



HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

(Company Registration No. 200717808Z)

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The contact person for the Sponsor is Mr Tan Chong Huat, Registered Professional, RHT Capital Pte. Ltd., Six Battery Road, 10-01, Singapore 049909, telephone (65) 6381 6757.

**Unaudited Full Year
Financial Statement for the
Financial Year Ended 31 December 2014**

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

<u>Group</u>	Full Year Ended	Full Year Ended	Increase/
	31.12.2014 (unaudited)	31.12.2013 (audited)	(Decrease)
	S\$'000	S\$'000	%
Revenue	29,858	34,103	(12)
Cost of sales	(21,142)	(23,461)	(10)
Gross profit	8,716	10,642	(18)
Other income	479	5,563	(91)
Expenses			
Administrative expenses	(9,856)	(10,330)	(5)
Other expenses	(676)	(289)	134
Share of losses of associates	(143)	(170)	(16)
Finance costs	(318)	(438)	(27)
(Loss)/ Profit before income tax	(1,798)	4,978	n.m.
Income tax expense	(17)	(114)	(85)
(Loss)/ Profit for the year	(1,815)	4,864	n.m.
(Loss)/ Profit attributable to :			
Owners of the Company	(1,736)	4,515	n.m.
Non-controlling interests	(79)	349	n.m.
	(1,815)	4,864	n.m.

(Loss)/ Profit per share attributable to owners of the Company

<u>Group</u>	Full Year Ended	Full Year Ended	Increase/
	31.12.2014 (unaudited)	31.12.2013 (audited)	(Decrease)
	Singapore Cents	Singapore Cents	%
Basic and diluted	(1.42)	3.73	n.m.

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 Full Year Ended 31 December 2014

Group	Full Year Ended	Full Year Ended	Increase/
	31.12.2014	31.12.2013	(Decrease)
	(unaudited)	(audited)	
	S\$'000	S\$'000	%
(Loss)/ Profit for the year	(1,815)	4,864	n.m.
Other comprehensive (loss)/income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation loss on plant and equipment	(523)	-	n.m.
Deferred tax liability on revaluation loss on plant and equipment	103	-	n.m.
Income tax relating to revaluation reserves reclassified to retained earnings	-	111	n.m.
<i>Items that will may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	29	125	(77)
Available-for-sale investments	*	*	n.m.
Total comprehensive (loss)/income for the year, net of tax	(2,206)	5,100	n.m.
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(2,127)	4,751	n.m.
Non-controlling interests	(79)	349	n.m.
Total comprehensive (loss)/income for the year	(2,206)	5,100	n.m.

n.m. denotes not meaningful

* Amount less than S\$1,000

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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)

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

<u>Group</u>	Full Year Ended	Full Year Ended	Increase/
	31.12.2014 (unaudited)	31.12.2013 (audited)	(Decrease)
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment ⁽¹⁾	1,175	958	23
Directors' remuneration	1,031	1,357	(24)
Employee benefits expense (including directors' remuneration) ⁽²⁾	19,793	20,264	(2)
Cost of defined contribution plans (included in staff costs)	516	495	4
Cost of inventories recognised as expense	2,922	3,778	(23)
Loss/ (Gain) on disposal of property, plant and equipment	6	(3,713)	n.m.
Plant and equipment written off	8	201	
Allowance/ (Reversal) for doubtful debts	380	(118)	n.m.
Allowance for sales discount	69	137	50
Bad debts written off	35	-	n.m.
Reversal of impairment loss on available-for-sale investment	-	(2)	n.m.
Net foreign exchange loss/(gain)	6	(20)	n.m.
(Reversal)/ Impairment loss on investment in an associate	(75)	72	n.m.
Revaluation loss on plant and equipment	155	-	n.m.
Reversal of impairment loss on plant and equipment	-	(1,046)	n.m.

Notes:

⁽¹⁾ Included in cost of sales and administrative expenses.

