

**INNOVATING EFFICIENCY
POWERING PROGRESS**



**ANNUAL
REPORT
2025**

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This annual report has been reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

OUR VISION

To provide value-added solutions, enabling our customers to operate their vessels and plants efficiently, and in turn produce value-added products and services for others.



OUR MISSION

To be the premium heat transfer and piping system products, services and solutions provider in the marine, oil and gas and related industries.



QUALITY POLICY

To achieve and enhance customer satisfaction through on-time delivery of quality products, services and solutions through using resources efficiently.



COMPANY PROFILE



HEAT EXCHANGER SERVICES

We provide the full range of heat exchanger services on a 24 by 7 basis. We service any heat exchangers that are utilised on board marine and offshore vessels, such as plate heat exchangers, charged air coolers, shell and tube heat exchangers and pressure vessels.

Our heat exchanger services include:

- engineering consultancy services;
- on-site inspection; and
- fabrication and restoration of work.

We design, sell and fabricate heat exchangers, as well as provide related services to major players in the offshore marine, oil and gas and shipping industries.

We also provide land-based heat exchanger services to the process and chemical plants conducting routine shut-down maintenance. The heat exchangers that we service include plate heat exchangers and shell and tube heat exchangers.

Heatec is a member of the Heat Transfer Research Inc. and hence is able to design and manufacture Shell and Tube Heat Exchangers, and Air Coolers to meet the stringent requirements of any certification parties and is in compliance with ASME Section VIII Div 1 and API 661, 660. Heatec is also an ASME-U Stamp and National Board "R" Stamp certified fabricator which further enhances our commitment to quality and excellence in all the products and services that we provide.

The ability of Heatec to conduct the entire stream of heat transfer related services, from design, fabrication to restoration, repair, and final on-site removal and installation, allows us to be a one-stop centre for client's heat exchanger needs. This further reinforces Heatec's commitment to our customers, enabling them to operate their vessel and plants efficiently with quality products.

Heatec Jietong Holdings Ltd. (the "Company" or "Heatec") is one of the leaders in piping and heat exchanger services for the marine and oil and gas industries. In FY2025, our primary business segments were:



PIPING SERVICES

We perform a variety of piping services which include:

- fabrication and installation of all types of piping;
- restoration and installation of all types of pipes and systems, including marine piping; and
- process piping for floating, production, storage and offloading ("FPSO") conversions.

Our piping works are used in, among others, offshore structures such as FPSOs, oil rigs, restoration of ship piping systems, routine docking maintenance of ships, and other types of ship conversions and ship lengthening.

In recent times, we expanded our piping services to include turnkey project management which encompasses:

- procurement;
- construction;
- fabrication;
- commissioning; and
- overall project management.



CHEMICAL CLEANING SERVICES

Our subsidiaries, Chem-Grow Pte Ltd and Chem Grow Engineering Pte. Ltd. (collectively, "Chem-Grow") are well-established companies since 1981 that serve the marine, oil & gas, food, chemical industries in chemical cleaning of boilers, coolers and pipelines.

Chem-Grow services include:

- Ultrasonic cleaning (charged air cooler, filters etc);
- Chemical cleaning (Heat exchangers, Pipelines engine parts, pressure vessel etc);
- Stainless steel passivation;
- Tank cleaning;
- Hot oil flushing up to NAS/ISO standard for pipeline;
- Chemical sales;
- Rental of portable steam boiler/borescope/particle counter; and
- Hydro-jetting machines.

Chem-Grow currently occupies a land of 10,500 square feet with its own building which includes a warehouse and a waste treatment facility.

MESSAGE TO SHAREHOLDERS



“ Positioned for growth, we leverage operational excellence and strategic partnerships to enhance market share. We remain committed to delivering superior value within an evolving global landscape. ”

DEAR SHAREHOLDERS,

As the global economy enters 2026, the maritime industry faces a landscape defined by heightened macroeconomic and geopolitical uncertainty. Ongoing conflicts in the Middle East and shifting trade rifts continue to prompt shipowners to adjust routes, potentially impacting vessel calls in Singapore. Amidst these evolving trends, the Group remains steadfast, adapting our operations to preserve our solid foundation while navigating these complexities.

STRATEGIC REALIGNMENT

FY2025 was a year of decisive action. A key milestone was the disposal of our oil trading segment. The divestment was due to macro economy challenges and intense competition that caused us to lose some customers from the bunkering oil trading business. This divestment enabled the Group to reallocate working capital and human resources toward our core business units.

We continue to streamline underperforming units to ensure a lean, efficient corporate structure. Our primary focus remains on the Heat Exchanger, Piping and Chemical Cleaning segments. By intensifying our marketing activities and deepening our customer networks, we are securing our market position in these specialised fields.

In FY2025, revenue from the Heat Exchanger segment remained healthy, bolstered by a steady flow of repair and service contracts. While our piping projects experienced “lumpy” demand due to fewer jobs from a major customer, we view this as a temporary transition, and we anticipate a return to a more stable and predictable workload. Meanwhile, we remain committed in growing revenue for chemical cleaning segment by building a bigger customer base.

Simultaneously, the Group is proactively adjusting business strategies to manage rising operational costs, specifically regarding increased migrant worker levies and tighter foreign worker quotas. We are focused on enhancing productivity to offset these inflationary pressures.

FINANCIAL UPDATE

Our FY2025 financial results reflect the strategic discontinuation of the trading segment. Group revenue stood at S\$20.2 million, a marginal 1% increase from FY2024. This was primarily due to lower contributions from the piping and chemical cleaning segments which was partially offset by the growth in heat exchanger projects.

The Group recorded a net loss after tax from continuing operations of S\$0.6 million for FY2025, with EBITDA from continuing operations remaining positive at S\$0.7 million. Notably, we maintained a strong gross profit margin of 33%, driven by the profitability of specialised repair services and chemical cleaning contracts.

Our balance sheet remains resilient. As of 31 December 2025, total equity attributable to equity holders of the Company was S\$10.3 million. We successfully reduced our borrowings by S\$1.4 million, reflecting our commitment to debt optimisation. Furthermore, the Group generated a positive net cash flow from operating activities of S\$1.7 million and maintained a healthy working capital position of S\$5.2 million.

MOVING AHEAD

While the global landscape remains complex, the Group is focused on exploring new opportunities to enhance our operational capacity. We will continue to deepen relationships with key clients to expand our market share in heat exchanger and chemical cleaning. In the piping segment, we are collaborating closely with partners to procure higher-margin contracts.

As part of our workshop lease renewal, the Group also intends to expand our facilities. This investment will increase our production capacity and technical capabilities, positioning us for future growth.

APPRECIATION

Our journey is defined by resilience and a belief in our core capabilities. We extend our deepest gratitude to our Board of Directors for their invaluable guidance. We also thank our shareholders, customers, bankers, and partners for their enduring trust. Finally, we thank our dedicated staff and workers as their hard work remains the engine of our success.

BOARD OF DIRECTORS



**CHONG ENG WEE
(ZHANG YINGWEI)**

Non-Executive and Independent Chairman

Mr Chong Eng Wee is our Non-Executive and Independent Chairman and was appointed to our Board on 16 April 2018. He chairs our Nominating Committee and is a member of our Audit and Risks Management Committee and Remuneration Committee.

Mr Chong is the Managing Director and heads the Corporate & Capital Markets Practice at Chevalier Law LLC. He is admitted as an Advocate and Solicitor in Singapore, Solicitor of the High Court of Hong Kong, Lawyer of the Supreme Court of New South Wales, Australia, and a Barrister and Solicitor of the High Court of New Zealand.

Prior to founding his own firm, he was a Partner and Head of Corporate at Kennedys Legal Solutions Pte. Ltd., a joint law venture between Kennedys Singapore LLP and Legal Solutions LLC, the Deputy Head of both the Capital Markets and the International China (South East Asia) practices at RHTLaw Taylor Wessing LLP and the representative for the Shanghai representative office of another joint law venture firm, Duane Morris & Selvam LLP in Singapore.

His areas of practice include capital markets, mergers and acquisitions, private equity, funds, China (“**PRC**”), private wealth, corporate and commercial contracts, regulatory compliance, and corporate governance. He has advised issuers, issue managers, underwriters and placement agents, private equity funds, multinational corporations, high net-worth individuals and small and medium enterprises on transactions including initial public offerings (“**IPO**”), pre-IPO investment, dual listings, reverse takeovers, public takeovers, rights and warrants issues, placement, local and cross border acquisitions and disposals of shares and assets, downstream investment by private equity funds, joint ventures, and corporate restructuring. He has advised clients on variable capital companies, establishment of family offices and their tax incentives and applications to the Monetary Authority of Singapore pertaining to capital market service licenses and registered fund management companies. He has also acted in various cross border transactions with PRC elements and frequently advises issuers on their regulatory compliance and corporate governance issues. He was ranked as Singapore’s

Top 40 Most Influential Lawyers aged 40 and under by Singapore Business Review (2015).

Currently, he is a Non-Executive and Lead Independent Director of Willas-Array Electronics (Holdings) Limited, listed on both SGX-ST Mainboard (Stock Code: BDR) and the Mainboard of Hong Kong Stock Exchange (Stock Code: 00854), since August 2023, the Non-Executive and Independent Chairman of Polaris Limited, a SGX-ST Catalist listed company (Stock Code: 5BI) since March 2024, a Non-Executive and Lead Independent Director of Accrelist Limited, a SGX-ST Catalist listed company since July 2024, a Non-Executive and Independent Director at Eindec Corporation Limited, a SGX-ST Catalist listed company since July 2025 (Stock Code: 42Z.SI), Aoxin Q&M Dental Group Limited, a SGX-ST Catalist listed company since December 2025 (Stock Code: 1D4), and AJJ Medtech Holdings Limited, a SGX-ST Catalist listed company (Stock Code: 584) since June 2020.

He is also the Company Secretary of LHN Limited, listed on SGX-ST Mainboard (Stock Code: 410) since April 2020, Shanghai Turbo Enterprises Ltd., a SGX-ST Mainboard listed company (Stock Code: AWM) since October 2022, Coliwoo Holdings Limited, listed on SGX-ST Mainboard (Stock Code: W8W) since November 2025, and Joint Company Secretary at LHT Holdings Limited, listed on SGX-ST Mainboard (Stock Code: BEI) since May 2025. He was previously the joint company secretary and company secretary, as the case may be, of 3 SGX-ST Mainboard listed companies: Hanwell Holdings Limited (Singapore Stock Code: DM0), Intraco Limited (Singapore Stock Code: I06), and Tat Seng Packaging Group Ltd (Singapore Stock Code: T12) between March 2012 and October 2012, China Vanadium Titano-Magnetite Mining Company Limited, a company listed on Mainboard of the Hong Kong Stock Exchange (Stock Code: 893) between December 2019 and March 2025, Sincap Group Limited, a SGX-ST Catalist listed company (Stock Code: 5UN) between November 2021 and August 2025, and GS Holdings Limited, a SGX-ST Catalist listed company (Stock Code: 43A) between March to December 2025.

BOARD OF DIRECTORS



SOON JEFFREY

*Executive Director
and Chief Executive Officer*

Mr Soon Jeffrey is our Executive Director and Chief Executive Officer. Mr Soon was appointed to our Board on 1 January 2016. He is a member of our Nominating Committee.

Mr Soon oversees the Group's day-to-day operations and determines the Group's strategic direction for business growth. Mr Soon joined the Company in May 2005 as a Project Engineer. He has held the position as Group Sales & Business Development Director before assuming his current appointment.

Mr Soon has a Master of Business and Administration from Singapore Management University and a Bachelor of Engineering (Honours) (Mechanical and Production Engineering) from Nanyang Technological University.



LIE LY @ LIELY LEE

*Non-Executive and
Independent Director*

Ms Lie Ly @ Liely Lee was appointed to our Board on 28 July 2018. She chairs both our Audit and Risks Management Committee and the Remuneration Committee and is a member of our Nominating Committee.

Currently, Ms Lee is the CEO and Director of PT Pelayaran Bina Buana Raya TBK. (PT BBR Tbk.) a company listed on the Indonesia Stock Exchange. She also holds the position of Non-Executive Director at Marco Polo Marine Ltd (Stock Code: 5LY), listed on the Mainboard of the SGX-ST.

With over 25 years of experience in accounting and finance across listed companies in Singapore and Indonesia, Ms Lee has played a pivotal role in shaping the strategic growth trajectories of the organizations she has been part of. Her expertise goes beyond traditional financial management, as she has spearheaded transformative restructuring initiatives, driving revitalization and long-term success for the companies she serves.

Ms Lee holds a Bachelor of Commerce from Murdoch University in Western Australia and a Master of Accounting from Curtin University, also in Western Australia. She is a qualified Chartered Public Accountant (CPA) Australia.

BOARD OF DIRECTORS



LIM SOON HOCK

*Non-Executive and
Non-Independent Director*

Mr Lim Soon Hock is our Non-Executive and Non-Independent Director and was appointed to our Board on 1 May 2018, as a nominee of Tru-Marine Pte Ltd. He is a member of our Audit and Risks Management Committee and Remuneration Committee. Mr Lim has more than 30 years of experience as a board member (in the public, private and people sectors), CEO, technopreneur and private investor, across various highly competitive industries in a global environment.

After stepping down from Compaq Computer Asia Pacific, where he was the first Asian appointed to the position of Vice President and Managing Director for the Asia Pacific, he had been involved in taking companies public, M&As and consulting for several global MNCs and promising SMEs.

Mr Lim is a Board Member and/or Senior Advisor of several public listed and private companies (local and global); an Adjunct Professor with the National University of Singapore; a Mediator with our State Courts Singapore, Singapore Mediation Centre, Singapore International Mediation Institute and Community Mediation Centre; as well as a Member of the Inquiry Panel (a gazetted appointment by the Honorable Chief Justice). He received several awards, including two National Day Awards, in recognition of his work and public service.



JAMES LOKE

*Alternate Director to
Mr Lim Soon Hock*

James Loke is responsible for shaping the overall strategy of the Tru-Marine Group, with a strong focus on global sales and marketing strategy development, execution, and expansion across the Group's service stations in Singapore, China (Shanghai, Zhoushan, Guangzhou, Weihai), the United Arab Emirates (Dubai), and the Netherlands (Rotterdam).

With over 20 years of experience in the shipbuilding and repair sector, James has held various leadership roles within Tru-Marine. He began his journey in the company's management trainee program, gaining hands-on experience across all departments before being appointed Director of Sales and Marketing. In 2008, he played a pivotal role in the establishment of Tru-Marine Rotterdam, developing business systems and processes in line with the Group's policies.

In 2021, he assumed the role of Group Chief Executive Officer, leading Tru-Marine's global expansion, innovation initiatives, and strategic transformations to strengthen the company's position in the marine engineering sector. Under his leadership, the company continues to push boundaries in service excellence, digitalization, and sustainability, ensuring long-term value for customers and stakeholders.

As Group CEO, James leads cross-functional strategic initiatives to enhance customer experience and drive operational excellence, ensuring the achievement of service-level targets. His team oversees key account management, business partnerships, brand management, external stakeholder engagement, media relations, and corporate social responsibility.

James holds a Bachelor of Engineering degree from University College London and a Bachelor of Commerce degree from Curtin University.

KEY MANAGEMENT PERSONNEL



SAM KAI CHYUAN

Chief Financial Officer

Mr Sam first joined the Group in August 2024. He is responsible for all matters relating to finance, administration and human resources management of the Group.

Mr Sam has more than 20 years of experience in finance, corporate and investment banking experience. He has working experience as the chief financial officer of a property investment company and an electronics manufacturer, as well as holding senior positions in a fintech company, large property investment company and business trust.

Mr Sam has completed an Executive Master Class on Advances in Real Estate Capital Market by National University of Singapore and holds a Bachelor Degree of Finance from National Taiwan University.



SOON JENSON

*Group General Manager
(Operation)*

Mr Soon is responsible for the overall supervision and management of the Group's engineering and operations. His responsibilities include oversight of quality control and adherence to our Health and Safety Policy.

Mr Soon joined Heatec in January 2008 as an Engineering Manager and held the position of Assistant General Manager (Engineering & Operations) till March 2013. Prior to his current appointment, Mr Soon was a Project Director with Viking Airtech Pte Ltd.

Mr Soon has a Master of Business and Administration from Nanyang Technological University, a Master of Mechanical & Aerospace Engineering from the Illinois Institute of Technology, Chicago, USA and a Bachelor of Engineering (Mechanical & Production Engineering) (Second Class Honours) from Nanyang Technological University.



KOH LAY CHENG

*General Manager –
Commercial & Procurement*

Ms Koh is responsible for all commercial and procurement activities relating to our Group's Heat Exchanger and Piping businesses.

Ms Koh joined Heatec in July 1995, and has held various positions in various departments ranging from that of Manager to that of General Manager – Operations before assuming her current appointment.

Ms Koh has a Diploma in Marine Engineering from Singapore Polytechnic.

FINANCIAL REVIEW

PERFORMANCE REVIEW

REVENUE BY SEGMENTS

	FY2025		FY2024		Variance	
	S\$'000	%	S\$'000	%	S\$'000	%
Continuing operation						
Heat Exchanger	11,372	56.2	9,800	48.7	1,572	16.0
Chemical Cleaning	3,064	15.1	3,113	15.4	(49)	(1.6)
Piping	5,745	28.4	7,064	35.1	(1,319)	(18.7)
Discontinued operation						
Trading	51	0.3	155	0.8	(104)	(67.7)
Total	20,232	100	20,132	100	100	0.5

In FY2025, the Group reported total revenue of S\$20.2 million, representing a modest increase of 1% compared to FY2024. The Heat Exchanger segment remained the primary driver of growth, contributing 56.2% of total revenue (FY2024: 48.7%), supported by healthy market demand and increased project activity.

Revenue from the Piping segment declined to 28.4% of total revenue (FY2024: 35.1%), reflecting a slowdown in project execution, while the Chemical Cleaning segment

contributed 15.1% (FY2024: 15.4%). The Trading segment has been disposed in FY2025 which was a minimal contributor at 0.3% (FY2024: 0.8%).

Overall, the Group's revenue performance demonstrates resilience, driven by the robust growth in the Heat Exchanger segment, while the contributions from the Piping and Chemical Cleaning segments underline retreat as compared to FY2024.

PROFITABILITY

	FY2025	FY2024	Variance	
	S\$'000	S\$'000	S\$'000	%
Gross profit	6,684	7,106	(422)	(5.9)
Gross profit margin	33.1%	35.6%	–	(2.5) ppt
Other operating income	363	261	102	39.1
Administrative expenses	(7,189)	(6,789)	(400)	5.9
Other operating expenses	(111)	(4)	(107)	>100
Net impairment losses on financial assets	(132)	(16)	(116)	>100
Finance costs	(329)	(384)	55	(14.3)
Share of results of associates	150	130	20	15.4
Profit/(Loss) before tax	(564)	304	(868)	>100
Income tax credit	6	8	(2)	(25.0)
(Loss)/income for the year before discontinued operations	(558)	312	(870)	>100

FINANCIAL REVIEW

For the full year ended 31 December 2025, the Group achieved a gross profit of S\$6.7 million, representing a decline of 5.9% compared to the previous year. The gross profit margin decreased by 2.5 percentage points to 33.1% in FY2025. This decline was primarily due to lower profit contribution from Piping Segment.

Other operating income increased to S\$0.4 million, a rise of 39.1% from FY2024, which was primarily contributed by government grants and miscellaneous income.

Administrative expenses increased by 5.9% to approximately S\$7.2 million, mainly driven by higher depreciation and professional fees, and partially offset by lower staff-related costs.

Finance costs decreased by 14.3% to approximately S\$0.3 million, due to lower borrowings and improved financing terms.

Net impairment losses on financial assets increased to S\$0.1 million, reflecting a more conservative stance on credit risk.

From continuing operations, the Group reported a net loss of approximately S\$0.6 million for FY2025, compared to the net profit of S\$0.3 million in FY2024. This was primarily due to lower revenue derived from Piping segment.

FINANCIAL POSITION

	As at	As at	Variance	
	31 December 2025	31 December 2024	S\$'000	%
Non-current assets	6,768	7,407	(639)	(8.6)
Current assets	11,308	13,216	(1,908)	(14.4)
Non-current liabilities	1,679	1,563	116	7.4
Current liabilities	6,092	8,243	(2,151)	(26.1)
Working capital	5,216	4,973	243	4.9
Total equity	10,305	10,817	(512)	(4.7)
Net asset value per share (Singapore cents)	5.03	5.28	(0.25)	(4.7)



FINANCIAL REVIEW

As at 31 December 2025, the Group's net asset value per share stood at 5.0 Singapore cents, representing a decrease of 4.7% from the prior year. The Group's working capital remained relatively stable, increased by 4.9% to S\$5.2 million.

NON-CURRENT ASSETS

Non-current assets decreased by 8.6% to S\$6.8 million, driven mainly by depreciation of property, plant, and equipment, and a lower balance of right-of-use assets compared to the prior year.

CURRENT ASSETS

Current assets decreased by 14.4% to S\$11.3 million, primarily due to a reduction in contract assets and trade receivables which was partially offset by the slight increase in cash and bank balances and inventories.

CASH FLOW

	FY2025	FY2024	Variance	
	S\$'000	S\$'000	S\$'000	%
Net cash generated from operating activities	1,682	1,367	315	23.0
Net cash used in investing activities	(46)	(13)	(33)	NM
Net cash used in financing activities	(1,472)	(2,029)	557	(27.5)
Cash and cash equivalents at end of year	1,370	1,205	165	13.7

In FY2025, the Group's net cash generated from operating activities increased by 23.0% year-on-year to approximately S\$1.7 million, primarily due to:

- Operating profit inflows before changes in working capital of S\$0.5 million.
- Net working capital inflow of S\$1.3 million, driven by net cash inflows from trade and other receivables and contract assets of S\$1.1 million and trade and other payables and movements in contract liabilities of S\$0.2 million.

During the year, the Group's net cash used in investing activities amounted to S\$0.05 million, primarily due to

The decrease in contract assets was attributed to the completion of work in progress within the Piping Segment, while the decline in trade receivables resulted from improved collection efforts.

NON-CURRENT LIABILITIES

Non-current liabilities increased by 7.4% to S\$1.7 million, primarily due to adjustments in lease liabilities and deferred tax balances. The Group continues to maintain a disciplined approach to debt management and capital structure optimisation.

CURRENT LIABILITIES

Current liabilities decreased by 26.1% to S\$6.1 million, largely driven by lower borrowings, trade payables, and other payables, reflecting the settlement of these short-term obligations.

purchases of property, plant, and equipment, and net cash outflow on disposal of subsidiaries partially offset by proceeds from disposal of subsidiaries and dividends received from an associate.

Net cash used in financing activities for the year amounted to about S\$1.5 million, primarily due to repayments of trade facilities, term loans, and lease liabilities, offset by proceeds from term loans and trade financing. Aggregate interest paid for FY2025 amounted to approximately S\$0.4 million.

As a result, the Group's cash and cash equivalents increased to S\$1.4 million as at 31 December 2025, up from S\$1.2 million as at 31 December 2024.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE:

Mr. Soon Jeffrey

(Chief Executive Officer and Executive Director)

NON-EXECUTIVE:

Mr. Chong Eng Wee

(Non-Executive and Independent Chairman)

Ms. Lie Ly @ Liely Lee

(Non-Executive and Independent Director)

Mr. Lim Soon Hock

(Non-Executive and Non-Independent Director)

ALTERNATE:

Mr. Loke Chern Wei, James

(Alternate Director to Mr. Lim Soon Hock)

AUDIT AND RISKS MANAGEMENT COMMITTEE

Ms. Lie Ly @ Liely Lee (Chairman)

Mr. Chong Eng Wee

Mr. Lim Soon Hock

NOMINATING COMMITTEE

Mr. Chong Eng Wee (Chairman)

Ms. Lie Ly @ Liely Lee

Mr. Soon Jeffrey

REMUNERATION COMMITTEE

Ms. Lie Ly @ Liely Lee (Chairman)

Mr. Chong Eng Wee

Mr. Lim Soon Hock

COMPANY SECRETARY

Casey Yew Junxi

REGISTERED OFFICE

10 Tuas South Street 15, Singapore 637076

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Email: finance@heatec.com.sg

Website: <http://www.heatecholdings.com>

SHARE REGISTRAR/SHARE TRANSFER AGENT

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Public Accountants and Chartered Accountants

1 Raffles Place

#04-61/62 One Raffles Place

Tower 2

Singapore 048616

AUDIT PARTNER-IN-CHARGE

Chan Ser

(Since the financial year ended 31 December 2023)

CONTINUING SPONSOR

Novus Corporate Finance Pte. Ltd.

7 Temasek Boulevard, #04-02 Suntec Tower 1

Singapore 038987



FINANCIAL CONTENT

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CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or “**Directors**”) of Heatec Jietong Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) recognises the importance of corporate governance and is committed to ensuring the practices recommended in the Code of Corporate Governance 2018 issued in August 2018 (the “**Code**”) are complied with. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long-term shareholders’ value and protect the interests of shareholders.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2025 (“**FY2025**”), with specific reference made to the Principles and the Provisions of the Code, which form part of the continuing obligations under the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

The Company confirms that during FY2025, it has adhered to the Principles of the Code and the Provisions of the Code (except where otherwise explained). In areas where the Company’s practices vary from any Provision of the Code, the Company has stated herein the Provision of the Code from which it has varied, and appropriate explanations are provided for the variation and how the practices the Company has adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

I. BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1

Principle Duties of the Board

The Company is headed by an effective Board to lead and control its operations and affairs. The Board is entrusted with the responsibility for the overall management and corporate governance of the Group, including establishing strategic objectives and providing entrepreneurial leadership. The Board’s key responsibilities include charting and reviewing the Group’s overall business strategy, supervising the management personnel of the Company (the “**Management**”) and reviewing the Group’s financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

In addition, the Board has an obligation to shareholders of the Company (“**Shareholders**”) and other stakeholders of the Company to safeguard their interests and the Company’s assets by establishing a framework of prudent and effective controls which enables risks to be assessed and managed, setting the Company’s values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met, as well as identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation.

Code of Business Conduct and Ethics

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors on the areas of ethical risk, sets appropriate tone-from-the-top and desired organisational culture and sets a framework where integrity and accountability are paramount. The Company is also committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law.

CORPORATE GOVERNANCE REPORT

Conflict of Interests

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognisant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors and shall, in any event, recuse himself or herself from the decision-making process.

Pursuant to Section 156 of the Companies Act 1967 of Singapore (the “**Companies Act**”), each Director is to declare to the Company his or her interests (direct or indirect) in all transactions with the Company and/or the Group and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested person transactions.

Provision 1.2

Director Competencies

All Directors have a good understanding of the Company’s business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all Directors, a listed Board will generally have different classes of directors with different roles:

- **Executive Directors (EDs)** are members of Management who are involved in the day-to-day running of the business. They work closely with the Non-Executive Directors on the long-term sustainability and success of the businesses. They provide insight and recommendations on the Group’s operations at the Board and Board Committees meetings.
- **Non-Executive Directors (NEDs)** do not participate in the business operations. They constructively challenge Management on its decisions and contribute to the development of the Group’s strategic goals and policies. They participate in the review of Management’s performance in achieving the strategic objectives of the Group as well as the appointment, assessment and remuneration of the Executive Directors and key personnel of the Group.
- **Independent Directors (IDs)** are Non-Executive Directors who are unrelated to any of the Executive Directors and are deemed to be impartial by the Board. Independent Directors have similar duties as the Non-Executive Directors, with the additional responsibility of providing independent and objective advice and insight to the Board and Management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company’s expense.

Appointment Letter

Each newly appointed Director will be provided with a formal letter of appointment, explaining, among other matters, the roles, obligations, duties and responsibilities, and the expectations of his or her contribution to the Company as a member of the Board.

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Directors' Orientation and Training

The Company does not have a formal training program for Directors. However, all new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic direction and industry-specific knowledge, corporate functions and governance practices, as well as the expected duties of a director of a listed company. To better understand the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management.

The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry-specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company.

The Company encourages existing Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a director of a public listed company in Singapore, and such training will be funded by the Company.

All Directors are provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("ACRA") and other relevant regulatory bodies which are relevant to the Group and/or Directors are circulated to the Board.

Seminars and Training attended by Directors in FY2025

Details of updates provided to, and seminars and training programs attended by the Directors in FY2025 include, amongst others, the following:

- The Listed Entity Director (LED) Programmes conducted by Singapore Institute of Directors

Provision 1.3

Matters Requiring Board's Approval

The Company has in place internal guidelines on matters which specifically require the Board's decision or approval, which have been clearly communicated to Management, including but not limited to the following:

- (a) approval of announcements released via SGXNet, including announcements on financial results;
- (b) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual report;
- (c) dividend matters;
- (d) authorisation of banking facilities and corporate guarantees;
- (e) approval of change in corporate business strategy and direction;
- (f) appointment and cessation of Directors and key management personnel;
- (g) any matters relating to general meetings, Board and Board Committees; and
- (h) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

CORPORATE GOVERNANCE REPORT

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management of the Company via a structured delegation of authority matrix, which is reviewed on a regular basis and revised accordingly when necessary.

Provision 1.4

Delegation by the Board

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, the Board has established a number of Board committees, namely the Audit and Risks Management Committee (the “**ARMC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”). Each of the Board Committees function within clearly defined terms of references and operating procedures endorsed by the Board, which are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration any changes in the governance and legal environment. The Board Committees will also review their terms of reference on a regular basis to ensure their continued relevance, and the effectiveness of each Board Committee is also constantly reviewed by the Board. The composition and description of each Board Committee are set out in this report. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference are revised as and when appropriate for alignment with the Code.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Each Board Committee reports its activities regularly to the Board. Please refer to the respective principles as set out in this report for further information on the activities of each Board Committee. Minutes of the Board Committees meetings are regularly provided to the Board and are available to all Board members. The Board acknowledges that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation from Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior Management personnel to attend their meetings.

Provision 1.5

Board and Board Committees Meetings

The schedule of all the Board and Board Committees meetings as well as the annual general meeting of the Company (the “**AGM**”) for the next calendar year is planned well in advance. The Board meets at least twice a year and whenever warranted by particular circumstances. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board undertakes informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

Regulation 104(4) of the Company’s Constitution allows Board meetings to be conducted by means of conference telephone, videoconferencing, audiovisual, or other electronic means of communication by which all persons participating in the meeting can hear one another contemporaneously. Board and Board Committees meetings in FY2025 were conducted through a mixture of physical meetings, video conference and/or other means of telecommunication. Decisions of the Board and Board Committees may also be obtained through circulating resolutions in writing.

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The attendance of each Director at meetings of the Board and Board Committees in FY2025 as well as the frequency of such meetings held are set out in the table below:

No. of Meetings held	Board of Directors				ARMC					NC		RC	
	4				4					1		1	
	1/4	2/4	3/4	4/4	Member	1/4	2/4	3/4	4/4	Member	1/1	Member	1/1
Present Directors													
Lim Soon Hock	✓	✓	–	✓	Yes	✓	✓	–	✓	No	✓*	Yes	✓
Soon Jeffrey	✓	✓	✓	✓	No	✓*	✓*	✓*	✓*	Yes	✓	No	✓*
Chong Eng Wee (Zhang Yingwei)	✓	✓	✓	✓	Yes	✓	✓	✓	✓	Chairman	✓	Yes	✓*
Lie Ly @ Liely Lee	✓	✓	✓	✓	Chairman	✓	✓	✓	✓	Yes	✓*	Chairman	✓
Loke Chern Wei, James (Alternate Director to Lim Soon Hock)	✓	–	✓	–	No	✓*	N/A	✓*	N/A	N/A	✓*	N/A	✓*

- ✓ – Attendance at the meeting as a member of the Board / Board Committee
- * – Attendance by invitation of the relevant Board Committee
- – Absent with Apology
- N/A – Not Applicable

If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairman of the Board or the Board Committees of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination or re-nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as whether sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, and that sufficient time and attention are given to the affairs of the Company, after taking into consideration the number of listed company board representations and other principal commitments in FY2025 of each Director. In view of this, the Board does not limit the maximum number of listed company board representations which a Director may hold as long as each Director is able to commit his or her time and attention to the affairs of the Company and adequately carries out his or her duties as a Director. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit.

CORPORATE GOVERNANCE REPORT

Provision 1.6

Access to Information

All Directors have unrestricted access to the Company's records and information and are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. From time to time, the Directors are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of Management. This knowledge is essential for the Directors to engage in informed and constructive discussions, to make informed decisions and to discharge their duties and responsibilities.

Detailed Board papers are prepared and circulated to the Directors before each Board and Board Committee meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Members of the Management who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting and Board Committee meetings.

The Board receives quarterly financial performance results, annual budgets and explanations on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also updated on the Group's matters during quarterly board meetings, and as and when there are any significant developments or events relating to the Group's business operations.

In particular, to ensure that Non-Executive Directors are well supported by accurate, complete and timely information, all Non-Executive Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by Management on major decisions and prospective business deals.

Provision 1.7

Access to Management and Company Secretary

The Directors have separate and independent access to Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, at all times through email, telephone and face-to-face meetings.

The Directors may also liaise with Management as and when required to seek additional information. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or his representatives attend all the Board and Board Committees meetings and prepare minutes of the meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Independent Professional Advice

Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties and responsibilities, the Company will appoint such professional adviser(s) to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

Director Independence

The criterion for independence is based on the definition set out in the Code and the Practice Guidance of the Code of Corporate Governance issued in August 2018 (the “**Practice Guidance**”) and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an “independent” Director as one who is independent in conduct, character and judgment, has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment in the best interests of the Company.

The NC shall conduct an annual review to determine the independence of the Independent Directors according to the Code and the Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Independent Directors before tabling its finding and recommendations to the Board for approval.

For FY2025, the Independent Directors (namely Mr. Chong Eng Wee (Zhang Yingwei) and Ms. Lie Ly @ Liely Lee) have confirmed that neither they nor their immediate family members have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgment in the best interests of the Company, and do not fall under any of the circumstances set out in Rule 406(3)(d) of the Catalist Rules. Furthermore, the foregoing Independent Directors have also confirmed that they were not in any foreseeable situation that could compromise their independence of thought and decision.

The Board, based on the review conducted by the NC, has determined that the foregoing Directors are independent.

Duration of Independent Directors’ Tenure

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his or her first appointment.

Provision 2.2

Proportion of Independent Non-Executive Directors

Provision 2.2 of the Code states that independent directors are to make up the majority of the Board where the Chairman is not independent.

As at the date of this report, the Board comprises two (2) Independent Directors (out of a four (4)-member Board). Given that the Chairman is independent, Provision 2.2 of the Code is not applicable to the Company.

Provision 2.3

Proportion of Non-Executive Directors

Provision 2.3 of the Code states that non-executive directors should make up a majority of the Board. As at the date of this report, the Board comprises a majority of three (3) Directors (out of a four (4)-member Board) who are Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

Provision 2.4

Board Composition and Size

As at the date of this report, the Board comprises the following four (4) Directors, one (1) of whom is an Executive Director and three (3) of whom are Non-Executive Directors, of which two (2) are Independent Directors:

Executive Director

Soon Jeffrey – Executive Director and Chief Executive Officer (“**CEO**”)

Non-Executive Directors

Chong Eng Wee (Zhang Yingwei) – Non-Executive and Independent Chairman
Lim Soon Hock – Non-Executive and Non-Independent Director
(Alternate Director – Loke Chern Wei, James)
Lie Ly @ Liely Lee – Non-Executive and Independent Director

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group’s operations, the requirements of the businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity of skills, experience and knowledge of the Group without interfering with efficient decision-making.

Board Diversity

The Company has a Board Diversity Policy which sets out guidelines in identifying nominees for directorship positions within the Company, and is primarily focused on having an appropriate mix of expertise with complementary skills, core competencies and experiences for facilitating effective decision-making, regardless of gender. The Board Diversity Policy emphasises that a balanced composition of skills, experience, and background at the Board level is essential to provide a range of perspectives, insights, and challenges. This will enable the Board to discharge its duties and responsibilities effectively, make informed decisions that align with the Company’s core businesses and strategy, and support succession planning and development of the Board. In recognition of the importance and value of gender diversity in the composition of the Board, the Company appointed a female Director in July 2018. Each Director has been appointed based on his or her skills, experience and knowledge, and is expected to bring forth his or her experience and expertise to the Board for the continuous development of the Group.

The Board Diversity Policy does not specify any specific targets or accompanying plans and timelines for achieving diversity. Instead, the policy emphasises that measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. It is the responsibility of the NC to monitor the achievement of these measurable objectives and report on progress in the Corporate Governance Report annually. The NC reviews the policy at least annually to ensure its effectiveness. The NC will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

All Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and Shareholders. To maintain and/or enhance the balance and diversity of the Board, the NC will review the board composition annually to assess whether the existing attributes and core competencies of the Board are adequate for the Board to discharge its responsibilities effectively, taking into account the Group’s existing risk profile, business operations and future business strategy, and will consider the results of such review in putting forth its recommendation for the appointment of new Directors and/or re-appointment of incumbent Directors.

CORPORATE GOVERNANCE REPORT

Provision 2.5

Meeting of Non-Executive Directors (including Independent Directors) without Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Non-Executive Directors (including Independent Directors) are encouraged to meet without the presence of Management, so as to facilitate a more effective check on Management. The Non-Executive and Independent Chairman shall lead the meetings among the Non-Executive Directors (including Independent Directors) without the presence of other Directors. The Non-Executive and Independent Chairman shall provide feedback to the Board and the Chairman of the Board after such meetings, where necessary.

In FY2025, the Non-Executive Directors (including Independent Directors), led by the Non-Executive and Independent Chairman, have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes and succession planning as well as leadership development and the remuneration of Directors and key management personnel of the Company ("KMPs").

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separation of the Role of Chairman and Chief Executive Officer

The Chairman of the Board and the CEO are separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and Management responsible for managing the Group's business operations.

Provision 3.2

Role of Chairman and Chief Executive Officer

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management and effective communication with Shareholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with Management, as well as facilitates effective contribution from the Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

- (a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary and his representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (b) ensuring that all agenda items are adequately and openly debated at the Board meetings;
- (c) ensuring that all Directors receive complete, adequate and timely information; and
- (d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

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The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees the execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Chairman and the ARMC, and recommended to the Board for its consideration and approval. The performance and remuneration package of the CEO is reviewed periodically by the NC and the RC. As of the date of this report, the Board comprises two (2) Independent Directors out of a four (4)-member Board, and the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Provision 3.3

Lead Independent Director

In view that the Chairman of the Board is independent and the Chairman and the CEO are not related, the Company did not appoint a lead independent Director.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

Roles and Duties of Nominating Committee

The Board has established the NC since 2009 with written terms of reference which clearly set out its authority and duties. The NC reports to the Board directly.

The terms of reference of the NC, which was revised and adopted for alignment with the Code and Catalist Rules, set out its duties and responsibilities. Amongst them, the NC is responsible for:–

1. regularly and strategically reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;
2. identifying and nominating candidates to fill Board vacancies as they occur;
3. requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;
4. sending the newly appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;
5. recommending the membership of the Board Committees to the Board;
6. reviewing the independent status of the Independent Directors (in accordance with Catalist Rule 406(3)(d) and Provision 2.1 of the Code), if applicable, annually, or when necessary, along with issues of conflict of interests;
7. developing the performance evaluation framework for the Board, the Board Committees and individual Directors and proposing objective performance criteria for the Board, the Board Committees and individual Directors;

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8. recommending that the Board removes or reappoints a Director (including alternate director(s)) at the end of his or her term, and recommending the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;
9. reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;
10. reviewing and ensuring that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;
11. reviewing the Board's succession plans for directors, in particular the appointment and/or replacement of the Board Chairman, Directors, CEO and KMPs;
12. keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates;
13. review of training and professional development programmes for the Board and its Directors, where applicable; and
14. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

Provision 4.2

Nominating Committee Composition

As at the date of this report, the NC comprised three (3) members, the majority of whom, including the Nominating Committee Chairman, are Independent:

Chong Eng Wee (Zhang Yingwei)	–	Chairman
Lie Ly @ Liely Lee	–	Member
Soon Jeffrey	–	Member

Provision 4.3

Nomination and Selection of Directors

Where a vacancy arises pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board would benefit from the services of a new Director with a particular skillset, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC may also approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board and the Board approves such appointment.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors, amongst others, to consider succession planning and refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

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When an existing Director chooses to retire, or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

Re-election of Directors

Regulation 98 of the Company's Constitution provides that at each AGM, at least one-third of the Directors, for the time being, shall retire from office by rotation and submit themselves for re-election, provided that all Directors shall retire from office at least once every three (3) years. Rule 720(4) of the Catalist Rules also provides that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

Regulation 99 of the Company's Constitution provides that the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself or herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. Between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by the drawing of lots. A retiring Director shall be eligible for re-election.

