)
Revenue from external customers	4,483	4,596	958	-	10,037
Other income	356	256	81	-	693
Total revenue and other income	4,839	4,852	1,039	-	10,730
Depreciation of property, plant and equipment	(9)	(109)	(177)	(291)	(586)
Segment results	257	(658)	91	-	(310)
Share of results of associates					19
Finance cost	(20)	(136)	(19)	(74)	(249)
Loss before tax					(540)
Income tax credit					4
Loss for the financial period					(536)
<b>Segment assets</b>	<b>6,766</b>	<b>7,160</b>	<b>3,634</b>	<b>5,900</b>	<b>23,460</b>
Additions to non-current assets (PPE)	-	50	5	-	55
<b>Segment liabilities</b>	<b>661</b>	<b>7,479</b>	<b>1,234</b>	<b>3,097</b>	<b>12,471</b>



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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**4.2 Disaggregation of revenue**

The following tables provide a disaggregation of the Group's revenue by timing of revenue recognition.

	<b>The Group</b>				
	<b>6 months ended 30 June 2023 (unaudited)</b>				
	<b>Piping</b>	<b>Heat Exchanger</b>	<b>Chemical Cleaning</b>	<b>Trading</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>

<b>Timing of revenue recognition:</b>					
At a point in time	-	-	1,559	1,409	2,968
Over time	2,571	6,212	-	-	8,783
	2,571	6,212	1,559	1,409	11,751

	<b>The Group</b>				
	<b>6 months ended 30 June 2022 (unaudited)</b>				
	<b>Piping</b>	<b>Heat Exchanger</b>	<b>Chemical Cleaning</b>	<b>Trading</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>

<b>Timing of revenue recognition:</b>					
At a point in time	-	-	958	-	958
Over time	4,483	4,596	-	-	9,079
	4,483	4,596	958	-	10,037

*Segment assets*

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the condensed interim consolidated financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments.

*Segment liabilities*

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the condensed interim consolidated financial statements.

**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.

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**4.2 Disaggregation of revenue (cont'd)**

**Information about major customer**

Revenue is derived from 3 (30 June 2022: 2) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	6 months ended	6 months ended
		30 June 2023	30 June 2022
		(unaudited)	(unaudited)
		S\$'000	S\$'000
Customer A	Piping segment	1,761	3,719
Customer B	Heat exchanger segment	1,506	1,057
Customer C	Heat exchanger segment	1,587	-
		4,854	4,776

**5 Financial Assets and Financial Liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	The Group		The Company		
	As at	As at	As at	As at	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	
	(unaudited)	(audited)	(unaudited)	(audited)	
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Assets</b>					
Cash and bank balances and trade and other receivables (At amortised cost)	9,176	6,917	4,407	4,524	
<b>Financial Liabilities</b>					
Trade and other payable and borrowings (At amortised cost)	10,175	10,572	2,548	3,020	

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**6 Other income**

	The Group	
	6 months ended 30.06.2023 (unaudited)	6 months ended 30.06.2022 (unaudited)
	S\$'000	S\$'000
Government grant income	57	572
Gain on disposal of property, plant and equipment	95	-
Sundry income	93	11
Net foreign exchange gain	4	110
	249	693

**7 Finance costs**

	The Group	
	6 months ended 30.06.2023 (unaudited)	6 months ended 30.06.2022 (unaudited)
	S\$'000	S\$'000
Interest on:		
- Term loans	133	140
- Lease liabilities	52	54
- Trade financing	32	20
- Others	31	35
	248	249

**8 Profit before tax**

**8.1 Significant items**

	The Group	
	6 months ended 30.06.2023 (unaudited)	6 months ended 30.06.2022 (unaudited)
	S\$'000	S\$'000
<b>Expenses</b>		
Interest on borrowings	133	140
Depreciation of property, plant and equipment		
- Recognised in cost of sales	142	166
- Recognised in administrative expenses	374	420