⁽²⁾ Employee benefits expense amounting to S\$6.35 million (31.12.2013: S\$6.25 million) is included in administrative expenses.

n.m. denotes not meaningful

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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
	31.12.2014 (unaudited) S\$'000	31.12.2013 (audited) S\$'000	31.12.2014 (unaudited) S\$'000	31.12.2013 (audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	13,130	13,788	6,449	6,783
Subsidiaries	-	-	6,624	6,624
Associates	472	384	-	-
Trade Receivable	428	-	-	-
Available-for-sale investments	278	278	-	-
Goodwill	288	288	-	-
Deferred tax assets	472	371	-	-
Total non-current assets	15,068	15,109	13,073	13,407
Current assets				
Inventories	928	973	-	-
Trade and other receivables	18,724	24,739	2,523	2,152
Cash and bank balances	2,098	2,676	46	102
	21,750	28,389	2,569	2,254
Non-current assets held-for-sale	-	2,332	-	-
Total current assets	21,750	30,720	2,569	2,254
Total assets	36,818	45,829	15,642	15,661
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	11,555	11,369	11,555	11,369
Reserves	(3,558)	(3,167)	-	-
Retained earnings	15,185	16,918	440	1,039
Equity attributable to				
owners of the Company	23,182	25,120	11,995	12,408
Non-controlling interests	1,203	1,289	-	-
Total equity	24,385	26,409	11,995	12,408

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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 31.12.2014 (unaudited) S\$'000	As at 31.12.2013 (audited) S\$'000	As at 31.12.2014 (unaudited) S\$'000	As at 31.12.2013 (audited) S\$'000
Non-current liabilities				
Bank loans	2,659	4,117	-	-
Finance leases	659	779	-	-
Deferred tax liabilities	406	399	-	-
Total non-current liabilities	3,724	5,295	-	-
Current liabilities				
Bank overdrafts and loans	2,755	7,050	-	-
Trade and other payables	5,683	6,306	3,647	3,253
Current portion of finance leases	250	691	-	-
Income tax payable	21	78	-	-
Total current liabilities	8,709	14,125	3,647	3,253
Total equity and liabilities	36,818	45,829	15,642	15,661

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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 31.12.2014 (unaudited)		As at 31.12.2013 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,005	-	7,741	-

Amount repayable after one year

Group			
As at 31.12.2014 (unaudited)		As at 31.12.2013 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,318	-	4,896	-

Details of any collateral

- a) Bank overdrafts are repayable on demand and secured by a charge over the following:
- i) legal mortgage over the Group's leasehold property;
 - ii) joint and several guarantees of the directors of a subsidiary for all the monies owing; and
 - iii) pledge of certain fixed deposits.
- b) The Group has 3 term loans as follows:
- i) A loan of S\$1,030,000 (31.12.2013: S\$2,033,000), secured by:
 - a) a corporate guarantee by the Company; and
 - b) statutory charge over 70% (31.12.2013: 70%) shares in Chem-Grow Pte Ltd and Chew-Grow Engineering Pte. Ltd.
 - ii) A loan of S\$711,000 (31.12.2013: S\$825,000), secured by:
 - a) a first legal mortgage over the Group's leased property;
 - b) pledge of certain fixed deposits; and
 - c) joint and several guarantees of certain directors of a subsidiary.

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1(c) Aggregate amount of group's borrowings and debt securities (Cont'd)

Details of any collateral (Cont'd)

- iii) A loan of S\$2,246,000 (31.12.2013: S\$2,649,000), secured by:
 - a) a first legal mortgage over the Group's leased property; and
 - b) a corporate guarantee by the Company.

- c) The factoring facilities are secured by:
 - i) legal mortgage over the properties of certain directors of the Group;
 - ii) a corporate guarantee by the Company pursuant to the deed of guarantee and indemnity dated April 5, 2010; and
 - iii) joint charge on the receivable of subsidiaries.

- d) The Group's obligations under finance leases are secured by the lessor's title to the leased assets and corporate guarantee by a subsidiary and 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.

Group	Full Year Ended 31.12.2014 (unaudited) S\$'000	Full Year Ended 31.12.2013 (audited) S\$'000
Operating activities		
(Loss)/ Profit before income tax	(1,798)	4,978
Adjustments for:		
Interest income	(14)	(47)
Interest expenses	318	438
Dividend income from available-for-sale investment	(1)	(1)
Allowance/(Reversal) for doubtful debts provision	380	(118)
Allowance for sales discount	69	137
Depreciation of property, plant and equipment	1,175	958
Plant and equipment written off	8	201
Loss/ (Gain) on disposal of property, plant and equipment	6	(3,713)
Reversal of Impairment loss on plant and equipment	-	(1,046)
(Reversal)/ Impairment loss on investment in an associate	(75)	72
Share of loss of associates	143	170
Reversal for impairment loss on available-for-sale investment	-	(2)
Bad debts written off	35	-
Fair value adjustment	50	-
Revaluation loss on plant and equipment	155	-
Reversal of provision for project foreseeable loss	-	(19)
Unrealised exchange differences	31	35
Operating cash flows before movements in working capital	485	2,043
Change in operating assets and liabilities		
Trade and other receivables	4,067	(145)
Inventories	45	198
Trade and other payables	(536)	(2,582)
Cash generated from/(used in) operations	4,061	(387)
Interest received	14	47
Interest paid	(318)	(438)
Income tax paid	(82)	(80)
Net cash from/(used in) operating activities	3,675	(858)