Regulation 102 of the Company's Constitution provides that the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by the Company's Constitution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

In this respect, the Board has accepted the NC's nomination of the following Directors for re-election at the forthcoming AGM:—

- (a) Mr. Soon Jeffery, who is retiring by rotation pursuant to Regulations 98 and 99 of the Company's Constitution; and
- (b) Ms. Lie Ly @ Liely Lee, who is retiring by rotation pursuant to Regulations 98 and 99 of the Company's Constitution.

Mr. Soon Jeffery has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as an Executive Director and CEO and a member of the Nominating Committee.

Ms. Lie Ly @ Liely Lee has given her consent for re-election and she will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director, Chairman of the Audit and Risks Management Committee and Remuneration Committee and a member of the Nominating Committee. She is also considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

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In making the recommendation, the NC has considered the Directors' overall contributions and performance. Pursuant to Rule 720(5) of the Catalist Rules, information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules is disclosed as follows.

Name of Director	Soon Jeffrey	Lie Ly @ Liely Lee
Date of Appointment	1 January 2016	28 July 2018
Date of last re-appointment (if applicable)	27 June 2024	24 May 2023
Age	46	52
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr. Soon Jeffrey as the Executive Director and CEO of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms. Lie Ly @ Liely Lee as the Non-Executive and Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experience and overall contribution since she was appointed as a Director of the Company. The Board considers Ms. Lie Ly @ Liely Lee to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Soon Jeffrey is responsible for all day-to-day operations and determines the Group's strategic direction for business growth, including the overall Group sales activities, as well as business development in new markets and industries.	Non-Executive.
Job Title (e.g. Lead ID, ARMC Chairman, ARMC member etc.)	Executive Director and CEO and a member of the NC	Non-Executive and Independent Director, Chairman of the ARMC and RC and a member of the NC
Professional qualifications	<ul style="list-style-type: none"> • Master of Business Administration, Singapore Management University • Degree of Bachelor of Engineering (Honours) (Mechanical and Production Engineering), Nanyang Technological University 	<ul style="list-style-type: none"> • Qualified Chartered Public Accountant, CPA Australia • Master of Accounting, Curtin University, Australia • Bachelor of Commerce, Murdoch University, Australia

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Name of Director	Soon Jeffrey	Lie Ly @ Liely Lee
Working experience and occupation(s) during the past 10 years	<p>January 2016 – Present Executive Director and CEO of the Company</p> <p>July 2014 – December 2015 Group Sales and Business Development Director of the Company</p>	<p>January 2025 – Present Executive Director and CEO, PT Pelayaran Nasional Bina Buana Raya TBK</p> <p>February 2020 – December 2024 Executive Director and Group CFO, Marco Polo Marine Ltd</p> <p>March 2018 – February 2020 Alternate Director to the Chairman of the Board and Group CFO, Marco Polo Marine Ltd</p> <p>2006 – February 2018 Executive Director and Group CFO, Marco Polo Marine Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>Yes. Direct interest in 1,400,000 shares, representing 0.68% of the issued share capital of the Company; 3,000,000 share options in the Company and deemed interest in 81,818,181 shares in the Company which are held by Megane Marine Pte. Ltd., in which Mr. Soon Jeffrey has a 100% shareholding interest.</p> <p>Mr. Soon Jeffrey is deemed to have an interest in the shares in the Company held by Megane Marine Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.</p>	1,000,000 share options in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes, Mr. Soon Jeffrey is the son of Mr. Soon Yeow Kwee Johnny, a substantial shareholder of the Company. He is also the brother of Mr. Soon Jenson, an executive officer of the Company, and Mr. Soon Jeremy, a sales manager of the Company. Mr. Soon Jeffrey is a director on the boards of certain subsidiaries of the Company, the details of which are as set out below.	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	<ol style="list-style-type: none"> 1. Heatec Oilfield Services Pte. Ltd. 2. Heatec Chariot Envirobotics Pte. Ltd. 3. Ipromar (Pte.) Ltd. 4. Ipromar (M) Sdn Bhd 5. JJY Engineering & Construction Pte Ltd 6. Chem-Grow Services Pte. Ltd. 7. JTY Engineering Pte. Ltd. 8. Setya Energy Pte. Ltd. 	None

CORPORATE GOVERNANCE REPORT

Name of Director	Soon Jeffrey	Lie Ly @ Liely Lee
Present	1. Heatec Jietong Pte. Ltd. 2. Heatec Veslink Marine Services Co. Ltd 3. HJT Engineering & Construction Pte. Ltd. 4. JYJ Engineering & Construction Pte. Ltd. 5. Chem-Grow Pte. Ltd. 6. Chem-Grow Engineering Pte. Ltd. 7. Megane Marine Pte. Ltd. 8. Heatec (Shanghai) Co., Ltd. 9. Zhoushan Heatec IMC-YY Engineering Co. Ltd	1. Marco Polo Wind Private Limited 2. PT. Pelayaran Nasional Bina Buana Raya TBK 3. BBR Shipping Pte. Ltd. 4. PT. Sinar Bintang Makmur 5. PT Adhimineral Sejahtera 6. PT Kencana Semar Gemilang 7. Nautical International Holdings Ltd (BVI)
Disclose the following matters concerning an appointment of director. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Heatec Guangzhou Co. Ltd (" HGCL ") was sued by four (4) employees for failure to provide them with their employment contracts. Judgement was made against HGCL and HGCL was fined. However, since HGCL was a relatively new company and most of its funds were used up in the setup and operations and shareholders were not in favor of injecting more funds into HGCL, HGCL was unable to pay the employees' compensation. As a result, the shareholders decided to declare HGCL bankrupt. The foregoing case was concluded in 2020. Heatec Jietong Pte. Ltd. was a 60% shareholder of HGCL and Mr. Soon Jeffrey was the supervisor for HGCL. His role was non-executive. Daily operations were managed by the minority shareholders who were locals in Guangzhou. Heatec Jietong Pte. Ltd. had majority control over the Board of HGCL.	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

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Name of Director	Soon Jeffrey	Lie Ly @ Liely Lee
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

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Name of Director	Soon Jeffrey	Lie Ly @ Liely Lee
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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Name of Director	Soon Jeffrey	Lie Ly @ Liely Lee
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. These disclosures are in respect of the re-election of a Director of the Company.	Not applicable. These disclosures are in respect of the re-election of a Director of the Company.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and the Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors have submitted their confirmation of independence annually for the NC's review. In respect of the Company's current Independent Directors, namely Mr. Chong Eng Wee (Zhang Yingwei) and Ms. Lie Ly @ Liely Lee, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2025, the Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

Provision 4.5

Directors' Time Commitments

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

The NC undertakes an annual review of the declarations from the Directors on their principal time commitments and directorships in other listed companies and is satisfied that all the Directors of the Company are able to and have adequately carried out their duties as Directors of the Company, notwithstanding any multiple listed company directorships and principal commitments, and that sufficient time and attention are given to the affairs of the Company, after taking into consideration the number of listed company board representations and other principal commitments in FY2025 of each Director.

Duties and obligations of new directors

As mentioned in respect of Provision 4.1 above, the NC is responsible for sending each newly appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company.

CORPORATE GOVERNANCE REPORT

Listed Company Directorships and Principal Commitments

As at the date of this report, the members of the Board and their details are set out below:–

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
Mr. Lim Soon Hok	30 April 2025	Non-Executive and Non-Independent	Member of the ARMC and RC	<ul style="list-style-type: none"> • Bachelor of Engineering (Electrical, Honours), University of Singapore • Post-grad Diploma of Business Administration, National University of Singapore • Graduate Certificate in International Arbitration • Registered Professional Engineer(s) • Fellow of Institution of Engineers Singapore • Fellow of Academy of Engineering Singapore • Chartered Electrical Engineer and Fellow of Institution of Engineering & Technology, UK • Honorary Fellow of The ASEAN Federation of Engineering Organisations • Fellow of Singapore Computer Society • Fellow of Singapore Institute of Directors • Fellow of Singapore Institute of Arbitrators • Member of the Singapore Mediation Centre's Family Panel of Mediators and Associate Mediators Panel 	<p><u>Other Principal Commitments/ directorships</u></p> <p>Member, Board of Governors – Raffles Girls' Secondary School</p> <p>Adjunct Professor – National University of Singapore</p> <p>Mediator – State Courts Singapore, Singapore Mediation Centre & Singapore International Mediation Institute, Community Mediation Centre</p> <p>Deputy Registrar and Licensed Solemniser – Registrar of Marriages</p> <p>Director – Tru-Marine Pte Ltd (also as Deputy Chairman & Senior Advisor)</p> <p>Director – REDA Pte. Ltd.</p> <p>Director – Archer (S) Pte. Ltd.</p> <p>Director – Mundipharma Singapore Holding Pte. Limited</p> <p>Board Member – Institution of Engineers (Singapore) Fund Ltd</p> <p>Founder and Managing Director – PLAN-B ICAG Pte Ltd</p> <p>Board of Advisors – RIMRISE FZCO</p>

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Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
					<p><u>Present Listed Company Directorships</u></p> <p>China Fishery Group Limited</p> <p>DiSa Limited</p> <p>A-Sonic Aerospace Limited</p>
Mr. Soon Jeffrey	27 June 2024 (shall retire and be subject to re-election at the forthcoming AGM)	Executive	CEO and a member of the NC	<ul style="list-style-type: none"> • Master of Business Administration, Singapore Management University • Degree of Bachelor of Engineering (Honours) (Mechanical and Production Engineering), Nanyang Technological University 	<p><u>Other Principal Commitments/ directorships</u></p> <p>Director – Heatec Jietong Pte. Ltd.</p> <p>Director – Heatec Veslink Marine Services Co. Ltd</p> <p>Director – HJT Engineering & Construction Pte. Ltd.</p> <p>Director – JJY Engineering & Construction Pte. Ltd.</p> <p>Director – Chem-Grow Pte. Ltd.</p> <p>Director – Chem Grow Engineering Pte. Ltd.</p> <p>Director – Megane Marine Pte. Ltd.</p> <p>Director – Heatec (Shanghai) Co., Ltd.</p> <p>Director – Zhoushan Heatec IMC-YY Engineering Co. Ltd</p> <p><u>Present Listed Company Directorships</u></p> <p>–</p>

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Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
Mr. Chong Eng Wee (Zhang Yingwei)	30 April 2025	Non-Executive and Independent	Non-Executive and Independent Chairman, Chairman of the NC and a member of the ARMC and RC	<ul style="list-style-type: none"> • Advocate & Solicitor, Supreme Court of Singapore • Solicitor of the High Court of Hong Kong • Legal Practitioner, Supreme Court of New South Wales, Australia • Barrister & Solicitor, High Court of New Zealand • Postgraduate Practical Course in Law, Board of Legal Education • Graduate Diploma in Singapore Law, National University of Singapore • Certificate for Professional Legal Studies course (New Zealand), Institute of Professional legal Studies • Bachelor of Laws, Victoria University of Wellington New Zealand 	<p><u>Other Principal Commitments/ directorships</u></p> <p>Managing Director – Chevalier Law LLC</p> <p>Director – Chevalier CS Pte. Ltd.</p> <p>Partner – Nixon Peabody CWL</p> <p>Director – Coronet Ventures (Singapore) Pte. Ltd.</p> <p>Director – Lucky Sesa Pte. Ltd.</p> <p><u>Present Listed Company Directorships</u></p> <p>AJJ Medtech Holdings Limited</p> <p>Willas-Array Electronics (Holdings) Limited</p> <p>Accrelist Ltd.</p> <p>Polaris Ltd.</p> <p>Eindec Corporation Limited</p> <p>Aoxin Q&M Dental Group Limited</p>

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Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships in other listed companies and other principal commitments
Ms. Lie Ly @ Liely Lee	24 May 2023 (shall retire and be subject to re-election at the forthcoming AGM)	Non-Executive and Independent	Chairman of the ARMC and RC and a member of the NC	<ul style="list-style-type: none"> • Qualified Chartered Public Accountant, CPA Australia • Master of Accounting, Curtin University, Australia • Bachelor of Commerce, Murdoch University, Australia 	<u>Other Principal Commitments/ directorships</u> Director – Marco Polo Wind Private Limited Director – BBR Shipping Pte. Ltd. Director – PT. Sinar Bintang Makmur <u>Present Listed Company Directorships</u> Executive Director and CEO – PT. Pelayaran Nasional Bina Buana Raya TBK
Mr. Loke Chern Wei, James	30 April 2025	Alternate director to Mr. Lim Soon Hock	Alternate director to Mr. Lim Soon Hock	<ul style="list-style-type: none"> • Bachelor of Engineering, University College London • Bachelor of Commerce – Marketing and Management, Curtin University 	<u>Other Principal Commitments/ directorships</u> Executive Director and Group Chief Executive Officer of Tru-Marine Pte. Ltd. Director – Pmax One Technologies Pte. Ltd. Director – Tru-Marine Technologies Pte. Ltd. Director – Tru-Marine Machinery & Engineering Guangzhou Co., Ltd. Director – Tru-Marine Cosco (Tianjin) Engineering Co Ltd Director – Trumarine (M) Sdn Bhd <u>Present Listed Company Directorships</u> –

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Information on the interests of the Directors who held office at the end of FY2025 in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement on pages 53 to 56 of this annual report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best efforts to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board in developing a performance evaluation framework for the Board, Board Committees and individual Directors, and to propose performance criteria and assist in the conduct of the evaluation, analyse the findings, and report the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Directors to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

On an annual basis, all the Directors are required to complete the following:

- Board Performance Evaluation Questionnaire;
- Audit and Risks Management Committee Performance Evaluation Questionnaire;
- Nominating Committee Performance Evaluation Questionnaire;
- Remuneration Committee Performance Evaluation Questionnaire; and
- Individual Director Self-Assessment Form.

For FY2025, the NC conducted a formal review of the performance evaluation of the Board, Board Committees and individual Directors, by way of circulating the questionnaires to the Board and Board Committees and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board, Board Committees and each individual Director has been discussed and reviewed by the NC.

Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

- (a) Board composition;
- (b) Board conduct of affairs;
- (c) Internal controls and risk management;

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- (d) Board accountability;
- (e) CEO performance/succession planning; and
- (f) Standard of conduct.

Based on the summary of findings of the evaluation for FY2025 together with the feedback and recommendations from each Director, the NC is satisfied that the Board has, as a whole, met its performance objective in FY2025.

Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

Audit and Risks Management Committee

- (a) Composition;
- (b) Meetings;
- (c) Financial reporting;
- (d) Internal audit and external audit process; and
- (e) Communication with Shareholders

Nominating Committee

- (a) Composition;
- (b) Meetings; and
- (c) Accountability

Remuneration Committee

- (a) Composition;
- (b) Meetings; and
- (c) Accountability

Based on the summary of the evaluation for FY2025 together with the feedback and recommendations from members of the respective Board Committees, the NC is satisfied that each of the Board Committees has met its performance objective in FY2025.

The primary objective of the Board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the procedures and processes of the Board, and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

The NC has, without the engagement of any external facilitator, assessed the Board's and Board Committees' overall performance to-date and is of the view that the performance of the Board as a whole and Board Committees was satisfactory.

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Individual Directors Evaluation Process

The evaluation serves to assess the effectiveness of each of the individual Directors on the following parameters:

- (a) Attendance at Board and related activities;
- (b) Adequacy of preparation for Board meetings;
- (c) Contribution in certain key aspects of business;
- (d) Initiative;
- (e) Participation in constructive debate/discussion;
- (f) Maintenance of independence;
- (g) Disclosure of interested person transactions; and
- (h) Overall assessment.

Based on the summary of the evaluation for FY2025 together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each individual Directors has met his or her performance objective in FY2025.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM, and in determining whether Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as Director.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

Roles and Duties of Remuneration Committee

The Board has established the RC since 2009 with written terms of reference, which clearly set out its authority and duties. The RC reports to the Board directly.

The terms of reference of the RC, which was revised and adapted for alignment with the Code and Catalist Rules, set out its duties and responsibilities. Amongst them, the RC is responsible for:–

1. determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
2. ensuring that the level and structure of remuneration of the Board and KMPs are appropriate and proportionate to the sustained performance and value creation of the Company;

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3. setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMPs;
4. reviewing and recommending to the Board, the specific remuneration packages for each Director and KMP;
5. recommending proposed Directors' fees for Shareholders' approval;
6. monitoring the level and structure of remuneration for KMPs relative to the internal and external peers and competitors;
7. ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;
8. reviewing the remuneration of employees related to the Directors, CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
9. reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
10. obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;
11. overseeing any major changes in employee benefits or remuneration structures;
12. reviewing the design of all long-term and short-term incentive schemes for approval by the Board and Shareholders;
13. ensuring that the contractual terms and any termination payments are fair to the individual and the Company, and that poor performance is not rewarded;
14. setting performance measures and determining targets for any performance-related pay schemes operated by the Company;
15. ensuring that a significant and appropriate proportion of Executive Directors' and KMPs' remuneration is structured so as to link rewards to corporate and individual performance;
16. working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
17. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

Provision 6.2

Remuneration Committee Composition

As at the date of this report, the RC comprised three (3) members, all of whom are Non-executive Directors, the majority of whom, including the Remuneration Committee Chairman, are Independent:

Lie Ly @ Liely Lee	–	Chairman
Lim Soon Hock	–	Member
Chong Eng Wee	–	Member

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Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages and policies for the Directors/CEO and the KMPs based on the performance of the Group, the individual Director and the KMPs. No Director individually decides or is involved in the determination of his or her own remuneration. The recommendations of the RC are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the respective service agreements entered into with the Executive Directors and KMPs that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and to avoid rewarding poor performance.

Provision 6.4

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No external expert was engaged by the Company in FY2025.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value of creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

Remuneration of Executive Directors and KMPs

The Group's remuneration policy is to provide compensation packages at market rates that reward successful performance and to attract, retain and motivate Directors and KMPs. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMPs.

The Executive Directors do not receive Directors' fees. The remuneration of Mr. Soon Jeffrey, Executive Director and CEO of the Company, and Mr. Soon Jenson, one of the KMPs (who is the brother of Mr. Soon Jeffrey and son of Mr. Soon Yeow Kwee Johnny), are governed by their respective service agreements which are effective since 1 January 2016. The respective service agreements of Mr. Soon Jeffrey and Mr. Soon Jenson have been renewed on a yearly basis. To align the interests of the Executive Directors and KMPs with those of Shareholders, Mr. Soon Jeffrey and Mr. Soon Jenson are allowed to participate in a profit-sharing incentive scheme pursuant to which the performance condition is based on the Group's profit before tax for each of the financial years. The RC and the Board have reviewed and approved the service agreements without any changes to the remuneration packages.

Having reviewed and considered the variable components in the remuneration packages of the Executive Directors and KMPs, which are moderate, the RC is of the view that there is no urgent need presently to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group.

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Provision 7.2

Remuneration of Non-Executive Directors

The Non-Executive Directors receive Directors' fees in accordance with their contributions. Directors' fees for the Non-Executive Directors are proposed by Mr. Soon Jeffrey, the Executive Director and CEO of the Company and reviewed and recommended by the RC, based on the effort, time spent and the responsibilities of the individual Non-Executive Directors. No Director is involved in deciding his or her own remuneration. The Non-Executive Directors have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Directors (including Non-Executive Directors) is recommended for Shareholders' approval at each AGM.

The Directors' fees for the Non-Executive Directors of S\$165,300 for the current financial year ending 31 December 2026 (with payment to be made quarterly in arrears) have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and relationships between remuneration, performance and value creation.

Provision 8.1

Remuneration Criteria

The compensation packages for employees, including the Executive Director and the KMPs, comprises a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Director and KMPs is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director and CEO of the Company (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Disclosure on Fees and Remuneration of Directors and CEO

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2025 is as follows:

Name of Director	Remuneration (S\$'000)	Salary⁽¹⁾ (%)	Bonus⁽¹⁾ and/or profit sharing (%)	Directors' fees (%)	Allowances and other benefits (%)	Stock options, share-based incentives, long-term incentives (%)	Total (%)
Soon Jeffrey	276	81	6	–	13	–	100
Lim Soon Hock	43	–	–	100	–	–	100
Chong Eng Wee (Zhang Yingwei)	67	–	–	100	–	–	100
Lie Ly @ Liely Lee	56	–	–	100	–	–	100

Note:

(1) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund contributions.

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Disclosure on Remuneration of KMPs

The Group has three (3) KMPs (who are not Directors or the CEO), including the immediate family members of a Director or the CEO or a substantial Shareholder in FY2025. The breakdown of the annual remuneration (in percentage terms) of the three KMPs of the Group for FY2025 is set out as follows:

Name of Key Management Personnel	Remuneration (S\$'000)	Salary ⁽¹⁾ (%)	Bonus ⁽¹⁾ and/or profit sharing (%)	Allowances and other benefit (%)	Total (%)
Soon Jenson	242	78	6	16	100
Koh Lay Cheng	118	86	8	6	100
Sam Kai Chyuan	214	89	7	4	100

Note:

(1) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund contributions.

The Company has no other KMPs other than as disclosed above. The RC will review the remuneration of the Directors and the KMPs from time to time. All Directors and KMPs are remunerated on an earned basis, and there were no termination, retirement and post-employment benefits granted during FY2025.

Provision 8.2

Disclosure on Remuneration of Immediate Family Member of Substantial Shareholder

Saved as disclosed above under Provision 8.1 – Disclosure on Remuneration of Key Management Personnel and in the table set out below, there were no other employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S\$100,000 during FY2025.

The following table shows a breakdown of the annual remuneration (in percentage terms) of an immediate family member of a substantial Shareholder (who is not a KMP) and whose remuneration exceeds S\$100,000 for FY2025.

Name	Salary ⁽¹⁾ (%)	Bonus ⁽¹⁾ and/or profit sharing (%)	Allowances and other benefits (%)	Total (%)
Yong Chin Seng ⁽²⁾	80	7	13	100

Notes:

(1) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund contributions.

(2) Mr. Yong Chin Seng was promoted to the position of General Manager of Chem-Grow Pte. Ltd. with effect from 25 August 2023 and re-designated to his current position as its Sales Manager since 1 July 2025. He is responsible for sourcing new clients, sales administrative and sales management for the chemical cleaning segment of the Company. He is the son of Mr. Yong Yeow Sin, who is a substantial shareholder of the Company. His remuneration was in the band between S\$100,001 and S\$200,000 for FY2025.

CORPORATE GOVERNANCE REPORT

Provision 8.3

Details of Heatec Employee Share Option Scheme and Heatec Performance Share Plan

The Company has a share option scheme known as the Heatec Employee Share Option Scheme (the “**Heatec ESOS**”) and a performance share plan known as the Heatec Performance Share Plan (the “**Performance Share Plan**”) which were approved by Shareholders at the extraordinary general meeting of the Company (“**EGM**”) held on 18 June 2009. The Heatec ESOS and Performance Share Plan expired on 17 June 2019, and the Company obtained the approval of its Shareholders at the AGM held on 30 April 2019 for the extension of the respective durations of the Heatec ESOS and Performance Share Plan for a further period of 10 years from 18 June 2019 up to 17 June 2029.

The Heatec ESOS and Performance Share Plan comply with the relevant rules as set out in Chapter 8 of the Catalist Rules. The Heatec ESOS and Performance Share Plan will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the Heatec ESOS and Performance Share Plan are administered by the RC. Details of the Heatec ESOS and Performance Share Plan were set out in the Company’s Offer Document dated 30 June 2009.

The Heatec Employee Share Option Scheme and the Performance Share Plan are administered by the Remuneration Committee which comprises Ms. Lie Ly @ Liely Lee, Mr. Chong Eng Wee and Mr. Lim Soon Hock.

As at 31 December 2025, the Company has granted an aggregate of 1,772,000 share awards pursuant to the Performance Share Plan, all of which were granted prior to FY2025. The shares to be issued pursuant to the share awards granted are subject to certain performance conditions to be satisfied by the participants and such shares pursuant to the share awards granted have been issued to the relevant participants as at the date of this report. The Company did not grant any share awards pursuant to the Performance Share Plan in FY2025.

As at 31 December 2025, there were 3,000,000 outstanding share options granted under the Heatec ESOS that may be exercised by Mr. Soon Jeffrey to subscribe for 3,000,000 new ordinary shares in the capital of the Company. Movements in the number of unissued shares of the Company under the Heatec ESOS during FY2025 were as follows:

Exercise period		Outstanding options as at 1 January 2025	Number of options granted in FY2025	Number of options cancelled in FY2025	Outstanding options as at 31 December 2025	Exercise price (S\$)
From	To					
18 April 2017	17 April 2026	1,800,000	–	–	1,800,000	0.085
16 April 2019	15 April 2028	1,200,000	–	–	1,200,000	0.062
Total		3,000,000	–	–	3,000,000	

CORPORATE GOVERNANCE REPORT

In accordance with Rule 851(1)(b) of the Catalist Rules, the following table sets out the options granted during the financial year to each Director and associates of certain controlling shareholders of the Company are set out below:

Name of participant	Options granted during the financial year ended 31 December 2025	Aggregate options granted since commencement of Scheme to 31 December 2025	Aggregate options exercised since commencement of Scheme to 31 December 2025	Aggregate options cancelled since commencement of Scheme to 31 December 2025	Aggregate options outstanding as at 31 December 2025
Soon Jeffrey	–	3,000,000	–	–	3,000,000
Chong Eng Wee	1,000,000	1,000,000	–	–	1,000,000
Lie Ly @ Liely Lee	1,000,000	1,000,000	–	–	1,000,000
Lim Soon Hock	1,000,000	1,000,000	–	–	1,000,000
Soon Jenson	3,000,000	3,000,000	–	–	3,000,000
Yong Chin Seng	1,000,000	1,000,000	–	–	1,000,000

The number of options granted in FY2025 to employees (other than Directors, Controlling Shareholders (and their associates) is 5,000,000.

On 30 May 2025, the Company granted 12,000,000 options pursuant to the Heatec ESOS, all of which were granted at an exercise price of S\$0.015 per share, representing a discount to the market price on the date of grant which is within the range of 0% – 10%.

Save as disclosed above, no other share option was granted to directors and employees of the Company and its subsidiaries during FY2025 and no participant received 5% or more of the aggregate of the total number of options available under the Heatec ESOS.

Please refer to the Directors' Statement and Note 27 to the Financial Statements set out in this annual report for more information on the Heatec ESOS.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

Nature and Extent of Risks

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the ARMC, internal and external auditors.

As part of the review of the Company's internal control process and in view of the qualified opinion issued by the independent auditors of the Company in respect of the audited financial statements for FY2024, the Management has, in consultation with the Board, further tightened and enhanced such internal controls in respect of, among others, the specific delegation of authority for different threshold amounts, the segregation of such authorisation for both operational and non-operation activities and ensuring that the terms of any contracts entered into with third parties specify, to the extent possible, the deliverables and stipulated payment milestones for such deliverables.

The Group has in place an Enterprise Risk Management Framework to manage its exposure to risks that are associated with the conduct of its business. The Board will continue to undertake risk assessment, which is an on-going process, with a view to improving the Group's internal control systems.

Provision 9.2

Assurance from the Chief Executive Officer, Chief Financial Officer and Key Management Personnel

The Board and the ARMC have reviewed, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The Board has received written assurance from the CEO and Chief Financial Officer that, as at 31 December 2025, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received written assurance from the CEO and the relevant KMPs that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2025 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board Committees and the Board, as well as the said assurances set out above, the Board is satisfied, and the ARMC concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2025 to address the risks that the Group considers relevant and material to its business operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

CORPORATE GOVERNANCE REPORT

Audit and Risks Management Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

Roles and Duties of Audit and Risks Management Committee

The Board has established the Audit Committee since 2009 (which was later renamed as ARMC on 28 July 2018), with written terms of reference which clearly set out its authority and duties. The ARMC reports to the Board directly.

The terms of reference of the ARMC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the ARMC is responsible for:–

1. reviewing the major financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;
2. overseeing and reviewing the adequacy and effectiveness of the Company's risk management function;
3. overseeing Management in establishing the risk management framework of the Company;
4. reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;
5. reviewing the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;
6. reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit and the Company's internal audit function;
7. reviewing the independence and objectivity of the external auditors;
8. making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;
9. ensuring that the Company complies with the requisite laws and regulations;
10. ensuring that the Company has programmes and policies in place to identify and prevent fraud;
11. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including but not limited to, overseeing the establishment and operation of the whistle-blowing policy and procedures of the Company;
12. reviewing all interested person transactions and related party transactions; and
13. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

The ARMC has explicit authority to investigate any matters within its terms of reference. The ARMC also has full access to, and the co-operation of, Management and full discretion to invite any Director or senior management to attend its meetings. The ARMC has adequate resources, including access to external consultants and auditors, to enable it to properly discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

Provisions 10.2 and 10.3

Audit and Risks Management Committee Composition

As at the date of this report, the ARMC comprises three (3) members, all of whom are Non-Executive and the majority of whom, including the ARMC Chairman, are independent:

Lie Ly @ Liely Lee	–	Chairman
Chong Eng Wee (Zhang Yingwei)	–	Member
Lim Soon Hock	–	Member

The Board is of the view that the members of the ARMC, including the ARMC Chairman, are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. All ARMC members possess extensive expertise in and have years of experience in accounting, finance and/or legal related matters.

No former partner or director of the Company's existing auditing firm is a member of the ARMC and the members of ARMC have also confirmed that they have no financial interest in the Company's existing auditing firm.

Provision 10.4

Internal Audit Function

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The internal audit function of the Company is outsourced to BDO Advisory Pte. Ltd. ("**BDO**"), a member of the BDO network. BDO is a full-resourced service provider, providing internal audit, corporate governance and risk management services.

The engagement team is led by a partner who has more than 25 years of internal audit and risk advisory experience. BDO is currently serving clients primarily listed on SGX-ST, privately held entities and public sector entities, ranging from multi-national companies to local small and medium enterprises, in a wide range of industries. The BDO team engaged to undertake the Company's internal audit function is a team of approximately three (3) to five (5) persons for each review.

The ARMC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors report primarily to the ARMC on internal audit matters and the ARMC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the ARMC.

The internal auditors will submit their annual audit planning for approval by the ARMC and report their findings to the ARMC. In FY2025, the internal auditors carried out the review, which references to the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors on certain key areas to assess and evaluate:

- (a) whether adequate systems of internal controls are in place;
- (b) whether operations of the business processes under review are conducted efficiently and effectively; and
- (c) internal control improvement opportunities.

CORPORATE GOVERNANCE REPORT

The ARMC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and Management's responses to those findings, the adequacy and effectiveness of material internal controls, (including financial, operational, compliance and information technology controls) and risk management systems of the Company and the Group for FY2025. The ARMC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The ARMC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and references to International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The annual audits conducted by the internal auditors aim to assess the effectiveness of the Group's internal control procedures and to provide reasonable assurances to the ARMC and Management that the Group's controls and governance processes are adequate and effective.

On an annual basis, the ARMC reviews the adequacy and effectiveness of the internal audit function.

External Audit Function

The ARMC reviews the scope and results of the audit carried out by the external auditors, the quality of the audit, as well as their independence and objectivity. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide high quality professional services at a reasonable price. The ARMC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The appointment of external auditors and re-appointment of the external auditors (if any) is always subject to Shareholders' approval at the AGM.

Foo Kon Tan LLP ("**FKT LLP**") was appointed as the external auditors of the Company at the EGM held on 30 October 2023. The aggregate amount of audit fees paid to FKT LLP in FY2025 was S\$180,000. There were non-audit fees amounting to S\$5,500 paid to FKT LLP in FY2025, in respect of audit-related services for impairment testing of non-financial assets. The ARMC has undertaken a review of the non-audit fees paid to the external auditors and confirms that the non-audit services would not affect the independence of the external auditors.

In reviewing the nomination of FKT LLP for re-appointment for the financial year ending 31 December 2026, the ARMC has considered the adequacy of the resources, experience and competence of FKT LLP, and has taken into account the Audit Quality Indicators relating to FKT LLP at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members who shall be handling the audit matters of the Group. The Board also considered the audit team's expected ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the foregoing bases, the ARMC and the Board are satisfied with the standard and quality of work performed by FKT LLP and have recommended the nomination of FKT LLP for re-appointment as external auditors of the Company for the ensuing year be tabled for Shareholders' approval at the forthcoming AGM.

For FY2025, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The ARMC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies of the Group, other than those of the Company.

CORPORATE GOVERNANCE REPORT

Provision 10.5

Meeting Auditors without the Management

In performing its functions, the ARMC and Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The ARMC also meets regularly with Management, the Chief Financial Officer, and external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. At least once a year and as and when required, the ARMC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately.

The ARMC has separately met with the external and internal auditors once in the absence of Management in FY2025.

Whistleblowing Policy

The Company has implemented a whistleblowing policy which provides the mechanism for which staff of the Company or any person may, in confidence, raise concerns about possible improprieties of financial reporting or other matters. The whistleblowing policy (and any amendments thereto) and procedures for raising such concerns are disclosed and clearly communicated to all employees of the Group.

An employee of the Company or any person may raise concerns about possible improprieties of financial reporting or other matters directly to the Company's dedicated independent external party handling our whistleblowing hotline at +65 8417 9161.

The independent external party will escalate the matter to the ARMC for investigation and follow-up. The ARMC reviews the whistleblowing policy and its effectiveness from time to time, with recommendations regarding any amendments thereto to be made to the Board for approval. The ARMC oversees the administration of and is responsible for the oversight and monitoring of whistleblowing policy.

The identity of the whistleblower is treated with strict confidentiality and will not be disclosed at any time by the independent external party to the Management of the Company. The Company is committed to ensuring that any employee raising a genuine concern and acting in good faith under its whistleblowing policy will not be at risk of losing his or her job or suffering from retribution, harassment or any other detrimental or unfair treatment as a result.

Audit and Risks Management Committee Activities

In FY2025, the ARMC had, among others, carried out the following activities:

- (a) reviewed the quarterly, half-year and full-year financial statements announcements of the Group, and recommended the same to the Board for approval and release to the SGX-ST via SGXNet;
- (b) reviewed the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;
- (c) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (d) reviewed interested person transactions of the Group;
- (e) reviewed and approved the annual audit plan of the external auditors;
- (f) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;

CORPORATE GOVERNANCE REPORT

- (g) reviewed the effectiveness of the Group's internal audit function;
- (h) reviewed the audit findings of the internal auditors and Management's responses to those findings;
- (i) reviewed the independence of the external auditors;
- (j) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and
- (k) met with the internal and external auditors once without the presence of Management.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: **The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of performance, position and prospects.**

Provision 11.1

Shareholders' Participation in General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all Shareholders. These notices are also posted onto the SGXNet. These notices, together with the annual reports or circulars, are distributed to all Shareholders at least fourteen (14) days or twenty one (21) days (where applicable) before the scheduled AGM/EGM date in order to provide ample time for Shareholders to review the same. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

If a Shareholder is not able to attend in person, the Shareholder is generally able to appoint one (1) or two (2) proxies to attend and vote in his or her stead at general meetings. The Companies Act allows for certain members, defined as a "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirements. A relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund investors. A proxy need not be a member of the Company.

The Company's AGM in FY2025 was conducted by way of physical means. Shareholders were invited to submit any questions they may have had in advance via email to the Investor Relations team of the Company or raise them during the AGM in relation to any resolution set out in the notice of AGM.

Shareholders were also informed of the voting procedures in respect of voting at the AGM or via submission of the proxy forms in the Notice of AGM.

Provision 11.2

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are in respect of each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting. The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGM/EGM agenda is provided in the explanatory notes to the Notice of AGM/EGM.

CORPORATE GOVERNANCE REPORT

Provision 11.3

Interaction with Shareholders

The Company typically requires all Directors to be present at all general meetings of shareholders. The external auditor is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

In FY2025, the Company invited Shareholders to submit their questions in advance or raise them during the AGM in relation to any resolutions set out in the notice of meeting for the AGM held on 30 April 2025. The Company did not receive any questions from Shareholders prior to the AGM. All Directors were present at the AGM of the Company held on 30 April 2025.

Save for the AGM held on 30 April 2025, there were no other general meetings of the Company held during FY2025.

Provision 11.4

Absentia Voting

The Company had decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Notwithstanding the foregoing, Shareholders were invited to exercise their voting rights during the AGM in FY2025 through the submission of proxy forms nominating proxy or proxies (other than the Chairman of the AGM) or the Chairman of the AGM to vote on their behalf.

Provision 11.5

Minutes of General Meetings

The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available on the Company's corporate website. In respect of the previous AGM held on 30 April 2025, the Company published the minutes of the AGM on the SGXNet and its corporate website on 22 May 2025, within one month from the date of the AGM.

Provision 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

- (a) the level of the Group's cash and retained earnings;
- (b) the Group's actual and projected financial performance;
- (c) the Group's projected levels of capital expenditure and other investment plans;
- (d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST; and
- (e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any).

In view of the loss attributable to equity holders of the Company recorded for FY2025, the Board has not recommended any dividends for FY2025.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

Investor Relations Practices

The Company has in place an Investor Relations Policy to ensure the dissemination of material information in a timely and useful manner to the Shareholders, analysts, and other stakeholders in the investment community in compliance with the Catalyst Rules and the Code.

In accordance with the Investor Relations Policy, the Company ensures that, among others, all Shareholders are informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalyst Rules and the Companies Act. Notwithstanding the foregoing, Shareholders were invited to submit their questions in advance of the AGM or raise them during the AGM held on 30 April 2025, in relation to any resolutions set out in the notice of meeting for the AGM held on 30 April 2025, to the investor relations team of the Company.

Disclosure of Information

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalyst Rules and the Companies Act. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:-

- (a) annual reports that are prepared and issued to all Shareholders;
- (b) quarterly, half-year and full-year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages thereto.

Outside of the financial announcement periods, when necessary and appropriate, the Chairman and/or the CEO will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

Dialogue with Shareholders

The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. Before general meetings, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend each AGM and EGM of the Company, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

Alternatively, Shareholders may contact the Company at finance@heatec.com.sg directly with questions, and the Company will respond to such questions through such channel.

CORPORATE GOVERNANCE REPORT

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

Stakeholders' Engagement

The Company and the Group have regularly engaged its stakeholders through various mediums and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address their concerns so as to improve services and product standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Six (6) stakeholder groups have been identified through an assessment of their significance to the business operations. They are namely, employees, investors/ Shareholders, customers, local communities, suppliers and service providers, and government and regulators.

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

A detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) are disclosed under the Sustainability Report on pages 131 to 193 of this annual report.

Provision 13.3

Corporate Website

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at <http://www.heatecholdings.com> through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

VI. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARMC and that the transactions are conducted at arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

All interested person transactions ("IPTs") are subject to review by the ARMC to ensure compliance with established procedures. The Company has not obtained a general mandate from its Shareholders in respect of interested person transactions for FY2025. There were no interested person transactions with a value of S\$100,000 or more during the financial year under review.

CORPORATE GOVERNANCE REPORT

VII. MATERIAL CONTRACTS

Save for the service agreements entered into between the Company and the Executive Director and CEO as well as the consultancy agreements entered into between the Company and Mr. Yong Yeow Sin as disclosed on note 29 of the Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2025 or if not then subsisting, entered into since the end of the previous financial year.

VIII. DEALINGS IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to the best practices on dealings in the securities:

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;
- (b) Directors and officers of the Company are discouraged from dealing in the Company's securities on short-term considerations; and
- (c) The Company, its Directors and its officers are prohibited from dealing in the Company's securities (i) during the periods commencing two weeks before the announcement for each of the first three quarters of its financial year and one month before the announcement of its full-year financial statements; and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

IX. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsorship fee was paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd., for the period commencing from 1 January 2025 and ended on 31 December 2025.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors submit this statement to the members together with the audited financial statements of Heatec Jietong Holdings Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2025.

In our opinion:

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Name of directors

The directors of the Company in office at the date of this report are as follows:

Chong Eng Wee
 Soon Jeffrey
 Lie Ly @ Liely Lee
 Lim Soon Hock
 Loke Chern Wei, James (alternate director to Lim Soon Hock)

Arrangements to enable directors to acquire benefits

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed in this statement.