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**8.2 Related party transactions**

In addition to information disclosed elsewhere in this financial statement, the following transactions took place between the Group and related parties, who are not members of the Group during the financial period reported on, on terms agreed by the parties concerned:

	<b>The Group</b>	
	<b>6 months ended 30.06.2023 (unaudited)</b>	<b>6 months ended 30.06.2022 (unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>With associates</b>		
Purchases from	310	88
<b>With shareholders which exert significant influence over the Company</b>		
Rendering of services	3	44
Provision of consultancy services	36	36
<b>With entity controlled by Director of the Company</b>		
Provision of legal and corporate secretarial services	24	45

**9 Income tax**

The Group income tax was calculated on profit before income tax for the financial period reported on, using the effective tax rate for the year. The major components of income tax expenses in the condensed interim consolidated statement of profit or loss are:

	<b>The Group</b>	
	<b>6 months ended 30.06.2023 (unaudited)</b>	<b>6 months ended 30.06.2022 (unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Tax expense attributable to profit is made up of:		
Provision for current year	(15)	-
Deferred tax	4	4
Income tax (expense)/credit	(11)	4

The income tax applicable to the Company is 17% (six months ended 30 June 2022: 17%). The corporate income tax rate applicable to the subsidiaries in Singapore and People's Republic of China are 17% (six months ended 30 June 2022: 17%) and 25% (six months ended 30 June 2022: 25%) respectively.

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**10 Earnings per share attributable to equity holders of the Company**

	The Group	
	6 months ended 30.06.2023 (unaudited)	6 months ended 30.06.2022 (unaudited)
Basic and diluted earnings per ordinary share (Singapore cents)	0.02	(0.45)
Weighted average number of ordinary shares in issue	204,777,526	122,959,345

Earnings per ordinary share of the Group for each of six months ended 30 June 2023 ("1H2023") and six months ended 30 June 2022 ("1H2022") is calculated based on net profit/(loss) attributable to equity owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

The basic and diluted earnings per ordinary share are the same as the share options outstanding during 1H2023 and 1H2022 do not have a dilutive effect.

**11 Dividends**

In view of the Group's nascent return to profitability in 1H2023, no dividend has been declared or recommended by the Board of Directors for 1H2023, as the Group wishes to conserve cash to meet the operational and financial requirements of the Group.

**12 Net asset value**

	Group		Company	
	As at 30.06.2023 (unaudited)	As at 31.12.2022 (audited)	As at 30.06.2023 (unaudited)	As at 31.12.2022 (audited)
	Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	6.56	8.72	6.69

The net asset value per ordinary share of the Group and the Company as at 30 June 2023 and 31 December 2022 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 204,777,526 and 122,959,345 respectively.

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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**13 Property, plant and equipment**

In 1H2023, the Group acquired assets amounting to S\$6,000 (30 June 2022: S\$55,000) and disposed of assets amounting to S\$169,000 (30 June 2022: S\$Nil).

As at 30 June 2023, the carrying amount of pledged property, plant and equipment to secure the bank borrowings was S\$3,862,000 (30 June 2022: S\$4,230,000); and the carrying amount of property, plant and equipment held under right-of-use assets were S\$842,000 (30 June 2022: S\$956,000).

**14 Trade and other receivables**

	Group		Company	
	As at 30.06.2023 (unaudited)	As at 31.12.2022 (audited)	As at 30.06.2023 (unaudited)	As at 31.12.2022 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Trade receivables</b>				
Third parties	7,438	5,235	-	-
Less: Allowance for impairment loss	(475)	(511)	-	-
	6,963	4,724	-	-
<b>Other receivables</b>				
Subsidiaries	-	-	4,363	4,429
Other receivables	436	136	-	-
GST recoverable	57	41	-	-
Deposits	292	207	14	7
Prepayments	646	132	31	47
Advance payment to supplier	1,165	31	-	-
	2,596	547	4,408	4,483

Amounts receivable from subsidiaries are unsecured, interest-free and repayable on demand.