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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	Full Year Ended 31.12.2014 (unaudited) S\$'000	Full Year Ended 31.12.2013 (audited) S\$'000
Investing activities		
Purchase of plant and equipment	(582)	(6,029)
Purchase of chemical business	-	(398)
Proceeds from disposal of property, plant and equipment	2,591	5,782
Proceed from liquidation of an associate	985	-
Capital injection from non-controlling interest	45	-
Investment in equity interest of an associate	(200)	-
Dividend received from available-for-sale investment	1	1
Dividend received from an associate	43	70
Net cash from/ (used in) investing activities	2,883	(574)
Financing activities		
(Increase)/ Decrease in pledged fixed deposit	(15)	96
Dividend paid to:		
- non-controlling shareholders	(52)	(46)
- equity holders of the Company	(606)	-
Proceeds from bank loans	1,000	3,719
Repayments of bank loans	(2,101)	(1,169)
Net (repayment of)/ proceeds from factoring loans	(1,575)	426
Net repayments of finance leases	(715)	(1,196)
Net cash (used in)/ from financing activities	(4,064)	1,830
Net increase in cash and cash equivalents	2,494	398
Overdraft at beginning of financial year	(830)	(1,253)
Effects of exchange rate changes on cash and cash equivalents	(9)	25
Cash and cash equivalents/ (Overdraft) at end of financial year	1,655	(830)

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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	Full Year Ended	Full Year Ended
	31.12.2014	31.12.2013
	(unaudited)	(audited)
	S\$'000	S\$'000
Comprising:		
Cash at bank	1,643	2,236
Fixed deposits	455	440
Sub-total	2,098	2,676
Fixed deposit pledged as a collateral for overdraft loan	(396)	(381)
Bank overdraft	(47)	(3,125)
Cash and cash equivalents/ (Overdraft) as per consolidated statement of cash flows	1,655	(830)

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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	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	11,369	508	221	18	(3,914)	16,918	25,120	1,289	26,409
Total comprehensive income for the year:									
Loss for the year	-	-	-	-	-	(1,736)	(1,736)	(79)	(1,815)
Other comprehensive income for the year	-	(420)	-	29	-	609	218	-	218
Total	-	(420)	-	29	-	(1,127)	(1,518)	(79)	(1,597)
Transactions with owners, recognised directly in equity									
Increase in share capital	-	-	-	-	-	-	-	45	45
Performance shares issued to employees	186	-	-	-	-	-	186	-	186
Dividends	-	-	-	-	-	(606)	(606)	(52)	(658)
Total	186	-	-	-	-	(606)	(420)	(7)	(427)
Balance at 31 December 2014	11,555	88	221	47	(3,914)	15,185	23,182	1,203	24,385

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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	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group (audited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2013	11,369	1,049	221	(107)	(3,914)	11,751	20,369	986	21,355
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	4,515	4,515	349	4,864
Other comprehensive income (loss) for the year	-	111	-	125	-	-	236	-	236
Total	-	111	-	125	-	4,515	4,750	349	5,100
Transfer	-	(652)	-	-	-	(652)	-	-	-
Transactions with owners, recognised directly in equity									
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(46)	(46)
Total	-	-	-	-	-	-	-	(46)	(46)
Balance at 31 December 2013	11,369	508	221	18	(3,914)	16,918	25,120	1,289	26,409

- 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	Retained Earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	11,369	1,039	12,408
Loss for the year, representing total comprehensive loss for the year	-	(599)	(599)
Performance shares issued to employees, representing total transactions with owners recognised directly in equity	186	-	186
Balance at 31 December 2014	11,555	440	11,995