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	As at	As at	As at	As at
	1.1.2025	31.12.2025	1.1.2025	31.12.2025
The Company				
Soon Jeffrey	1,400,000	1,400,000	*81,818,181	*81,818,181
Subsidiary corporation				
Heatec Veslink Marine Services Corp.				
Soon Jeffrey	1	1	–	–

* Jeffrey Soon's deemed interest arose from shares held in Megane Marine Pte. Ltd.

The director, Mr Jeffrey Soon, by virtue of Section 7 of the Act, is deemed to have an interest in the shares held by the Company and its wholly-owned subsidiary corporations.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Directors' interests in shares or debentures (continued)

The director, Mr Jeffrey Soon, by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the shares of the following subsidiary corporations that are not wholly-owned by the Group:

	Number of ordinary shares	
	As at 1.1.2025	As at 31.12.2025
Heatec Veslink Marine Services Corp.	5,399,997	5,399,997
Setya Energy Pte. Ltd.	500,000	#_

The Group disposed of Setya Energy Pte. Ltd. during the year.

The directors' interests in the shares of the Company at 21 January 2026 were the same as those as at 31 December 2025.

Share options

- (a) The Company adopted the Heatec Employee Share Option Scheme (the "Heatec ESOS") which was approved by the shareholders at an Extraordinary General Meeting held on 18 June 2009. The Heatec ESOS expired on 17 June 2019, and the Company obtained the approval of its Shareholders at the AGM held on 30 April 2019 for the extension of the durations of the Heatec ESOS for a further period of 10 years from 18 June 2019 up to 17 June 2029. The Heatec ESOS is administered by the Remuneration Committee which comprise these three directors, Lie Ly @ Liely Lee (Chairman), Chong Eng Wee and Lim Soon Hock.
- (b) Information regarding the Heatec ESOS is set out below:
- The exercise price of the options is determined based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five consecutive trading days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price.
 - The options vest 12 months after the grant date. Of the total options granted, 3,000,000 options expire 5 years after vesting date, while the remaining options expire 10 years after vesting date, unless cancelled or lapsed earlier.
- (c) Share options outstanding at the end of the financial year, details of the options granted under the Heatec ESOS on the unissued shares at exercise price per share of \$0.015 to \$0.085 each of the Company are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant of option	Exercise price per share	Options outstanding at 1.1.2025	Options granted	Cancelled/ lapsed	Options outstanding at 31.12.2025	Exercisable period
18 April 2016	\$0.085	1,800,000	-	-	1,800,000	18 April 2017 to 17 April 2026
16 April 2018	\$0.062	1,200,000	-	-	1,200,000	16 April 2019 to 15 April 2028
30 May 2025	\$0.015	-	9,000,000	-	9,000,000	30 May 2026 to 30 May 2035
30 May 2025	\$0.015	-	3,000,000	-	3,000,000	30 May 2026 to 30 May 2030
		3,000,000	12,000,000	-	15,000,000	

Except as disclosed, there were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations as at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Share options (continued)

(d) In accordance with Rule 851(1)(b) of the Catalist Rules, the following table sets out the options granted to the following Directors or controlling shareholders of the Company (and their respective associates):

Name	Options granted during the financial year ended 31.12.2025	Aggregate options granted since commencement of Heatec ESOS to 31.12.2025	Aggregate options exercised since commencement of Heatec ESOS to 31.12.2025	Aggregate options cancelled since commencement of Heatec ESOS to 31.12.2025	Aggregate options outstanding as at 31.12.2025
Director					
Soon Jeffrey	–	3,000,000	–	–	3,000,000
Chong Eng Wee	1,000,000	1,000,000	–	–	1,000,000
Lie Ly @ Liely Lee	1,000,000	1,000,000	–	–	1,000,000
Lim Soon Hock	1,000,000	1,000,000	–	–	1,000,000
Immediate family relationships of the directors					
Soon Jenson	3,000,000	3,000,000	–	–	3,000,000
Immediate family relationships of shareholders					
Yong Chin Seng	1,000,000	1,000,000	–	–	1,000,000

(e) Since the commencement of the Heatec ESOS till the end of the financial year:

- Save as disclosed, no option has been granted to directors or controlling shareholders of the Company and their associates.
- No participant under the Heatec ESOS has received 5% or more of the total options available under the Heatec ESOS.

Audit and Risks Management Committee

The members of the Audit and Risks Management Committee during the financial year ended 31 December 2025 and as at 31 December 2025 were:

Lie Ly @ Liely Lee	(Chairman)
Chong Eng Wee	(Member)
Lim Soon Hock	(Member)

The Audit and Risks Management Committee carried out its functions specified in Section 201B(5) of the Companies Act 1967. Their functions are detailed in the Report on Corporate Governance.

In performing those functions, the Audit and Risks Management Committee reviewed:

- the scope and the results of internal audit procedures with internal auditor;
- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Audit and Risks Management Committee (continued)

- the assistance given by the Company's management to the independent auditors;
- the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the consolidated financial statements of the Group before submission to the Board of Directors (the "Board") for approval;
- the statement of financial position of the Company as at 31 December 2025 and the consolidated financial statements of the Group for the financial year ended 31 December 2025 prior to their submission to the Board, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit and Risks Management Committee has recommended to the Board that the independent auditor, Foo Kon Tan LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

In appointing the external auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Further details regarding the Audit and Risks Management Committee are disclosed in the Corporate Governance Report included in the Annual Report of the Company.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
CHONG ENG WEE

.....
SOON JEFFREY

Dated:

10 April 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heatec Jietong Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of non-financial assets (the Group's property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries)

For the financial year ended 31 December 2025, in view of the losses sustained by the Group and certain of the Company's subsidiaries, management has assessed that there are indications of impairment in respect of the property, plant and equipment and right-of-use assets of the Group and the investment in subsidiaries of the Company. Accordingly, these assets are tested for impairment.

The impairment testing of the Group's property, plant and equipment and right-of-use assets and the Company's investment in subsidiaries is considered to be a significant risk area due to the judgemental nature of key assumptions and the significance of the carrying amounts of these assets in the statements of financial position of the Group and the Company.

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Key Audit Matters (continued)

Impairment testing of non-financial assets (the Group's property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries) (continued)

Value in use involves estimating the expected future cash flows from the assets or cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. Fair value less costs of disposal encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the comparable assets used in the fair value measurements, could result in material misstatement in the financial statements. The valuation techniques and inputs to the impairment tests are disclosed in Notes 4, 5, and 6 to the financial statements.

Our response and work performed:

- Reviewing for external and internal indicators of impairment of the Group's property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries;
- Considering the higher of value in use and fair value less costs of disposal;
- Assessing the methodologies and appropriateness of the key assumptions used by the management's expert;
- Understanding and reviewing the assumptions in the input data from management and the management's expert through discussions, comparisons to industry peers and independent external data sources, and agreeing to supporting documentation and historical trends; and
- Evaluating the competence, capabilities and objectivity of the management's expert.

We involved our auditor's expert to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the expert. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATEC JIETONG HOLDINGS LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
10 April 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	The Group		The Company	
		31 December	31 December	31 December	31 December
		2025	2024	2025	2024
		\$	\$	\$	\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	5,287,290	5,818,591	2,211,735	2,462,986
Right-of-use assets	5	1,095,179	1,229,172	584,363	701,236
Investment in subsidiaries	6	–	–	5,771,086	8,121,834
Investment in joint venture		4,900	–	–	–
Investment in associates	7	380,645	359,177	–	–
Goodwill	8	–	–	–	–
		6,768,014	7,406,940	8,567,184	11,286,056
Current Assets					
Inventories	9	372,214	347,953	–	–
Contract assets	10	3,540,473	4,225,293	–	–
Trade and other receivables	11	5,951,207	7,363,007	3,394,388	3,964,094
Cash and bank balances	12	1,444,637	1,279,565	486,043	28,404
		11,308,531	13,215,818	3,880,431	3,992,498
Total assets		18,076,545	20,622,758	12,447,615	15,278,554
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	13,354,627	13,354,627	13,354,627	13,354,627
Reserves	14	(3,017,498)	(2,361,542)	(2,105,638)	343,611
Equity attributable to owners of the Company		10,337,129	10,993,085	11,248,989	13,698,238
Non-controlling interests		(31,858)	(176,146)	–	–
Total equity		10,305,271	10,816,939	11,248,989	13,698,238
Non-Current Liabilities					
Borrowings	15	257,567	–	–	–
Lease liabilities	16	1,176,465	1,309,548	589,755	716,047
Deferred tax liabilities	17	245,258	253,334	–	–
		1,679,290	1,562,882	589,755	716,047
Current Liabilities					
Contract liabilities	10	139,941	106,244	–	–
Trade and other payables	18	2,851,132	3,396,183	483,699	747,803
Provision	19	44,853	44,853	–	–
Borrowings	15	2,920,759	4,529,651	–	–
Lease liabilities	16	131,964	122,838	125,172	116,466
Current tax payable		3,335	43,168	–	–
		6,091,984	8,242,937	608,871	864,269
Total liabilities		7,771,274	9,805,819	1,198,626	1,580,316
Total equity and liabilities		18,076,545	20,622,758	12,447,615	15,278,554

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Group	Note	Year ended 31 December 2025 \$	Year ended 31 December 2024 \$ (Restated)*
Continuing operations			
Revenue	3	20,180,827	19,976,982
Cost of sales		(13,496,590)	(12,870,960)
Gross profit		6,684,237	7,106,022
Other operating income	20	362,514	260,966
Administrative expenses		(7,188,995)	(6,788,740)
Other operating expenses		(111,390)	(4,010)
Allowance for impairment losses of financial assets and contract assets		(131,948)	(16,167)
Finance costs	21	(328,801)	(384,085)
Share of results of associates	7	149,806	130,122
(Loss)/income before tax	22	(564,577)	304,108
Tax credit	24	6,099	8,076
(Loss)/income for the year before discontinued operations		(558,478)	312,184
Discontinued Operation			
Loss from discontinued operations	25	(98,245)	(1,355,191)
Loss for the year		(656,723)	(1,043,007)
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(20,479)	174
Share of other comprehensive (loss)/income of associates		(3,103)	949
Other comprehensive (loss)/income for the year, net of nil tax		(23,582)	1,123
Total comprehensive loss for the year		(680,305)	(1,041,884)
Loss attributable to:			
Equity holders of the Company		(717,593)	(934,466)
Non-controlling interests		60,870	(108,541)
		(656,723)	(1,043,007)
Total comprehensive loss attributable to:			
Equity holders of the Company		(741,175)	(933,343)
Non-controlling interests		60,870	(108,541)
		(680,305)	(1,041,884)
Loss per share:			
Basic and diluted loss per share (cents)	26	(0.35)	(0.46)

* Comparative information has been re-presented due to discontinued operations.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Group	Note	Share capital	Translation reserve	Merger reserve	Share option reserve	Net discount received on equity	Retained earnings	Equity attributable to owners of the Company	Non-controlling Interests	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2024		13,354,627	(183,469)	(3,913,614)	69,690	596,113	2,003,081	11,926,428	(67,605)	11,858,823
Loss for the year		-	-	-	-	-	(934,466)	(934,466)	(108,541)	(1,043,007)
Other comprehensive income:										
Currency translation differences arising on consolidation		-	174	-	-	-	-	174	-	174
Share of other comprehensive income of associates		-	949	-	-	-	-	949	-	949
Other comprehensive income for the year, net of nil tax		-	1,123	-	-	-	-	1,123	-	1,123
Total comprehensive loss for the year		-	1,123	-	-	-	(934,466)	(933,343)	(108,541)	(1,041,884)
At 31 December 2024		13,354,627	(182,346)	(3,913,614)	69,690	596,113	1,068,615	10,993,085	(176,146)	10,816,939
Loss for the year		-	-	-	-	-	(717,593)	(717,593)	60,870	(656,723)
Other comprehensive income:										
Currency translation differences arising on consolidation		-	(20,479)	-	-	-	-	(20,479)	-	(20,479)
Share of other comprehensive income of associates		-	(3,103)	-	-	-	-	(3,103)	-	(3,103)
Other comprehensive income for the year, net of nil tax		-	(23,582)	-	-	-	-	(23,582)	-	(23,582)
Total comprehensive loss for the year		-	(23,582)	-	-	-	(717,593)	(741,175)	60,870	(680,305)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share option reserve		-	-	-	85,219	-	-	85,219	-	85,219
Disposal of subsidiary	6C	-	-	-	-	-	-	-	83,418	83,418
Total contributions by and distributions to owners		-	-	-	85,219	-	-	85,219	83,418	168,637
At 31 December 2025		13,354,627	(205,928)	(3,913,614)	154,909	596,113	351,022	10,337,129	(31,858)	10,305,271

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 \$	Year ended 31 December 2024 \$
Cash Flows from Operating Activities			
Loss before tax		(662,822)	(1,054,214)
<i>Adjustments for:</i>			
Interest income	20	(53)	(114)
Interest expense	21	392,536	481,314
(Reversal)/Allowance for impairment losses of financial assets and contract assets	10, 11	(145,602)	233,724
Depreciation of property, plant and equipment	4	780,596	779,234
Depreciation of right-of-use assets	5	133,993	133,688
Loss on disposal of property, plant and equipment	22	11,026	3,242
Loss on disposal of subsidiaries	6	64,390	–
Property, plant and equipment written off		–	767
Share of results of associates	7	(149,806)	(130,122)
Share based payment		85,219	–
Impairment on goodwill	8, 22	–	1,011,017
Exchange differences		(25,384)	212
Operating profit before working capital changes		484,093	1,458,748
Changes in inventories		(24,261)	14,183
Changes in trade and other receivables and contract assets		1,084,726	1,946,368
Changes in trade and other payables and contract liabilities		221,602	(2,043,927)
Cash generated from operations		1,766,160	1,375,372
Interest received		53	114
Interest paid		(42,265)	(37,720)
Income tax (paid)/refunded		(41,810)	29,173
Net cash generated from operating activities		1,682,138	1,366,939
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	4	(260,314)	(114,733)
Proceeds from disposal of subsidiaries	6	204,076	–
Net cash outflow on disposal of subsidiaries	6	(114,537)	–
Dividends received from an associate	7	125,235	101,327
Net cash used in investing activities		(45,540)	(13,406)
Cash Flows from Financing Activities			
Interest paid	Note A	(350,271)	(443,594)
Proceeds from term loans	Note A	1,574,522	1,288,492
Proceeds from trade financing	Note A	8,858,410	4,462,161
Repayment of term loans	Note A	(2,163,424)	(3,639,355)
Repayment of trade financing	Note A	(9,266,806)	(3,580,848)
Repayment of lease liabilities	Note A	(123,957)	(116,114)
Net cash used in financing activities		(1,471,526)	(2,029,258)
Net increase/(decrease) in cash and cash equivalents		165,072	(675,725)
Cash and cash equivalents at beginning of year		1,205,183	1,880,908
Cash and cash equivalents at end of year	12	1,370,255	1,205,183

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Note A:

The Group	Term loans \$	Trade financing with a financier \$	Lease liabilities \$	Total \$
At 1 January 2024	5,823,448	175,753	1,539,696	7,538,897
Cash flows:				
– Proceeds	1,288,492	4,462,161	–	5,750,653
– Repayments	(3,639,355)	(3,580,848)	(116,114)	(7,336,317)
– Interest paid	(220,197)	(127,612)	(95,785)	(443,594)
Non-cash changes:				
– Interest expense	220,197	127,612	95,785	443,594
– Modification on lease liabilities	–	–	8,804	8,804
At 31 December 2024	3,472,585	1,057,066	1,432,386	5,962,037
Cash flows:				
– Proceeds	1,574,522	8,858,410	–	10,432,932
– Repayments	(2,163,424)	(9,266,806)	(123,957)	(11,554,187)
– Interest paid	(112,125)	(149,941)	(88,205)	(350,271)
Non-cash changes:				
– Interest expense	112,125	149,941	88,205	350,271
– Modification on lease liabilities	–	–	–	–
Disposal of subsidiary	(79,896)	(274,131)	–	(354,027)
At 31 December 2025	2,803,787	374,539	1,308,429	4,486,755

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1 GENERAL INFORMATION

The financial statements of the Group and of the Company for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

The Company is incorporated and domiciled in Singapore and is listed on the Catalist which is a market on the Singapore Exchange Securities Trading Limited ("SGX-ST"). 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 disclosed in Note 6 to the financial statements.

2(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("S\$") which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

The accounting policies have been applied consistently to all years presented in these financial statements.

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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, actual results may differ from those estimates.

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 and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving significant judgement are described below.

Significant judgement made in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Principal versus agent considerations

The Group acts as an agent to procure, on behalf of customers, supply of goods from relevant suppliers in relation to its trading of marine petroleum product business. The Group has determined that it does not control the goods at any time, because the goods are provided only at the time that they are transferred to the customers and, thus, do not exist before that transfer. Therefore, the Group does not at any time have the ability to direct the use of the goods, or obtain substantially all of the remaining benefits from the goods, before they are transferred to customers. The Group neither purchases, nor commits itself to purchase, goods before they are sold to customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(A) BASIS OF PREPARATION (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past historical experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of the Group's and the Company's contract assets and trade and other receivables at the end of the reporting period are disclosed in Notes 10 and 11 to the financial statements. A reasonably possible change in key assumptions indicates that the impact is insignificant.

The Company held non-trade receivables from its subsidiaries that are repayable on demand of \$3,347,319 (2024 – \$3,914,213) as at the reporting date. These balances are amounts extended to the subsidiaries to satisfy their short-term funding requirements. The impairment of the amounts due from subsidiaries is based on the expected loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the reporting date. As a result of management's assessment, allowance for impairment loss on non-trade receivables due from its subsidiaries during the financial year ended 31 December 2025 amounted to Nil (2024: \$84,715) as disclosed in Note 11. A reasonably possible change in key assumptions indicates that the impact is insignificant.

(b) Revenue and costs of contracts

Heat exchanger services

Revenue from the provision of heat exchanger services is recognised over time using the input method. The measures of progress is determined based on the actual contract costs incurred by the Group to-date compared as a proportion of the total budgeted contract costs. Significant assumptions are required in determining the stage of completion and the estimated total contract costs to complete. In making these estimates, the Group relied on past experience, knowledge of the project managers, as well as appropriate source documents and records such as quotations from sub-contractors.

When it is probable that the unavoidable aggregate costs of meeting the obligations under the contracts exceed the economic benefits expected to be received, a provision for onerous contract is to be recognised immediately. These are based on the presumption that the outcome of the project can be estimated reliably.

Piping services

Revenue from the provision of piping services is recognised based on the stage of completion of the contract determined based on the labour hours delivered at the expected settlement rates. Management estimates the expected settlement rates based on historical settlement rates and actual settlement rates during the financial year, taking into consideration discounts provided to the customers.

Revenue from the provision of heat exchanger services and piping services are disclosed in Note 3. The carrying amounts of contract assets and liabilities are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(A) BASIS OF PREPARATION (CONTINUED)

Key sources of estimation uncertainty (continued)

- (c) Impairment of non-financial assets (including investments in subsidiaries and associates) (Notes 4, 5, 6 and 7)

Property, plant and equipment, right-of-use assets, investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on the higher of fair value less costs of disposal and value-in-use calculations. These calculations require the use of estimates. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, utilisation period of the assets, discount rates and other factors.

The carrying amounts of the Group's property, plant and equipment and right-of-use assets at the reporting date amounted to \$5,287,290 (2024 – \$5,818,591) and \$1,095,179 (2024 – \$1,229,172), respectively. The carrying amounts of the Company's property, plant and equipment and right-of-use assets at the reporting date amounted to \$2,211,735 (2024 – \$2,462,986) and \$584,363 (2024 – \$701,236), respectively.

The Company's investments in subsidiaries and the Group's investment in associates at the reporting date amounted to \$5,771,086 (2024 – \$8,121,834) and \$380,645 (2024 – \$359,177) respectively. Allowance for impairment loss on investment in subsidiaries is disclosed in Note 6.

Sensitivity analysis

Management has considered the most significant assumption used in the value-in-use calculations is the discount rate applied in the determination of the recoverable amount of certain subsidiaries held under HJPL Group. Had the discount rate varied from the management's estimation, the estimated recoverable amount of the investment in HJPL Group and the reversal of impairment loss would be as follows:

	Decrease in reversal of impairment loss \$
HJPL Group	
<u>Discount rate at:</u>	
2024	
0.5% higher than the management's projection	<u>247,284</u>

In respect of the financial year ended 2025, a reasonably possible change in the discount rate would not have a significant impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(A) BASIS OF PREPARATION (CONTINUED)

Key sources of estimation uncertainty (continued)

- (d) Impairment tests for Setya containing goodwill (Note 8)

The recoverable amount of goodwill was determined based on the higher of fair value less costs to sell ("FVLCTS") and value in use ("VIU"). The VIU was the cash flow projections based on financial budgets and future forecasts prepared by management covering a five-year period for Setya with terminal value. Key assumptions used for VIU were disclosed in Note 8 to the financial statements.

In the last financial year ended 31 December 2024, the recoverable amount of the CGU amounted to Nil. Given this, a change of 0.5% in the discount rate would not impact the impairment assessment, as the recoverable amount would remain Nil.

2(B) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

On 1 January 2025, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-21	Lack of Exchangeability	1 January 2025

Amendments to SFRS(I) 1-21 Lack of Exchangeability

The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency is not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective. Management anticipates that the adoption of these relevant new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application except as disclosed.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 9 and SFRS(I) 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to – Volume 11		1 January 2026
Amendments to SFRS(I) 1	<i>Hedge Accounting by a First-time Adopter</i>	1 January 2026
Amendments to SFRS(I) 7	<i>Gain or Loss on Derecognition</i>	1 January 2026
Amendments to SFRS(I) 7	<i>Disclosure of deferred tax between Fair Value and Transaction Price</i>	1 January 2026
Amendments to SFRS(I) 7	<i>Introduction and Credit Risk Disclosures</i>	1 January 2026
Amendments to SFRS(I) 9	<i>Lessee Derecognition of Lease Liabilities</i>	1 January 2026
Amendments to SFRS(I) 9	<i>Transaction Price</i>	1 January 2026
Amendments to SFRS(I) 10	<i>Determination of a 'De Facto Agent'</i>	1 January 2026
Amendments to SFRS(I) 1-7	<i>Cost Method</i>	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
SFRS(I) 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
SFRS(I) 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to SFRS(I) 19	<i>Subsidiaries and Small Entities without Public Accountability: Disclosure</i>	1 January 2027
Amendments to SFRS(I) 1-21	<i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be Determined

SFRS(I) 18 Presentation and Disclosure in Financial Statements

SFRS(I) 18 replaces SFRS(I) 1-1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

SFRS(I) 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. In particular, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. In addition, SFRS(I) 18 requires disclosure of newly prescribed management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

SFRS(I) 18 Presentation and Disclosure in Financial Statements (continued)

Furthermore, narrow scope amendments are made to SFRS(I) 1-7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also amendments to several other standards.

SFRS(I) 18, and the consequential amendments to the other standards, is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. SFRS(I) 18 is applied retrospectively with specific transition provisions.

The Group is currently assessing the impact of the amendments. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application.

2(D) MATERIAL ACCOUNTING POLICY INFORMATION

Consolidation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company or its subsidiary reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company or its subsidiary has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company's or its subsidiary's voting rights in an investee are sufficient to give it power, including:

- size of the Company's or its subsidiary's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company or its subsidiary, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances which indicate that the Company or its subsidiary has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Consolidation (continued)

(i) Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

(ii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate and joint venture.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Consolidation (continued)

- (ii) Changes in the Group's ownership interests in existing subsidiaries (continued)

Business combinations (continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date on which the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

- (iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associates

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Where a Group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's statement of financial position, investments in associates are carried at cost less accumulated impairment loss, if any. On disposal of investment in associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the cash generating unit pro-rata on the basis of the carrying amount of each asset in the cash generating unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Industrial building on leasehold land	1.8% to 5.3% (18.83 years to 55 years)
Leasehold improvements	1.8% to 5.3% (18.83 years to 55 years)
Plant and equipment	5.26% to 33.33% (3 years to 19 years)
Motor vehicles	18% to 26% (4 years to 5 years)
Renovation	10% to 20% (5 years to 10 years)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before that expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment and depreciation (continued)

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Asset under construction represents premise under renovation, which is stated at cost less any impairment losses, and is not depreciated. Costs comprise the renovation costs. Asset under construction is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an assets or CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCTS"). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. In determining FVLCTS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded comparable public companies or other available fair value indicators.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of subsidiaries is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises those lease payments in the statement of profit or loss and other comprehensive income in the periods that trigger those lease payments. For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component. The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

(a) Lease liabilities (continued)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land	1.8% to 5.3% (18.83 years to 55 years)
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If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

Financial instruments carried on the statement of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These are recognised on the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Disclosures of the Group's and the Company's financial risk management objectives and policies are provided in Note 32.

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL

The Group and the Company do not hold any financial assets at FVOCI or financial assets at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Subsequent measurement of debt instruments depends on the Group's and the Company's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding on the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the assets are derecognised or impaired, and through amortisation process.

The Group's and the Company's financial assets at amortised cost comprise trade and other receivables (excluding prepayments, GST recoverable and advance payment to supplier) and cash and bank balances.

Impairment of financial assets

The Group and the Company assess on a forward-looking basis, the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables and contract assets, the Group and the Company measure the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

Financial liabilities

Financial liabilities include trade and other payables, borrowings and lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value less, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial guarantees

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (i) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (ii) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is calculated based on past historical experience of the level of repairs and replacements.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Borrowings

Borrowings are presented as current liabilities unless the Group has a right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

Employee benefits

Defined contribution obligations

The Group contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Group’s contributions to CPF are charged to the statement of profit or loss and other comprehensive income in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share options reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of the reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share options reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share options reserve are credited to share capital account if new ordinary shares are issued, or credited to the “treasury shares” account if treasury shares are re-issued to the employees. Upon expiry of the options, the balance in the share options reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income taxes are recognised as income or expense in the statement of profit or loss and other comprehensive income except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Revenue recognition

The Group recognises revenue from the following major sources:

- Fabrication and servicing of heat exchangers;
- Provision of piping services;
- Provision of chemical cleaning services; and
- Trading of marine petroleum products

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated sales discount allowance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Revenue from fabrication and servicing of heat exchangers

The Group provides heat exchanger services (including design, fabricate and repair of heat exchangers) under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs.

Revenue from provision of such services is therefore recognised over time using input method, based on the actual contract costs incurred by the Group to-date compare with the total budgeted contract costs for the project to estimate the revenue recognised during the period. The management of the Group considers that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligation under SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group is entitled to invoice customers for heat exchanger services based on achieving a series of performance-related milestones. When a particular milestone is reached, an invoice and the relevant documents as required by the milestone arrangement is sent to the customer for acknowledgement. The Group recognises a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to-date under the input method then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in heat exchanger contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is usually made within a year.

Revenue from provision of piping services

The Group provides piping services, which include installation and restoration of pipes and systems that are used for marine and offshore business operations. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs. Such services are recognised as performance obligations are satisfied over time. Revenue is recognised for these piping services based on the stage of completion of the contract at the expected settlement rates. Management has assessed and determined that recognition of revenue on actual man hours delivered at the expected settlement rate per man hour to be an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15 as it represents an amount that corresponds directly with the value to customers of the Group's performance completed to date, and as allowed by practical expedient in SFRS(I) 15.

Payment for piping services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the piping services are performed representing the Group's right to consideration for the services performed to-date.

Revenue from provision of chemical cleaning services

The Group provides chemical cleaning services, which comprise mainly cleaning of heat exchangers, pipelines engine parts, pressure vessels and oil tanks. Such services are recognised over time as performance obligations are satisfied. Due to the short duration of these services, management is of the view that the effect of recognising revenue from the provision of chemical cleaning services at a point in time is not materially different from recognising revenue over time. Accordingly, management recognises revenue from provision of chemical cleaning services at a point in time, upon completion of the services rendered to the customer.

A receivable is recognised by the Group upon completion of the service rendered to the customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Trading of marine petroleum products

The Group acts as an agent to procure, on behalf of customers, supply of goods from relevant suppliers. The Group recognises a net income, being the amount of consideration that the Group retains after paying the supplier the consideration received in exchange for the goods provided by the supplier.

Referral income

Net referral income is recognised upon the performance of services.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties (continued)

- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollar.

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in profit or loss, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the Group entities (*none of which has the currency of a hyperinflationary economy*) and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Conversion of foreign currencies (continued)

Group entities (continued)

- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the grant is presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset and is amortised to profit or loss over the expected useful life of the relevant asset by equal instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 REVENUE

The following table provides a disaggregation of the Group's revenue by timing of revenue recognition:

	Continuing operations		Discontinued operations (Note 25)		Total	
	2025	2024	2025	2024	2025	2024
The Group	\$	\$	\$	\$	\$	\$
Continuing operations						
<u>At a point in time:</u>						
Chemical cleaning*	3,064,121	3,112,896	–	–	3,064,121	3,112,896
Net income earned on trading of marine petroleum product#	–	–	50,522	154,837	50,522	154,837
Subtotal	3,064,121	3,112,896	50,522	154,837	3,114,643	3,267,733
<u>Over time:</u>						
Heat exchanger*	11,371,731	9,799,572	–	–	11,371,731	9,799,572
Piping*	5,744,975	7,064,514	–	–	5,744,975	7,064,514
Subtotal	17,116,706	16,864,086	–	–	17,116,706	16,864,086
	20,180,827	19,976,982	50,522	154,837	20,231,349	20,131,819

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining unsatisfied performance obligation if the performance obligation is part of a contract that has an original expected duration of one year or less.

* relates to the provision of service, such as fabrication and servicing of heat exchangers, piping and chemical cleaning.

relates to net revenue earned as an agent.

Geographical Information

For management purposes, revenue is grouped into country or region that exhibit similar economic environment. Revenue information based on the geographical location of customers is as follows:

	Continuing operations		Discontinued operations (Note 25)		Total	
	2025	2024	2025	2024	2025	2024
The Group	\$	\$	\$	\$	\$	\$
Revenue						
Singapore	19,747,549	19,485,433	50,522	154,837	19,798,071	19,640,270
People's Republic of China	433,278	491,549	–	–	433,278	491,549
	20,180,827	19,976,982	50,522	154,837	20,231,349	20,131,819

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 PROPERTY, PLANT AND EQUIPMENT

The Group	Industrial building on leasehold land		Leasehold improvements	Plant and equipment		Motor vehicles	Renovation	Total
	Asset under construction	Industrial building on leasehold land		Plant and equipment	Motor vehicles			
	\$	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>								
At 1 January 2024	268,576	9,760,184	177,242	3,874,654	113,929	310,549	14,505,134	
Additions	-	-	31,500	57,483	-	25,750	114,733	
Disposals	-	-	-	(32,429)	-	-	(32,429)	
Write-offs	-	-	-	(2,300)	-	-	(2,300)	
Currency translation differences	-	-	-	(5,850)	5	-	(5,845)	
At 31 December 2024	268,576	9,760,184	208,742	3,891,558	113,934	336,299	14,579,293	
Additions	-	-	200,419	59,895	-	-	260,314	
Disposals	-	-	-	(69,598)	(10,374)	-	(79,972)	
Transfer	(268,576)	-	268,576	-	-	-	-	
Currency translation differences	-	-	-	(151)	(716)	-	(867)	
At 31 December 2025	-	9,760,184	677,737	3,881,704	102,844	336,299	14,758,768	
<u>Accumulated depreciation</u>								
At 1 January 2024	-	4,634,869	74,982	2,865,829	98,272	303,274	7,977,226	
Depreciation for the year	-	435,912	11,111	315,661	10,311	6,239	779,234	
Disposals	-	-	-	(29,187)	-	-	(29,187)	
Write-offs	-	-	-	(1,533)	-	-	(1,533)	
Currency translation differences	-	-	-	(5,826)	19	-	(5,807)	
At 31 December 2024	-	5,070,781	86,093	3,144,944	108,602	309,513	8,719,933	
Depreciation for the year	-	435,912	89,341	248,149	-	7,194	780,596	
Disposals	-	-	-	(59,609)	(9,337)	-	(68,946)	
Currency translation differences	-	-	-	(230)	(644)	-	(874)	
At 31 December 2025	-	5,506,693	175,434	3,333,254	98,621	316,707	9,430,709	
<u>Accumulated impairment loss</u>								
Balance at 1 January 2024,	-	-	-	-	-	-	-	
1 January 2025 and 31 December 2025	-	-	-	40,769	-	-	40,769	
<u>Net carrying amount</u>								
At 31 December 2025	-	4,253,491	502,303	507,681	4,223	19,592	5,287,290	
At 31 December 2024	268,576	4,689,403	122,649	705,845	5,332	26,786	5,818,591	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In view of the losses sustained by the Group and certain of the Company's subsidiaries during the year, management has assessed that there are indications of impairment in respect of the property, plant and equipment and right-of-use assets. The recoverable amount of these assets has been determined based on fair value less cost of disposal which is still higher than the carrying value of the assets under assessment. As such, no further impairment loss was recognised during the year. Refer to Note 6B for the disclosure of the determination of fair values.

The Company	Asset under construction	Industrial building on leasehold land	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2024	268,576	6,036,700	177,242	1,012,569	7,495,087
Additions	–	–	31,500	–	31,500
At 31 December 2024	268,576	6,036,700	208,742	1,012,569	7,526,587
Additions	–	–	200,419	–	200,419
Transfer	(268,576)	–	268,576	–	–
At 31 December 2025	–	6,036,700	677,737	1,012,569	7,727,006
<u>Accumulated depreciation</u>					
At 1 January 2024	–	3,621,977	74,982	959,088	4,656,047
Depreciation for the year	–	353,364	11,111	43,079	407,554
At 31 December 2024	–	3,975,341	86,093	1,002,167	5,063,601
Depreciation for the year	–	353,365	89,341	8,964	451,670
At 31 December 2025	–	4,328,706	175,434	1,011,131	5,515,271
<u>Net book value</u>					
At 31 December 2025	–	1,707,994	502,303	1,438	2,211,735
At 31 December 2024	268,576	2,061,359	122,649	10,402	2,462,986

The Group's and the Company's industrial building on leasehold lands with the net carrying value of \$4,253,491 (2024 – \$4,689,403) and \$1,707,994 (2024 – \$2,061,359) respectively are pledged to secure certain banking facilities granted to the Group (Note 15).

Depreciation included in the consolidated statement of profit or loss and other comprehensive income as follows:

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cost of sales (Note 22)	221,373	253,717	–	–
Administrative expenses (Note 22)	559,223	525,517	451,670	407,554
	780,596	779,234	451,670	407,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5 RIGHT-OF-USE ASSETS

	Leasehold land
	\$
The Group	
<u>Cost</u>	
At 1 January 2024	2,006,259
Lease modifications	8,804
At 31 December 2024 and 31 December 2025	2,015,063
<u>Accumulated depreciation</u>	
At 1 January 2024	652,203
Depreciation	133,688
At 31 December 2024	785,891
Depreciation	133,993
At 31 December 2025	919,884
<u>Carrying amount</u>	
At 31 December 2025	1,095,179
At 31 December 2024	1,229,172
The Company	
<u>Cost</u>	
At 1 January 2024	1,378,310
Lease modifications	8,804
At 31 December 2024 and 31 December 2025	1,387,114
<u>Accumulated depreciation</u>	
At 1 January 2024	569,220
Depreciation	116,658
At 31 December 2024	685,878
Depreciation	116,873
At 31 December 2025	802,751
<u>Carrying amount</u>	
At 31 December 2025	584,363
At 31 December 2024	701,236

Depreciation included in the consolidated statement of profit or loss and other comprehensive income as follows:

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Administrative expenses (Note 22)	133,993	133,688	116,873	116,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 INVESTMENT IN SUBSIDIARIES

The Company	2025	2024
	\$	\$
Unquoted equity shares, at cost		
At 1 January	17,883,928	17,883,928
– Disposal of subsidiary	(1,800,000)	–
At 31 December	16,083,928	17,883,928
– Accumulated impairment loss	(10,312,842)	(9,762,094)
	5,771,086	8,121,834
Movement in impairment losses:		
At 1 January	(9,762,094)	(11,460,199)
– Reversal of impairment loss for the year	–	2,839,516
– Impairment loss for the year	(2,350,748)	(1,141,411)
– Disposal of subsidiary	1,800,000	–
At 31 December	(10,312,842)	(9,762,094)

Details of subsidiaries of the Company are set out below:

Name	Place of incorporation/ principal place of business	Effective equity held by the Company		Principal activities
		2025	2024	
		%	%	
<u>Held by the Company</u>				
Heatec Jietong Pte. Ltd. ⁽¹⁾	Singapore	100	100	Servicing and fabrication of heat exchanger.
JJY Engineering & Construction Pte.Ltd. ⁽¹⁾	Singapore	100	100	To carry on the businesses of repairing ships, tankers and other ocean-going vessels.
HJT Engineering & Construction Pte.Ltd. ⁽¹⁾	Singapore	100	100	To carry on the businesses of repairing ships, tankers and other ocean-going vessels.
Setya Energy Pte. Ltd. ^{(1) ^}	Singapore	–	60	Trading of marine petroleum products.
<u>Held by Heatec Jietong Pte. Ltd.</u>				
Heatec (Shanghai) Co., Ltd. ^(2,4)	People's Republic of China	100	100	Sales and repair of air cooler(s) evaporator, heat exchanger and related auxiliaries.
Chem-Grow Pte Ltd ⁽¹⁾	Singapore	100	100	Provide chemical cleaning services to ships and tankers.
Chem Grow Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	100	Provide repair services to ships, tankers and other ocean-going vessels, and chemical cleaning services to ships and tankers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ principal place of business	Effective equity held by the Company		Principal activities
		2025	2024	
		%	%	
Heatec Veslink Marine Services Corp. ⁽³⁾	Philippines	60	60	To engage in the business of trading, selling, servicing, manufacturing, distributing, marketing, maintenance, export and import.
JTY Engineering Pte. Ltd. ^{(1) ^}	Singapore	–	100	To carry on business of repairing ships, tankers and other ocean-going tankers.
Heatec Vietnam Company Ltd. ⁽³⁾	Vietnam	100	100	Technical and management consultancy services.

(1) Audited by Foo Kon Tan LLP

(2) Audited by Shanghai Zhong Chuang Haijia CPA Co., Ltd, a firm of Certified Public Accountants in People's Republic of China.

(3) Dormant entities

(4) Audited by Foo Kon Tan LLP for consolidation purpose

^ Subsidiaries disposed of during the year

A. Summarised financial information of subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that are considered by management to be material to the Group:

Name of subsidiary	Place of incorporation/ principal place of business	Ownership interests held by NCI		Profit/(loss) allocated to NCI		Net assets/ (liabilities) attributable to NCI	
		2025	2024	2025	2024	2025	2024
		%	%	\$	\$	\$	\$
Setya Energy Pte. Ltd.	Singapore	40	40	61,488	(104,827)	–	(144,906)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

A. Summarised financial information of subsidiary with material non-controlling interest ("NCI") (continued)

Summarised financial information prepared in accordance with SFRS(I), modified for fair value adjustments on acquisitions but before inter-company eliminations, in respect of Group's subsidiaries that have a material non-controlling interest (NCI) is set out below:

	Setya Energy Pte.Ltd. \$	Other individually immaterial subsidiaries \$	Total \$
31 December 2025			
<i>Summarised Statement of Financial Position</i>			
Non-current assets	–		
Current assets	–		
Current liabilities	–		
Net liabilities	–		
Net liabilities attributable to NCI	–	(31,858)	(31,858)
<i>Summarised Income Statement</i>			
Revenue	125,916		
Profit before tax	153,720		
Profit/(loss) after tax representing total comprehensive income/(loss)	153,720	(1,545)	
Profit/(loss) after tax representing total comprehensive income/(loss) allocated to NCI	61,488	(618)	60,870
<i>Summarised Cash Flows</i>			
Cash flows generated from operating activities	171,431		
Cash generated from investing activities	7,783		
Cash flows used in financing activities	(542,260)		
Net decrease in cash and cash equivalents	(363,046)		
31 December 2024			
<i>Summarised Statement of Financial Position</i>			
Non-current assets	–		
Current assets	1,512,708		
Current liabilities	(1,874,973)		
Net liabilities	(362,265)		
Net liabilities attributable to NCI	(144,906)	(31,240)	(176,146)
<i>Summarised Income Statement</i>			
Revenue	236,944		
Loss before tax	(265,198)		
Income tax credit	3,131		
Loss after tax representing total comprehensive loss	(262,067)	(9,284)	
Loss after tax representing total comprehensive loss allocated to NCI	(104,827)	(3,714)	(108,541)
<i>Summarised Cash Flows</i>			
Cash flows used in operating activities	(571,218)		
Cash generated from investing activities	200,378		
Cash flows generated from financing activities	429,318		
Net increase in cash and cash equivalents	58,478		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

B. Company level – Assessment of carrying value of cost of investment in subsidiaries

(i) *Heatec Jietong Pte. Ltd. and its subsidiaries ("HJPL Group")*

During the financial year, in view of the losses sustained by HJPL, management performed a review of the Company's cost of investment in HJPL Group to determine if further impairment loss is necessary. Based on the recoverable amount of the investments in subsidiaries, determined based on the higher of FVLCTS and VIU, the Company recognised an impairment loss of \$1,123,112 (2024 – reversal of impairment loss \$2,357,313). The recoverable amount of HJPL Group was determined based on FVLCTS. As at 31 December 2025, the recoverable amount of HJPL and certain of its subsidiaries was based on their revalued net assets. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices or realisable amounts, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Management had considered the underlying assets and liabilities of the investees held by HJPL, including the engagement of independent valuers to determine the fair values of the property, plant and equipment.