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**15 Borrowings**

**Amount repayable within one year or on demand**

<b>Group</b>			
<b>As at 30.06.2023 (unaudited)</b>		<b>As at 31.12.2022 (audited)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
5,386	-	5,597	-

**Amount repayable after one year**

<b>Group</b>			
<b>As at 30.06.2023 (unaudited)</b>		<b>As at 31.12.2022 (audited)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
1,995	-	2,219	-

**Amount repayable within one year or on demand**

<b>Company</b>			
<b>As at 30.06.2023 (unaudited)</b>		<b>As at 31.12.2022 (audited)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
826	-	764	-

**Amount repayable after one year**

<b>Company</b>			
<b>As at 30.06.2023 (unaudited)</b>		<b>As at 31.12.2022 (audited)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
1,198	-	1,613	-

**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 granted by the Company.

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**16 Trade and other payables**

	Group		Company	
	As at 30.06.2023	As at 31.12.2022	As at 30.06.2023	As at 31.12.2022
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Trade payables</b>				
Third parties	1,410	888	-	-
<b>Other payables</b>				
Subsidiaries	-	-	55	14
Accruals	967	1,190	225	331
Other payables	417	678	20	74
Financial guarantee	-	-	224	224
GST payables	256	119	52	93
	1,640	1,987	576	736

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

**17 Share Capital**

	Group and Company			
	As at 30 June 2023		As at 31 December 2022	
	Number of issued shares '000	Total share capital S\$'000	Number of issued shares '000	Total share capital S\$'000
<u>Issued and fully paid up</u>				
At the beginning of period/year	122,959	11,555	122,959	11,555
Shares issued	81,818*	2,700	-	-
At the end of period/year	204,778*	14,255	122,959	11,555

Following the allotment and issue of the consideration shares for the acquisition of a 60% shareholding of Setya Energy Pte. Ltd., the total number of issued shares has increased from 122,959,345 to 204,777,526.

\* discrepancies due to rounding



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**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**17 Share capital (cont'd)**

As at 30 June 2023, 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 (representing 1.5% of the Company's 204,777,526 ordinary shares as at 30 June 2023) in the capital of the Company (30 June 2022: 3,000,000 outstanding share options, exercisable into 3,000,000 new ordinary shares representing 2.4% of the Company's 122,959,345 ordinary shares as at 30 June 2022).

Save as disclosed above, there were no convertibles, treasury share or subsidiary holdings as at 30 June 2023 and as at 30 June 2022.

The Company did not have any sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during the six-month period ended and as at 30 June 2023.

**18 Subsequent events**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

No major subsequent event has occurred since the end of the financial period ended 30 June 2023 up to the date of this announcement.

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**F Management Discussion and Analysis – Financial Review Section**

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.

**1 Review of Group Performance**

**Six-month financial period ended 30 June 2023 (“1H2023”) vs six-month financial period ended 30 June 2022 (“1H2022”)**

**Revenue**

Revenue increased by 17% or S\$1.8 million, from S\$10.0 million in 1H2022 to S\$11.8 million in 1H2023. The increase was due to more projects from the Heat Exchanger segment and work orders from the Chemical Cleaning segment, which reported a 40% increase in aggregate revenue, from S\$5.6 million in 1H2022 to S\$7.8 million in 1H2023. The increase was also due to the Trading segment, which contributed S\$1.4 million revenue in 1H2023. The Trading segment is a new business segment, following the acquisition of a 60% shareholding in Setya Energy Pte. Ltd., which was completed on 6 February 2023. The increase was partially offset by a decrease in revenue from the Piping segment, which reported a decrease of 43% or S\$1.9 million, from S\$4.5 million in 1H2022 to S\$2.6 million in 1H2023.