	Share capital	(Accumulated losses)/ Retained Earnings	Total
Company (audited)	S\$'000	S\$'000	S\$'000
Balance at 1 January 2013	11,369	(767)	10,602
Profit for the year, representing total comprehensive income for the year	-	1,806	1,806
Balance at 31 December 2013	11,369	1,039	12,408

- 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.**

	Group and Company	
	No. of shares	Resultant issued and paid up share capital (\$\$)
Ordinary shares		
Balance as at 30 June 2014	121,187,345	11,368,567
Balance as at 31 December 2014	122,959,345	11,554,627

On 30 July 2014, there was an issuance and allotment of 1,772,000 Performance Bonus Shares as referred to Resolution 11 of the Notice of Seventh Annual General Meeting dated 2 April 2014. Accordingly, the number of issued and paid-up shares of the Company has increased from 121,187,345 shares to 122,959,345 shares.

- 1(g) State the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There were no outstanding options, convertibles or treasury shares as at 31 December 2014 and 31 December 2013.

- (a) 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	
	31.12.2014	31.12.2013
Total number of issued shares excluding treasury shares	122,959,345	121,187,345

There were no treasury shares as at 31 December 2014 and 31 December 2013.

- (b) A statement showing all sales, transfers, disposals, 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 treasury shares during and as at the end of the financial year ended 31 December 2014 ("FY2014").

- 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 auditors.

- 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.**

Save as disclosed in paragraph 5, the accounting policies and methods of computation applied by the Group for the financial statements for the current financial year reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2013 ("FY2013").

- 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.**

(Loss)/ Earnings per ordinary share of the Group for the financial year based on net (loss)/ profit attributable to owners of the Company are as follows:-

	Group	
	Full Year Ended	Full Year Ended
	31.12.2014 (unaudited)	31.12.2013 (audited)
Basic and diluted (loss)/ earnings per ordinary share (Singapore cents)	(1.42)	3.73
Weighted average number of ordinary shares in issue	121,925,678	121,187,345

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 (Cont'd).

(Loss)/ Earnings per ordinary share for FY2014 and FY2013 are calculated based on net (loss)/ profit attributable to the owners of the Company for the respective financial year divided by the weighted average number of shares in issue during the respective financial year.

The basic and diluted (loss)/ earnings per ordinary share were the same as there were no potentially dilutive ordinary shares in existence during the current financial year reported on and the previous corresponding financial year.

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 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued share excluding treasury shares (Singapore cents)	18.85	20.73	9.76	10.24

The net asset value per ordinary share of the Group and the Company as at 31 December 2014 and 31 December 2013 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 122,959,345 and 121,187,345 respectively.

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) Income Statement

(i) Revenue

The Group recorded S\$29.86 million of revenue in FY2014. Compared to FY2013, the Group's total revenue decreased by 12% or S\$4.25 million. Apart from discontinuation of Blasting segment in FY2014, the Group saw a decline in revenue for the Oil & Gas sector of Heat Exchanger segment mainly due to lull periods from March to May 2014 and the second half year of FY2014.

Revenue from the Piping, and Chemical Cleaning segments in FY2014 remained at similar levels as compared to FY2013.

(ii) Operating Results

Overall profitability

The Group has discontinued the operation of Blasting segment since January 2014. At the gross operating profit level, notwithstanding the Group's diligence in managing operating costs, the external factors affecting the Oil & Gas sector of Heat Exchanger segment constrained the profitability of the projects undertaken by the Group. Correspondingly, the Group reported a decline in profit margin from 31% in FY2013 to 29% in FY2014.

The overall performance for each segment are discussed below:

1. The Piping segment maintained a steady income stream for the Group in FY2014. The profit reported by Piping segment in FY2014 remained at similar level as compared to FY2013.
2. As mentioned in 8(a)(i), the decline in revenue in the Heat Exchanger segment has an direct impact on its profitability. The losses incurred by the Heat Exchanger segment were intensifying with lesser demand for the Oil & Gas sector of heat exchangers and pressure vessels in the second half of FY2014, constraining the gross margin realised by the Heat Exchanger segment. The Heat Exchanger segment reported a loss of S\$1.67 million in FY2014.