The fair value of the industrial building on leasehold land has been estimated using the comparable sales approach. The significant unobservable inputs used in the valuation included the transacted prices, timing of the transactions, location & accessibility, tenure, size, type of use and age & condition of the comparable properties. Accordingly, the fair value measurement of the properties is categorised as an unobservable level 3 input. The adjusted price per square foot of the comparable properties range from \$271 – \$427 (2024 – \$277 – \$291).

The fair value of the plant and equipment has been estimated using replacement method under cost approach. As significant unobservable inputs are used in the valuation, therefore the fair value measurement of the plant and equipment is categorised under level 3 of the fair value hierarchy. The significant unobservable inputs included the estimation of the reinstatement value and the residual life of the assets.

For one subsidiary (2024 – two subsidiaries) whose recoverable amount was determined based on future cash flow projections, the forecasted revenue growth was 1.84% (2024 – 2.2% and 6%) and the forecasted gross margin was 48% (2024 – 11.4% and 47%). The pre-tax discount rate applied to the cash flow projections was 9.9% (2024 – 10.4% and 10.2%) and terminal growth rate applied was 2% (2024 – 1.96%).

A discount for lack of marketability ("DLOM") of 15.7% (2024 – 15.6%) is applied to the revalued net assets of HJPL Group since is not publicly traded. The DLOM was extracted from the 2024/2025 Edition of Stout Restricted Stock Companion Guide, which is an independent research study report.

(ii) *HJT Engineering & Construction Pte. Ltd. ("HJT")*

During the financial year, in view of the losses sustained by HJT, management performed a review for the carrying value of the Company's investment in HJT to determine if further impairment loss may be necessary. Based on the recoverable amount of the investment in HJT, determined based on the higher of FVLCTS and VIU, the Company recognised an allowance of impairment loss of \$1,102,792 (2024 - \$628,827) on the investment in HJT.

The recoverable amount was determined based on the revalued net asset approach since the financials of the entity comprised mainly of cash balances, trade and other receivables, contract assets, trade and other payables and borrowings which were current and approximated fair values at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

B. Company level – Assessment of carrying value of cost of investment in subsidiaries (continued)

(iii) *JJY Engineering & Construction Pte. Ltd. (“JJY”)*

Management performed a review for the carrying value of the Company’s investment in JJY to determine if further impairment or reversal of impairment loss was necessary. Based on the recoverable amount of the investment in JJY, determined based on the higher of FVLCTS and VIU, the Company recognised an allowance of impairment loss of \$124,844 (2024 – reversal of impairment allowance of \$482,203) on the investment in JJY.

The recoverable amount was determined based on the revalued net asset approach since the financials of the entity comprised mainly of cash balances, trade and other receivables, contract assets and trade and other payables which were current and approximated fair values at year end.

(iv) *Setya Energy Pte. Ltd. (“Setya”)*

In the last financial year ended 31 December 2024, management performed a review of the Company’s cost of investment in Setya to determine if further impairment or reversal of impairment loss was necessary. The recoverable amount of Setya was based on VIU. The VIU was a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value. Based on management’s assessment, the recoverable amount had been estimated to be lower than its carrying amount of the cost of investment in Setya and thus impairment loss of \$512,584 had been recognised in the profit or loss to write down the cost of investment to its recoverable amount. Refer to Note 8 for details of the assumptions used.

C. Disposal of subsidiary – Setya Energy Pte. Ltd. (“Setya”)

On 5 November 2025, the Group disposed a subsidiary, Setya Energy Pte. Ltd. (“Setya”). The effect of the disposal on the cash flow of the Group is as follows:

	2025
	\$
Consideration received in the form of cash	1
Less: net liabilities disposed of	
Cash and cash equivalent	66,182
Trade and other receivables	958,589
Borrowings	(354,027)
Trade and other payables	(879,291)
Non-controlling interest	83,418
Net liabilities disposed of	<u>(125,129)</u>
Gain on disposal of subsidiary	125,130
Less: Waiver of loan	<u>(188,385)</u>
Net loss on disposal of subsidiary	<u>(63,255)</u>
Net cash outflow on disposal of subsidiary	<u>(66,182)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

D. Disposal of subsidiary – JTY Engineering Pte. Ltd (“JTY”)

On 31 July 2025, the Group disposed a subsidiary, JTY Engineering Pte. Ltd (“JTY”). The effect of the disposal on the cash flow of the Group is as follows:

	2025
	\$
Consideration received in the form of cash	204,075
Less: net assets disposed of	
Cash and cash equivalent	48,355
Trade and other receivables	160,490
Contract assets	38,415
Trade and other payables	(42,050)
Net assets disposed of	205,210
Loss on disposal of subsidiary	(1,135)
Net cash outflow on disposal of subsidiary	(48,355)

7 INVESTMENT IN ASSOCIATES

	2025	2024
	\$	\$
The Group		
Unquoted equity shares, at cost	187,616	187,616
Share of post-acquisition reserves, net of dividend received	296,715	272,144
Foreign currency translation differences	(33,686)	(30,583)
Impairment loss	(70,000)	(70,000)
	380,645	359,177

At the end of each reporting period, the Group carried out a review whether there is an indication that the investment in associates is impaired. No further impairment loss has been recognised in respect of the financial years ended 31 December 2025 and 2024.

Movements in impairment losses are as follows:

	2025	2024
	\$	\$
The Group		
Balance at beginning and end of year	70,000	70,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7 INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates of the Group are set out below:

Name of associates	Place of incorporation/ principal place of business	Effective equity held by the Group		Principal activities
		2025 %	2024 %	
<u>Held by Heatec Jietong Pte. Ltd.</u>				
Zhoushan Heatec IMC-YY ⁽¹⁾ Engineering Co., Ltd.	People's Republic of China	45	45	Service and repair all kinds of heat exchangers and piping works.
Heatec Marine Phils Construction Inc.	Philippines	39.97	39.97	Dormant.

(1) Audited by Zhoushan An Da Certified Public Accountants.

Summarised financial information in respect of the associate are set out below:

The Group	Zhoushan Heatec IMC-YY Engineering Co., Ltd.	
	2025 \$	2024 \$
Revenue	2,360,588	1,855,779
Profit for the year	332,903	289,161
Other comprehensive income	-	-
Total comprehensive income	332,903	289,161
Dividends received from associate	125,235	101,327
Current assets	1,119,260	939,047
Non-current assets	66,520	91,796
Current liabilities	(339,902)	(232,672)
Net assets of the associate	845,878	798,171

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7 INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associates, is as follows:

The Group	2025	2024
	\$	\$
Net assets attributable to investee's shareholders	845,878	798,171
Proportion of the Group's ownership interest in the associate	45%	45%
	<u>380,645</u>	<u>359,177</u>
Carrying amount of the Group's ownership interest held in the associate at beginning of the year	359,177	329,433
Share of results for the year	149,806	130,122
Dividend received	(125,235)	(101,327)
Foreign currency translation differences	(3,103)	949
Carrying amount of the Group's ownership interest in the associate at the end of the year	<u>380,645</u>	<u>359,177</u>

8 GOODWILL

The Group	2025	2024
	\$	\$
At beginning of year	1,385,843	1,385,843
Disposal of subsidiary	(1,385,843)	-
Allowance for impairment loss	-	(1,385,843)
At end of year	<u>-</u>	<u>-</u>

Movement in impairment losses:

The Group	2025	2024
	\$	\$
At beginning of year	1,385,843	374,826
Allowance for impairment	-	1,011,017
Disposal of subsidiary	(1,385,843)	-
At end of year	<u>-</u>	<u>1,385,843</u>

Impairment tests for goodwill

In the last financial year ended 31 December 2024, the carrying amount of goodwill was attributable to Setya Energy Pte. Ltd., which had been identified as the lowest level of identifiable cash inflows that were independent of the cash inflows from other assets or group of assets.

The recoverable amount of the goodwill was determined based on VIU, being the higher of FVLCTS and VIU calculations. The VIU calculation was a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 GOODWILL (CONTINUED)

Impairment tests for goodwill (continued)

Key assumptions used for VIU:

The Group	2024
Gross profit margin ⁽¹⁾	1.12%
Growth rate ⁽²⁾	(1.31%)
Terminal growth rate ⁽³⁾	1.96%
Discount rate ⁽⁴⁾	10.50%

(1) Budgeted average gross profit margin

(2) Compound annual growth rate

(3) Long term average growth rate of Singapore

(4) Pre-tax discount rate applied to the pre-tax cash flow projections

The discount rate was determined based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. A long-term growth rate into perpetuity had been determined based on the inflation rate of Singapore forecasted at the end of the five-year period.

These assumptions were used for the analysis of CGU within the business segment. Management determined budgeted gross profit margin and revenue growth rate based on expectation of future market changes. The discount rates used reflected specific risks to the CGU.

The recoverable amount was determined to be lower than the carrying amount of its CGU and an impairment loss of \$1,288,567 was recognised during the year. An impairment loss of \$1,011,017 was fully allocated to goodwill first and then to the other assets in the CGU on a pro-rata basis, which had been recognised in the consolidated statement of profit or loss and other comprehensive income.

The impairment loss was allocated on a pro rata to the other assets under Setya CGU as follows:

The Group	2025	2024
	\$	\$
Trade receivables	–	277,550

9 INVENTORIES

The Group	2025	2024
	\$	\$
Raw materials, at cost	404,080	379,819
Less: Allowance for slow moving inventories	(31,866)	(31,866)
	372,214	347,953

Inventories amounting to \$2,579,285 (2024 – \$1,729,363) were recognised as cost of sales in profit or loss for the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 CONTRACT ASSETS AND LIABILITIES

The Group receives payments from customers based on performance milestone as established in contract.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's heat exchanger, piping businesses and chemical cleaning services.

Contract assets

The Group	2025	2024
	\$	\$
Contract assets	3,540,473	4,225,293
Less: Loss allowance		
Beginning of the financial year	–	(80,000)
Reversal of allowance for impairment loss for the financial year	–	80,000
End of financial year	–	–
Contract assets	<u>3,540,473</u>	<u>4,225,293</u>

As at 1 January 2024, the Group's contract assets balance amounted to \$7,145,512.

The Group	2025	2024
	\$	\$
Contract assets reclassified to trade receivables	(20,326,125)	(21,952,508)
Increase due to revenue recognised during the financial year but not reclassified to trade receivables	<u>19,641,305</u>	<u>19,032,289</u>

Further information about ECL is disclosed at Note 32.

Contract liabilities relate to advance consideration received from customers and billings in-excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

Contract liabilities

The Group	2025	2024
	\$	\$
Advances from customers and billing in-excess	<u>139,941</u>	<u>106,244</u>

As at 1 January 2024, the Group's contract liabilities balance amounted to \$453,144.

The Group	2025	2024
	\$	\$
Revenue recognised that was included in the contract liabilities at the beginning of the financial year	(106,244)	(453,144)
Increase due to cash received, excluding amounts recognised as revenue during the financial year	<u>139,941</u>	<u>106,244</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Contract liabilities (continued)

The following table provides information about contract assets and contract liabilities from contracts with customers.

The Group	2025	2024
	\$	\$
Trade receivables from contract with customers (Note 11)	5,014,804	6,182,289
Contract assets	3,540,473	4,225,293
Contract liabilities	139,941	106,244

Decrease in contract assets is mainly due to progress billing being achieved ahead of the work progress.

11 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Trade receivables	5,614,354	7,747,206	–	–
Allowance for impairment loss	(599,550)	(1,564,917)	–	–
Net trade receivables	5,014,804	6,182,289	–	–
Other receivables	308,242	182,292	–	–
Amount due from subsidiaries	–	–	3,347,319	3,998,928
Allowance for impairment loss	–	–	–	(84,715)
Net amount due from subsidiaries	–	–	3,347,319	3,914,213
Deposits	258,053	816,482	10,270	18,720
Financial assets at amortised cost	5,581,099	7,181,063	3,357,589	3,932,933
Advance payment to supplier	68,860	37,060	–	–
Prepayments	239,841	132,902	36,799	31,161
Net input GST/VAT recoverable	61,407	11,982	–	–
	5,951,207	7,363,007	3,394,388	3,964,094

Trade receivables are non-interest bearing and are generally on 30 to 45 days (2024 – 30 to 45 days) credit term.

Other receivables which comprise mainly of work injury compensation claim receivables, are non-trade in nature, non-interest bearing, unsecured and repayable on demand at the reporting date.

The Company's non-trade amounts due from subsidiaries representing loan advances and payments made on behalf of these subsidiaries are non-trade in nature, non-interest bearing, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements of allowance for impairment losses for the Group's trade receivables and the Company's amount due from subsidiaries are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
At the beginning of the year	1,564,917	1,251,193	84,715	-
Allowance for impairment loss	212,819	374,563	-	84,715
Reversal of impairment loss	(358,421)	(60,839)	-	-
Impairment loss recognised, net	(145,602)	313,724	-	84,715
Disposal of subsidiaries	(819,765)	-	(84,715)	-
At the end of the year	599,550	1,564,917	-	84,715

12 CASH AND BANK BALANCES

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash at bank	1,370,255	934,133	486,043	28,404
Bank deposits	74,382	74,382	-	-
Cash on hand	-	271,050	-	-
	1,444,637	1,279,565	486,043	28,404
Pledged bank deposits	(74,382)	(74,382)	-	-
Cash and cash equivalents in the statement of cash flows	1,370,255	1,205,183	486,043	28,404

As at 31 December 2025, bank deposits of \$74,382 (2024 - \$74,382) are pledged to secure banking facilities granted to the Group (Note 15).

As at 31 December 2025, a wholly-owned subsidiary in People's Republic of China ("PRC") has cash and bank balances of \$13,666 (2024 - \$75,271) that are held in the PRC, of which the repatriation of funds out of the country is subject to the local Foreign Exchange Control Regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

13 SHARE CAPITAL

The Group and The Company	No. of ordinary shares		Amount	
	2025	2024	2025	2024
			\$	\$
Issued and fully paid, with no par value				
Balance at beginning and at end of year	204,777,526	204,777,526	13,354,627	13,354,627

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 RESERVES

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Translation reserve ^(a)	(205,928)	(182,346)	–	–
Merger reserve ^(b)	(3,913,614)	(3,913,614)	–	–
Share option reserve ^(c)	154,909	69,690	154,909	69,690
Net discount received on acquisition from non-controlling interests ^(d)	596,113	596,113	–	–
Retained earnings/(accumulated losses)	351,022	1,068,615	(2,260,547)	273,921
	(3,017,498)	(2,361,542)	(2,105,638)	343,611

(a) Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries and associates into Singapore Dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component in equity under the header of translation reserve.

Movement in translation reserve:

	2025	2024
	\$	\$
The Group		
Balance at 1 January	(182,346)	(183,469)
Changes during the financial year in other comprehensive income	(23,582)	1,123
Balance at 31 December	(205,928)	(182,346)

(b) Merger reserve

Merger reserve represents the difference between the amount of the share capital of the subsidiaries at the date on which was acquired by the Group and the amount of the share capital issued as consideration for the acquisition. The merger reserve amounted to a debit balance of \$3,913,614 as at 31 December 2025 and 2024.

(c) Share option reserve

The share option reserve arises due to the grant of share options to employees under the employee share option plan.

Further information about share-based payments to employees is disclosed in Note 27.

(d) Net discount received on acquisition from non-controlling interests

This represents discount received on acquisition of additional equity interests in subsidiaries from non-controlling interests, whereby the changes in ownership in these subsidiaries did not result in a change in control of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 BORROWINGS

	The Group	
	2025	2024
	\$	\$
Non-current		
Term loans		
– Lender D	257,567	–
Current		
Term loans		
– Lender A	2,303,120	2,939,400
– Lender B	–	166,005
– Lender C	–	66,667
– Lender D	243,100	300,513
Trade Financing with financier	374,539	1,057,066
	<u>2,920,759</u>	<u>4,529,651</u>
Total borrowings	<u>3,178,326</u>	<u>4,529,651</u>

Certain term loans are subject to contractual interest rate repricing annually. Such term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Lender A

The Group had been granted following loans from Lender A:

- (i) A loan with principal amount of \$3,701,156 was raised on 18 October 2018 which had been settled in FY2025. The loan has carrying amount of nil at the reporting date (2024 – \$448,396). Repayment commenced on 19 November 2018 and is repayable over 7 years. The loan carries interest at 1.73% plus 3 months Singapore Overnight Rate Average (“SORA”) per annum.
- (ii) A loan with principal amount of \$1,500,000 was raised on 14 July 2020 which had been settled in FY2025. The loan has carrying amount of nil at the reporting date (2024 – \$228,393). Repayment commenced on 14 August 2021 and is repayable over 4 years. The loan carries fixed interest at 2.50% per annum.
- (iii) A loan with principal amount of \$1,500,000 was raised on 15 September 2020 which had been settled in FY2025. The loan has carrying amount of nil at the reporting date (2024 – \$228,393). Repayment commenced on 14 August 2021 and is repayable over 4 years. The loan carries fixed interest at 2.50% per annum.
- (iv) Import invoice financing loans outstanding of \$348,120 (2024 – \$34,218) were drawn down to finance the purchase of goods and services. The import invoice financing loans carry interest rate at 1.70% per annum over the bank’s prevailing cost of funds. The loans are repayable in 4 months from the date of funding.
- (v) Total revolving working capital loans outstanding of \$1,955,000 (2024 – \$2,000,000) were drawn down in November 2025. Repayment will commence on 15 January 2026. The revolving loans carry interest rate which ranged from 3.5% to 6.1% per annum (2024 – 6.09% to 6.20% per annum) over the bank’s prevailing cost of funds.

As at 31 December 2025, bank deposits of \$74,382 (2024 – \$74,382) (Note 12) are pledged to secure some of the above loans’ banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 BORROWINGS (CONTINUED)

Lender A (continued)

The above loans are secured by:

- (a) A first legal mortgage over the Group's industrial building on leasehold land (Note 4); and
- (b) A corporate guarantee by the Company. (Note 28)

Lender B

In the last financial year ended 31 December 2024, the Group had been granted following loans from Lender B relating to Setya:

- (i) A loan with principal amount of \$400,000 was raised on 9 March 2020 had carrying amount of \$36,109. Repayment commenced on 23 April 2020 and was repayable over 5 years. The loan carried fixed interest at 6.50% per annum.
- (ii) A loan with principal amount of \$300,000 was raised on 21 December 2021 had carrying amount of \$129,896. Repayment commenced on 26 February 2022 and was repayable over 5 years. The loan carried fixed interest at 4.50% per annum.

A personal guarantee had been provided by a director of Setya to Lender B. Setya has been disposed in FY2025.

Lender C

In the last financial year ended 31 December 2024, the Group was granted a loan from Lender C on 31 July 2024 which had a carrying amount of \$66,667. Repayment commenced on 31 August 2024 and was repayable within a year. The loan carried fixed interest at 2.08% per month. The personal guarantee had been provided by a director of Setya to Lender C. Setya has been disposed in FY2025.

Lender D

The Group had been granted following loans from Lender D:

- (i) A loan with principal amount of \$200,000 was raised on 24 December 2024 which had been settled in FY2025. The loan has carrying amount of nil (2024 – \$200,440) as the reporting date. Repayment commenced on 24 January 2025 and is repayable within a year. The loan carries fixed interest at 1.1% per month.
- (ii) A loan with principal amount of \$100,000 was raised on 27 December 2024 which had been settled in FY2025. The loan has carrying amount of nil (2024 – \$100,073) as the reporting date. Repayment commenced on 27 January 2025 and is repayable within a year. The loan carries fixed interest at 1.1% per month.
- (iii) A loan with principal amount of \$500,000 was raised on 23 December 2025 has carrying amount of \$500,667 as at 31 December 2025. Repayment will commence on 24 January 2026 and is repayable over 2 years. The loan carries fixed interest at 0.5% per month.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 BORROWINGS (CONTINUED)

Trade Financing with financier

In 2022, one of the subsidiaries entered into Corporate Vendor Financing Facility agreement with a third party factoring service provider. The factoring loan has carrying amount of \$236,062 (2024 – \$457,186). The facility bears an interest rate of 1.02% per month and is repayable in 5 months from the funding dates, with repayment dated on 27 April 2026.

During the financial year, one of the subsidiaries entered into Domestic Factoring Recourse Facility agreement with a third party factoring service provider. The factoring loan has carrying amount of \$138,150. The facility bears an interest rate of 0.70% per month and is repayable in 3 months from the date of invoice, with repayment dated on 11 March 2026.

During the financial year, one of the subsidiaries entered into Recourse Domestic Factoring Facility agreement with a third party factoring service provider. The factoring loan has carrying amount of \$327. The facility bears an interest rate of 1.0% per month and is repayable in 3 months from the funding dates, with repayment dated on 31 March 2026.

In the last financial year ended 31 December 2024, Setya entered into Recourse Factoring Facility agreement with a third party factoring service provider. The factoring loan had carrying amount of \$599,880. The facility bore an interest rate of 1.00% per month and was repayable in 3 months from the funding dates, with repayment dated on 30 March 2025. Setya has been disposed in FY2025.

Fair values

Fixed-rate term loans

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period.

The carrying amounts of non-current borrowings at fixed rates are as follows:

	The Group	
	2025	2024
	\$	\$
Term loans		
– Lender D	257,567	–

Fair values of non-current borrowings at fixed rates for disclosure purposes at the end of the reporting period are as follows:

	The Group	
	2025	2024
	\$	\$
Term loans		
– Lender D	255,612	–

During the financial year ended 31 December 2025, the fair values were determined from discounted cash flow analysis using a discount rate based upon the market borrowing rates at 5.50% per annum of an equivalent instrument or market lending rate for similar types of lending arrangement which the directors expect would be available to the Group.

This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 BORROWINGS (CONTINUED)

Fair values (continued)

Floating rate term loans

The fair values of the Group's borrowings approximate the carrying amounts of the borrowings as the term loans are charged market interest rates. This fair value measurement for disclosure purposes is categorised in Level 2 of the fair value hierarchy.

The Group is required to maintain net worth of a specified amount in order to comply with covenants in loan agreements with banks.

In FY2025, one of the subsidiaries (2024 – two) had breached its loan covenants with Lender A (2024 – Lender A and B) as it did not meet the debt service coverage ratio of more than 1 (2024: debt service coverage ratio of more than 1 and positive net worth) as at 31 December 2025. The related bank borrowings of \$348,120 (2024 – \$939,400 and \$166,005) were already classified within current liabilities on the statement of financial position. The Group obtained a confirmation from the bank to accommodate the breach for the financial year ended 31 December 2025 on a one-off basis.

16 LEASE LIABILITIES

	The Group		The Company	
	2025 \$	2024 \$	2025 \$	2024 \$
Undiscounted lease payments due:				
– Within one year	212,162	212,162	167,533	167,533
– In the second to fifth year inclusive	848,649	848,649	670,133	670,133
– From sixth year and onwards	1,112,002	1,324,164	–	167,533
	2,172,813	2,384,975	837,666	1,005,199
Less: Future interest costs	(864,384)	(952,589)	(122,739)	(172,686)
	1,308,429	1,432,386	714,927	832,513
Presented as:				
– Non-current	1,176,465	1,309,548	589,755	716,047
– Current	131,964	122,838	125,172	116,466
	1,308,429	1,432,386	714,927	832,513

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Total cashflows for all leases in the current financial year amounted to \$330,070 (2024 – \$344,210).

Interest expense on lease liabilities of \$88,205 (2024 – \$95,785) is recognised within "finance costs" in the consolidated statement of profit or loss and other comprehensive income.

Information about the Group's leases are disclosed in Note 30.

Further information about the financial risk management are disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

The Group	2025	2024
	\$	\$
Balance at 1 January	253,334	261,410
Tax credited to profit or loss (Note 24)	(8,076)	(8,076)
Balance at 31 December	245,258	253,334
Presented on the statements of financial position:		
<i>Non-current</i>		
Deferred tax liabilities	245,258	253,334

The following are the major deferred tax liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods.

The Group	Accelerated tax depreciation	Others	Total
	\$	\$	\$
Balance at 1 January 2024	273,845	(12,435)	261,410
Credited to profit or loss for the year (Note 24)	(8,076)	–	(8,076)
Balance at 31 December 2024	265,769	(12,435)	253,334
Credited to profit or loss for the year (Note 24)	(8,076)	–	(8,076)
Balance at 31 December 2025	257,693	(12,435)	245,258

18 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Trade payables:				
– Associate	248,052	303,550	–	–
– Third parties	858,881	1,244,152	–	–
	1,106,933	1,547,702	–	–
Other payables:				
Subsidiaries	–	–	11,337	332,030
Accruals	1,248,898	1,137,634	344,961	303,186
Other payables	310,392	453,294	66,490	53,925
GST payables	184,909	257,553	60,911	58,662
	2,851,132	3,396,183	483,699	747,803

The credit period for trade payables generally ranges from 30 to 60 days (2024 – 30 to 60 days).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 PROVISION

This represents provision for warranty, which was estimated by management based on present value of the future outflow of economic benefits that may be required under the Group's warranty program for design-and-build contracts relating to heat exchangers. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20 OTHER OPERATING INCOME

	Continuing operations		Discontinued operations (Note 25)		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
The Group						
Interest income	53	114	–	–	53	114
Government grant income	127,133	83,092	–	–	127,133	83,092
Sundry income	217,845	177,760	–	44,447	217,845	222,207
Foreign exchange gain/(loss)	17,483	–	–	–	17,483	–
	362,514	260,966	–	44,447	362,514	305,413

21 FINANCE COSTS

	Continuing operations		Discontinued operations (Note 25)		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
The Group						
Interest expense on:						
– Term loans	102,184	190,837	9,941	29,360	112,125	220,197
– Lease liabilities	88,205	95,785	–	–	88,205	95,785
– Trade financing	96,147	59,743	53,794	67,869	149,941	127,612
– Others	42,265	37,720	–	–	42,265	37,720
	328,801	384,085	63,735	97,229	392,536	481,314

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

The Group	Note	Continuing operations		Discontinued operations (Note 25)		Total	
		2025	2024	2025	2024	2025	2024
		\$	\$	\$	\$	\$	\$
Included in "cost of sales"							
Depreciation of property, plant and equipment	4	221,373	253,717	–	–	221,373	253,717
Cost of inventories	9	2,579,285	1,729,363	–	–	2,579,285	1,729,363
Costs for subcontractor work and materials		2,783,880	3,042,240	–	–	2,783,880	3,042,240
Direct overhead expenses		124,940	118,828	–	–	124,940	118,828
Freight cost		286,775	232,103	–	–	286,775	232,103
Repair and maintenance		143,374	125,039	–	–	143,374	125,039
Employee benefits:				–	–		
– Wages, bonuses and other benefits	23	7,158,989	7,140,326	41,667	50,000	7,200,656	7,190,326
– Contribution to defined contribution plans	23	32,050	49,302	–	–	32,050	49,302
Included in "Administrative expenses"							
Depreciation of property, plant and equipment	4	559,223	525,517	–	–	559,223	525,517
Depreciation of right-of-use assets	5	133,993	133,688	–	–	133,993	133,688
Audit fees paid/payable to the auditors of the Company [®]		185,500	180,000	–	–	185,500	180,000
Professional fees:							
– others		174,641	72,708	88,000	2,566	262,641	75,274
– corporate advisory services ^(#)		43,621	45,500	750	–	44,371	45,500
Rental expenses		87,908	96,311	30,000	36,000	117,908	132,311
Employee benefits:							
– Salaries, bonuses and other benefits	23	4,240,843	4,246,913	81,000	55,500	4,321,843	4,302,413
– Contribution to defined contribution plans	23	412,612	474,058	–	–	412,612	474,058
Utilities		152,107	200,678	–	–	152,107	200,678
Upkeep of motor vehicles		134,981	130,649	–	–	134,981	130,649
Property tax		138,648	130,089	–	–	138,648	130,089
Included in "Other operating expenses"							
Foreign exchange (income)/loss		–	(10,942)	878	13,366	878	2,424
Loss on disposal of property, plant and equipment		11,026	3,242	–	–	11,026	3,242
Impairment losses on financial assets and contract assets							
Reversal of expected credit loss	10, 11	(80,871)	(80,849)	(277,550)	(59,990)	(358,421)	(140,839)
Allowance for expected credit loss	11	212,819	97,013	–	277,550	212,819	374,563
Impairment of goodwill	8	–	–	–	1,011,017	–	1,011,017

[®] In 2025, there are non-audit fees which are audit-related services of \$5,500 (2024 – \$55,000) payable to the auditors of the Company.

^(#) This includes the professional fee amounting to \$24,150 (2024 – \$23,150) for legal and corporate secretarial services rendered by an entity managed and controlled by one of the directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

23 STAFF COSTS

	Continuing operations		Discontinued operations (Note 25)		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
The Group						
Included in “Administrative expenses”						
Directors’ fees	165,300	182,433	–	–	165,300	182,433
Directors’ remuneration						
– Salaries, bonuses and other benefits	257,000	361,500	–	–	257,000	361,500
– Contribution to defined contribution plans	18,530	24,712	–	–	18,530	24,712
	275,530	386,212	–	–	275,530	386,212
Other key management personnel						
– Salaries, bonuses and other benefits	508,070	485,523	–	–	508,070	485,523
– Contribution to defined contribution plans	66,001	51,518	–	–	66,001	51,518
	574,071	537,041	–	–	574,071	537,041
Total key management personnel remuneration						
– Salaries, bonuses and other benefits (including directors’ fees)	930,370	1,029,456	–	–	930,370	1,029,456
– Contribution to defined contribution plans	84,531	76,230	–	–	84,531	76,230
	1,014,901	1,105,686	–	–	1,014,901	1,105,686
Other staff costs						
– Salaries, bonuses and other benefits	3,310,473	3,217,457	81,000	55,500	3,391,473	3,272,957
– Contribution to defined contribution plans	328,081	397,828	–	–	328,081	397,828
	3,638,554	3,615,285	81,000	55,500	3,719,554	3,670,785
Total salaries, bonuses and other benefits	4,240,843	4,246,913	81,000	55,500	4,321,843	4,302,413
Total contribution to defined contribution plans	412,612	474,058	–	–	412,612	474,058
	4,653,455	4,720,971	81,000	55,500	4,734,455	4,776,471
Included in “Cost of sales”						
Other staff costs						
– Salaries, bonuses and other benefits	7,158,989	7,140,326	41,667	50,000	7,200,656	7,190,326
– Contribution to defined contribution plans	32,050	49,302	–	–	32,050	49,302
	7,191,039	7,189,628	41,667	50,000	7,232,706	7,239,628
	11,844,494	11,910,599	122,667	105,500	11,967,161	12,016,099
Total salaries, bonuses and other benefits	11,399,832	11,387,239	122,667	105,500	11,522,499	11,492,739
Total contribution to defined contribution plans	444,662	523,360	–	–	444,662	523,360
	11,844,494	11,910,599	122,667	105,500	11,967,161	12,016,099

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 TAX CREDIT

Major components of income tax credit

The major components of income tax expenses for the year ended 31 December 2025 and 31 December 2024 are:

The Group	2025	2024
	\$	\$
Tax credit comprises:		
<u>From continuing operations</u>		
Current income tax		
– Current year	1,977	–
– Deferred taxation (Note 17)	(8,076)	(8,076)
	(6,099)	(8,076)
<u>From discontinued operations</u>		
Current income tax		
– Over provision in respect of prior years	–	(3,131)
Total tax credit	(6,099)	(11,207)

Reconciliation of effective tax rate

The Group	2025	2024
	\$	\$
Loss before taxation		
– Continuing operations	(564,577)	304,108
– Discontinued operation	(98,245)	(1,358,322)
	(662,822)	(1,054,214)
Less: Share of results of associate, net of tax	149,806	130,122
Loss before taxation excluding share of result of associate	(812,628)	(1,184,336)
Tax at statutory rate of 17% (2024 – 17%)	(138,147)	(201,337)
Tax effect on non-deductible expenses ^(a)	129,371	294,795
Tax effect on non-taxable income	(23,421)	(17,336)
Effect of different tax rate in other countries	2,960	7,961
Effect of partial tax exempt income	–	(34,721)
Unused tax losses and capital allowances not recognised as deferred tax assets	104,863	52,901
Utilisation of previously unrecognised deferred tax assets	(81,725)	(110,339)
Over provision of current tax in respect of previous financial years	–	(3,131)
	(6,099)	(11,207)

(a) Expenses not deductible for tax purposes relate mainly to disallowed expenses incurred in the ordinary course of business and the impairment loss of goodwill attributable to Setya.

The income tax applicable to the Company is 17% (2024 – 17%). The corporate income tax rate applicable to the subsidiaries in Singapore and People's Republic of China are 17% (2024 – 17%) and 25% (2024 – 25%) respectively.

As at 31 December 2025, the Group has deferred tax assets in respect of tax losses, capital allowances and other temporary differences of \$8,830,000 (2024 – \$8,694,000) and available for carry-forward to set-off against future taxable income arising from trade source subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the Group operate. The potential deferred tax assets have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow related tax benefits to be utilised. The unutilised tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

25 DISCONTINUED OPERATIONS

During the financial year, Setya Energy Pte. Ltd. ("Setya") has been disposed of by the Group. The core business of the discontinued operations is trading of marine petroleum product. Setya was not previously presented as discontinued operations as at 31 December 2024 and thus the comparative statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

The Group	Note	2025	2024
		\$	\$
Results of discontinued operations			
Revenue	3	50,522	154,837
Cost of sales	22	(41,667)	(50,000)
Other operating income	20	–	44,447
Other operating expense	22	(878)	(13,366)
Administrative expenses		(256,782)	(168,434)
Reversal/(Allowance) for impairment losses of financial assets and contract assets, net	22	277,550	(217,560)
Impairment of goodwill	8	–	(1,011,017)
Finance costs	21	(63,735)	(97,229)
Results of operating activities before tax		(34,990)	(1,358,322)
Tax credit	24	–	3,131
Results of operating activities, at net tax		(34,990)	(1,355,191)
Loss on sale of discontinued operations		(63,255)	–
Loss from discontinued operations (at net tax)		(98,245)	(1,355,191)
Basic and diluted loss per share (cents)		(0.05)	(0.66)

Of the loss from discontinued operations of \$98,245 (2024 – \$1,355,191), a loss amount of \$159,733 (2024 – loss of \$1,250,364) is attributable to the owners of the Company.

Of the loss from continuing operations of \$558,478 (2024 – profit of \$312,184), a loss amount of \$557,860 (2024 – profit of \$315,898) is attributable to the owners of the Company.

The impact of the discontinued operations on the cash flows of the Group for the financial year ended 31 December are as follows:

The Group	2025	2024
	\$	\$
Cash flows (used in)/generated from discontinued operations		
Net cash generated from/(used in) operating activities	171,431	(571,218)
Net cash generated from investing activities	7,783	200,378
Net cash (used in)/generated from financing activities	(542,260)	429,318
Net (decrease)/increase in cash and cash equivalents	(363,046)	58,478

The effect of the discontinued operations on the financial position of the Group as at 31 December 2025 is disclosed in Note 6C.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Continuing operations		Discontinued operations (Note 25)		Total	
	2025	2024	2025	2024	2025	2024
The Group	\$	\$	\$	\$	\$	\$
(Loss)/income attributable to equity holders of the company	(557,860)	315,898	(159,733)	(1,250,364)	(717,593)	(934,466)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share	204,777,526	204,777,526	204,777,526	204,777,526	204,777,526	204,777,526
Basic and diluted loss per share (cents per share)	(0.27)	0.15	(0.08)	(0.61)	(0.35)	(0.46)

The diluted loss per share is equivalent to the basic loss per share as the share options outstanding during the financial year were anti-dilutive in nature as at 31 December 2025 and 31 December 2024.

There has been no other transactions involving ordinary shares on potential ordinary shares for the financial year except as disclosed.

27 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme (the "Heatec ESOS") for certain employees of the Company. The Heatec ESOS is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five consecutive trading days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the above price. The vesting period is 1 year. Options are forfeited if the employee leaves the Group before the options vest.

On 30 May 2025, the Company made an offer to grant 12,000,000 share options at price of \$0.015 per share to directors, group general manager, chairman and employees. The vesting period is 1 year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

27 SHARE-BASED PAYMENTS (CONTINUED)

Equity-settled share option scheme (continued)

Details of the share options outstanding during the financial year are as follows:

The Group and The Company	2025		2024	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the financial year	3,000,000	0.076	3,000,000	0.076
– Granted during the year	12,000,000	0.015	–	–
Outstanding at end of the financial year	15,000,000	0.027	3,000,000	0.076
Exercisable at the end of the financial year	3,000,000	0.076	3,000,000	0.076

The fair value of the share options granted was estimated at date of grant using the valuation models stated in the table below, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs and the options model:

The Group and The Company	2025
Share options valuation model	Binomial Option Pricing Model
Share price at the grant date	\$0.015
Time to maturity	5 – 10 years
Exercise multiple	2.2x – 2.8x
Expected share price volatility	140.42%
Risk free rate	2.09% – 2.42%

The exercise multiple reflects the grantees' early exercise behaviour, which assumes that early exercise happens when the stock price is a certain multiple of the exercise price. The expected volatility reflects the assumption that the historical volatility of the Company's share price, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28 FINANCIAL GUARANTEES

The Company has provided financial guarantees to banks for borrowings of \$2,303,120 (2024 – \$2,939,400) and letters of guarantee of \$373,347 (2024 – \$519,047) taken by its subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees. The fair values of these corporate guarantees is estimated to be insignificant as the borrowings are fully collateralised by the related mortgaged properties and no default in payment is noted.

29 RELATED PARTY TRANSACTIONS

(i) Sale and purchase of goods and services

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	2025	2024
	\$	\$
The Group		
With associates		
Purchases	870,769	508,476
With entity controlled by a Director of one of the subsidiaries		
Rental expense	–	36,000
With shareholders who exert significant influence over the Company		
Rendering of services	8,543	23,718
Provision of consultancy services	73,248	72,912
With entity controlled by a Director of the Company		
Provision of legal and corporate secretarial services	24,150	23,150

(ii) Compensation of key management personnel

Key management personnel are directors and those person having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly. Remuneration for key management personnel, including amounts paid to the Company's Directors are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 LEASES

Nature of the Group's leasing activities

The Group's activities comprise the following:

- i) The Group leases leasehold land from non-related parties. The leases have an average tenure of between 18 to 55 years.
- ii) In addition, the Group leases staff accommodation and equipment with contractual terms of an average period of one year. These leases are short-term in nature. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 16.

Rental expenses not capitalised in lease liabilities but recognised within "Administrative expenses" in profit or loss are set out below:

The Group	2025	2024
	\$	\$
Short-term lease	117,908	132,311

Please refer to Note 32 for liquidity risk exposure.

Lease liabilities are denominated in Singapore Dollar.