**Operating Results**

Gross profit increased by 43% or S\$1.2 million, from S\$2.8 million in 1H2022 to S\$4.0 million in 1H2023. The increase was mainly due to the increase in revenue.

Other income decreased by 64% or S\$0.5 million, from S\$0.7 million in 1H2022 to S\$0.2 million in 1H2023. The decrease was mainly due to a decrease in government grants in 1H2023. The government grants relate to Foreign Worker Levies received in response to the impact of the COVID-19 pandemic. However, the abovementioned grants ended in 2022.

Administrative expenses increased by 4.0% or S\$0.1 million, from S\$3.8 million in 1H2022 to S\$3.9 million in 1H2023, mainly due to higher repair and maintenance and utilities incurred in 1H2023.

Finance costs remained stable at S\$0.2 million for both 1H2023 and 1H2022.

Overall, the Group recorded a net profit of S\$0.08 million in 1H2023, as compared to a net loss of S\$0.5 million in 1H2022, primarily as a result of the increase in revenue.

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**2 Review of Statement of Financial Position**

**Non-Current Assets**

The Group's non-current assets increased by 17% or S\$1.5 million, from S\$8.7 million as at 31 December 2022 to S\$10.2 million as at 30 June 2023. The increase was mainly due to the recognition of goodwill after the acquisition of a 60% shareholding in Setya Energy Pte. Ltd. which occurred in the six months ended 30 June 2023.

**Current Assets**

The Group's current assets increased by 14% or S\$1.9 million, from S\$13.8 million as at 31 December 2022 to S\$15.7 million as at 30 June 2023. The increase was mainly due to an increase in trade receivables and other receivables and partially offset by a decrease in contract assets and cash and bank balances.

Trade receivables increased by S\$2.3 million, from S\$4.7 million as at 31 December 2022 to S\$7.0 million as at 30 June 2023, mainly due to an increase in revenue in 1H2023. Other receivables increased by S\$2.1 million, from S\$0.5 million as at 31 December 2022 to S\$2.6 million as at 30 June 2023 due to an increase in advance payment to suppliers, prepayments and other receivables. Cash and bank balances decreased by S\$0.4 million, from S\$1.9 million as at 31 December 2022 to S\$1.5 million as at 30 June 2023. Please refer to "Review of Cash Flows" in Section F3 below for the reasons for the decrease in cash and bank balances. Contract assets decreased by S\$1.9 million, from S\$6.3 million as at 31 December 2022 to S\$4.4 million as at 30 June 2023, as billing has been issued for the work completed as at 30 June 2023.

**Non-Current Liabilities**

The Group's non-current liabilities decreased by 8% or S\$0.2 million, from S\$2.5 million as at 31 December 2022 to S\$2.3 million as at 30 June 2023, mainly due to repayment of loan in 1H2023.

**Current Liabilities**

The Group's current liabilities increased by 4% or S\$0.4 million, from S\$9.4 million as at 31 December 2022 to S\$9.8 million as at 30 June 2023. The increase was mainly due to an increase in contract liabilities and trade payables, which arose due to billing in-excess of revenue from contracts and an increase in purchases during 1H2023 for major projects in Heat Exchanger segment.

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**2 Review of Statement of Financial Position (Cont'd)**

**Working Capital Position**

The Group reported a positive working capital position of S\$6.0 million as at 30 June 2023, as compared to S\$4.5 million as at 31 December 2022.

**3 Review of Statement of Cash Flows**

In 1H2023, the Group recorded net cash generated from operating activities of S\$0.3 million, which was mainly a result of (i) operating cash inflows before changes in working capital of S\$0.7 million, (ii) net working capital outflows of S\$0.5 million which was mainly due to a decrease in trade and other receivables and contract assets of S\$0.8 million and was partially offset by an increase in trade and other payables and contract liabilities of S\$0.3 million, and (iii) interest and income tax paid of S\$0.1 million.