8(a) Income Statement (Cont'd)**Overall profitability (Cont'd)**

3. The Group disposed one envirobotic machine to a minority shareholder of Heatec Chariot Envirobotics Pte Ltd, a subsidiary of the Group in FY2013. The payment for the envirobotic machine was overdue for more than a year. On prudence basis, the Group recognized a provision for doubtful debts for the overdue amount of S\$0.36 million in FY2014.
4. The Chemical Cleaning segment faced intensified competition in local shipyards. As a result, the Chemical Cleaning segment reported a decline in segment profit from S\$0.45 million in FY2013 to S\$0.27 million in FY2014.

Other significant factors that affected the Group's profitability are as follows:

1. The Group adopted revaluation model as its accounting policy for plant and equipment. Based on the revaluation performed in November 2014, the Group recognized S\$0.16 million, being the decrease in carrying amount arising on the revaluation exceeded the revaluation accumulated in revaluation reserve, as other operating expense amounting to S\$0.16 million in FY2014.
2. The Group recorded a share of loss from associates amounting to S\$0.14 million in FY2014. Included in the share of loss from associates was an adjustment for over-recognition of profit based on audited financial statements for one of the associated company amounting to S\$60,000.
3. As a result of investment in new machineries in new workshop, coupled with higher depreciation charges for the new workshop at 10 Tuas South Street 15, the Group's depreciation expense for FY2014 increased by 23% or S\$0.22 million to S\$1.18 million in FY2014.
4. The Group entered into a settlement agreement with one of the major customer which extends the full and final settlement for a trade receivable amounted to S\$0.48 million by 31 March 2017. Correspondingly, the Group recognized fair value loss for the said amount at S\$50,000 in FY2014.

8(a) Income Statement (Cont'd)**Finance expense**

The Group reduced its reliance on bank overdrafts and factoring facilities to meet its working capital requirements. Consequently, compared to FY2013, the Group's interest expense decreased by 27% to S\$0.32 million.

Income tax expense

The decrease in tax expense from S\$0.12 million in FY2013 to S\$17,000 in FY2014 corresponded with the losses reported by the Group.

8(b) Statement of financial position

The Group's working capital and net assets decreased in tandem with the losses reported by the Group in FY2014, as well as repayment for short-term loans. As at 31 December 2014, the Group recorded positive working capital of S\$13.04 million and the net asset value stood firm at S\$18.85 cents per share.

In terms of leverage, the Group's financial strength was enhanced. The Group saw a significant decline in gearing ratio from 40% as at 31 December 2013 to 18% as at 31 December 2014.

(i) Non-current assets

1. As mentioned in 8(a)(ii), the Group adopted revaluation model as its accounting policy for plant and equipment. As a result, the Group recognized a net decrease in the carrying amount of the plant and equipment of S\$0.66 million. Coupled with new purchases of plant and equipment and taken into account the depreciation expenses, the Group reported a net decrease in property, plant and equipment of S\$0.66 million.

The decrease in carrying amount arising from the revaluation of plant and equipment amounting to S\$0.59 million. Correspondingly, the deferred tax liability in relation to the reversal was reversed from the deferred tax assets reported by the Group. As a result, the deferred tax assets increased from S\$0.37 million as at 31 December 2013 to S\$0.47 million as at 31 December 2014.

2. As mentioned in 8(a)(ii), the trade receivable payable in 31 March 2017 amounting to S\$0.43 million, being its fair value, was reclassified from current assets to non-current assets.

8(b) Statement of financial position (Cont'd)**(i) Non-current assets (Cont'd)**

As a result of the aforementioned factors, the Group recorded a decrease in total non-current assets from S\$15.11 million as at 31 December 2013 to S\$15.07 million as at 31 December 2014.

(ii) Current assets

1. As announced on 5 January 2014, the Group completed the disposal of three envirobotic waterjet machines and four manual waterjet machines and its accessories (“**Equipment and Spares**”). The sales proceeds receivable of S\$2.33 million recorded as “non-current assets held-for-sale” as at 31 December 2013 was subsequently received.
2. The Group further improved its debtor turnover days from 230 days as at 31 December 2013 to 212 days as at 31 December 2014. As the Group placed more emphasis on debt collection efforts, the trade and other receivables decreased by 24% or S\$5.59 million to S\$20.36 million as at 31 December 2014.
3. The Group’s inventory balance remained at similar level as compared to the position as at 31 December 2013.