31 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 of petroleum products. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment. Expenses other than finance costs of \$392,536 (2024 – \$481,314) are allocated to the other operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31 SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments are as follows:

	←----- Continuing operation ----->				<Discontinued operation>	Consolidated
	Piping	Heat exchanger	Chemical cleaning	Head office	Trading of petroleum products	
	\$	\$	\$	\$	\$	\$
2025						
Segment revenue:						
Sales to external customers, representing total revenue	5,744,975	11,371,731	3,064,121	–	50,522	20,231,349
Segment results	(1,406,537)	615,835	490,339	(85,219)	(34,510)	(420,092)
Other significant non-cash expenses						
Depreciation of property, plant and equipment	6,315	187,682	134,929	451,670	–	780,596
Depreciation of right-of-use assets	–	–	17,120	116,873	–	133,993
Net reversal of allowance for impairment losses of financial assets and contract assets	(11,922)	146,066	(2,196)	–	(277,550)	(145,602)
Share of results of associates	–	–	–	(149,806)	–	(149,806)
Loss on disposal of property, plant and equipment.	477	9,086	1,463	–	–	11,026
Loss on disposal of subsidiaries	1,135	–	–	–	63,255	64,390
Segment assets	4,089,669	5,714,750	4,961,236	3,310,890	–	18,076,545
<i>Segment assets includes</i>						
Additions to non-current assets	4,767	29,913	25,215	200,419	–	260,314
Segment liabilities	1,271,817	1,881,517	3,430,651	1,187,289	–	7,771,274
2024						
Segment revenue:						
Sales to external customers, representing total revenue	7,064,514	9,799,572	3,112,896	–	154,837	20,131,819
Segment results	4,901	(412,022)	965,192	–	(1,261,093)	(703,022)
Other significant non-cash expenses						
Depreciation of property, plant and equipment	6,006	216,078	149,596	407,554	–	779,234
Depreciation of right-of-use assets	–	–	17,030	116,658	–	133,688
Impairment of goodwill	–	–	–	–	1,011,017	1,011,017
Net allowance for impairment losses of financial assets and contract assets	(73,250)	88,553	861	–	217,560	233,724
Share of results of associates	–	–	–	(130,122)	–	(130,122)
Loss on disposal of property, plant and equipment	–	3,242	–	–	–	3,242
Segment assets	5,438,075	5,058,126	5,411,956	3,224,184	1,490,417	20,622,758
<i>Segment assets includes</i>						
Additions to non-current assets	3,143	11,278	68,812	31,500	–	114,733
Segment liabilities	1,280,625	2,663,616	3,353,925	1,248,286	1,259,367	9,805,819

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31 SEGMENT INFORMATION (CONTINUED)

Segment results

Segment revenue represents revenue generated from external and internal customers. Segment results represents the loss/profit incurred/generated by each segment without allocation of share of results of associates, finance costs and income tax expense, and after allocation of head office expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

A reconciliation of segment results to the consolidated loss before tax is as follows:

The Group	Discontinued operation		Continuing operations	
	2025	2024	2025	2024
	\$	\$	\$	\$
Segment results	(34,510)	(1,261,093)	(385,582)	558,071
Share of results of associates	–	–	149,806	130,122
Finance costs	(63,735)	(97,229)	(328,801)	(384,085)
Loss before tax	(98,245)	(1,358,322)	(564,577)	304,108

Segment assets

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

Geographical information

The Group's operations are primarily carried out in Singapore and People's Republic of China ("PRC"). Management has evaluated and concluded that the non-current assets and revenue from external customers recorded in a subsidiary in PRC are not material to the Group. Accordingly, no geographical segment on non-current assets and revenue from external customers' information are presented.

Information about major customer

Revenue is derived from 2 (2024 – 2) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

The Group	Attributable segments	2025	2024
		\$	\$
Customer A	Piping segment and Chemical cleaning segment	3,621,244	3,698,798
Customer B	Piping segment and Chemical cleaning segment	3,045,353	4,542,054
		6,666,597	8,240,852

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group does not hold derivative financial instruments for trading purposes.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's entities are exposed to foreign currency risk on trade and other receivables, cash and bank balances, borrowings and trade and other payables that are denominated in currencies other than their respective functional currencies. The foreign currency in which the Group's currency risk arises is mainly United States Dollar ("USD"). The Group does not hedge against foreign exchange exposure as the currency risk is not expected to be significant.

The Group's exposure to foreign currency risk is as follows:

The Group	2025	2024
	\$	\$
United States Dollar		
Financial assets		
Trade receivables	1,381,549	2,075,543
Cash and bank balances	173,183	107,472
	1,554,732	2,183,015
Financial liabilities		
Trade payables	248,052	1,592,694
Borrowings	348,120	34,219
	596,172	1,626,913
	958,560	556,102
<u>Sensitivity analysis</u>		
Strengthened 10% (2024 – 10%)	(95,856)	(55,610)
Weakened 10% (2024 – 10%)	95,856	55,610

A 10% weakening/strengthening of the USD against the functional currencies of the respective entities within the Group at the reporting date would increase/(decrease) the Group's loss after tax by the amounts above.

The Company is not exposed to foreign currency risk because its transactions and related financial assets and financial liabilities are mainly transacted and denominated in SGD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings. Borrowings at variable rates totalling \$2,303,120 (2024 – \$2,482,614) expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, in respect of the fixed rate instruments, a change in fixed rate at the reporting date would not affect profit or loss. The Group's policy is to obtain most favourable interest rate available whenever the Group obtains additional financing through bank borrowings. The interest rates and terms of maturity and repayment of borrowings of the Group are disclosed in Note 15. The Group does not utilise derivatives to mitigate its interest rate risk.

As the Group and the Company have no significant interest-bearing assets, the Group's and the Company's income is substantially independent of changes in market interest rates.

As at the reporting date, the Company is not significantly exposed to interest rate risk.

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at the end of reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars ("SGD"). If the SGD interest rates increase/decrease by 75 (2024 – 200) basis points with all other variables including tax rate being held constant, the loss after tax of the Group will be higher/lower by \$17,273 (2024 – \$49,652) as a result of higher/lower interest expense on these borrowings.

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group develops and maintains its credit risk gradings to categorise exposures according to its degree of risk of default. The Group uses publicly available financial information and its own trading records to rate its major customers and other receivables.

Concentration of credit risk and maximum exposure

The Group does not have significant credit concentration except that the Group's 2 (2024 – 2) largest trade receivables and contract assets represented 53% (2024 – 57%) of total trade receivables and contract assets.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of \$2,676,467 (2024 – \$3,458,447) (Note 28) relating to corporate guarantees given by the Company to banks for the subsidiaries' credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 3 years past due for major shipyards or more than 1 year past due for other counterparties unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 4 years past due for major shipyards or 3 years past due for other counterparties unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

Movements in credit loss allowance are as follows:

The Group	Trade receivables \$	Contract assets \$	Total \$
Balance at 1 January 2024	1,251,193	80,000	1,331,193
Loss allowance measured:			
Lifetime ECL			
– simplified approach	374,563	–	374,563
Receivables recovered	(60,839)	(80,000)	(140,839)
Balance at 31 December 2024	1,564,917	–	1,564,917
Loss allowance measured:			
Lifetime ECL			
– simplified approach	212,819	–	212,819
Receivables recovered	(358,421)	–	(358,421)
Disposal of subsidiaries	(819,765)	–	(819,765)
Balance at 31 December 2025	599,550	–	599,550

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

Contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecast of future economic on the ability of the customers to settle the receivables. There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2025 and 2024 are set out in the provision matrix below:

	Debts Aging:					
	Not past due	< 1 year	> 1-3 years	> 3 – 4 years	> 4 – 5 years	> 5 years
Customer that are major shipyards	Category A	Category B	Category B	Category C	Category D	Category E
Other customers	Category A	Category B	Category C	Category D	Category D	Category E

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Trade receivables and contract assets (continued)

The Group has recognised a loss allowance of 100% against trade receivables over more than 5 years past due from customers that are major shipyards, and against trade receivables over more than 5 years past due from other customers because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2025 are set out in the provision matrix below:

The Group	Category A	Category B	Category C	Category D	Category E	Total
	\$	\$	\$	\$	\$	\$
31 December 2025						
Trade receivables and contract assets –						
Gross	6,809,752	1,914,690	110,620	78,634	241,131	9,154,827
Loss allowance	–	(176,455)	(103,330)	(78,634)	(241,131)	(599,550)
	6,809,752	1,738,235	7,290	–	–	8,555,277
31 December 2024						
Trade receivables and contract assets –						
Gross	8,184,824	2,251,940	1,231,749	198,889	105,097	11,972,499
Loss allowance	–	(29,182)	(1,231,749)	(198,889)	(105,097)	(1,564,917)
	8,184,824	2,222,758	–	–	–	10,407,582

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables (excluding prepayments, GST recoverable, and advance payment to supplier) and cash and bank balances. The table below details the credit quality of the Group's and the Company's other financial assets at amortised cost:

At 31 December 2025	12-month/ Lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		\$	\$	\$
The Group				
Other receivables (excluding prepayments, GST/VAT recoverable, and advance payment to supplier)	12-month ECL	566,295	–	566,295
Cash and bank balances	Limited exposure	1,444,637	–	1,444,637
		2,010,932	–	2,010,932
The Company				
Other receivables (excluding prepayments)	12-month ECL	3,357,589	–	3,357,589
Cash and bank balances	Limited exposure	486,043	–	486,043
		3,843,632	–	3,843,632

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Other financial assets at amortised cost (continued)

	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
At 31 December 2024				
The Group				
Other receivables (excluding prepayments, GST/VAT recoverable, and advance payment to supplier)	12-month ECL	998,774	–	998,774
Cash and bank balances	Limited exposure	1,279,565	–	1,279,565
		2,278,339	–	2,278,339
The Company				
Other receivables (excluding prepayments)	12-month ECL	4,017,648	(84,715)	3,932,933
Cash and bank balances	Limited exposure	28,404	–	28,404
		4,046,052	(84,715)	3,961,337

Cash and bank balances are subject to immaterial credit risk.

The credit loss exposure for other receivables and cash and bank balances are immaterial as at 31 December 2025 and 2024.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet its normal operating commitments and having an adequate amount of committed credit facilities (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude impact of netting agreements:

	Contractual undiscounted cash flows				
	Carrying amount \$	Total \$	Less than 1 year \$	Between 2 and 5 years \$	Over 5 years \$
The Group					
31 December 2025					
Trade and other payables [#]	2,666,223	2,666,223	2,666,223	–	–
Borrowings	3,178,326	3,291,878	3,025,954	265,924	–
Lease liabilities	1,308,429	2,172,813	212,162	848,649	1,112,002
	7,152,978	8,130,914	5,904,339	1,114,573	1,112,002
31 December 2024					
Trade and other payables [#]	3,138,630	3,138,630	3,138,630	–	–
Borrowings	4,529,651	4,697,230	4,697,230	–	–
Lease liabilities	1,432,386	2,384,975	212,162	848,649	1,324,164
	9,100,667	10,220,835	8,048,022	848,649	1,324,164
The Company					
31 December 2025					
Other payables [#]	422,788	422,788	422,788	–	–
Lease liabilities	714,927	837,666	167,533	670,133	–
Financial guarantees [*]	2,676,467	2,676,467	2,676,467	–	–
	3,814,182	3,936,921	3,266,788	670,133	–
31 December 2024					
Other payables [#]	689,141	689,141	689,141	–	–
Lease liabilities	832,513	1,005,199	167,533	670,133	167,533
Financial guarantees [*]	3,458,447	3,458,447	3,458,447	–	–
	4,980,101	5,152,787	4,315,121	670,133	167,533

^{*} At the end of the reporting period, the maximum exposure of the Company in respect of the intra-group financial guarantees granted in favour of its subsidiaries (Note 28) based on facilities drawn down by the subsidiaries is \$2,676,467 (2024 – \$3,458,447).

[#] excludes GST payables

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are not exposed to any movement in price risk as it does not hold any quoted or marketable financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

33 FAIR VALUE MEASUREMENT

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

The Group analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

The carrying values of variable rate bank loans approximate their fair values as disclosed in Note 15 to the financial statements. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, short term borrowings, trade and other payables and provisions) approximate their fair values because of the short period to maturity.

Long-term borrowings

The fair values and the carrying amounts of the long-term borrowings is disclosed at Note 15.

Lease liabilities

The fair value disclosure of lease liabilities is not required.

There is no financial assets and financial liabilities measured at fair value as at 31 December 2025 and 2024.

34 FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	2025	2024
	\$	\$
Financial assets at amortised cost		
Trade and other receivables*	5,581,099	7,181,063
Cash and bank balances	1,444,637	1,279,565
	<u>7,025,736</u>	<u>8,460,628</u>
Financial liabilities at amortised cost		
Trade and other payables#	2,666,223	3,138,630
Lease liabilities	1,308,429	1,432,386
Borrowings	3,178,326	4,529,651
	<u>7,152,978</u>	<u>9,100,667</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS (CONTINUED)

The Company	2025	2024
	\$	\$
Financial assets at amortised cost		
Other receivables*	3,357,589	3,932,933
Cash and bank balances	486,043	28,404
	3,843,632	3,961,337
Financial liabilities at amortised cost		
Other payable#	422,788	689,141
Lease liabilities	714,927	832,513
	1,137,715	1,521,654

* Excludes prepayments, advance payment to supplier and net input GST/VAT recoverable.

Exclude GST payable

35 CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Company currently does not have a fixed dividend policy. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus lease liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, other than those as disclosed in Note 15 to the financial statements.

	The Group		The Company	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net debt	5,893,250	8,078,655	712,583	1,551,912
Total equity	10,305,271	10,816,939	11,248,989	13,698,238
Total capital	16,198,521	18,895,594	11,961,572	15,250,150
Net debt to total capital ratio	36%	43%	6%	10%

36 SUBSEQUENT EVENT

On 28 February 2026, the United States and Israel launched a joint attack on Iran. As of the date of these consolidated financial statements, the potential impact of these developments and the economic implications of the conflict on the Group's operational and financial performance is hard to predict. Further escalation of the geopolitical tensions involving Iran may adversely affect global energy markets and maritime activities in which the Group operates. The Board of Directors continues to monitor the developments and assess the potential impact on the Group's operations.

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

CHAIRMAN STATEMENT

Dear Shareholders and Stakeholders,

Sustainability is fundamental to our long-term resilience and governance at Heatec Jietong Holdings Ltd. (“**HTJT**” or the “**Company**”, and together with its subsidiaries, the “**Group**”). In FY2025, we continued to strengthen our sustainability governance structure, risk management processes, and reporting discipline in line with evolving regulatory expectations and stakeholder requirements.

We recognise that sustainability and climate-related risks carry significant implications for our financial and operational future. Accordingly, we have embedded sustainability oversight directly into our governance framework, with structured delegation to the Sustainability and Climate Risk Committee (“**SCRC**” or the “**Committee**”). Management is responsible for implementing sustainability initiatives and monitoring performance, while we retain ultimate oversight and accountability.

During FY2025, we reviewed our material environmental, social, and governance (“**ESG**”) topics, taking into consideration regulatory developments, operational risk exposure and your feedback. Sustainability data collection processes were further formalised in accordance with the Group’s Sustainability Reporting Procedure to enhance consistency, traceability, and internal review controls.

We continued to monitor our energy consumption and greenhouse gas emissions and maintained our structured approach to climate-related disclosures. Climate considerations are integrated into enterprise risk management processes, with oversight by the Board and the SCRC.

Looking ahead, we will continue to strengthen our internal data governance, enhance climate-related risk assessments, and monitor developments relating to International Sustainability Standards Board (“**ISSB**”) implementation and Singapore Exchange (“**SGX**”) sustainability reporting requirements. While regulatory obligations will continue to evolve, our focus remains on disciplined governance, operational efficiency, and responsible business conduct.

We acknowledge that sustainability is an ongoing process requiring continuous review and refinement. We remain committed to improving our systems, controls, and disclosures in a measured and structured manner.

On behalf of the Board, I extend our appreciation to our employees, customers, business partners, and shareholders for their continued support.

Mr Chong Eng Wee
Non-Executive and Independent Chairman

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors of Heatec Jietong Holdings Ltd. affirms its responsibility for the oversight of sustainability matters, including climate-related risks and opportunities, and the integrity of the Group's sustainability disclosures for the financial year ended 31 December 2025.

The Board ensures that the Group's sustainability efforts are conducted in line with the latest sustainability reporting requirements under the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") and the evolving regulatory roadmap relating to climate-related disclosures. The Board remains attentive to developments in Singapore's sustainability reporting framework, including the phased implementation timeline and increasing expectations for structured climate governance and data transparency. The Group has taken a measured and proactive approach in strengthening its sustainability governance structure, internal controls, and reporting processes to support compliance readiness and regulatory alignment.

Sustainability governance is embedded within the Group's overall corporate governance framework. The Board retains ultimate accountability for the identification of material ESG topics, the oversight of sustainability strategy, and the monitoring of sustainability-related risks within the Group's enterprise risk management processes. The SCRC, chaired by the Chief Executive Officer ("**CEO**"), supports the Board by managing day-to-day sustainability implementation, coordinating data collection, and reviewing performance indicators across business units. The SCRC reports periodically to the CEO, enabling structured oversight and informed decision-making.

During FY2025, the Board reviewed the Group's ESG performance, including energy, emissions, and social metrics. The Board also reviewed and endorsed the Group's sustainability targets, taking into consideration operational realities, risk exposure, regulatory developments, and stakeholder expectations. This review assessed the progress achieved, and the adequacy of management actions to ensure continuous improvement.

The Board is satisfied that the sustainability initiatives undertaken during FY2025 demonstrate continued effort to enhance operational discipline, risk management, and data governance. The sustainability performance disclosed in this report has been subjected to internal review processes in accordance with the Group's Sustainability Reporting Procedure. The Board has reviewed and approved this Sustainability Report and is satisfied that it presents a balanced and reasonable representation of the Group's sustainability efforts, performance, and targets for FY2025.

Recognising that sustainability reporting expectations will continue to evolve, the Board remains committed to progressively strengthening the integration of sustainability considerations into strategy, risk management, and operational decision-making. The Group will continue to monitor regulatory developments, enhance internal capabilities, and refine its reporting processes to ensure ongoing compliance and continuous improvement.

SUSTAINABILITY REPORT

SUPPORTING THE UN SDGS



In September 2015, the United Nations Sustainable Development Goals (“**UN SDGs**”) were unanimously adopted by 193 Member States at the UN Summit, setting out a bold and transformative agenda for global development. The SDGs provide a shared framework for governments, businesses, and civil society to collectively address the world’s most pressing social, environmental, and economic challenges.

The UN SDGs recognise that meaningful and lasting progress cannot be achieved by governments alone. Collective action is essential, with the private sector playing a critical role through its capacity to influence across value chains. Businesses are therefore not merely contributors, but essential drivers and enablers of sustainable and inclusive growth.

Our support for the UN SDGs is deeply embedded in our corporate strategy and guides how we respond to global sustainability challenges. Through strategic partnerships, we go beyond regulatory compliance to integrate sustainability into the fabric of our operations. In doing so, we reaffirm our commitment to creating long-term value and contributing to a more resilient, and sustainable future.

Guided by our FY2025 business strategy and priorities, we have identified and focused on the Sustainable Development Goals that most closely align with our core business, capabilities, and long-term direction.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

We are pleased to present HTJT's Sustainability Report for FY2025, which reaffirms our commitment to transparency, accountability, and sustainable business practices. This report provides a comprehensive overview of our ESG strategies, initiatives, and performance, addressing key material topics relevant to our stakeholders, including shareholders, suppliers, customers, management, and employees. It outlines the measures we have implemented to advance sustainability and support long-term value creation. For a holistic understanding of our performance, this Sustainability Report should be read in conjunction with HTJT's FY2025 Annual Report.

Reporting Period

This report encapsulates our sustainability initiatives and achievements throughout FY2025, spanning from 1 January 2025 to 31 December 2025, underscoring our unwavering commitment to sustainable business practices and our drive towards a resilient and prosperous future.

Reporting Framework

This Sustainability Report has been prepared with reference to internationally recognised sustainability reporting frameworks and applicable regulatory requirements to ensure transparency, comparability, and accountability in our disclosures.

The Report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards 2021, which provide a comprehensive and structured framework for identifying, managing, and disclosing the Group's material economic, environmental, and social impacts. The application of the GRI Standards enhances the consistency and credibility of our reporting and supports stakeholders in understanding how sustainability considerations are integrated into our strategy and operations.

In compliance with the listing requirements of the SGX-ST, this Report adheres to Catalyst Rules 711A and 711B, as well as the guidance set out in Practice Note 7F on Sustainability Reporting. The Board has reviewed and approved the sustainability disclosures contained in this Report.

In reaffirming our commitment to climate stewardship and transparent carbon accounting, the Group has aligned its climate-related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), structured across the four pillars of Governance, Strategy, Risk Management, and Metrics & Targets.

Greenhouse gas ("**GHG**") emissions are measured and reported in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, the globally recognised framework for carbon accounting. This alignment strengthens the accuracy, transparency, and comparability of our emissions reporting and supports our ongoing decarbonisation efforts.

Reporting Scope

This Sustainability Report provides a comprehensive overview of the Group's sustainability efforts across its core business divisions, including heat exchanger services, piping services, and chemical cleaning services.

We remain committed to maintaining a robust and transparent reporting framework that accurately reflects the sustainability performance of all business segments. Accordingly, this report presents an in-depth review of our sustainability journey for FY2024, highlighting the contributions of the following key subsidiaries:

- Heatec Jietong Pte. Ltd. ("**HJPL**")
- Chem-Grow Pte. Ltd. ("**CG**")
- Chem-Grow Engineering Pte. Ltd. ("**CGE**")
- HJT Engineering & Construction Pte Ltd. ("**HJT**")
- JJY Engineering & Construction Pte Ltd. ("**JJY**")

We confirm that there have been no significant changes to the scope, boundaries, or assessment of our material sustainability issues compared to the previous reporting period, ensuring consistency, continuity, and comparability for our stakeholders.

SUSTAINABILITY REPORT

Feedback

For enquiries, proposals, or feedback relating to the Group's sustainability initiatives, stakeholders are invited to contact us at info@heatec.com.sg.

We value your engagement and will respond to all communications with due care and consideration.

Internal Review and Assurance

The Group affirms that the information disclosed in this report is presented with the highest integrity and is based on the most accurate data available.

In our commitment to excellence in sustainability reporting and alignment with recognized standards, we engaged a reputable external sustainability consultancy. Their expertise has been invaluable in ensuring that our reporting meets current best practices and regulatory requirements.

The internal review of the sustainability reporting process was conducted by BDO Advisory Pte. Ltd. (the "**Internal Auditor**"). The data and information contained in this report have undergone a rigorous review by the Internal Auditor in accordance with Rule 711B of the Catalist Rules. It should be noted, however, that no external assurance has been obtained for the contents of this Sustainability Report.

ABOUT THE COMPANY

Heatec Jietong Holdings Ltd. is a Singapore-based engineering and fabrication services provider specializing in heat transfer and piping system solutions for the marine, oil and gas, petrochemical, and industrial sectors. Established through the merger of Jietong Engineering and Heatec Asia Pacific, the Group has grown into a multi-disciplinary organization with deep technical expertise in the design, manufacture, servicing, and maintenance of heat exchangers, pressure vessels, and piping systems for both offshore and onshore applications.

Operating from its headquarters in Singapore, HTJT has built a strong reputation for quality and reliability in complex engineering environments and serves clients across Singapore, Europe, China, the Philippines, and other strategic markets globally. The Company is listed on the Catalist Board of the SGX-ST and adheres to high standards of corporate governance and operational excellence.

Key Activities

HTJT's business activities are designed to support critical infrastructure in marine sectors with stringent safety, performance, and regulatory requirements. The Group's core offerings include:

Heat Exchanger Design, Manufacture and Servicing

HTJT provides end-to-end services for a wide range of heat exchangers, including air coolers, shell and tube heat exchangers, charged air coolers, and plate heat exchangers. This encompasses engineering design, fabrication, installation, on-site inspection, restoration, and commissioning.

SUSTAINABILITY REPORT

Piping and Fabrication Services

The Group delivers comprehensive piping solutions for marine vessels, offshore facilities (including Floating Production, Storage and Offloading units), and onshore industrial plants. Services include pipeline structuring, fabrication, high-pressure piping works, installation, and turnkey project management covering procurement through commissioning.

Chemical Cleaning and Maintenance Solutions

Through its subsidiary companies, HTJT offers specialised chemical cleaning, hot oil flushing, ultrasonic cleaning, hydro-jetting, and related maintenance services for heat exchangers, pipelines, boilers, and pressure vessels across marine, petrochemical, and industrial sectors.

Support Services and Engineering Consultancy

Beyond physical equipment and systems, the Group provides consultancy support, engineering advisory, and technical problem-solving services to optimise client operations, extend asset life, and improve safety performance.

Value Chain Overview

HTJT's value chain is structured to deliver integrated, high-value engineering solutions from concept through lifecycle support:

- Engineering and Design – Leveraging in-house mechanical and thermal design capabilities, the Group develops customised solutions tailored to client specifications and compliance standards for heat transfer and piping systems.
- Procurement and Fabrication – Critical materials, components, and assemblies are sourced and manufactured using certified processes that comply with industry standards such as ASME and API, ensuring quality, traceability, and performance.
- Installation and Commissioning – HTJT's teams execute project installation, pipeline assembly, and final commissioning on marine vessels and industrial facilities, working closely with shipyards and plant operators to meet tight schedules and safety protocols.
- Operations & Maintenance Support – The Group provides routine and corrective maintenance services, including chemical cleaning and structural refurbishment of heat exchanger and piping systems, supporting asset uptime and operational efficiency.
- After-Sales and Technical Support – Ongoing support, inspection, technical upgrades, and consultancy form part of the Group's commitment to long-term client relationships and performance optimisation.

Through this integrated value chain, HTJT delivers reliable and technically advanced solutions that support the energy, maritime, and process industries in meeting their operational, safety, and sustainability objectives.

SUSTAINABILITY REPORT

BUSINESS MEMBERSHIPS AND CERTIFICATIONS

ISO Certification

Across HTJT and its subsidiaries, safeguarding the health and safety of our workforce remains a core priority. Our subsidiaries operate under internationally recognised management systems, having attained ISO 9001:2015 and ISO 45001:2018 certifications. These frameworks provide a strong foundation for systematic risk management, continual enhancement of our processes, and the promotion of a safe and healthy working environment for all employees.

	ISO 9001:2015 Quality Management Systems	ISO 45001:2018 Occupational Health and Safety Management Systems
Heatec Jietong Pte. Ltd.	X	X
Chem-Grow Pte. Ltd.	X	X
Chem Grow Engineering Pte. Ltd.	X	X

BizSafe Star Certification

- Heatec Jietong Pte. Ltd.
- Chem-Grow Pte. Ltd.
- Chem Grow Engineering Pte. Ltd.

BizSafe Level-4 Certification

- JJY Engineering & Construction Pte. Ltd.
- HJT Engineering & Construction Pte. Ltd.

Membership

- Singapore Business Federation (“**SBF**”)
- Association of Singapore Marine Industries (“**ASMI**”)
- Association of Process Industry (“**ASPRI**”)
- Heat Transfer Research Inc (“**HTRI**”)

SUSTAINABILITY REPORT

SUSTAINABILITY DEVELOPMENT POLICY

HTJT is committed to promoting operations that are environmentally sustainable, socially responsible, and economically viable. We understand the potential impacts of our business activities on both society and the environment, and our strategy is designed to effectively mitigate and minimize these effects.

Sustainability Governance

The SCRC, led by our CEO, is tasked with overseeing the integration of sustainability across our business. The Committee focuses on addressing both the risks and opportunities associated with sustainability, ensuring it is a core consideration in our strategic initiatives.

Occupational Health and Safety

We place a strong emphasis on workplace safety by surpassing regulatory requirements, delivering thorough training programs, and investing in protective gear and technology to minimize risks.

Chemical Management

We take a responsible approach to chemical management, following Singapore regulations on water and chemical discharge. We prioritize and closely monitor our operation processes to ensure compliance with national environment standards. By staying vigilant, we aim to reduce our impact on the environment to safeguard ecosystems.

Engagement and Training

We are fostering a culture of sustainability by actively engaging employees at all levels and providing comprehensive training to encourage a strong sense of responsibility toward both the environment and society.

Performance Monitoring and Reporting

Sustainability performance is consistently monitored and transparently reported to the Board, by the Committee.

Review and Continuous Improvement

We continuously evaluate and enhance our sustainability strategy to ensure alignment with global standards, including GRI, TCFD, and the UN SDGs.

This ongoing commitment enables us to secure a sustainable future for all our stakeholders.

SUSTAINABILITY REPORT

POLICY COMMITMENT

The Group affirms its commitment to conducting business in a responsible, ethical, and sustainable manner across its value chain. Our policy framework establishes the principles, standards, and controls that guide decision-making, operational conduct, and risk management throughout the organisation.

Our sustainability-related commitments are embedded within structured management systems aligned with ISO 9001 (Quality Management) and ISO 45001 (Occupational Health and Safety) and are supported by internal governance policies covering business ethics, compliance, human capital management, and environmental stewardship.

Core Policy Principles

The Group is committed to:

- Upholding the highest standards of integrity, transparency, and ethical conduct in all business dealings
- Ensuring compliance with applicable laws and regulations in Singapore
- Promoting fair employment practices, equal opportunity, and respect for human rights
- Protecting the health and safety of employees, contractors, and business partners
- Preventing pollution and minimising environmental impacts arising from logistics, warehousing, transport, and marine engineering activities
- Managing sustainability-related risks across our operational value chain

These principles apply across all subsidiaries and operational sites and extend, where relevant, to suppliers, contractors, and service providers engaged in our business activities.

Policy Communication and Embedding

Policies are communicated internally through induction programmes, regular training sessions, management briefings, and digital platforms. Externally, relevant policy expectations are incorporated into contractual arrangements and supplier engagement processes.

Management is responsible for implementing these policies, monitoring adherence, and reporting material issues to the Board through established governance structures.

Through this structured policy framework, the Group strengthens operational discipline, mitigates sustainability-related risks, and supports long-term value creation.

SUSTAINABILITY REPORT

REMEDiate NEGATIVE IMPACTS FROM OUR OPERATION ACTIVITIES

The Group recognises that certain engineering operations may give rise to environmental and social impacts if not effectively managed. Unaddressed impacts may expose the Group to regulatory penalties, operational disruptions, asset impairment, increased insurance costs, reputational damage etc. Accordingly, the remediation of negative impacts is embedded within the Group's Quality, Environmental, Health and Safety ("QEHS") management systems and integrated into its broader enterprise risk management framework.

Potential adverse impacts are identified through environmental aspect assessments, risk assessments, incident reporting systems, internal audits, and grievance mechanisms. Identified risks are evaluated based on likelihood, severity, regulatory exposure, and potential financial implications. Material matters are escalated to senior management and, where appropriate, to the relevant Board-level committees to ensure oversight and accountability.

Where incidents, non-conformities, or grievances occur, the Group applies a structured remediation process that prioritises immediate containment and mitigation, followed by root cause investigation, implementation of corrective and preventive measures, and ongoing monitoring of effectiveness. This process applies across occupational health and safety, environmental protection, regulatory compliance, and community-related matters.

In relation to occupational health and safety, work-related incidents are managed through prompt medical support, formal investigation procedures, and strengthened control measures to prevent recurrence. Lessons learned are communicated internally to reinforce preventive practices. Safety performance indicators are reviewed periodically to reduce lost workdays and limit operational and legal exposure.

For environmental-related incidents, including spills, excessive noise, or accidental discharge, emergency response procedures are activated to contain impacts and prevent escalation. Clean-up and remediation actions are undertaken, licensed contractors are engaged where required, and regulatory authorities are notified in accordance with legal obligations. Operational procedures are subsequently reviewed and refined to strengthen preventive controls.

All remediation actions are documented and tracked within the QEHS management system. Key indicators, including injury rates, environmental incidents, and compliance records, are monitored and reviewed as part of management reporting processes. Through governance oversight and continuous improvement, the Group seeks to minimise adverse impacts, enhance operational resilience, and safeguard long-term enterprise value across its value chain.

SUSTAINABILITY REPORT

REPORTING PRINCIPLES

Our FY2025 Sustainability Report has been prepared in accordance with the GRI 2021 Foundation, guided by the eight core reporting principles. These principles underpin how information is selected, structured, and presented, ensuring the relevance, quality, and reliability of the disclosures contained in this report.



Principle	Explanation
Accuracy	The information disclosed in this Report is correct and sufficiently detailed to assess the Company's business impacts towards ESG perspective.
Balance	The information is disclosed in an unbiased way and provides a fair representation of the Company's negative and positive impacts.
Clarity	The information presented in this Report is accessible and understandable.
Comparability	The Company endeavours to select and compile the report information consistently to enable an analysis of changes in the Company's impacts over time.
Completeness	The Company tries its best to provide sufficient information to enable the transparency of its efforts in ESG topics.
Sustainability Context	The Company ensures that the information it discloses in this Report is about its business impacts within the context of sustainable development.
Timeliness	The Company reviews its ESG material topics on a regular basis to ensure that all the information declared in this Report is updated.
Verifiability	This Report is internally reviewed. Our Sustainability Consultant and internal reviewer have guided us to ensure the accuracy of the key materiality data.

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

HTJT's governance framework is built on the ground of accountability and oversight, ethical business conduct, which are essential for managing risks and protecting long-term value creation. The Group is committed to maintaining high governance standards in line with the Code of Corporate Governance 2018 and applicable regulations issued by the SGX-ST, the Monetary Authority of Singapore ("MAS"), and other relevant authorities.

The Board is responsible for HTJT's strategic direction, which includes approving impactful investments, managing capital allocation, and ensuring the effectiveness of Group internal control and risk management frameworks. Through disciplined governance practices, the Board safeguards shareholder interests and company assets, and ensures that sustainability-related risks and opportunities are integrated into strategic and operational decision-making.

Further details of the Group's corporate governance practices are set out in the Corporate Governance Statement in the Annual Report (pages 12 to 52).

Governance Structure

The Group maintains a structured governance framework comprising executive, non-executive, and independent non-executive directors. This composition ensures balanced decision-making, objective oversight, and accountability. Detailed information on the governance structure and Board composition is available in the Annual Report (page 18).

Board Diversity

The Board has adopted a formal Board Diversity Policy, which sets out guiding principles for the identification and selection of director nominees. The policy emphasises an appropriate mix of skills, expertise, industry experience, competencies, and perspectives necessary to support effective governance and long-term strategic oversight.

As at FY2025, four out of five Directors (including an alternate director) are male. The current composition reflects the specific technical, engineering, and industry expertise required within HTJT's operating sector. Half the Board comprises independent directors, ensuring balanced oversight and objective judgment.

Further information on the Board Diversity Policy is disclosed in the Corporate Governance Report of the Annual Report.

Collective Expertise of the Governance Body

Collectively, the Board possesses competencies across key areas essential to the Group's operations and sustainability, including business and financial management, corporate governance, regulatory compliance, and risk management. This breadth of expertise enables the Board to provide effective oversight of both financial and sustainability-related matters that may affect enterprise value.

Additional details on Directors' qualifications and experience are provided in the Corporate Governance Statement of the Annual Report.

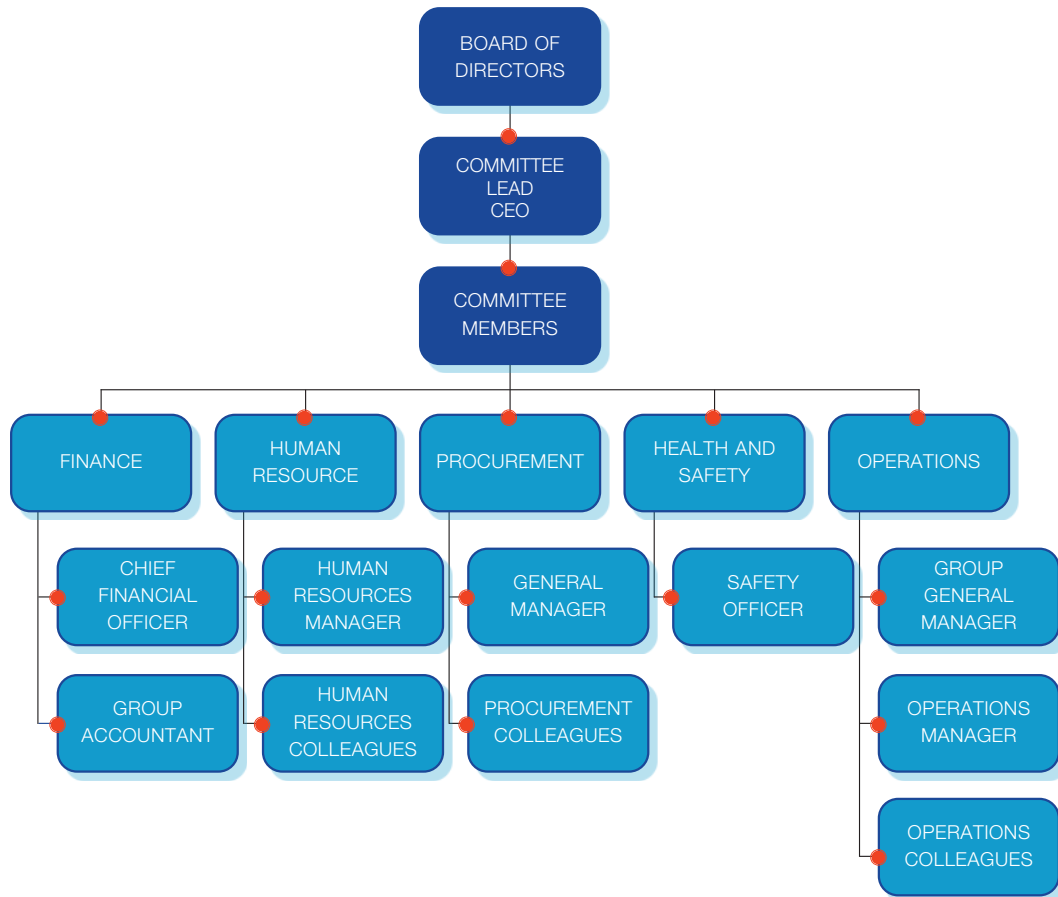
Director's Sustainability Training

All Directors have completed the mandatory sustainability training prescribed by SGX-ST. This ensures that the Board possesses foundational knowledge of ESG risks and opportunities, and is equipped to exercise oversight of sustainability strategy and disclosures.

SUSTAINABILITY REPORT

Sustainability and Climate Risk Governance Structure

The Group recognises that sustainability and climate-related risks and opportunities can materially affect its long-term prospects and resilience. Sustainability governance is therefore integrated into the Group's overall governance and enterprise risk management framework, in line with evolving international sustainability reporting requirements. To strengthen its governance and enhance structured oversight of ESG and climate-related matters, the Group established the SCRC in FY2023. The Committee's structure and key functions are set out below.



The Board of Directors steers the Group's sustainability strategy, climate-related risks and opportunities, and sustainability disclosures. Their oversight includes approving material ESG topics for disclosure, monitoring climate-related corporate targets, and reviewing key sustainability policies.

The SCRC operates under formal Terms of Reference. Led by the CEO and comprising senior management representatives from core functions is responsible for implementing the Board-approved sustainability strategy and overseeing day-to-day ESG and climate-related management.

The SCRC's responsibilities include to:

- Develop and review sustainability strategies, policies, and targets across ESG dimensions;
- Conduct materiality assessments and monitor stakeholder engagement outcomes;
- Assess, monitor, and manage climate-related physical and transition risks;
- Implement the Group's climate transition plan;
- Track sustainability performance indicators and progress against corporate ESG and climate targets; and
- Review sustainability disclosures prior to submission to the Board for final approval.

SUSTAINABILITY REPORT

As Chair of the SCRC, the CEO provides executive leadership for sustainability and climate strategy. The CEO oversees sustainability resource allocation, reviews scenario analysis outcomes, integrates climate considerations into strategic planning, and approves the annual sustainability report before submission to the Board.

Department Heads are responsible for collecting and verifying sustainability data within their respective functional areas on a quarterly basis, in accordance with the Group's Sustainability Reporting Procedure. Consolidated ESG data and performance updates are reviewed by the SCRC, endorsed by the CEO, and subsequently presented to the Board for final approval prior to publication.

The SCRC meets at least twice per financial year, or more frequently as required. The Committee undertakes an annual review of its effectiveness, Terms of Reference, and sustainability reporting procedures to ensure continued alignment with regulatory developments, stakeholder expectations, and evolving sustainability standards.