Net cash generated from investing activities of S\$0.5 million in 1H2023 was mainly due to the net cash acquired from the acquisition of a 60% shareholding in Setya Energy Pte Ltd.

Net cash used in financing activities of S\$1.1 million in 1H2023 was mainly due to repayment of bank loans and trade financing of S\$2.4 million and was partially offset by proceeds from bank loans and trade financing loans of S\$1.6 million. Net aggregate of interest paid and pledged fixed deposit was S\$0.3 million in 1H2023.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows decreased by S\$0.4 million, from S\$1.9 million as at 31 December 2022, to S\$1.4 million as at 30 June 2023.

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#### **4 Future Prospects**

While the foreign labour situation has eased, the industry still grapples with a shortage of worker dormitories as well as the escalating rental costs. At the same time, the skilled Singaporean labour market remains tight. Therefore, the Group continues to be cautious in securing contracts with tight delivery schedules.

Meanwhile, the Group's newly-set up base in Ho Chi Minh, Vietnam – Heatec Vietnam – is now operational. Together with the Group's Vietnamese partner, the Group is actively pursuing opportunities there. By setting up an outpost in Vietnam, the Group sees this as a strategic move in view of Singapore's tight labour market. It will allow the Group to explore opportunities in the Indochina region which has a thriving marine, oil and gas industry.

Overall, the FPSO market globally continues to be very buoyant, thanks to robust exploration and related activities in the entire ecosystem. Having access to additional capacity and workers in Vietnam, coupled with the Group's excellent track record and reputation with our customers, will further enhance the Group's competitive advantage.

The Group is currently on track to complete the US\$3.3 million contract that was secured in December 2022. As such, this project will contribute positively to the Group's financial performance in FY2023.

The acquisition of a 60% stake in Setya Energy Pte. Ltd., which specialises in the trading of marine petroleum in Southeast Asia, was successfully completed in February 2023. This acquisition presents a good opportunity for the Group to diversify from its existing businesses.

Moving ahead, the Group continues to look for inorganic growth through synergistic and complementary opportunities.

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**G Other information required by SGX-ST Catalist Rule Appendix 7C**

**1 Review**

The condensed consolidated statement of financial position of Heatec Jietong Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2023 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

**2 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.**

The Company's auditor had issued a qualified opinion in respect of the Group's FY2022 audited financial statements. With regard to the audit issue raised by the Company's auditor in relation to certain consultancy service arrangements, the Board has been actively discussing with Management for Management to review and update the Company's internal control processes to ensure, among others, that the review process for, among others, entry into contracts with external service providers will be further tightened and enhanced in respect of specific delegation of authority for different threshold amounts, and segregated for both operational and non-operational (mainly financing and investment) activities, and to ensure that the terms of such said contracts specify, to the extent possible, the deliverables and stipulated payment milestones to match such deliverables.

Management will also ensure that meetings with external third parties are properly documented to record key discussion points and action plans so that such documentation may be readily furnished to the relevant parties, including the Company's independent auditors, to clarify and/or confirm any deliverables and/or work done by third parties, where required.

The Company is also concurrently reviewing its review and approval process for out-sourcing arrangements to identify gaps in the existing procedures and to implement rectifications/improvements, if any.

As part of the follow-up action, the Audit and Risk Management Committee will hold discussions with the internal auditors to consider performing reviews on this as an area for improvement in the last quarter of this financial year.

The Board hereby confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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**3 Review of performance of the Group**

Please refer to “Management Discussion and Analysis – Financial Review” in Sections F1 to F3.

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

Not applicable. No forecast or prospect statement was previously disclosed to shareholders.

**5 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 operating period and the next 12 months.**

Please refer to “Management Discussion and Analysis – Future Prospects” in Section F4.

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**G Other information required by SGX-ST Catalist Rule Appendix 7C (Cont'd)**

**6 Dividend**

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

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

No dividend has been declared/recommended for 1H2023.