(iii) Current liabilities

1. The Group restructured its banking facilities and repaid significant amount of its bank overdrafts in FY2014. To maintain healthy liquidity and ensure the Group is able to meet its working capital requirement, the Group opted for lower interest short-term working capital loan of S\$1.00 million instead of relying more on overdraft loan. As a result of the aforementioned factors, net off repayment during the financial year, the Group recorded a net decrease of 61% or S\$4.30 million in bank overdrafts and loans as at 31 December 2014.
2. Trade and other payables decreased from S\$6.31 million as at 31 December 2013 to S\$5.68 million as at 31 December 2014, due mainly to settlement of trade and other payables of S\$0.72 million.
3. As explained in 8(b)(ii), the decrease in short-term finance lease was due to full repayment for current portion of finance leases for Equipment and Spares.

8(b) Statement of financial position (Cont'd)**(iv) Non-current liabilities**

The Group recorded a net decrease in total bank loans of S\$1.46 million from S\$4.12 million as at 31 December 2013 to S\$2.66 million as at 31 December 2014, due to repayment of non-current portion of bank loans during FY2014.

The non-current portion of finance leases also decreased from S\$0.78 million as at 31 December 2013 to S\$0.66 million as at 31 December 2014 due mainly to repayment of non-current portion of finance leases.

8(c) Statement of cash flows

The Group turned around from overdraft of S\$0.83 million to positive cash and cash equivalents as at 31 December 2014 of S\$1.65 million. The net increase in cash and cash equivalents of S\$2.49 million for FY2014 were as follows:

1. The Group generated a net cash inflow from operating activities of S\$3.68 million due mainly to decrease in trade and other receivables of S\$4.01 million which was partially offset by a decrease in trade and other payables of S\$0.54 million.
2. As explained in 8(b)(i), the Group received the proceeds from the disposal of Equipment and Spares, bundled with proceeds from disposal of other equipment amounting to \$2.59 million. As announced on 9 December 2013, the Group was in the midst of winding up its dormant associated company, Heat Transfer Services Pte Ltd (“HTS”). Subsequent to FY2013, the Group had in FY2014 received the proceeds from liquidation amounting to S\$0.99 million. The cash inflows from the investing activities were partially offset by: (i) investment in new plant and machineries amounting to S\$0.58 million; and (ii) subscription for shares in Karnot Technology Pte Ltd for S\$0.20 million as announced on 30 May 2014. The Group generated a net cash inflow from investing activities amounting to S\$2.88 million.
3. The net cash outflow used in financing activities was S\$4.06 million. As mentioned in 8(b)(ii), the Group took up new short-term working capital of S\$1.00 million while reducing its reliance on overdraft facilities. The cash inflow from short-term working capital was offset by: (i) dividends paid to shareholders S\$0.61 million; and (ii) repayment of bank loans, factoring loan and finance lease which totalled S\$4.39 million.

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

The current results for FY2014 are in line with the profit guidance announcement released on 30 January 2015.

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 Marine and Oil and Gas Industries shall remain short-term uncertainty in view of the bearish outlook for oil prices.

The Group is committed to maintain its business in Piping, Heat Exchanger and Chemical Cleaning segments, with a focus to grow its Heat Exchanger segment in the Offshore and Oil and Gas sector.

Barring any unforeseen circumstances, the Group expects the overall performance for the core businesses for the next 12 months to be better than FY2014.

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 FY2014.

11 Dividend (Cont'd)**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

	FY2013
Name of dividend	First and final
Dividend type	Cash
Dividend rate	0.5 Singapore cents per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the financial year ended 31 December 2014.

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.

There were no interested person transactions of S\$100,000 or more for FY2014.

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

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 organized into the following four operating segments – Piping, heat exchangers, blasting 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:

Segment revenues and results

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

	Revenue		Net (Loss)/ Profit	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2014 (unaudited)	31.12.2013 (audited)	31.12.2014 (unaudited)	31.12.2013 (audited)
Group	S\$'000	S\$'000	S\$'000	S\$'000
Piping	14,869	14,739	201	207
Heat Exchanger	10,783	14,929	(1,669)	304
Blasting	3	96	(381)	566
Chemical Cleaning	4,203	4,339	266	450
	<u>29,858</u>	<u>34,103</u>	<u>(1,583)</u>	<u>1,527</u>
Other income			479	4,522
Other expenses			(320)	(493)
Unallocated income			87	30
Share of losses of associates			(143)	(170)
Finance costs			(318)	(438)
(Loss)/ Profit before income tax			(1,798)	4,978
Income tax expense			(17)	(114)
(Loss)/ Profit for the year			<u>(1,815)</u>	<u>4,864</u>