Through this structured governance framework, the Group reinforces accountability at both Board and management levels, strengthens oversight of sustainability and climate-related risks, and enhances the reliability and transparency of its sustainability disclosures.

RISK MANAGEMENT AND ESG INTEGRATION

Guided by our Board of Directors, the Group operates under a structured and comprehensive Enterprise Risk Management ("ERM") framework that integrates risk considerations into strategic planning, operational decision-making, and capital allocation processes.

The ERM framework is designed to identify, assess, manage, and monitor risks that may impact the Group's performance and prospects. These include market, operational, financial, and legal risks, as well as climate-related risks. Through this integrated approach, the Group aims to strike an optimal balance between risk and return, ensuring optimisation of performance and safeguard long-term enterprise value.

ESG and Climate Risk Identification

The integration of ESG and climate-related considerations into the overall ERM framework serves as a fundamental guarantee for the Group's long-term operational resilience. ESG risks — including environmental compliance, occupational health and safety, data protection, supply chain practices, and workforce matters — are assessed alongside traditional financial and operational risks.

This process ensures that emerging regulatory and market developments are accounted for within the strategic and business planning process. Further climate-related disclosures, aligned with TCFD recommendations, are detailed in the Response to Climate Change section of this Report.

Risk Assessment and Control Process

The Group adopts a structured risk management process comprising risk identification, assessment, prioritisation, mitigation, monitoring, and reporting. Risk owners are assigned across business functions, and material risks are reviewed by management and reported to the Board. Internal controls, policies, and procedures are periodically reviewed to ensure their continued effectiveness, with corrective actions implemented where necessary.

Continuous Improvement and Long-term Value Creation

By embedding sustainability considerations and ESG factors within its ERM framework, the Group gathers the necessary data to strengthen governance oversight, enhance responsiveness to meet evolving regulatory and stakeholder expectations, and support informed decision-making. This integrated approach reinforces long-term resilience and sustainable value creation.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Through structured and ongoing stakeholder engagement, the Group maintains consistent dialogue with both internal and external stakeholders, which allows and ensures diverse perspectives are captured and integrated into the Group's strategic considerations.

By establishing transparent feedback loop, the Group strengthens transparency, fosters trust-based relationships, and enhances mutual understanding. Insights gathered through these engagements support informed decision-making and enable the Group to align its strategies and operations with evolving stakeholder expectations and sustainability priorities.

Stakeholder Identification

The Group categorizes its stakeholders into internal and external groups based on their level of influence and the nature of their relationship with the business. Below are the definitions of our Internal and External stakeholders:

Internal Stakeholders	External Stakeholders
Shareholders and Investors	Customers
Board of Directors	NGOs and Community
Management and Employees	Suppliers and Contractors
	Government and Regulators

Stakeholder Engagement Approach

The engagement channel with our key stakeholders is outlined in the following table:

Stakeholder Group	Engagement Approach	Frequency
Management and Employees	Townhall sessions Open dialogue among teams Training and staff appraisal Monthly management meeting Team bonding sessions Board meeting	Throughout the year
Investors/Shareholders	Annual Report Annual General Meeting Extraordinary General Meeting Circulars Investor meetings/Roadshows Teleconferences Corporate Announcements Press releases	Throughout the year
Customers	Frontline interaction with sales team Hotline/Email queries Customer feedback/surveys	Throughout the year
Local Communities	Social activities	Throughout the year
Suppliers and Contractors	Face-to-face meetings Annual audit review on quality Feedback sessions	As required
Government and Regulators	Face-to-face meetings Seminars, webinars and in-person discussions	As required

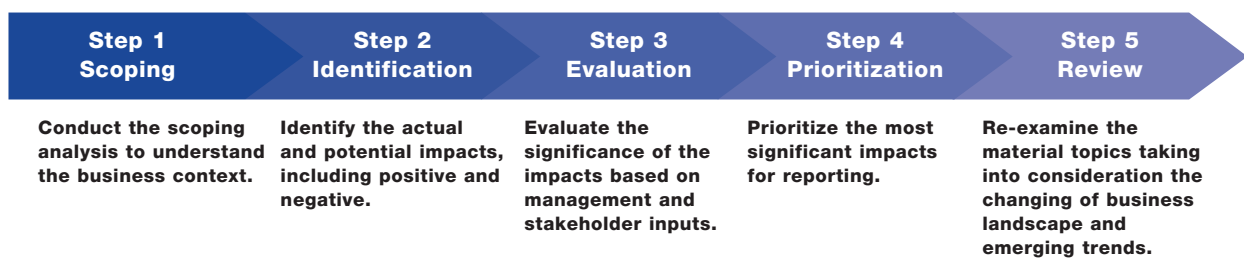
SUSTAINABILITY REPORT

ESG MATERIAL TOPICS

During the year, the Group conducted a materiality assessment to identify and prioritise sustainability-related risks and topics relevant to the Group. A matrix-based approach was applied to evaluate the likelihood and potential impact of each factor, supporting the monitoring of the Group's sustainability risk landscape.

The process was overseen by the SCRC, which reviewed material matters in line with industry practices and stakeholder expectations. In determining materiality, the Group considered the economic, environmental and social impacts of each topic, together with insights from prior-year disclosures and stakeholder engagement.

Material Topic Identification Process



The scoping analysis comprised a comprehensive review of prevailing market trends and regulatory requirements to establish a clear understanding of the business environment and compliance obligations.

The identification process involved engagement with senior management to develop an initial list of key ESG issues. These issues were subsequently evaluated based on their relative significance, incorporating inputs from both management and stakeholders. The final set of material ESG topics was determined through stakeholder feedback and management review, with formal approval granted by the Board.

To ensure continued relevance and alignment with business operations, the identified material topics are reviewed every 2 years, or sooner if the Group foresees significant market or regulations shift. Senior management conducts a structured assessment of the Group's material matters and monitors progress as part of the broader Sustainability Strategy.

In response to the evolving socio-economic landscape and the introduction of new sustainability reporting guidelines by SGX, the Group's leadership, together with the SCRC, has undertaken a comprehensive reassessment of material topics.

To support this exercise, the Group engaged ESG & Biz Solutions Pte. Ltd. (the "**Consultant**"). Working closely with the SCRC, the Consultant assisted in identifying the most impactful sustainability topics for the Group in FY2025.

In addition, feedback from key external stakeholders is systematically collected and reviewed to ensure alignment with their evolving expectations and concerns.

SUSTAINABILITY REPORT

Stakeholder Focus

In FY2025, rather than running a new formal survey, the Group focused on ongoing interactions with stakeholders throughout FY2025. Stakeholder concerns and expectations were continuously reviewed through regular operational interactions, meetings, feedback channels, and day-to-day communications with employees, customers, suppliers, regulators, and other relevant parties.

Management also reviewed the outcomes of the FY2024 stakeholder survey to assess their continued relevance. Based on this review and ongoing engagement activities, the Group is satisfied that the previously identified stakeholder priorities remain valid and reflective of current expectations. These insights continue to guide the Group's sustainability focus and are addressed in the relevant sections of this Report.

Stakeholder Group	Stakeholder Focus
Management/Employees	<ul style="list-style-type: none"> Anti-Corruption Measures Cyber Security and Customer Data Privacy Occupational Health and Safety Community Engagement Fair Employee Relationship Maintain good business ethics and transparency Regulatory and Legal Compliance
Government and Regulators	<ul style="list-style-type: none"> Anti-Corruption Measures Regulatory and Legal Compliance Economic Performance
Investors/Shareholders	<ul style="list-style-type: none"> Economic Performance
Customers	<ul style="list-style-type: none"> Anti-Corruption Measures Energy Saving and Improve Energy Efficiency Fair Employee Relationship Employee Training and Skill Development Cyber Security and Customer Data Privacy Supply Chain Management
Local Communities	<ul style="list-style-type: none"> Economic Performance Waste Management Community Engagement Cyber Security and Customer Data Privacy Diversity and Inclusion
Suppliers and Contractors	<ul style="list-style-type: none"> Anti-Corruption Measures Fair Employee Relationship Compliance Maintain Good Business Ethics and Transparency Cyber Security and Customer Data Privacy Occupational Health and Safety

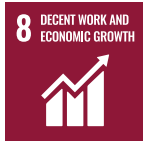






SUSTAINABILITY REPORT

List of Material Topics

In consideration of stakeholder interests and alignment with the Group's business strategy, we have identified our key ESG material topics for FY2025. The materiality assessment was conducted through a structured approach that incorporated supply chain and value chain risk analysis, internal management evaluation of business impacts, and consultation with key management to assess strategic priorities and sustainability-related risks.

The process was further supported by benchmark analysis against relevant international standards and industry-specific sustainability frameworks, as well as comparisons with selected industry peers and key customer expectations to ensure alignment with prevailing market practices and best practices.

In accordance with the GRI principles, 10 material ESG topics were identified for disclosure in this Report, as outlined below.

Material Topics	International Standards	UN SDGs
Governance		
Economic Performance	GRI 201 Economic Performance	
Procurement Practices	GRI 204 Procurement Practices	
Business Ethics	GRI 205 Anti-corruption	
Compliance with laws and regulations	GRI 2-27 Compliance with laws and regulations	
Environment		
Response to Climate Change	TCFD Climate Risk Disclosures	  
Energy and Emissions	GRI 302 Energy GRI 305 Emissions	
Water Management	GRI 303 Water and Effluents	
Waste Management	GRI 306 Waste	
Social		
Employee Management	GRI 401 Employment	  
Equality and Diversity	GRI 405 Diversity and Equal Opportunity GRI 406 Non-discrimination	
Training and Skill Development	GRI 404 Training and Education	
Occupational Health and Safety	GRI 403 Occupational Health and Safety	
Customer Health and Safety	GRI 416 Customer Health and Safety	
Customer and Employee Privacy	GRI 418 Customer Privacy	

SUSTAINABILITY REPORT

Target Performance Review

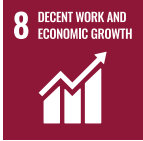
FY2025 Target	FY2025 Performance	Status
Governance		
Economic Performance		
Strengthen financial resilience by embedding sustainability risk assessments into strategic planning and decision-making processes, emphasizing climate-related risks and opportunities.	Sustainability and climate risk assessments were incorporated into the Group's risk management and strategic planning processes during FY2025.	Met
Procurement Practices		
Maintain adequate support to the local suppliers and contractors to actively support the local economy and community.	In FY2025, the Group strengthened procurement by supporting local suppliers, with 71.8% of spend directed locally, reinforcing supply chain resilience and commitment to the local economy.	Met
Evaluate supplier and contractor base to improve resilience, reduce dependency on current pool of vendors, and enhances competitiveness.	In FY2025, the Group strengthened supplier and contractor management through periodic ISO-based evaluations, enhancing accountability, reducing concentration risk, and improving supply chain resilience.	Met
Business Ethics		
Maintain zero reports of misconduct across all operational levels, reinforcing the highest standards of ethical practices.	Zero corruption, fraud, or whistleblowing incidents.	Met
Establish clear and accessible whistleblowing channels.	Clear whistleblowing channels have been well communicated.	Met
Compliance with Laws and Regulations		
Maintain zero incidents of non-compliance with applicable laws and regulations across all operational jurisdictions.	The Group is proud to have fully adhered to all relevant laws, regulations, and	Met
Enhance training programs for employees and management, ensuring they remain well-informed of evolving legal and regulatory requirements.	Zero non-compliance cases were reported regarding statutory requirements.	Met
Continue to receive regular regulatory updates to ensure of compliance and accountability throughout the organization.	Continuous monitoring of regulatory updates for compliance.	
Environment		
Response to Climate Change		
Monitor and track Scope 1 and 2 GHG emissions performance.	Monitored and tracked Scope 1 and 2 GHG emissions performance.	Met
Kick off Scope 3 emissions data collection process to assess supply chain emissions.	Kicking off the process on Scope 3 GHG emission data collection.	Met
Ensure no significant operational disruptions or project delays due to adverse climate conditions.	No significant climate-related disruptions or delays.	Met

SUSTAINABILITY REPORT

FY2025 Target	FY2025 Performance	Status
Energy and Emissions		
Monitor and track Scope 1 and 2 GHG emissions performance.	Total GHG emissions: 326.90 tCO ₂ e: Scope 1: 154.02 tCO ₂ e; and Scope 2: 172.88 tCO ₂ e.	On Track
Collect data for Scope 3 emissions to assess supply chain emissions.	Kicking off the process on Scope 3 GHG emission data collection.	Met
Water Management		
Maintain zero incidents of illegal discharge or spillage, continuously maintaining full compliance with all water-related regulatory standards and ensuring zero penalties or fines from regulatory bodies.	No incidents of illegal discharge or spillage and no regulatory penalties was recorded.	Met
Waste Management		
Ensure compliance with all waste management and disposal regulations.	Full compliance with applicable waste management regulations maintained.	Met
Implement systematic collection of waste generation data across all operational locations.	Waste generation data collected and monitored across operational locations.	Met
Social		
Employee Management		
Maintain zero substantiated complaints regarding employment conditions or unfair treatment.	No substantiated complaints regarding employment conditions or unfair treatment.	Met
Equality and Diversity		
Maintain zero substantiated complaints regarding employment unfair treatment and discriminations.	No material discrimination incidents were reported in FY2025.	Met
Training and Skill Development		
Achieve an average of at least 9 training hours per employee annually.	Average training hours per employee: 4.46 in FY2025.	Not Met
Systematically monitor total training hours quarterly for all employees.	Quarterly monitoring of employee training hours.	Met
Occupational Health and Safety		
Maintain zero fatalities.	No work-related fatalities or Stop Work Order reported in FY2025.	Met
Maintain zero Stop Work Order from the Ministry of Manpower ("MOM").		
Customer Health and Safety		
Maintain zero complaints from customers regarding health and safety on project.	No product health and safety complaints or incidents reported in FY2025.	Met
Customer and Employee Privacy		
Sustain zero complaints regarding breaches of customer and employee privacy.	Zero data privacy breaches or complaints in FY2025.	Met

SUSTAINABILITY REPORT

GOVERNANCE

Key Material Topics	Key GRI	Key SDGs
<ul style="list-style-type: none"> Economic Performance Procurement Practices Business Ethics Compliance with laws and regulations 	GRI 201 Economic Performance GRI 204 Procurement Practices GRI 205 Anti-corruption GRI 2-27 Compliance with laws and regulations	

Economic Performance

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 201 Economic Performance	

Why This Is Important

For the Group, financial health is the engine for engineering excellence. As a provider of heat exchangers, the industry requires cost discipline and operational efficiency, which are essential to maintain long-term competitiveness and resilience. The cyclical nature of offshore and process engineering markets, coupled with evolving energy transition dynamics and regulatory developments, requires prudent financial management to safeguard enterprise value and business continuity.

Strong economic performance enables the Group to continue its investments in advanced engineering capabilities, fabrication facilities and skilled manpower. It also supports the development of long-term partnerships with customers, suppliers and contractors, strengthens working capital management for large-scale project execution, and enhances the Group's ability to navigate industry volatility. A stable financial resilience provides the foundation for continued investment in environmental management, workforce development and operational improvements, thereby reinforcing long-term value creation for shareholders and broader stakeholders.

Management Approach

The Group manages its economic performance through structured governance, disciplined financial oversight and robust operational controls. The Board of Directors oversees financial performance, capital expenditure, liquidity and strategic initiatives. Regular financial reporting and budget reviews enable timely identification of risks and opportunities, ensuring alignment with the Group's long-term objectives.

Given the project-based nature of the Group's operations, economic performance is closely linked to effective project evaluation, cost management and contract risk control. The Group adopts disciplined tender assessment processes, evaluating project scope, technical feasibility, commercial terms and risk exposure before acceptance. During project execution, margins and costs are actively monitored to manage potential overruns and maintain profitability, particularly for complex engineering projects including Floating Production Storage and Offloading ("FPSO") developments.

SUSTAINABILITY REPORT

Capital allocation decisions consider financial returns, operational risks and long-term strategic priorities. Investments in fabrication facilities, engineering technologies and workforce capabilities are evaluated to support business sustainability. The Group also maintains prudent liquidity and working capital management to support project execution and manage industry cyclicality.

The Group recognises that climate-related developments and energy transition trends may influence demand patterns, operating costs and capital expenditure. Management monitors these developments and assesses potential impacts on revenue streams and asset utilisation, while strengthening engineering capabilities and service diversification.

The Group generates economic value primarily through engineering, fabrication and project execution services across the marine and industrial value chain. Economic value distributed includes employee wages and benefits, payments to suppliers and contractors, capital investments, tax contributions and returns to shareholders where applicable. Detailed financial information is disclosed in the Group's audited Financial Statements in the Annual Report.

Looking ahead, the Group remains committed to strengthening its engineering capabilities, improving operational efficiency and maintaining prudent financial discipline to support long-term value creation.

FY2025 Performance

In FY2025, the Group recorded a modest increase in economic value generated of 2%, reflecting stable business performance amid a challenging operating environment. This was accompanied by higher operating costs, driven by increased project activities and supply chain-related expenditures, while disciplined cost management supported overall financial resilience. Distribution to debt providers increased in line with financing requirements for operations and investments, while tax contributions remained stable. Overall, the Group maintained a sound financial position, supporting continued operational execution and long-term value creation.

Details	FY2025 (S\$'000)	FY2024 (S\$'000)	Change (%)
Economic Value Generated ⁽¹⁾	20,543	20,238	2%
Operating Cost (related to supply chain)	13,497	12,871	5%
Operating Cost (not related to supply chain)	7,432	6,809	9%
Distribution to providers of debt capital ⁽²⁾	329	384	-14%
Distribution to governments/taxes	(558)	312	-279%

Notes:

(1) Economic value generated is derived by summing revenues and other income from continuing operations.

(2) Distribution to providers of debt capital refers to interest paid to the lenders.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Enhance cost control and project execution discipline to support stable financial performance. Improve operational efficiency across engineering, fabrication and installation activities
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Enhance long-term economic value through the adoption of more advanced and efficient engineering solutions.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Sustain economic growth by supporting evolving energy and industrial infrastructure needs. Align business strategies with decarbonisation, climate resilience and regulatory developments. Build business resilience through strategic partnerships aligned with core competencies.

SUSTAINABILITY REPORT

Procurement Practices

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 204 Procurement Practices	

Why This Is Important

Procurement is a critical enabler of the Group's engineering, fabrication and project execution capabilities across the marine, offshore oil & gas and industrial sectors. As a manufacturer and solution provider, the Group relies on the timely sourcing of raw materials, components, technical equipment and subcontracted services. Disruptions in supplier performance, material quality, regulatory compliance or delivery timelines may affect project execution and financial performance. A disciplined and transparent procurement framework therefore supports cost predictability and reduces operational disruption.

Procurement practices also influence environmental and social risks across the supply chain. By integrating sustainability considerations into supplier selection, the Group manages risks related to labour practices, health and safety standards, regulatory compliance and environmental performance. Responsible sourcing strengthens supply chain resilience and reinforces the Group's position as a reliable industry partner.

Management Approach

The Group manages procurement through a structured governance framework designed to ensure transparency, accountability and alignment with operational, regulatory and sustainability requirements. Procurement activities are conducted in accordance with established internal policies and approval authorities, with oversight from senior management to ensure alignment with risk management and financial control objectives.

Supplier selection is guided by evaluation criteria that include financial stability, compliance with laws and regulations, quality assurance standards, health and safety performance, and relevant industry certifications. Suppliers are assessed prior to engagement and are subject to periodic review to monitor ongoing performance.

To manage financial and operational risk, the Group diversifies its supplier base where appropriate and maintains ongoing communication with key vendors. Long-term relationships are cultivated with strategic suppliers to enhance supply chain stability, improve pricing transparency and support project continuity. Procurement planning is integrated into project management processes to ensure alignment between sourcing decisions and project timelines.

The Group recognises the importance of local procurement in supporting regional economic development and strengthening supply chain resilience. Where commercially and technically feasible, the Group considers engaging local suppliers in the jurisdictions in which it operates, where standards are met.

Sustainability considerations are progressively embedded into procurement decisions. The Group engages suppliers on expectations relating to ethical conduct, environmental management, occupational health and safety practices, and compliance with regulations.

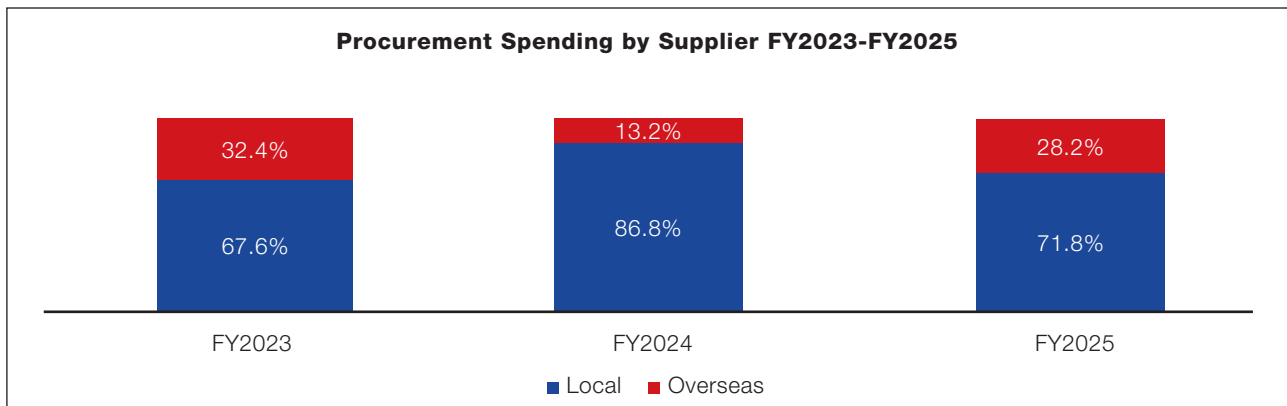
Through continuous monitoring, supplier engagement and risk-based evaluation, the Group aims to maintain a resilient and responsible supply chain that supports operational reliability, protects financial performance and contributes to long-term sustainable growth.

SUSTAINABILITY REPORT

FY2025 Performance

In FY2025, 71.8% of our procurement budget was spent in Singapore, while 28.2% was allocated to overseas suppliers, representing a decrease from 86.8% peak in FY2024, but remaining higher than the 67.6% recorded in FY2023.

Despite the year-on-year fluctuation, the FY2025 local spend significantly exceeded the established short-term target of at least 60%. The Group has consistently maintained local procurement above the 60% threshold for three consecutive years, showing its commitment to support the local economy.



Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Allocate at least 60% of the procurement budget to local suppliers to support the local economy.
Medium Term (Till 2030)	<ul style="list-style-type: none"> Consistently allocate at least 60% of the procurement budget to local suppliers to support sustained local economic development. Establish more structured engagement with key suppliers to communicate expectations on sustainability practices, regulatory compliance, and performance standards.
Long Term (Beyond 2030)	<ul style="list-style-type: none"> Collaborate with strategic suppliers to enhance sustainability practices across the supply chain. Sustainably maintain procurement from local suppliers at or above 65%, continuously reinforcing support for local economic development. Introduce capacity-building programs for diversified local suppliers, focusing on improving their ESG practices and readiness to meet the Group's sustainability standards.

SUSTAINABILITY REPORT

Business Ethics

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 205 Anti-corruption	

Why This Is Important

Strong business ethics essential to the Group's long-term success, particularly in the marine, oil & gas sector. These industries involve high-value contracts, extensive supply chains, and close engagement with regulatory bodies, making ethical conduct critical to maintaining trust and credibility.

Upholding high ethical standards safeguard the Group against legal, financial, and reputational risks while reinforcing confidence among customers, business partners, and investors. A robust ethical framework also promotes accountability, supports a fair workplace, and strengthens employee morale and retention. By operating with integrity, the Group differentiates itself as a reliable and responsible solution provider, supporting sustainable growth and long-term business resilience.

Management Approach

The Group is guided by a comprehensive Code of Conduct that sets clear expectations on ethical behaviour, professional conduct, asset protection, confidentiality, and the management of conflicts of interest. These principles apply to all employees and are integrated into daily operations to ensure consistent ethical decision-making across the organisation.

Anti-Corruption Policy

The Group's anti-corruption policy is incorporated into the Employee Handbook and communicated during staff onboarding. The policy extends beyond employees to include suppliers, subcontractors, and business partners involved in the Group's projects. The Group complies with applicable anti-corruption laws in all jurisdictions where it operates and strictly prohibits any form of bribery, facilitation payments, or improper gifts involving public officials, clients, or vendors. Financial transactions are subject to oversight by the Finance Department to detect irregularities, with firm disciplinary action taken against any parties found to be in breach.

Anti-Fraud Policy

The Group defines fraud as any illegal act involving deceit, breach of trust, or concealment of truth to obtain assets, services, or advantages dishonestly. This can include falsifying records, embezzling funds, hiding transactions, or manipulating data for personal gain.

Recognising the potential impact of fraud on financial performance, legal standing, and reputation, the Group enforces a strict anti-fraud framework. Any suspected cases involving employees or external parties are promptly escalated to the relevant authorities for investigation and appropriate action.

Whistle-Blowing Policy

The Group maintains a formal whistle-blowing mechanism that allows employees and external stakeholders to report concerns related to financial irregularities, internal controls, or unethical business conduct. Reports are handled independently and confidentially by the Group's Internal Auditors. All disclosures are assessed objectively, with findings communicated to the Chairman of the Audit and Risk Management Committee to ensure transparency, accountability, and timely follow-up.

SUSTAINABILITY REPORT

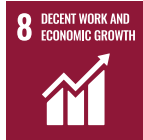
FY2025 Performance

In FY2025, the Group met all objectives set for FY2025. With zero reported incidents of corruption, whistleblowing, or fraud being reported, the Group's focus on ethical governance remains effective across all operations. This clean record reflects a strong culture of ethical governance and accountability across the Group's operations.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Uphold a zero-tolerance stance on misconduct across all operational levels, reinforcing high standards of ethical conduct. Reinforce whistle-blowing channels to ensure they remain accessible, trusted, and well-communicated.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Enhance internal controls and review processes for procurement, project execution, and financial approvals to reduce exposure to ethical risks. Ensure continued zero incidents of misconduct, embedding integrity and ethical principles across the organisation.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Sustain a zero-tolerance stance on corruption and unethical behaviour across all business activities. Maintain continuous improvement of ethics governance frameworks in line with evolving regulatory and industry expectations.

Compliance with Laws and Regulations

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 2 General Disclosures 2-27 Compliance with laws and regulations	

Why This Is Important

For the Group, compliance is not just about following rules, it is about business sustainability in the long run, as well as market presence. Compliance is fundamental to the Group's governance, operational resilience, and long-term enterprise value. Operating in specialised engineering, the Group is obligated and bound by a complex regulatory landscape covering environmental protection, occupational health and safety, labour standards, competition law, and anti-corruption requirements.

Non-compliance can lead to significant fines, operational suspensions, litigation exposure, and reputational damage. Such outcomes could leave significant impacts the Group's cost structure, and long-term sustainability performance. In line with international reporting requirements, regulatory compliance is treated as a sustainability-related risk with potential financial implications.

A robust compliance culture strengthens stakeholder confidence, safeguards licenses to operate, and reinforces the Group's commitment to ethical business conduct and responsible corporate governance.

SUSTAINABILITY REPORT

Management Approach

The Group maintains a structured legal and regulatory compliance framework integrated within its corporate governance and ERM framework. The Board of Directors retains oversight responsibility for ensuring legal and regulatory obligations are effectively managed, while day-to-day implementation is carried out by management.

The Group maintains an updated legal and regulatory register across its subsidiaries, covering environmental, occupational health and safety, and corporate governance requirements. Relevant regulatory developments affecting engineering and fabrication activities are monitored to ensure timely compliance. Compliance considerations are integrated into project planning, procurement, fabrication, commissioning and maintenance processes to reduce legal and operational risks.

Periodic internal reviews and audits assess adherence to applicable laws and internal policies. Where non-conformities are identified, corrective and preventive actions are implemented promptly, with significant matters escalated to senior management and, where appropriate, the Board. This approach strengthens transparency, accountability and the reliability of sustainability-related disclosures.

Employee awareness and accountability are also key elements of the compliance framework. Compliance responsibilities are communicated through induction programmes, training and internal policy dissemination. The Group maintains policies addressing anti-corruption, anti-competitive conduct, conflict of interest and whistleblowing, supported by confidential reporting channels that allow employees and stakeholders to raise concerns without fear of retaliation.

The Group monitors and discloses significant fines, and legal cases resulting from non-compliance with applicable laws and regulations.

The Group continues to review and enhance its compliance management processes to ensure alignment with evolving regulatory requirements. By embedding regulatory compliance within governance oversight, operational controls, and risk management systems, the Group strengthens operational integrity, mitigates financial and reputational risks, and supports sustainable long-term value creation.

FY2025 Performance

In FY2025, the Group is proud to have fully adhered to all relevant laws, regulations, and statutory requirements, with no recorded instances of non-compliance, following a similar zero-incident performance in FY2024.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Ensure continued full compliance with all applicable laws and regulations across all operational jurisdictions, with zero incidents of non-compliance. Enhance employee and management training on regulatory updates, safety standards, and industry best practices.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Sustain a consistent record of compliance each year, with no major regulatory breaches, to ensure ongoing adherence to legal and operational standards Regularly review and update compliance policies to reflect emerging legal, safety, and environmental requirements.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Achieve a long-term record of negligible compliance incidents, reflecting institutionalized governance and accountability. Benchmark and align compliance frameworks with global industry standards and best practices.

SUSTAINABILITY REPORT

ENVIRONMENT

Key Material Topics	Key GRI	Key SDGs
<ul style="list-style-type: none"> Response to Climate Change Energy and Emissions Water and Effluents Management Waste Management 	TCFD Climate Risk Disclosures GRI 302 Energy GRI 303 Water and Effluents GRI 305 Emissions GRI 306 Waste	  

Response to Climate Change

MATERIAL TOPIC(s)	RELEVANT SDG(s)
Response to Climate Change (TCFD) Governance Strategy Risk Management Metrics and Target	 

Why This Is Important

Climate change presents both physical and transition risks that may affect the Group's operational continuity and long-term competitiveness. As a specialist in heat exchangers, pressure vessels, and offshore services, HTJT's facilities, supply chains, and customer base are exposed to climate-related developments. Physical risks may disrupt fabrication schedules, damage infrastructure, and increase occupational health and safety risks. Over the longer term, chronic risks may require additional investment to enhance facility resilience and safeguard operational assets.

At the same time, transition risks may influence demand patterns, compliance costs, and supply chain expectations. Customers in the marine, offshore, and energy sectors are increasingly seeking energy-efficient engineering solutions and greater environmental transparency. By strengthening climate governance and supporting decarbonisation efforts, the Group aims to enhance operational resilience while capturing opportunities associated with the global transition towards lower-carbon infrastructure and industrial systems.

Management Approach

In alignment with the recommendations of the TCFD, the Group structures its climate-related governance and disclosures around four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Climate considerations are integrated into corporate governance processes, enterprise risk management frameworks, operational planning, and capital allocation decisions to support long-term enterprise value preservation.

SUSTAINABILITY REPORT

Governance

Board Oversight

The Board of Directors oversees climate-related risks and opportunities as part of the long-term sustainability and strategic direction. Climate considerations are reviewed in the context of regulatory developments, industry transition trends, operational resilience, and emerging stakeholder expectations. The Board ensures that climate-related matters are embedded into strategic planning, investment evaluation, and risk governance processes.

The Board receives periodic updates on GHG emissions, energy efficiency initiatives, climate-related regulatory developments, and physical risk exposure. This supports informed oversight of business strategy in a transitioning low-carbon economy.

Management's Role

The SCRC is responsible for implementing climate-related strategies and monitoring associated risks and performance. It integrates climate considerations into fabrication processes, facility management, procurement practices and project execution.

The Committee monitors energy consumption, greenhouse gas emissions, climate-related operational disruptions and regulatory developments. It consolidates climate performance data for internal review and reporting to the Board and engages external consultants and industry bodies to stay aligned with evolving regulatory requirements and industry practices.

Through this governance structure, climate risk oversight is embedded at both Board and management levels, strengthening accountability and strategic integration.

Strategy

The Group evaluates climate-related risks and opportunities across its fabrication facilities, marine engineering operations, and supporting logistics functions.

These assessments inform strategic planning, capital allocation decisions, operational resilience measures, and long-term competitiveness positioning.

Physical Risks

Physical risks arise from both acute climate events and chronic climatic shifts that may directly affect infrastructure, operational continuity, workforce safety, and asset performance.

Type of Risks	Time Horizon	Impacts on Operations and Financial Performance
Acute	Short to Medium Term (2025-2035)	Extreme weather events such as heavy rainfall, flooding, heatwaves and storms may disrupt fabrication schedules, offshore installation works and logistics operations. Damage to facilities or equipment could lead to operational downtime, project delays, increased repair costs and potential contractual penalties, while heat stress may also affect worker safety and productivity.
Chronic	Long Term (2035-2100)	Sea level rise may impact coastal infrastructure supporting marine and offshore activities, potentially requiring protective upgrades or relocation. Rising temperatures may increase cooling energy demand, reduce outdoor productivity, and raise long-term operating costs.

SUSTAINABILITY REPORT

Transition Risks

Transition risks arise from regulatory, market, technological, and reputational shifts associated with the global transition toward a lower-carbon economy.

Type of Risks	Impacts on Operations and Financial Performance
Regulatory and Legal Risks	Rising carbon pricing, including Singapore's carbon tax trajectory, may increase energy-related operating costs. Stricter environmental regulations may also require investment in cleaner technologies, emissions monitoring and enhanced compliance systems.
Market and Customer Expectations	Growing demand for lower-emission and energy-efficient engineering solutions may affect competitiveness and contract opportunities if the Group's offerings do not align with decarbonisation expectations.
Technological Risks	Advancements in alternative fuels, electrification and low-carbon systems may reduce the competitiveness of existing assets. Adoption of automation, digitalisation and emissions monitoring technologies may require significant capital investment.
Reputational Risks	Increased scrutiny from investors and business partners on climate performance and disclosures may affect financing access and business opportunities if governance and transparency are inadequate.

Climate-Related Opportunities

The transition to a lower-carbon economy presents strategic opportunities to enhance competitiveness, operational efficiency, and long-term value creation.

Opportunity	Strategic Implications
Sustainable Engineering Solutions	Increasing demand for energy-efficient heat exchangers, optimised engineered systems, and lower-emission fabrication processes supports revenue growth and customer retention.
Operational Efficiency Improvements	Energy-efficient equipment upgrades, process optimisation, and digital monitoring systems reduce energy consumption, lower emissions, and generate long-term cost savings.
Green Financing and Incentives	Access to sustainability-linked loans, green financing instruments, and government incentives may reduce financing costs and support capital investment in low-carbon technologies.
Technology and Innovation Leadership	Adoption of advanced fabrication techniques, digitalisation, and emissions tracking enhances operational transparency and strengthens differentiation in competitive markets.
Enhanced Stakeholder Confidence	Transparent climate disclosures and proactive climate action strengthen investor trust, customer relationships, and corporate reputation.

Scenario Analysis

To assess long-term resilience, the Group applies both a 1.5°C aligned transition scenario and a 2°C delayed transition scenario, evaluating implications for operational costs, capital expenditure, market positioning, and physical asset resilience.

Scenario	Strategic Implications
1.5°C Scenario (Net-Zero by 2050)	Accelerated regulatory tightening and higher carbon prices drive earlier investment in low-carbon technologies, energy efficiency, and emissions reduction initiatives. Although short-term compliance and capital costs increase, long-term physical risk exposure is lower, supporting asset resilience and cost stability.
2°C Scenario (Delayed Transition, Higher Physical Risks)	Slower regulatory tightening initially moderates transition costs. However, increased frequency and severity of extreme weather events, flooding, and temperature stress may elevate infrastructure risks, operational disruptions, and long-term adaptation costs.

These scenario assessments guide infrastructure planning, technology upgrades, and investment prioritisation to ensure long-term resilience.

SUSTAINABILITY REPORT

Climate Strategy

In response to identified risks and opportunities, the Group is strengthening its climate resilience through several strategic measures, including investing in energy-efficient equipment and renewable energy where feasible, enhancing facility resilience against extreme weather events, improving emissions monitoring and data management systems, and aligning fabrication solutions with customer decarbonisation goals. Climate considerations are also integrated into capital allocation, procurement, and operational planning.

Through this approach, the Group aims to mitigate climate-related risks, capture emerging opportunities, and support long-term sustainable value creation across its marine and engineering value chain.

Climate Risk Management

The Group integrates climate-related risk management into its ERM framework to safeguard operational resilience, asset integrity and long-term enterprise value. Climate-related risks are categorised into physical and transition risks.

These risks are assessed across defined time horizons to evaluate potential impacts on fabrication facilities, offshore installation works, marine engineering projects, supply chains and financial performance. By embedding climate considerations into strategic planning, the Group enhances its ability to anticipate disruptions, manage cost exposure and protect asset value.

Climate Risk Management Process

The Group applies a structured and systematic approach to managing climate-related risks, ensuring alignment with broader risk governance practices.

Identify Risks	Assess Risks	Prioritise Risks	Mitigate Risks	Monitor and Review
Identify physical and transition risks based on regulatory developments, climate data, industry trends, project exposure and stakeholder expectations.	Assess likelihood and potential financial, operational, safety and strategic impacts on facilities, projects, assets and supply chains.	Prioritise risks based on materiality, enterprise value exposure and operational impact.	Implement mitigation measures, including energy efficiency improvements and technology enhancements.	Monitor key indicators and mitigation effectiveness, with periodic reporting to the SCRC and Board oversight.

This structured approach ensures climate risks are evaluated consistently with other strategic and operational risks.

Integration into Enterprise Risk Management

Climate-related risks are assessed alongside financial, operational and compliance risks within the Group's ERM framework, providing a consolidated view of risk exposure and supporting informed decision-making across business units.

Mitigation measures are integrated into project planning, procurement and QEHS management systems, ensuring climate considerations are embedded in operational processes rather than treated as standalone initiatives.

Regular monitoring and reporting to the SCRC ensure climate risks remain visible at management level and are escalated to the Board when material.

SUSTAINABILITY REPORT

Climate Risk Identification, Time Horizons and Financial Impacts

The Group categorises climate-related risks into physical (acute and chronic) and transition risks. Risks are evaluated across defined time horizons to assess potential financial implications.

Time horizons are defined as follows:

- Short term: 0-3 years (operational and regulatory impacts)
- Medium term: 3-10 years (capital planning and market transition impacts)
- Long term: Beyond 10 years (asset resilience and business model sustainability)

Risk Description	Time Horizon	Potential Financial Impact	Key Mitigation Measures
Physical Risks – Acute			
Extreme weather events such as heavy rainfall, flooding, heatwaves, and storms affecting fabrication yards and offshore installation works.	Short to Medium	Operational disruptions; project delays; higher repair and maintenance costs; supply chain interruptions; increased safety management expenses.	Climate-resilient infrastructure design; emergency response planning; weather monitoring systems; strengthened occupational heat-stress controls.
Physical Risks – Chronic			
Rising sea levels affecting coastal fabrication facilities and marine project operations.	Medium to Long	Higher capital expenditure for protective upgrades; increased insurance costs; potential asset impairment risk.	Long-term site risk assessments, flood protection, infrastructure upgrades, and strategic asset planning.
Sustained temperature increases reducing workforce productivity and increasing cooling requirements.	Short to Long	Reduced productivity; higher electricity consumption; increased operating expenses.	Process optimisation; ventilation and cooling system upgrades; automation where feasible; adjusted work-rest cycles.
Transition Risks			
Regulatory Tightening environmental regulations, emissions reporting requirements, and compliance obligations.	Short to Medium	Higher compliance costs, capital investment in emissions monitoring and cleaner technologies, and potential penalties for non-compliance.	Regulatory monitoring, proactive compliance, and investment in energy-efficient, lower-emission technologies.
Carbon Policy Escalation of carbon pricing mechanisms increasing energy and fuel-related operating costs.	Short to Medium	Margin pressure from higher energy costs; impact on project pricing competitiveness.	Energy efficiency initiatives; fuel optimisation; renewable energy adoption where feasible.
Market Shift Customer preference shift toward low-carbon and energy-efficient engineering solutions.	Medium to Long	Reduced demand for higher-emission solutions; potential revenue decline if offerings are not aligned.	Development of energy-efficient systems, improved sustainability disclosures, and customer engagement on decarbonisation.
Reputation Increased scrutiny from investors and customers on climate performance and transparency.	Short to Long	Reduced access to capital; potential higher financing costs; reputational impact.	Transparent climate disclosures, strengthened ESG governance, and active stakeholder engagement.