**(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) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) 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.

**(f) 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 nascent return to profitability in 1H2023, no dividend has been declared or recommended by the Board of Directors for 1H2023, as the Group wishes to conserve cash to meet the operational and financial requirements of the Group.



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**G Other information required by SGX-ST Catalist Rule Appendix 7C (Cont'd)**

**7 Interested Person Transactions (“IPTs”)**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920(1) of the Catalist Rules.

**8 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured and received all the required undertakings from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**9 Disclosure of acquisition (including incorporations) and sale of shares for the six-month period ended 30 June 2023 as required under Rule 706A of the Catalist Rules**

On 6 February 2023, the Group successfully acquired a 60% shareholding interest in Setya Energy Pte. Ltd. for a purchase consideration of S\$2,700,000, which was satisfied by way of issuance and allotment of 81,818,181 ordinary shares in the capital of the Company at an issue price of S\$0.033 per consideration share. Following the allotment and issue of the consideration shares, the total number of issued shares in the Company has increased from 122,959,345 to 204,777,526. Following completion, Setya Energy Pte. Ltd. is now a direct subsidiary of the Company. The acquired shares in Setya Energy Pte. Ltd. represented a net tangible asset value of S\$0.7 million as at 6 February 2023.

The purchase consideration was arrived at based on the following:

Setya Energy Pte. Ltd. was a private company limited by shares incorporated in Singapore on 25 March 2017 and had an existing issued and paid-up capital of S\$500,000 represented by 500,000 ordinary shares.

**Net Profit**

Based on the audited financial statements of Setya Energy Pte. Ltd. for the financial year ended 31 December 2021, Setya Energy Pte. Ltd. had a net profit before tax of approximately S\$509,465 and the net profit before tax attributable to of 60% of the shareholding interests in Setya Energy Pte. Ltd. (the “Sale Shares”) was approximately S\$305,679.

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Asset Value

Based on the audited financial statements of Setya Energy Pte. Ltd. for the financial year ended 31 December 2021, the book value and net tangible asset value of Setya Energy Pte. Ltd. was approximately S\$942,347 and S\$942,347, respectively. Based on the foregoing, the book value and net tangible asset value attributable to the Sale Shares for that financial year was approximately S\$565,408 and S\$565,408, respectively.

There was no open market value for the Sale Shares as they are not publicly traded. The Company had, however, commissioned an independent valuer, Chay Corporate Advisory Pte. Ltd. (the “Valuer”), to assess and determine the value of the Sale Shares. Based on the valuation report dated 5 May 2022 (the “Valuation Report”), the range of implied equity values for 100% of Setya Energy Pte. Ltd. as at 31 December 2021 is between S\$5,600,000 and S\$8,600,000, with a base value of S\$6,700,000. The Valuer adopted the discounted cash flow as the primary valuation methodology and the comparable companies’ analysis as a reference cross-check in deriving the aforesaid valuation.

The purchase consideration was arrived at after arm’s length negotiations and on a “willing-buyer willing-seller” basis after taking into consideration the following factors:

- (a) the book value of Setya Energy Pte. Ltd. as at 31 December 2021 of approximately S\$942,347;
- (b) the net profit after tax of Setya Energy Pte. Ltd. for the financial year ended 31 December 2021 of approximately S\$440,381;
- (c) the rationale for and benefits to the Group arising from undertaking the acquisition of Setya Energy Pte. Ltd.; and
- (d) the valuation conducted by the Valuer on the Sale Shares

**10 Confirmation pursuant to Rule 705(5) of the Catalyst Rules**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2023 to be false or misleading in any material aspect.



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**On behalf of the Board of Directors**

**SOON YEOW KWEE JOHNNY**  
Executive Chairman

**SOON JEFFREY**  
Executive Director and Chief Executive Officer

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

Soon Jeffrey  
Executive Director and Chief Executive Officer

Singapore, 14 August 2023