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 31.12.2014 (unaudited) S\$'000	As at 31.12.2013 (audited) S\$'000
<u>Segment Assets</u>		
Piping	10,619	12,234
Heat Exchanger	9,554	14,422
Blasting	440	3,051
Chemical Cleaning	6,697	6,446
Total segment assets	27,310	36,153
Unallocated assets	9,508	9,676
Consolidated total assets	36,818	45,829
<u>Segment Liabilities</u>		
Piping	1,468	957
Heat Exchanger	3,743	4,830
Blasting	126	599
Chemical Cleaning	4,014	1,524
Total segment liabilities	9,351	7,910
Unallocated liabilities	3,082	11,510
Consolidated total liabilities	12,433	19,420

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	Piping		Heat Exchanger		Blasting		Chemical Cleaning		Unallocated	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	(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
(Reversal) Allowance for sales discount	(32)	91	91	57	-	65	10	(76)	-	-
Bad debts written off			35							
Allowance (Writeback) for doubtful debts	-	-	24	(118)	356	-	-	-	-	-
(Reversal) Impairment loss on plant and equipment	-	-	-	-	-	(1,046)	-	-	-	-
(Reversal) Impairment loss on investment in an associate	-	-	-	-	-	-	-	-	(75)	72
Revaluation loss on plant and equipment			135	-			20	-	-	-
Capital additions	27	3	303	1,686	-	-	142	377	110	4,988
Plant and equipment written off	-	-	4	201	4	*	-	-	-	-
Depreciation of property, plant and equipment	6	52	471	352	-	184	260	157	438	213

*less than S\$1,000

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

- 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 31.12.2014 (unaudited)	Full Year Ended 31.12.2013 (audited)	
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	15,262	17,029	(10)
(b) Operating profit after tax before deducting minority interests reported for first half year	105	4,106	(97)
(c) Sales reported for second half of year	14,596	17,074	(15)
(d) Operating (loss)/ profit after tax before deducting minority interests reported for second half year	(1,920)	758	n.m

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**

	FY2014	FY2013
Ordinary	-	605,937
Preference	-	-
Total	-	605,937

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

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 Jenson	35	Son of Mr Soon Yeow Kwee Johnny, the Executive Chairman and Chief Executive Officer of the Company	Operation Director since 4 th August 2014. Responsible for the daily operation of Heatec Jietong Pte. Ltd., supervision and management of Heatec Jietong Pte. Ltd.'s operations, engineering quality assurance and the adherence to Health and Safety Policy.	Appointed on 4 th August 2014
Soon Jeffrey	34	Son of Mr Soon Yeow Kwee Johnny	Promoted to Group Sales & Business Development Director on 1 st July 2014. Responsible for Group's sales activities, as well as the Group's ad-hoc research initiative and business development.	Previously held the position of Senior Business Development and Sales Manager of Heatec Jietong Pte. Ltd.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Listing Manual – Rules of Catalist. (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
Soon Ji Ling Jacqueline	30	Daughter of Mr Soon Yeow Kwee Johnny	Human Resource Manager. Responsible for manpower planning, payroll management and workers' welfare.	Resigned on 26 December 2014.
Sim Mong Choon	59	Brother-in-law of Mr Soon Yeow Kwee Johnny	Administrative & Logistics Manager of Heatec Jietong Pte. Ltd. since 1998. Responsible for admin, IT and transportation.	No Change
Kuah Hong Hock	34	Son-in-law of Mr Soon Yeow Kwee Johnny	Sales & Business Development Manager of Heatec Jietong Pte. Ltd. Responsible for sales activities of Heatec Jietong Pte. Ltd., as well as ad-hoc research initiatives and business development.	To be appointed on 2 March 2015 ^[1] .

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

(Company Registration No. 200717808Z)

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Listing Manual – Rules of Catalist. (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	35	Son of Mr Yong Yeow Sin, an Executive Director of the Company	Sales Manager of Heatec Jietong Pte. Ltd. since 1 st August 2013. Responsible for sourcing of new clients, sales administrative and sales management for the Heat Exchanger (Marine) sector business of the Company.	No Change

Note 1: The announcement pertaining to Mr Kuah Hong Hock's appointment had been released on 23 February 2015.

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

Johnny Soon
Chairman & CEO

Singapore, 27 February 2015