SUSTAINABILITY REPORT

Metrics and Targets

The Group tracks the following climate performance indicators:

- Energy Consumption (kWh, gigajoules (“GJ”));
- Total Annual Carbon Emissions (Scope 1 and 2); and
- Operational Disruptions Due to Climate Events.

These indicators support performance benchmarking, cost control, and evaluation of mitigation effectiveness. Climate metrics are reviewed periodically by management and reported to the SCRC.

The Group aims to progressively enhance energy efficiency, reduce GHG emissions intensity, improve resilience against climate-related disruptions, and strengthen Scope 3 GHG emissions data collection across its value chain. Detailed performance data and targets are disclosed in the Energy and Emissions section of this Report.

More details of Metrics and Target are being disclosed under Energy and Emissions Section.

FY2025 Performance

In FY2024 and FY2025, there were no significant operational disruptions or project delays attributable to adverse climate conditions.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> • Establish baseline tracking for Scope 1 and Scope 2 GHG emissions across key operational sites. • Initiate Scope 3 GHG emissions data collection focusing on major suppliers, materials, and logistics. • Strengthen operational preparedness to minimise climate-related disruptions to fabrication and project activities.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> • Expand Scope 3 GHG emissions assessment and supplier engagement. • Integrate energy-efficient design considerations and process optimisation into fabrication, heat exchanger manufacturing, and project execution where practicable. • Enhance resilience of onshore and offshore operations against physical climate risks.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> • Align the Group’s emissions management approach with Singapore’s national climate targets, taking into account industry developments and technological feasibility. • Support customers’ decarbonisation efforts through efficient and reliable engineering solutions.

SUSTAINABILITY REPORT

Energy and Emissions

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 302 Energy GRI 305 Emissions	 

Why This Is Important

Energy consumption and GHG emissions are material to the Group due to the energy-intensive nature of its fabrication and engineering operations. As a solution provider to the marine, offshore, and oil and gas industries, the Group operates manufacturing facilities, piping works, and on-site installation activities that rely significantly on electricity, fuel combustion, and heavy industrial equipment. These operational characteristics result in both direct and indirect emissions, making effective energy and emissions management essential to controlling operating costs, meeting regulatory requirements, and managing climate-related transition risks.

Energy efficiency and GHG emissions management support the Group's operational efficiency and cost optimisation, while strengthening resilience to evolving energy markets and climate-related regulatory developments. By enhancing transparency in emissions management, the Group also reinforces stakeholder confidence and responsible business practices. These efforts contribute to improved environmental performance, enabling the Group to remain competitive in a progressively lower-carbon economy while supporting long-term business sustainability and responsible corporate stewardship.

Management Approach

Energy and emissions management is embedded within the Group's sustainability governance framework and overseen by the Board of Directors and the SCRC in accordance with the established Terms of Reference and Sustainability Reporting Procedure. The Group adopts a structured approach to managing energy consumption across its operational boundary. Energy use in offices, workshops and fabrication facilities is monitored to identify inefficiencies and opportunities for optimisation. Electricity consumption and fuel usage from machinery, equipment and site operations are tracked through internal reporting processes to support performance reviews, informed management decisions and improved transparency.

Operational efficiency measures are implemented to minimise unnecessary energy consumption. The Group optimises operational spaces to reduce idle energy demand and ensures lighting and air-conditioning systems are switched off when not in use. Modular air-conditioning systems are utilised in administrative offices to improve temperature control and reduce electricity consumption. Preventive maintenance of machinery and fabrication equipment is conducted to maintain operating efficiency and reduce avoidable fuel losses, while energy-efficient alternatives are considered when equipment replacement is required.

The Group quantifies and discloses Scope 1 and Scope 2 GHG emissions using methodologies aligned with the Greenhouse Gas Protocol. Scope 1 GHG emissions arise from fuel combustion within equipment and operational activities under the Group's control, while Scope 2 GHG emissions are generated from purchased electricity consumed across facilities. Emission calculations are based on recognised emission factors and documented methodologies to ensure consistency and transparency.

Energy and emissions considerations are integrated into the Group's ERM framework. Exposure to energy price volatility, carbon-related policies and evolving regulatory requirements is monitored and considered in capital expenditure planning, equipment procurement and operational budgeting to mitigate transition risks and support long-term resilience.

During the reporting period, the Group focused on strengthening emissions data governance and improving internal coordination to enhance data quality and reporting consistency. Establishing a reliable emissions baseline remains a priority to support future benchmarking and target setting. The Group will continue monitoring Scope 1 and Scope 2 GHG emissions while strengthening internal controls for energy data collection and identifying practical energy efficiency opportunities across fabrication workshops and site operations.

SUSTAINABILITY REPORT

FY2025 Performance

Energy Consumption

In FY2025, the Group's total energy consumption reached 4,021.92 GJ, comprising:

- 2,074.28 GJ from the combustion of diesel, compressed natural gas ("CNG"), and liquefied petroleum gas ("LPG").
- 1,947.64 GJ from grid and solar electricity.

In line with increased operational demand, the Group's total energy consumption increased by 4.4% compared to FY2024.

Fuel Consumption

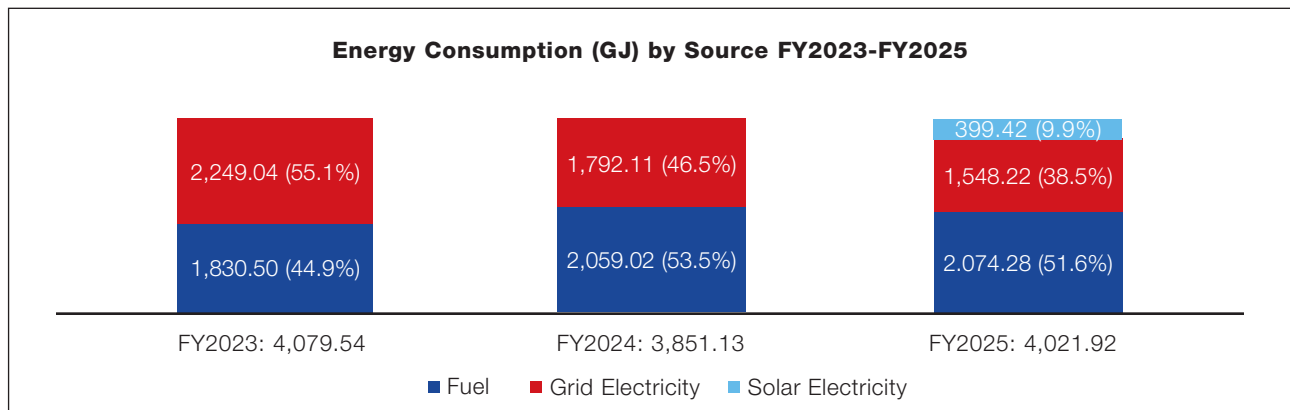
Fuel (Unit)	Consumption		
	FY2023	FY2024	FY2025
Diesel (L)	48,981.70	56,374.00	55,682.00
CNG (m ³)	1,440.00	640.00	1,170.00
LPG (kg)	300.00	Nil	450.00

Electricity Consumption (kWh)

Electricity	Consumption (kWh)		
	FY2023	FY2024	FY2025
Grid	624,732.91	497,808.83	430,061.98
Solar	Nil	Nil	110,948.89
Total	624,732.91	497,808.83	541,010.87

Energy Consumption (GJ)

Entity	Energy Consumption (GJ)		
	FY2023	FY2024	FY2025
HTJT	1,969.15	1,391.51	1,617.12
CG	2,110.39	2,459.63	2,404.79
Total	4,079.54	3,851.13	4,021.92



SUSTAINABILITY REPORT

Emissions

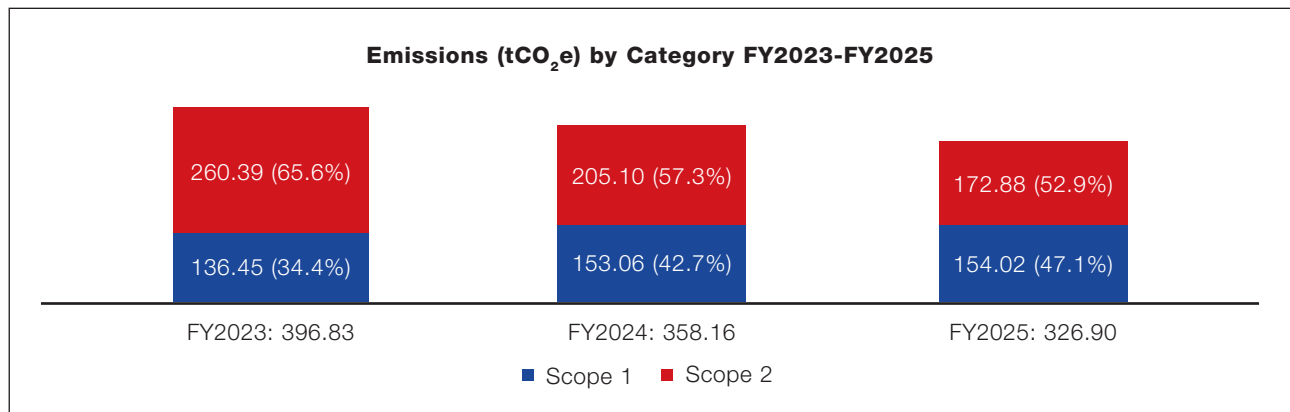
In FY2025, the Group's GHG emissions amounted to 326.90 tCO₂e, comprising:

- Scope 1 GHG emissions: 154.02 tCO₂e, primarily from fuel combustion, as well as the use of purchased CO₂.
- Scope 2 GHG emissions: 172.88 tCO₂e, attributed to grid electricity consumption.

Despite higher overall energy consumption, the Group continued to achieve an 8.7% reduction in GHG emissions compared to FY2024, driven by the commissioning of rooftop solar photovoltaic ("PV") systems and the integration of onsite renewable electricity into operations.

Emissions (tCO₂e)

Entity	Emissions (tCO ₂ e)		
	FY2023	FY2024	FY2025
HTJT	205.23	135.87	114.83
CG	191.61	222.29	212.08
Total	396.83	358.16	326.90



Calculation Methodology

The Group adopted the GHG Protocol as the primary framework for the calculation of energy consumption and associated GHG emissions.

- Scope 1 GHG emissions were calculated using the Singapore National Environment Agency ("NEA") Reckonable GHG Emissions Calculator, which is aligned with the 2006 Intergovernmental Panel on Climate Change ("IPCC") Guidelines.
- Scope 2 GHG emissions were calculated in accordance with the GHG Protocol methodology. For Singapore operations, grid electricity emissions were calculated using an emission factor ("EF") of 0.402 kg CO₂/kWh for 2024, as published in the Energy Market Authority ("EMA")'s Singapore Energy Statistics 2024.

SUSTAINABILITY REPORT

Case Analysis

In May 2025, the Group completed the installation of a 923 kWp rooftop solar PV system at its workshop facility as part of its ongoing efforts to reduce the environmental impact of operations and increase the share of renewable electricity in its energy mix.

The solar PV system is expected to generate approximately 1,145,443 kWh of renewable electricity annually, supporting the workshop's electricity demand and reducing reliance on grid-supplied power. As electricity consumption remains a key driver of the Group's indirect (Scope 2) GHG emissions, this initiative contributes to improving energy performance and managing emissions associated with energy use.

The adoption of onsite renewable energy reflects the Group's focus on achieving practical emissions reduction while maintaining operational efficiency. Given the workshop's high electricity demand, rooftop solar provides an effective means of offsetting a portion of annual electricity consumption without disrupting daily operations. The Group will continue to monitor the system's performance and assess opportunities to expand similar renewable initiatives alongside energy efficiency measures to support ongoing environmental performance improvement.

In FY2025, the solar PV system generated a total of 650,608.56 kWh of renewable electricity. Of this amount, 20.6% was consumed to support workshop operations, while 539,659.67 kWh was exported to the national grid. Based on the latest Singapore grid emission factor, the use of solar-generated electricity avoided 44.60 tCO₂e of GHG emissions.



Solar Electricity Generated (kWh)	Solar Electricity Consumed (kWh)	Solar Electricity Sold (kWh)
650,608.56	110,948.89	539,659.67

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Continue monitoring and tracking Scope 1 and Scope 2 GHG emissions performance. Collect data for Scope 3 GHG emissions to assess supply chain emissions.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Maintain regular monitoring and reporting of Scope 1, Scope 2, and relevant Scope 3 GHG emissions. Identify key emission hotspots within operations and the supply chain. Develop and implement practical emission reduction initiatives where feasible.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Align the Group's GHG emissions management and reduction efforts with Singapore's national decarbonisation pathway.

SUSTAINABILITY REPORT

Water Management

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 303 Water and Effluents	 

Why This is Important

The Group's activities, including the manufacturing, maintenance, ultrasonic cleaning, and retubing of heat exchangers and related process plant components, involve the use of water and industrial chemicals that may generate wastewater requiring proper treatment prior to discharge. Improper management of water withdrawal or chemical effluents could result in regulatory non-compliance and financial penalties. It may also adversely affect public health and local ecosystems.

The Group is subject to regulatory requirements under the NEA and the Public Utilities Board ("PUB"). Beyond compliance, efficient water use enhances operational performance, reduces wastewater treatment costs, and supports resource efficiency. Proactive water management also strengthens stakeholder confidence, including among customers, regulators, and investors, by demonstrating disciplined environmental risk management and responsible operational practices. By integrating water management into its broader governance and risk framework, the Group reinforces its commitment to sustainable operations and long-term value creation.

Management Approach

The Group adopts a structured and risk-based approach to water and effluent management across its fabrication and maintenance activities. The Group ensures monitoring of key processes, including ultrasonic cleaning and chemical treatments, with all effluent neutralised to meet NEA and PUB standards prior to discharge.

Water use and wastewater discharge are managed in alignment with applicable NEA and PUB regulations. Effluent generated from manufacturing, ultrasonic cleaning, chemical treatment and maintenance processes is treated and neutralised before discharge into the public sewerage system. Monitoring systems and operational controls ensure discharge parameters remain within prescribed regulatory standards, reducing environmental impact and compliance risks.

Given the use of industrial process chemicals, the Group maintains procedures governing chemical storage, handling and disposal. Chemicals are stored in designated areas with appropriate containment measures to prevent leakage or contamination. Expired or hazardous chemicals are disposed of through licensed waste contractors in accordance with regulatory requirements.

The Group provides training on water management procedures, chemical handling protocols and emergency response measures. Personnel are trained to identify spill risks, implement corrective actions promptly and escalate incidents according to established reporting procedures. Emergency preparedness arrangements are in place to manage incidents such as chemical spills or abnormal effluent conditions.

The Group also undertakes periodic internal reviews and external audits of its water and effluent management processes. These reviews assess regulatory compliance and operational effectiveness while identifying opportunities for improvement or adoption of more sustainable technologies.

Water consumption, effluent discharge and chemical handling records are maintained systematically to support monitoring, reporting and regulatory submissions where required. This documentation enhances traceability, strengthens internal controls and supports accurate sustainability reporting.

Through structured governance, regulatory compliance and continuous improvement, the Group aims to manage water responsibly across its operations while protecting environmental integrity and supporting sustainable long-term business performance.

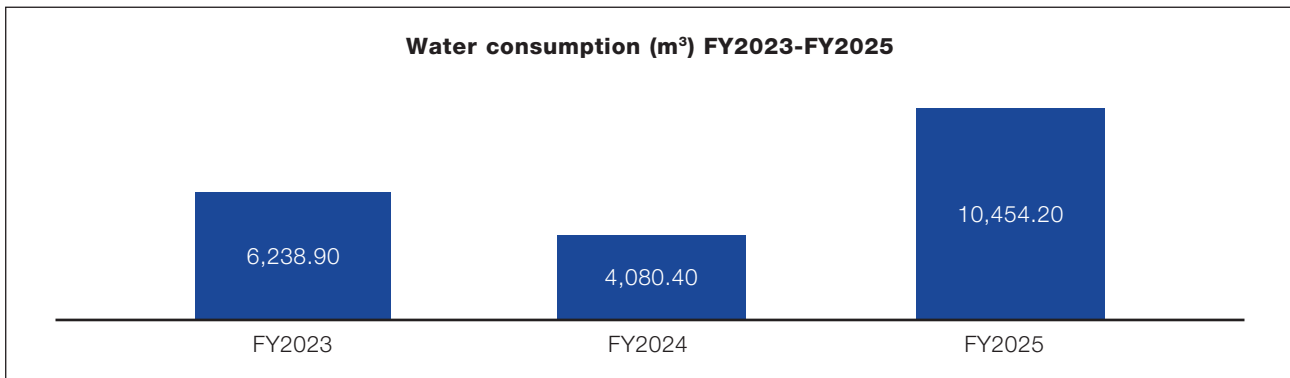
SUSTAINABILITY REPORT

FY2025 Performance

In FY2025, the Group's total water consumption amounted to 10,454.20 m³. Compared to FY2024, total water consumption increased primarily due to the commencement of operations at the Group's dormitory facility in August 2025, which contributed to higher domestic water usage.

Water Consumption (m³)

Entity	Water Consumption (m ³)		
	FY2023	FY2024	FY2025
HTJT	1,898.60	1,475.30	3,605.10
CG	4,340.30	2,605.10	6,849.10
Total	6,238.90	4,080.40	10,454.20



Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Maintain zero incidents of illegal discharge or spillage. Maintain full compliance with NEA and PUB water-related regulations and incur zero penalties or fines.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Establish a quantitative water consumption reduction target across operations. Continue zero incidents of illegal discharge or spillage and full regulatory compliance.
Long Term (Beyond FY2030)	Lead initiatives for water conservation in the marine and oil & gas supply chain sectors.

SUSTAINABILITY REPORT

Waste Management

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 306 Waste	 

Why This Is Important

Effective waste management is integral to the Group's sustainability agenda and operational resilience, given the material-intensive nature of its engineering, fabrication, piping and maintenance activities across the marine, oil & gas and industrial sectors. These operations generate both non-hazardous and hazardous waste streams, including metal scrap, packaging materials, industrial residues and waste from chemical cleaning and maintenance processes. Improper waste handling may lead to environmental harm, workplace safety risks, regulatory non-compliance, financial penalties, project delays and reputational damage. As a fabrication and maintenance service provider operating within Singapore's regulated environmental framework, the Group complies with applicable waste management requirements, including the safe handling, storage, transport and disposal of industrial and hazardous waste.

Beyond regulatory compliance, responsible waste management enhances operational efficiency by reducing material wastage, improving resource utilisation and lowering disposal costs. Promoting recycling and material recovery supports circular economy principles and reduces reliance on virgin resources. By integrating waste management into its broader sustainability and risk governance framework, the Group strengthens stakeholder confidence, protects environmental integrity and supports long-term value creation.

Management Approach

The Group adopts a structured and risk-based waste management framework based on the principles of Reduce, Reuse and Recycle ("**3-R**"), tailored to its heat exchanger fabrication, piping works and maintenance activities. Waste management is integrated into the Group's environmental management controls to ensure waste-related risks are systematically identified, monitored and mitigated.

Waste generation is minimised at source through operational planning and material efficiency practices. Fabrication processes are reviewed to optimise material usage and reduce off-cuts, excess procurement and rework. Where feasible and compliant with safety and quality requirements, materials such as metal components, piping materials and packaging are reused to extend their lifecycle and reduce resource consumption.

Recyclable waste streams, including scrap metals and other recoverable materials, are segregated at source and sent to approved recycling partners to improve recovery rates and reduce landfill disposal. Hazardous waste arising from chemical cleaning and maintenance processes is managed in accordance with regulatory requirements, with designated storage areas and licensed waste contractors engaged for safe transport and disposal.

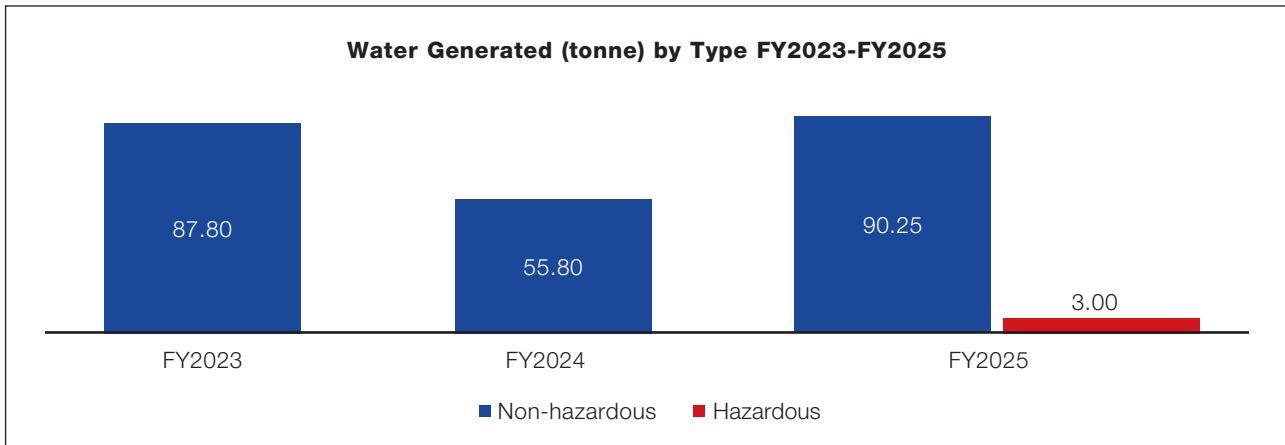
Employee awareness is reinforced through operational guidance and awareness initiatives to ensure proper waste segregation, storage and reporting practices. Waste management performance and compliance are periodically reviewed, with disposal records and contractor licences maintained to ensure traceability and regulatory adherence.

Through disciplined governance, responsible disposal practices and continuous monitoring, the Group seeks to minimise environmental impact while maintaining high standards of safety, regulatory compliance and operational reliability.

SUSTAINABILITY REPORT

FY2025 Performance

In FY2025, the Group generated a total of 90.25 tonnes of non-hazardous waste, comprising general waste, ferrous and non-ferrous metals, and wood, as well as 3.00 tonnes of hazardous chemical waste all of which were properly managed and disposed by a license operator. The Group maintained full compliance with all applicable waste management regulations in both FY2024 and FY2025.


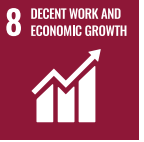


Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Ensure full compliance with applicable waste management and disposal regulations. Establish systematic tracking of waste generation across operational sites to improve data visibility.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Maintain consistent compliance with waste handling and disposal standards. Analyse waste data trends to identify opportunities for waste reduction and improved recycling rates.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Increase the proportion of waste diverted from landfill through recycling and potential upcycling initiatives. Support Singapore's circular economy objectives in line with the Singapore Green Plan.

SUSTAINABILITY REPORT

SOCIAL

Key Material Topics	Key GRI	Key SDGs
<ul style="list-style-type: none"> Employee Management Equality and Diversity Occupational Health and Safety Training and Skill Development Customer Health and Safety Customer and Employee Privacy 	GRI 401 Employment GRI 403 Occupational Health and Safety GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity GRI 406 Non-discrimination GRI 416 Customer Health and Safety GRI 418 Customer Privacy	  

Employee Management

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 401 Employment GRI 402 Labor/Management Relations	 

Why This Is Important

The Group operates in a labour-intensive engineering and fabrication environment where skilled professionals, technicians, and operational personnel are essential to delivering safe, reliable, and high-quality engineered solutions. Workforce stability, fair employment conditions, and effective labour-management relations are therefore fundamental to sustaining operational performance and long-term business resilience.

Unstable employment practices, inadequate workforce engagement, or non-compliance with labour regulations may lead to operational disruption, project delays, increased turnover, reputational risk, and potential regulatory exposure. In a technically specialised industry, the loss of experienced personnel may also affect knowledge retention and service quality.

By upholding structured and equitable employment practices, the Group strengthens its ability to attract and retain competent talent, enhance workforce morale and productivity, and mitigate employment-related risks. A responsible employment framework supports continuity of operations, protects human capital value, and reinforces the Group's reputation as a responsible employer and trusted industry partner.

Management Approach

Employment Conditions and Workforce Stability

The Group implements structured employment practices in compliance with applicable labour laws and regulations. Employment terms, benefits, and workplace standards are outlined in the Employee Handbook and communicated to employees upon commencement of employment. Recruitment and employment decisions, including hiring, remuneration, promotion, and termination, are conducted transparently and based on merit, qualifications, skills, and operational requirements.

The Group monitors workforce movements, including new hires and employee turnover, to assess workforce stability and identify potential risks related to attrition, succession planning, and skills gaps. Employees are provided with statutory and company-supported benefits, including medical and dental coverage, as well as leave entitlements such as annual, sick, maternity, paternity, and compassionate leave. Where organisational changes are required, transitions are managed responsibly in accordance with employment contracts and regulatory requirements.

SUSTAINABILITY REPORT

Labour-Management Relations and Employee Engagement

Open communication and constructive engagement between management and employees are essential to maintaining workplace stability. The Group maintains structured communication channels to facilitate dialogue on operational matters, workplace concerns, and organisational updates. Employees are informed of significant operational or organisational changes in a timely manner in accordance with internal policies and regulatory requirements, with appropriate notice periods observed where applicable.

Grievance reporting mechanisms allow employees to raise concerns confidentially and without fear of retaliation. All reported grievances are reviewed and addressed fairly and promptly, supporting transparency and reducing workplace conflict. The Group promotes a culture of mutual respect, professionalism, and accountability, with managers responsible for maintaining positive working relationships and ensuring compliance with labour standards.

Integration with Human Capital Sustainability

Workforce management is integrated into the Group's broader sustainability and risk governance framework. Human capital considerations, including recruitment, retention, employee engagement, and compliance with labour regulations, are reviewed periodically by management to ensure operational continuity and long-term organisational resilience.

By maintaining fair employment practices, transparent communication, and structured workforce monitoring, the Group mitigates employment-related risks, supports employee well-being, and strengthens its long-term capacity to deliver sustainable engineering solutions.

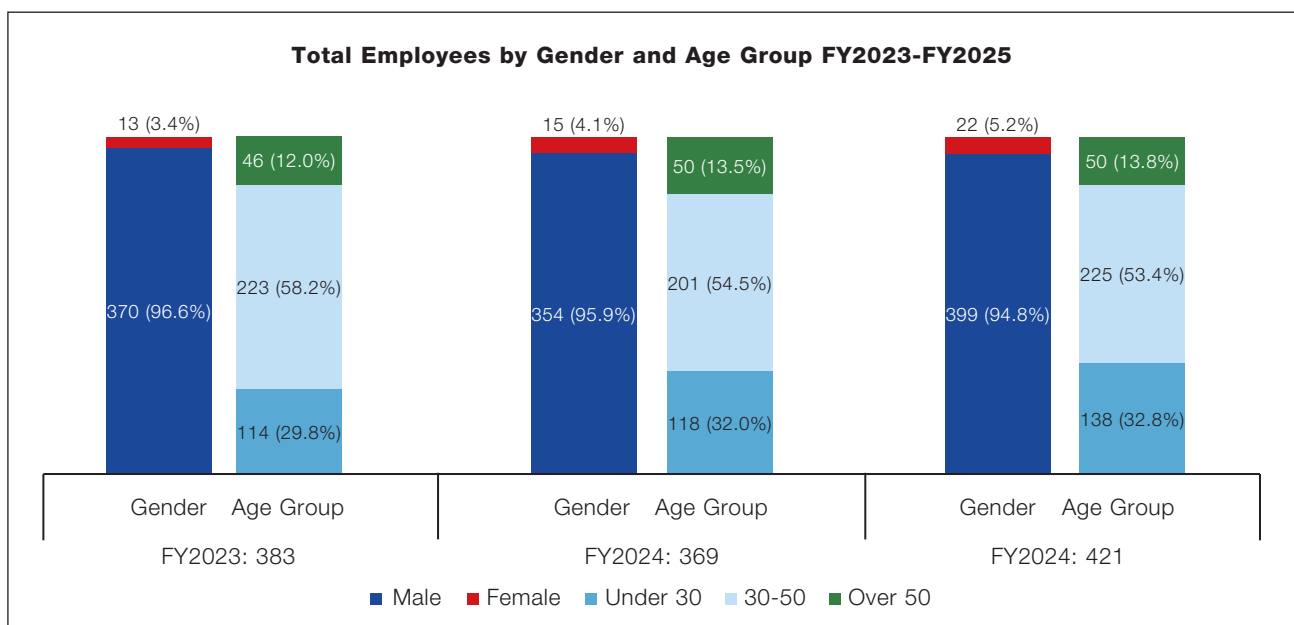
FY2025 Performance

Total Employees

Total Employees by Gender and Age Group

As at 31 December 2025, the Group employed a total of 421 employees. The gender composition remained stable compared to FY2024, comprising 94.8% male employees and 5.2% female employees.

In FY2025, the Group's workforce consisted of 138 employees aged under 30 years, 225 employees aged between 30 and 50 years, and 58 employees aged over 50 years. Employees in the 30 to 50 age group formed the largest proportion of the workforce at 53.4%, followed by those aged under 30 years at 32.8% and those over 50 years at 13.8%. The overall age profile remained consistent with FY2024.



SUSTAINABILITY REPORT

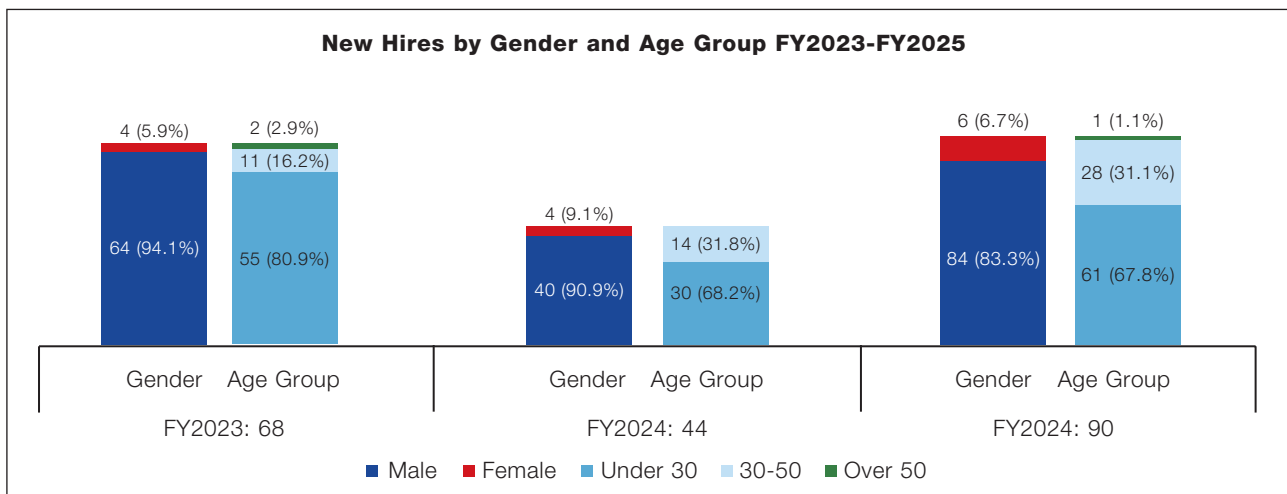
Total Workforce by Employment Type

In FY2025, all employees of the Group were engaged on permanent contracts. In terms of employment type, the Group employed 408 full-time employees and 13 part-time employees, with full-time employees comprising 98.6% of the total workforce.

New Hires

New Hires by Gender and Age Group

In FY2025, the Group onboarded a total of 90 new employees, comprising 84 male and 6 female hires. By age group, 61 new hires were aged under 30 years, 28 were aged between 30 and 50 years, and 1 was aged over 50 years.



Employee Turnover

In FY2025, the Group recorded a total of 42 employee departures, resulting in an employee turnover rate of 11.1%. This represents an improvement compared to FY2024, reflecting stronger employee retention during the reporting period.

Employee Parental Leave

There were no employees taking parental leave during FY2025.

SUSTAINABILITY REPORT

Our Community Engagement

In FY2025, the Group continued to support the communities where it operates through employee volunteerism and practical community initiatives. The Group encourages employees to contribute their time and participation in meaningful activities that address everyday social needs, particularly those supporting vulnerable groups within the community.

During the year, employees collectively contributed 268 volunteer hours across various community programmes. A significant portion of these efforts focused on supporting elderly residents, including participation in Meals on Wheels initiatives, where employees assisted in delivering meals to seniors living alone. These activities helped ensure access to nutritious food while providing social interaction and companionship.

Employees also participated in active ageing programmes, assisting with community activities designed to promote social engagement and well-being among elderly participants. In addition, volunteer efforts supported public library initiatives, contributing to the maintenance of community learning spaces and access to knowledge resources.





Through these initiatives, the Group seeks to foster a culture of social responsibility among employees while contributing positively to local communities. The Group will continue to encourage employee participation in community programmes that create meaningful and sustainable social impact.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Maintain zero substantiated complaints related to unfair employment practices, including discrimination or inequitable treatment.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Maintain zero substantiated complaints relating to unfair or discriminatory employment practices, including employment conditions and workplace treatment.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Achieve external recognition or certification (e.g., "Great Place to Work"). Continuously review and enhance employment practices and policies to align with evolving industry standards and stakeholder feedback.

SUSTAINABILITY REPORT

Equality and Diversity

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 405 Diversity and Equal Opportunity 405-1 Diversity of governance bodies and employees GRI 406 Non-discrimination	 

Why This Is Important

The Group operates within the marine and engineering industry, a sector that is traditionally male-dominated and technically specialised. Building and retaining a competent, diverse, and inclusive workforce is therefore essential to sustaining operational excellence and long-term competitiveness.

Diversity in experience, background, and perspectives enhances problem-solving capabilities, strengthens innovation, and improves decision-making quality. An inclusive workplace that promotes equal opportunity reduces workforce-related risks such as discrimination claims, employee disengagement, talent attrition, and reputational damage. Failure to uphold fair employment practices may expose the Group to regulatory sanctions, legal liabilities, and diminished stakeholder trust.

The Group recognises that fostering diversity and ensuring non-discriminatory employment practices are not only ethical obligations but also key drivers of sustainable business performance. By promoting merit-based advancement and equitable treatment, the Group strengthens workforce stability, supports employee engagement, and reinforces its reputation as a responsible employer.

Management Approach

The Group is committed to providing equal employment opportunities and maintaining a workplace free from discrimination and harassment. Employment decisions, including recruitment, remuneration, promotion and training opportunities, are based on merit, qualifications, experience and performance, without regard to race, ethnicity, gender, age, religion, marital status, disability or other characteristics unrelated to job performance.

Recruitment and selection processes are structured to ensure fairness and transparency. Job requirements are clearly defined, and candidates are assessed objectively based on capability and role suitability. Career progression and professional development opportunities are provided based on competency and performance.

The Group monitors workforce composition across employee categories, including management and operational roles, to assess diversity representation. While recognising industry-related structural limitations, the Group continues to promote fair gender representation and inclusive participation, particularly within supervisory and management roles. Workforce demographic data are reviewed periodically to support responsible human capital management and succession planning.

The Group maintains a zero-tolerance policy towards discrimination and harassment. Clear guidelines are set out in the Employee Handbook, which outlines expected standards of behaviour and reporting procedures. Employees have access to established channels to report grievances or concerns confidentially. Reported cases are investigated promptly and impartially, with appropriate corrective actions implemented where necessary.

The Group also supports employee well-being through benefits including medical and dental coverage and various leave policies such as annual, sick, maternity, paternity and compassionate leave. Training and awareness initiatives reinforce inclusive workplace practices and promote a culture of mutual respect and collaboration.

Through structured governance, merit-based employment practices and ongoing monitoring, the Group seeks to cultivate an inclusive work environment that supports talent development, mitigates workforce-related risks and contributes to sustainable long-term business performance.

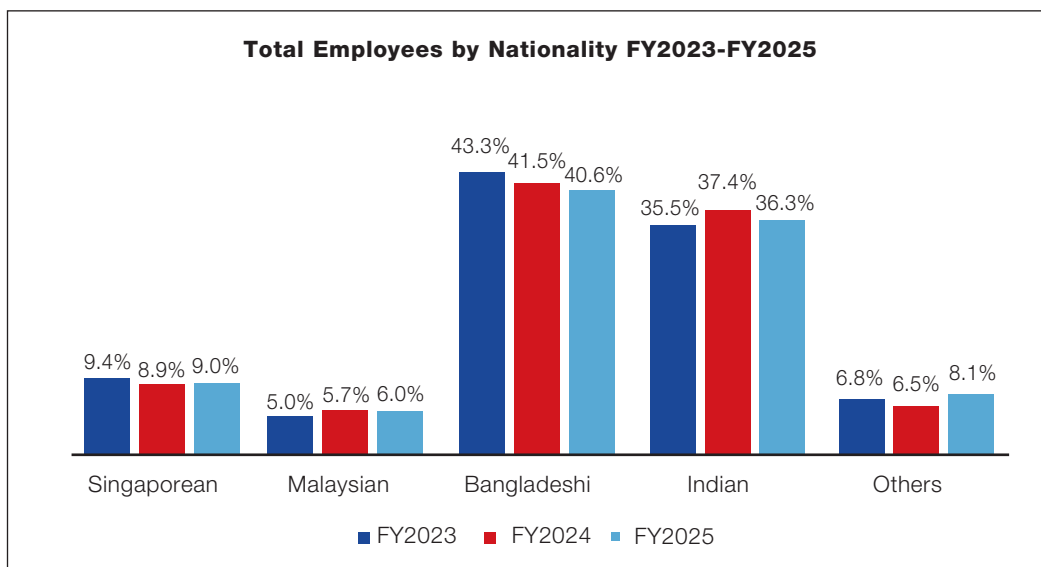
SUSTAINABILITY REPORT

FY2025 Performance

The Group monitors substantiated incidents of discrimination and the actions taken in response. For FY2025, there were no material incidents of discrimination that resulted in disciplinary action or legal proceedings.

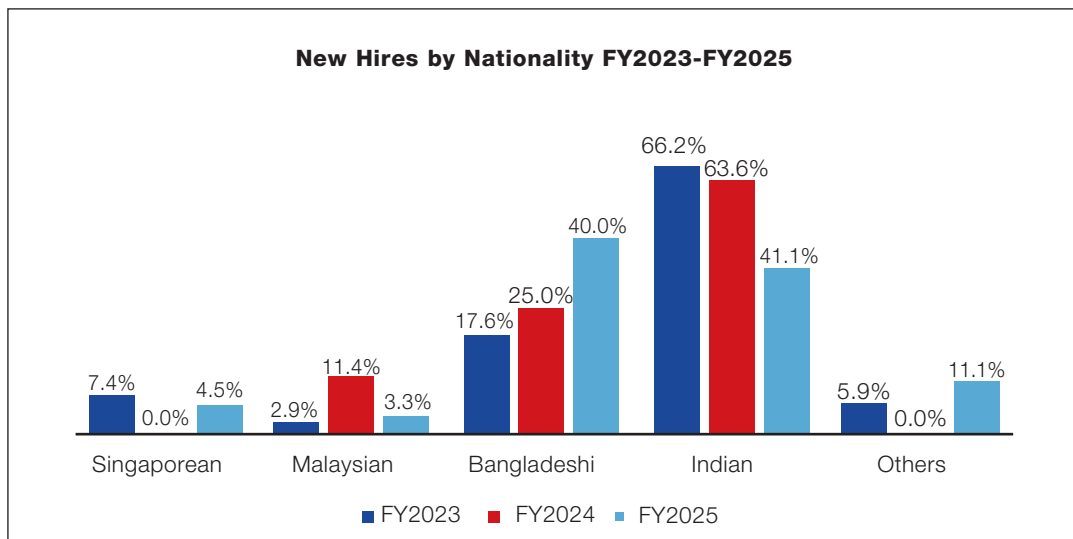
Total Employees by Nationality

In FY2025, the Group's workforce represented eight different nationalities. Bangladeshi nationals formed the largest proportion at 40.6%, followed by Indian nationals at 36.3%. Singaporean and Malaysian nationals accounted for 9.0% and 6.0% of the workforce, respectively, while employees from Myanmar, the Philippines, Thailand and Indonesia collectively comprised 8.1% of the total workforce.



New Hires by Nationality

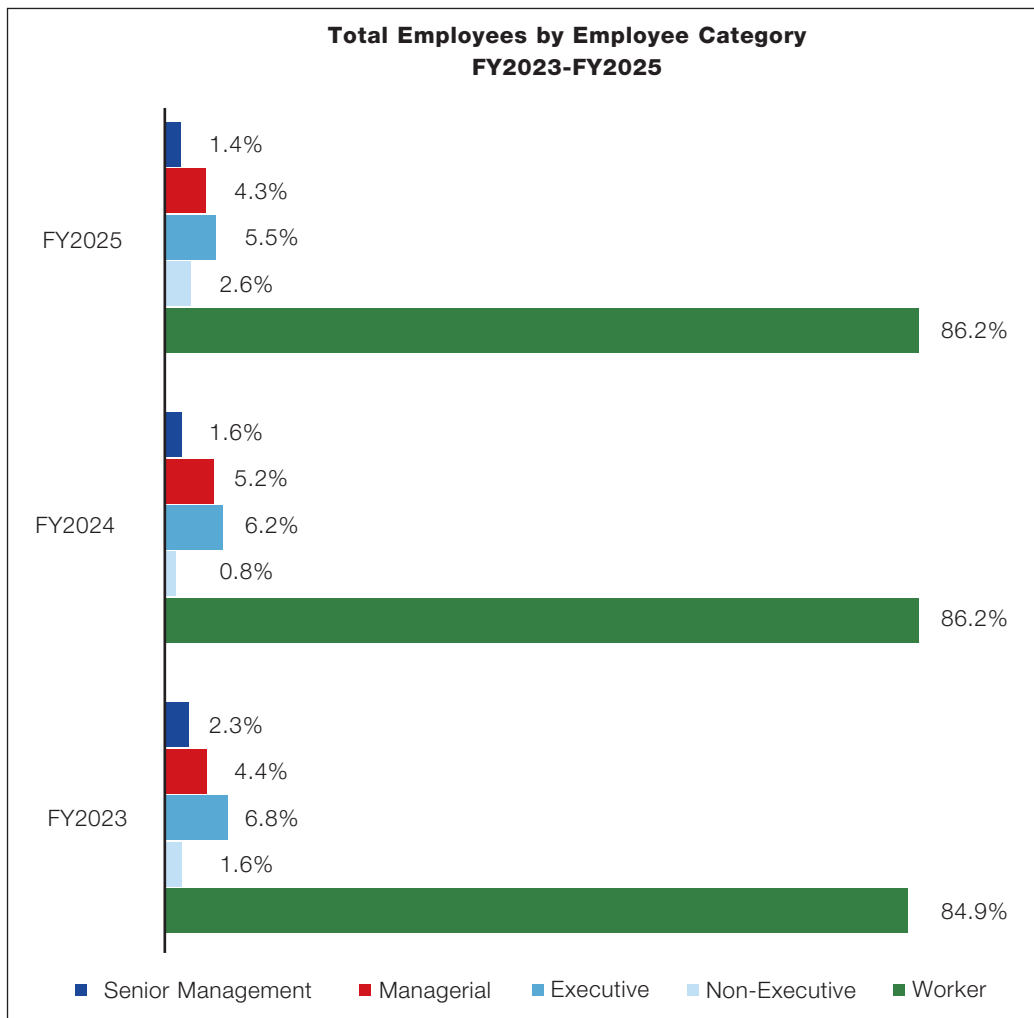
Given the labour-intensive nature of the construction industry, the Group's workforce comprises employees of diverse nationalities to support operational requirements. In line with the Singapore Government's recommendations, the Group continues to prioritise the hiring of local employees where possible. In FY2025, the Group's new hires represented six nationalities. Indian nationals comprised the largest proportion at 41.1%, followed by Bangladeshi nationals at 40.0%. Singaporean and Malaysian nationals accounted for 4.5% and 3.3% of new hires, respectively, while Burmese and Indonesian nationals collectively represented 11.1%.



SUSTAINABILITY REPORT

Total Employees by Employee Category

The Group's employee structure remained stable in FY2025. Senior management comprised 1.4% of the workforce, while managerial staff accounted for 4.3%. Executive and non-executive employees represented 5.5% and 2.6% of the workforce, respectively, with workers forming the majority at 84.9% of the total workforce.



Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Maintain zero substantiated complaints regarding employment unfair treatment and discriminations.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Maintain zero substantiated complaints regarding employment unfair treatment and discriminations.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Achieve external recognition or certification (e.g., "Great Place to Work"). Continuously refine and update employment practices and policies based on evolving industry standards and feedback.

SUSTAINABILITY REPORT

Training and Skill Development

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 404 Training and Education	 

Why This Is Important

The Group's operations in heat exchangers, pressure vessels, piping systems and modular structures require a highly competent workforce with strong technical, safety and regulatory expertise. Fabrication and maintenance activities are conducted in complex and high-risk environments where operational precision, compliance with industry standards and strict safety practices are essential. Continuous training and skills development are therefore critical to maintaining operational excellence, product quality and workplace safety. Insufficient workforce competency may increase the risk of operational errors, safety incidents, project delays and regulatory non-compliance, which could affect productivity, customer confidence and business performance.

By investing in structured learning and professional development, the Group strengthens its technical capabilities, enhances employee engagement and supports talent retention. A well-trained workforce enables the Group to adapt to evolving industry standards, emerging technologies and changing customer expectations across the marine, offshore, oil & gas and industrial sectors.

Management Approach

The Group adopts a structured approach to employee training and development aligned with operational needs and long-term workforce planning. Training requirements are identified through performance appraisals, competency assessments, supervisory evaluations and annual reviews. Emphasis is placed on technical proficiency, occupational safety, regulatory compliance, quality assurance and project management competencies relevant to the Group's engineering activities.

Training programmes include technical certifications, equipment operation courses, safety and compliance training, emergency response drills and role-specific upskilling initiatives. Employees are also encouraged to attend external seminars, industry workshops and professional courses to remain updated on industry best practices, regulatory developments and technological advancements. Where training is directly relevant to operational needs and career progression, the Group provides financial support and time allocation arrangements.

The Group tracks training participation and monitors learning opportunities across employee categories. Training hours are recorded and reviewed to ensure employees receive adequate development opportunities relative to their roles and responsibilities.

Performance and career development discussions form an integral part of the Group's human capital management approach. Employees undergo periodic performance reviews during which development needs, career aspirations and competency gaps are assessed to support structured development planning and succession readiness.

The effectiveness of training initiatives is reviewed as part of the Group's performance management framework. Feedback from supervisors and participants is considered to evaluate whether training outcomes contribute to improved competency, operational efficiency and safety performance. Where necessary, programmes are refined to address identified gaps or emerging operational requirements.

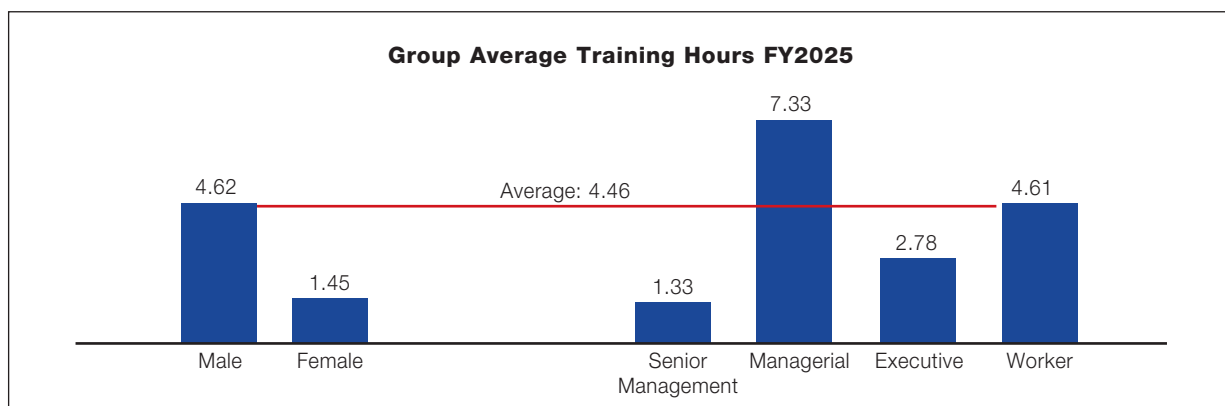
Through continuous learning, competency development and structured performance evaluation, the Group fosters a culture of professional growth and accountability, strengthening workforce capability and supporting safe, reliable operations.

SUSTAINABILITY REPORT

FY2025 Performance

Employee Training

In FY2025, employees across the Group received an average of 4.46 training hours per employee. The Group implemented extensive safety and operational competency training programmes focused on regulatory compliance, workplace risk management and skills certification. Key training areas included workplace safety and health in high-risk environments, confined space operations, hot work and fire watch duties, overhead crane and lifting equipment operation, forklift and boom lift operation, first aid certification, and shipbuilding and repair safety practices. The Group also conducted regular refresher and recertification courses under relevant industry schemes to ensure continued compliance and workforce competency. These programmes strengthened operational safety standards, enhanced employee skill levels and supported the Group's commitment to maintaining a safe and efficient working environment.



The decrease in average training hours in FY2025 as compared to FY2024 was primarily attributable to the fulfilment of mandatory workplace safety and health training in FY2024, which significantly contributed to the higher training hours recorded in the prior year. As the certification for the Apply Workplace Safety and Health (“**AWSH**”) course remains valid for a two-year period, FY2025 represents a phase of operational stability and knowledge consolidation, ensuring that our safety standards remain robust.

While FY2025 saw a cyclical normalization of training hours due to existing certification validities, the Group remains steadfast in its pursuit of our 9-hour annual benchmark. We are actively optimizing our digital and technical training modules to ensure we not only meet this target but do so through high-impact, value-driven learning experiences.

Employee Performance Review

In FY2025, 100% of employees who had completed more than three months of service received a formal performance review.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Achieve an average of at least 9 training hours per employee annually. Monitor and track total training hours for all employees on a quarterly basis.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Maintain an average of at least 9.5 training hours per employee annually. Continue systematic quarterly monitoring of training hours across the workforce.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Extend training and competency awareness programmes to suppliers and contractors to align with the Group's operational and safety standards.

SUSTAINABILITY REPORT

Occupational Health and Safety

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 403 Occupational Health and Safety	 

Why This Is Important

The Group operates in fabrication workshops, pressure vessel manufacturing, piping installation, and offshore/onshore energy-related environments where high-risk activities are inherent. These include heavy lifting operations, confined space entry, hot works, chemical cleaning, high-temperature processes, and exposure to industrial noise and hazardous substances.

Occupational health and safety (“OHS”) is therefore a material operational and strategic priority. Workplace incidents may result in injuries, lost productivity, project delays, regulatory penalties, increased insurance costs, reputational damage, and disruption to business continuity. Poor safety performance could reasonably be expected to affect the Group’s financial performance, cost structure, and long-term resilience.

Beyond regulatory compliance, maintaining a safe and healthy work environment safeguards employees, contractors, and business partners, supports workforce stability, reduces operational disruptions, and reinforces stakeholder confidence. By embedding OHS into governance, risk management, and operational controls, the Group strengthens business resilience and demonstrates responsible corporate stewardship.

Management Approach

Occupational Health and Safety Management System

The Group maintains a structured OHS Management System aligned with ISO 45001:2018 and applicable workplace safety and health legislation. The system applies to all employees, contractors and operational sites under the Group’s control.

OHS governance oversight resides with senior management and is integrated into the Group’s broader sustainability and risk management framework. Responsibilities for OHS performance are clearly defined across management levels, with accountability for hazard control, compliance monitoring and incident prevention.

The management system provides a framework for hazard identification, risk assessment, operational control, emergency preparedness, performance monitoring and continuous improvement. Internal audits, management reviews and corrective action processes support ongoing system effectiveness.

Hazard Identification, Risk Assessment and Incident Investigation

The Group adopts a proactive and systematic approach to identifying workplace hazards and assessing associated risks. Hazard identification and risk assessments are conducted regularly across fabrication workshops, piping installations, and project sites.

Control measures are implemented in accordance with the hierarchy of controls, prioritising elimination and engineering controls before administrative measures and personal protective equipment (“PPE”).

All incidents, including near-misses, unsafe conditions and work-related injuries, are reported and investigated. Root cause analysis is conducted to identify underlying factors, and corrective and preventive actions are implemented. Incident trends are reviewed by management to strengthen preventive measures and reduce future risk exposure.

SUSTAINABILITY REPORT

Occupational Health Services

The Group provides occupational health services to safeguard employee well-being and manage work-related health risks. This includes periodic medical screenings, workplace health surveillance and fitness-for-work assessments for employees working in high-risk environments.

Employees exposed to heat, chemicals, noise or confined spaces receive appropriate health monitoring and suitable PPE. Where required, specialised protective measures are implemented to minimise occupational exposure.

In addition to physical health, the Group recognises the importance of mental well-being and supports employees through health awareness initiatives, stress management resources and counselling access where necessary.

Worker Participation, Consultation and Communication on OHS

Worker engagement is a key element of the Group's OHS framework. Employees are encouraged to participate in safety discussions, report unsafe conditions and provide feedback on workplace risks.

An OHS Committee comprising management and employee representatives reviews safety performance, incident reports and improvement initiatives. Regular safety meetings, toolbox talks and internal communication channels ensure workers remain informed of OHS policies and safety expectations, reinforcing a culture where safety is embedded in daily operations.

Worker Training on Occupational Health and Safety

The Group conducts structured OHS training programmes to ensure employees are competent to manage workplace risks. New employees undergo safety induction training covering hazard recognition, emergency response procedures, fire safety and safe work practices.

Refresher training is provided periodically to reinforce safety standards and address emerging risks, regulatory updates and operational changes. Training effectiveness is monitored through attendance records, competency assessments and performance reviews.

Promotion of Worker Health

The Group promotes worker health through ergonomic assessments, provision of protective equipment and targeted occupational health programmes for high-risk roles.

Health screening initiatives and workplace safety improvements help reduce long-term occupational health risks, while mental health awareness initiatives support stress management and overall employee well-being. These programmes contribute to workforce resilience, reduced absenteeism and improved operational reliability.

Prevention and Mitigation of OHS Impacts Directly Linked to Business Relationships

The Group extends its OHS expectations to contractors, suppliers and third-party service providers operating under its control.

Contractors are required to comply with the Group's safety standards, conduct risk assessments before work commencement and participate in safety briefings. Regular audits and inspections monitor compliance.

Monthly contractor safety meetings facilitate risk sharing, performance reviews and continuous improvement across the value chain.

SUSTAINABILITY REPORT

Workers Covered by an OHS Management System

The Group's OHS management system covers all employees and contractors working under its operational control. The system applies across fabrication facilities, project sites, and associated operational environments.

Regular internal audits and performance reviews ensure compliance with ISO 45001 requirements and applicable regulatory standards. Performance metrics are monitored to assess effectiveness and identify improvement areas.

Work-related Injuries

The Group tracks work-related injury indicators, including fatalities, high-consequence injuries, recordable injuries, and lost workdays. Injury data are analysed to identify patterns and strengthen preventive measures.

Zero fatalities remain a fundamental safety objective. Where injuries occur, management reviews root causes and implements corrective measures to reduce recurrence risk and improve workplace safety controls.

Work-related Ill Health

Work-related ill health cases are monitored through occupational health surveillance programmes and incident reporting systems. Preventive controls are implemented to minimise exposure to occupational hazards, including chemical agents, noise, and ergonomic stressors.

The absence or reduction of work-related ill health cases is considered an important indicator of the effectiveness of the Group's preventive health and safety measures.

Integration with Risk Management and Long-Term Resilience

Occupational health and safety risks are assessed as part of the Group's broader enterprise risk management framework. Safety performance, regulatory compliance exposure, and workforce health indicators are reviewed periodically by management.

By embedding OHS into governance oversight, operational planning, and performance monitoring, the Group strengthens operational resilience, reduces financial and reputational risks, and supports sustainable long-term business performance.

FY2025 Performance

Total Working Hours and Work-related Injuries

Our Employees

In FY2025, the Group recorded a total of 1,142,500 working hours. During the year, one major injury and eight minor injury cases were reported, resulting in a total of eight lost workdays. The high-consequence injury rate and total recordable injury rate were 0.88 and 7.88, respectively, reflecting an improvement in overall safety performance. The Group continued to meet its safety targets of zero fatalities and no Stop Work Orders issued by the MOM from FY2024 to FY2025.

SUSTAINABILITY REPORT

Financial Year		FY2023	FY2024	FY2025
Total Working Hour		1,218,933	1,256,759	1,142,500
No. of Occurrence	Fatality ⁽¹⁾	0	0	0
	Major Injury ⁽²⁾	1	4	1
	Minor Injury ⁽³⁾	12	7	8
No. of Lost Days		70	35	8
Rate of high-consequence work-related injuries ⁽⁴⁾		0.82	3.18	0.88
Rate of recordable work-related injuries ⁽⁴⁾		10.67	8.75	7.88

(1) Fatality: Fatalities as a result of work-related injury.

(2) Major injury: High-consequence work-related injuries (excluding fatalities), including non-fatal but severe injuries.

(3) Minor injury: Recordable work-related injuries, including medical treatment beyond first aid, restricted work or days away from work.

(4) The injury rate is based on per 1,000,000 working hours.

Our Contractors

In FY2025, the Group's contractors collectively recorded a total of 11,222 working hours, with no reported injury cases and zero lost workdays. Contractor working hours increased significantly compared to FY2024, reflecting higher operational demand during the reporting period.

Work-related Ill Health

In FY2025, the Group reported no cases of work-related ill health across its operating sites, reflecting the effectiveness of its occupational health measures and ongoing commitment to providing a safe and healthy working environment.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Maintain zero fatalities. Maintain zero Stop Work Order from MOM.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Maintain zero fatalities. Maintain zero Stop Work Order from MOM. By 2030, the Group aims to achieve ISO 45001 certification across all subsidiaries and implement real-time health monitoring for workers.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Maintain zero fatalities. Maintain zero Stop Work Order from MOM. Create a safe work organisation recognised as an industry leader.

SUSTAINABILITY REPORT

Customer Health and Safety

MATERIAL TOPIC(s)	RELEVANT SDG(s)
GRI 416 Customer Health and Safety	 

Why This Is Important

Customer trust is fundamental to the Group's long-term business sustainability. The Group designs, fabricates, installs and maintains heat exchangers, pressure vessels, piping systems and modular structures used in high-pressure, high-temperature environments across the marine, offshore, oil & gas and process industries. Any defect or non-conformance in these engineered solutions could pose safety risks to end-users, operational personnel and surrounding assets.

Customer health and safety is therefore a key responsibility. Equipment supplied by the Group often operates in critical infrastructure where product integrity and compliance with safety standards are essential. By ensuring safe design, reliable fabrication and proper installation and maintenance, the Group safeguards customers' operations and reinforces its position as a responsible and dependable engineering partner.

Management Approach

Customer health and safety considerations are integrated throughout the lifecycle of the Group's products and services, from engineering design and procurement to fabrication, installation, commissioning and after-sales maintenance.

Design and fabrication activities comply with applicable international codes, industry standards and customer technical specifications. Where relevant, products are manufactured in accordance with recognised standards for pressure vessels, piping systems and offshore or marine applications. Quality assurance and quality control processes are embedded in operational workflows to ensure compliance with contractual and regulatory requirements.

Material traceability, inspection and testing procedures form a key part of the Group's safety controls. Depending on project requirements, testing methods such as non-destructive testing, hydrostatic pressure testing and dimensional verification are conducted to confirm structural integrity and operational reliability. Documentation is maintained to support verification and certification requirements.

SUSTAINABILITY REPORT

Products and service categories are assessed for health and safety impacts during project planning, engineering review and quality control processes. Potential risks are identified and mitigated prior to delivery or installation, particularly for complex or high-risk projects.

The Group provides operational manuals, maintenance guidance and safety documentation where required to support safe handling and use of its products. After-sales services, including ultrasonic cleaning, retubing and piping restoration, are performed under strict safety protocols to ensure safe and reliable operations for clients.

Customer feedback and product-related safety concerns are managed through established reporting and review mechanisms. Issues are investigated to identify root causes and implement corrective and preventive measures. The Group also monitors substantiated incidents of non-compliance related to product health and safety.

Through disciplined engineering standards, quality control and proactive risk management, the Group aims to ensure its products and services meet high safety expectations, protect end-users and support sustainable long-term business performance.

FY2025 Performance

In FY2024 and FY2025, the Group achieved an outstanding track record in customer satisfaction, recording no complaints or incidents related to the health and safety of our products.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Maintain zero customer complaints regarding health and safety during project delivery. Ensure all delivered solutions meet safety standards, with no safety-related issues reported by customers.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Consistently achieve zero customer complaints on health and safety across all projects. Strengthen safety assurance in project execution, maintaining a flawless customer safety record.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Continuously enhance safety protocols, training, and emergency response measures based on the latest standards and customer feedback.

SUSTAINABILITY REPORT

Customer and Employee Privacy

MATERIAL TOPIC(s)	RELEVANT SDG(s)
418 Customer Privacy	

Why This Is Important

The Group's Data Protection Policy applies to personal data relating to employees, job applicants, customers and other relevant stakeholders, including data processed by third-party service providers and contractors on the Group's behalf. Contractual safeguards are implemented where appropriate to ensure external parties adhere to comparable data protection standards. Access to personal data is restricted based on role and operational necessity, supported by system access controls, monitoring mechanisms, and procedures for the secure retention and disposal of personal data in accordance with regulatory requirements.

Employees receive training on data protection principles and cybersecurity practices to strengthen awareness and accountability. The Group has established reporting mechanisms for potential data breaches or privacy concerns, with incidents investigated promptly and corrective actions implemented where necessary. During the reporting period, the Group monitored substantiated complaints concerning breaches of customer privacy and identified leaks, thefts or losses of customer data, and no material incidents were recorded. The Group remains committed to strengthening data governance and cybersecurity resilience to maintain stakeholder confidence.

Management Approach

The Group manages personal data in accordance with Singapore's Personal Data Protection Act ("**PDPA**") and maintains a formal Data Protection Policy that governs the collection, use, disclosure, storage, and disposal of personal data. Oversight of data protection matters is assigned to a designated Data Protection Officer ("**DPO**"), who is responsible for ensuring compliance with regulatory requirements and internal policies.

The Data Protection Policy applies to personal data relating to employees, job applicants, customers and other relevant stakeholders. It also extends to third-party service providers and contractors that process personal data on behalf of the Group, with contractual safeguards implemented to ensure comparable data protection standards.

Access to personal data is restricted based on role and operational necessity. Internal systems are protected by access controls and monitoring mechanisms designed to prevent unauthorised use, alteration or disclosure of information. Procedures are also maintained for the secure retention and disposal of personal data in accordance with regulatory requirements.

SUSTAINABILITY REPORT

To strengthen awareness and accountability, employees receive training on data protection principles and cybersecurity best practices. The Group has established reporting mechanisms for potential data breaches or privacy concerns, with incidents investigated promptly and corrective actions implemented where necessary.

During the reporting period, the Group monitors substantiated complaints concerning breaches of customer privacy and any identified leaks, thefts or losses of customer data. No material data breach incidents were recorded. The Group remains committed to continuously strengthening data governance and cybersecurity resilience to protect personal data and maintain stakeholder confidence.

FY2025 Performance

In FY2024 and FY2025, the Group continued its strong record in data privacy management, with zero complaints or incidents of privacy breaches, data leaks, or loss of personal information reported.

Target Setting

Term	Target
Short Term FY2026	<ul style="list-style-type: none"> Sustain zero complaints regarding breaches of customer and employee privacy.
Medium Term (Till FY2030)	<ul style="list-style-type: none"> Sustain zero complaints regarding breaches of customer and employee privacy.
Long Term (Beyond FY2030)	<ul style="list-style-type: none"> Conduct targeted employee training on data protection and secure handling of sensitive project information. Strengthen cybersecurity measures and data protection protocols across all operational projects and third-party collaborations.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement

Heatec Jietong Holdings Ltd. has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Foundation 2021 Revision have been used.

Disclosure Reference	Disclosure Title	Header	Page Reference & Remarks
General Disclosures			
2-1	Organizational details	About The Company	Pg. 136
2-2	Entities included in the organization's sustainability reporting	About This Report	Pg. 135
2-3	Reporting period, frequency and contact point	About This Report	Pg. 135
2-4	Restatements of information	Nil	Nil
2-5	External assurance	About This Report	Pg. 136
2-6	Activities, value chain and other business relationships	About The Company	Pg. 136
2-7	Employees	Employee Management	Pg. 173
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STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2026

Issued and fully paid-up share capital	:	S\$13,354,627
Number of issued shares	:	204,777,526 (excluding treasury shares and subsidiary holdings)
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share

Zero per centum (0%) of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares (excluding treasury shares and subsidiary holdings).

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	0	0.00	0	0.00
100 – 1,000	23	8.81	13,745	0.01
1,001 – 10,000	55	21.07	362,400	0.18
10,001 – 1,000,000	169	64.75	19,461,523	9.50
1,000,001 AND ABOVE	14	5.37	184,939,858	90.31
TOTAL	261	100.00	204,777,526	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares		No. of shares	
	(Direct Interest)	Percentage (%)	(Deemed Interest)	Percentage (%)
Megane Marine Pte. Ltd.	81,818,181	39.95	–	–
Soon Jeffrey ⁽¹⁾	1,400,000	0.68	81,818,181	39.95
Tru-Marine Pte. Ltd.	32,030,678	15.64	–	–
Loke Weng Seng ⁽²⁾	–	–	32,030,678	15.64
Loke Yuen Kong ⁽³⁾	–	–	32,030,678	15.64
Chan Hon Sing ⁽⁴⁾	–	–	32,030,678	15.64
Johnny Soon Yeow Kwee ⁽⁵⁾	17,640,399	8.61	4,816,078	2.35
Yong Yeow Sin	27,214,599	13.29	–	–

Notes:

- (1) Mr Soon Jeffrey is deemed to have an interest in the 81,818,181 shares in the capital of the Company which are held by Megane Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.
- (2) Mr Loke Weng Seng is deemed to have an interest in the 32,030,678 shares in the capital of the Company which are held by Tru-Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.
- (3) Mr Loke Yuen Kong is deemed to have an interest in the 32,030,678 shares in the capital of the Company which are held by Tru-Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.
- (4) Mr Chan Hon Sing is deemed to have an interest in the 32,030,678 shares in the capital of the Company which are held by Tru-Marine Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.
- (5) Mr Johnny Soon Yeow Kwee is deemed to have an interest in the 4,816,078 shares in the capital of the Company which are held by his spouse, Madam Jasmine Ow Ah Foong.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2026

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MEGANE MARINE PTE LTD	81,818,181	39.95
2	TRU-MARINE PTE LTD	32,030,678	15.64
3	YONG YEOW SIN	27,214,599	13.29
4	SOON YEOW KWEE JOHNNY	17,640,399	8.61
5	NG GUICK KIM	4,816,078	2.35
6	OW AH FOONG JASMINE	4,816,078	2.35
7	DBS NOMINEES (PRIVATE) LIMITED	4,037,145	1.97
8	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	2,916,800	1.42
9	GOH GUAN SIONG (WU YUANXIANG)	2,387,900	1.17
10	MOHAMED ABDUL JALEEL S/O MUTHUMARICAR SHAIK MOHAMED	2,000,000	0.98
11	TAN ENG CHUA EDWIN	1,507,800	0.74
12	SOON JEFFREY	1,400,000	0.68
13	PHILLIP SECURITIES PTE LTD	1,313,600	0.64
14	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	1,040,600	0.51
15	SOON JANICE	1,000,000	0.49
16	SOON JENSON	1,000,000	0.49
17	SOON JEREMY	1,000,000	0.49
18	SOON JI LING JACQUELINE (SUN JIELING)	1,000,000	0.49
19	WANG JIAN GUO	928,000	0.45
20	WANG LINYU	779,600	0.38
	TOTAL	190,647,458	93.09

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 20 March 2026, approximately 17.52% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Heatec Jietong Holdings Ltd. (the “**Company**”) will be held at Raffles Marina, Chartroom, 10 Tuas West Drive Singapore 638404 on Monday, 27 April 2026, 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2025, together with the Independent Auditor’s Report thereon. **[Resolution 1]**
2. To re-elect Mr. Soon Jeffrey as a Director of the Company who is retiring pursuant to Regulations 98 and 99 of the Company’s Constitution and being eligible, offers himself for re-election. **[Resolution 2]**
[See Explanatory Note (i)]
3. To re-elect Ms. Lie Ly @ Liely Lee as a Director of the Company who is retiring pursuant to Regulations 98 and 99 of the Company’s Constitution and being eligible, offers herself for re-election. **[Resolution 3]**
[See Explanatory Note (ii)]
4. To approve the payment of Directors’ fees of S\$165,300 for the financial year ending 31 December 2026, to be paid quarterly in arrears (FY2025: S\$165,300). **[Resolution 4]**
5. To re-appoint Foo Kon Tan LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Directors of the Company to fix their remuneration. **[Resolution 5]**
6. To transact any other business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES AND CONVERTIBLE SECURITIES** **[Resolution 6]**

That pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”) and Rule 806 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- (a)
 - (i) allot and issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro-rata* basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Companies Act and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

8. **AUTHORITY TO OFFER AND GRANT OPTIONS AND TO ALLOT AND ISSUE SHARES UNDER THE HEATEC EMPLOYEE SHARE OPTION SCHEME** **[Resolution 7]**

That approval be and is hereby given to the Directors of the Company:

- (i) to offer and grant options from time to time in accordance with the provisions of the Heatec Employee Share Option Scheme (the “**Heatec ESOS**”);
- (ii) pursuant to Section 161 of the Companies Act, to allot and issue from time to time such Shares as may be required to be issued pursuant to the exercise of options granted under the Heatec ESOS (the “**Heatec ESOS Shares**”), as the case may be, and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the number of Heatec ESOS Shares to be issued, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec ESOS and any other existing share schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and
- (iii) (unless revoked or varied by the Company in a general meeting), such authority conferred by this Resolution shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

9. **AUTHORITY TO OFFER AND GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER THE HEATEC PERFORMANCE SHARE PLAN** **[Resolution 8]**

That approval be and is hereby given to the Directors of the Company:

- (i) to offer and grant awards from time to time in accordance with the provisions of the Heatec Performance Share Plan (the “**Heatec PSP**”);
- (ii) pursuant to Section 161 of the Companies Act, to allot and issue from time to time such Shares as may be required to be issued pursuant to the vesting of awards granted under the Heatec PSP (the “**Heatec PSP Shares**”), as the case may be, and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the number of Heatec PSP Shares to be issued, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec PSP and any other existing share schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and
- (iii) (unless revoked or varied by the Company in a general meeting), such authority conferred by this Resolution shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

On Behalf of the Board

Soon Jeffrey
Executive Director and Chief Executive Officer

10 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr. Soon Jeffrey will, upon re-election as a Director of the Company, remain as an Executive Director and Chief Executive Officer and a member of the Nominating Committee.

Detailed information on Mr. Soon Jeffrey as required pursuant to Rule 720(5) of the Catalyst Rule can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Principle 4" and "Directors' Statement" of the annual report.

- (ii) Ms. Lie Ly @ Liely Lee will, upon re-election as a Director of the Company, remain as the Non-Executive and Independent Director, Chairman of the Audit and Risks Management Committee and Remuneration Committee and a member of the Nominating Committee. The Board of Directors of the Company considers Ms. Lie Ly @ Liely Lee to be independent for the purpose of Rule 704(7) of the Catalyst Rules. There are no relationships (including immediate family relationships) between Ms. Lie Ly @ Liely Lee and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence.

Detailed information on Ms. Lie Ly @ Liely Lee as required pursuant to Rule 720(5) of the Catalyst Rules can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Principle 4" and "Directors' Statement" of the annual report.

- (iii) Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro-rata* basis to shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares in the capital of the Company shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution 6 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (iv) Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant options under the Heatec ESOS (which were approved at the extraordinary general meeting of the Company held on 18 June 2009 and extended at the annual general meeting of the Company held on 30 April 2019) and to allot and issue Heatec ESOS Shares, pursuant to the exercise of options granted under the Heatec ESOS, provided that the number of Heatec ESOS Shares to be issued under the Heatec ESOS, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec ESOS and any other existing share schemes of the Company does not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being.
- (v) Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant awards under the Heatec PSP (which was approved at the extraordinary general meeting of the Company held on 18 June 2009 and extended at the annual general meeting of the Company held on 30 April 2019) and to allot and issue Heatec PSP Shares, pursuant to the vesting of awards granted under the Heatec PSP, provided that the number of Heatec PSP Shares to be issued under the Heatec PSP, when aggregated together with the number of additional ordinary Shares issued and/or issuable pursuant to the Heatec PSP and any other existing share schemes of the Company does not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE:

Participation in the AGM

1. The AGM will be held by way of physical means at Raffles Marina, Chartroom, 10 Tuas West Drive Singapore 638404. There will be no option for shareholders to participate virtually.
2. The Annual report, notice of AGM, proxy form and request form will be published on SGXNet at URL <https://www.sgx.com/securities/company-announcements>. There will be no despatch of printed copies of the Annual Report to Shareholders. A Shareholder who wishes to request a printed copy of the Annual Report may do so by completing and returning the request form to the Company by 16 April 2026.

Voting at the AGM and voting by proxy

3. Shareholders of the Company (the “**Shareholders**” and each a “**Shareholder**”) may attend, speak and vote for the resolution at the AGM or appoint proxy or proxies to attend, speak and vote on their behalf at the AGM. A proxy need not be a member of the Company.
 - (a) If a Shareholder wishes to appoint a proxy or proxies to vote on their behalf at the AGM, duly executed proxy forms, must be submitted in hard copy form or electronically via email: if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
 - (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg,

in either case, not less than seventy-two (72) hours before the time appointed for the holding of the AGM, i.e. no later than 10.00 a.m. on Friday, 24 April 2026 and/or any adjournment thereof and in default the proxy form shall be treated as invalid. The completion and return of a proxy form by a Shareholder does not preclude him/her from attending and voting in person at the AGM should he/she subsequently decide to do so, although the appointment of the proxy or proxies shall be deemed to be revoked by such attendance.

4. In appointing the Chairman of the AGM as proxy, Shareholders should specifically indicate in the proxy form how they wish to vote for or vote against (or abstain from voting on) the resolution set out in the notice of AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Supplementary Retirement Scheme (“**SRS**”) investors:
 - (a) may vote at the AGM if they are appointed as proxies by their SRS Operators, and should contact their SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as proxy, in which case they should approach their respective SRS Operators to submit their votes by Wednesday, 16 April 2026, being at least seven (7) working days before the AGM.

NOTICE OF ANNUAL GENERAL MEETING

8. A Shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such Shareholder's proxy form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or, at the Company's discretion, to treat this proxy form as invalid.

A Shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder's proxy form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form.

9. A "**Relevant Intermediary**" is:
- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Questions at the AGM and submission prior to the AGM

10. Shareholders and duly appointed proxy or proxies will be able to ask questions relating to the resolution to be tabled for approval at the AGM. The Company will endeavour to respond to and address substantial and relevant questions as far as reasonably practicable during the AGM. Where there are substantially similar questions, the Company will consolidate such questions and consequently not all questions may be individually addressed.
11. Alternatively, Shareholders can submit their questions in advance relating to the resolution to be tabled for approval at the AGM in advance of the AGM:
- (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
 - (b) if submitted by way of electronic means, to be submitted via email to the Company, at finance@heatec.com.sg,
- in either case, by 17 April 2026, being seven (7) calendar days from the publication of this notice of AGM.

Shareholders who submit questions in advance of the AGM should identify themselves by stating (i) his/her/its full name as it appears on his/her/its CDP/SRS share records, (ii) contact number, (iii) NRIC/Passport/company registration number and (iv) state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP or SRS) for verification purposes.

12. Shareholders are encouraged to submit their questions via one of the foregoing means as soon as possible so that they may have the benefit of the answers to their questions (where substantial and relevant to the agenda of the AGM) prior to submitting their proxy forms. Please note that substantial and relevant questions (as may be determined by the Company at its sole discretion) from Shareholders submitted in advance and received by the Company would be addressed by the Company and published on the SGX website no later than 48 hours before the deadline for submission of the proxy forms. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

PERSONAL DATA PRIVACY

"**Personal data**" in this notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the AGM, or (b) an instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (c) any questions prior to the AGM in accordance with this notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM (or any person other than the Chairman of the

NOTICE OF ANNUAL GENERAL MEETING

AGM) as proxy for the AGM, processing the registration for purpose of granting access to members (or their appointed proxies) to observe and participate in the proceedings of the AGM, addressing relevant and substantial questions from members received before the AGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Photographic, sound and/or video recordings at the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he propose/second) may be recorded by the Company for such purpose.

This Notice of AGM has been reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this Notice of AGM, including the correctness of any of the statements or opinions made or reports contained in this Notice of AGM.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

HEATEC JIETONG HOLDINGS LTD.

(Company Registration No.: 200717808Z)
(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. The annual general meeting ("AGM" or "Meeting") is being convened, and will be held, by physical means. Shareholders and their duly appointed proxy (or proxies) will not be able to participate in the AGM virtually.
2. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting (or any person other than the Chairman) as a shareholder's proxy to vote on his/her/its behalf at the AGM.
3. This proxy form shall be read together with the notice of AGM and the annual report of the Company dated 10 April 2026 (the "Annual Report").

I/We* _____ (Name) _____ (NRIC/Passport No./Company Registration No.)

of _____ (Address)

being a member/members* of **HEATEC JIETONG HOLDINGS LTD.** (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%

and/or*

Name	Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing whom, the **Chairman of the Meeting** as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the AGM of the Company to be held at Raffles Marina, Chartroom, 10 Tuas West Drive Singapore 638404 on Monday, 27 April 2026 at 10.00 a.m., and at any adjournment thereof.

I/We* direct my/our proxy/proxies* to vote for, against or to abstain from voting in respect of the ordinary resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, my/our proxy/proxies* may vote or abstain from voting at his or her discretion. Where the Chairman of the AGM is appointed as proxy and in the absence of specific directions as to voting, the appointment of the Chairman of the Meeting as my/our proxy* for that resolution will be treated as invalid.

Please indicate your vote "For", "Against" or "Abstain" with an "X" within the boxes provided below. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2025, together with the Independent Auditor's Report thereon			
2.	Re-election of Mr. Soon Jeffrey as a Director of the Company			
3.	Re-election of Ms. Lie Ly @ Liely Lee as a Director of the Company			
4.	Approval of Directors' fees of S\$165,300 for the financial year ending 31 December 2026, payable quarterly in arrears			
5.	Appointment of Foo Kon Tan LLP as auditors of the Company and authority to Directors to fix their remuneration			
6.	Authority to allot and issue new shares or convertible securities pursuant to Section 161 of the Companies Act 1967			
7.	Authority to offer and grant options and to allot and issue shares under the Heatec Employee Share Option Scheme			
8.	Authority to offer and grant awards and to allot and issue shares under the Heatec Performance Share Plan			

* Delete whichever not applicable.

Dated this _____ day of _____ 2026

Total number of Shares	No. of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT NOTES

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy shall be deemed to relate to all the shares held by you.
2. A shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder's proxy form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's discretion to treat this proxy form as invalid.

A shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

A proxy need not be a member of the Company.

3. If a shareholder wishes to appoint a proxy or proxies to vote on their behalf at the AGM, duly executed proxy forms must be submitted in hard copy form or electronically via email:
 - (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
 - (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg,in either case, not less than seventy-two (72) hours before the time appointed for the holding of the AGM, i.e. no later than 10.00 a.m. on Friday, 24 April 2026 and/or any adjournment thereof. A shareholder who wishes to submit the proxy form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it via email to the email address provided above.
4. Supplementary Retirement Scheme ("SRS") investors may attend and vote at the AGM if they are appointed as proxies by their SRS Operators and should contact their SRS Operators if they have any queries regarding their appointment as proxies. SRS investors who wish to appoint the Chairman of the AGM as their proxy should approach their respective SRS Operators to submit their votes by Wednesday, 16 April 2026, being at least seven (7) working days before the AGM.
5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2026.

GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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HEATEC JIETONG HOLDINGS LTD
Company Registration Number: 200717808Z

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