

## RESPONSE TO SGX QUERIES IN RELATION TO AUDITORS

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The Board of Directors (the “**Board**” or “**Directors**”) of Heatec Jietong Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to respond to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 11 July 2023 in relation to the announcement on the vacancy in the office of the auditor of the Company released to the SGX-ST on 24 May 2023 and Company’s FY2022 Annual Report released on 9 May 2023.

The queries from the SGX-ST and the Company’s responses are set out below.

### **SGX-ST’S QUERIES:**

We noted that it was disclosed in the Company’s FY2022 Annual Report (page 65), the Audit and Risks Management Committee (the “**ARMC**”) and the Board are satisfied with the standard and quality of work performed by Crowe Horwath First Trust LLP, Public Accountants and Chartered Accountants (“**Crowe**”) and have recommended the nomination of Crowe for re-appointment as external auditors of the Company for the ensuing year be tabled for Shareholders’ approval at the forthcoming AGM.

It is stated in the 24 May 2023 announcement, that the resolution to re-appoint Crowe as the Company’s auditor was not approved at the AGM. The Company is not aware of any other circumstances connected with the cessation of auditors that should be brought to the attention of the Company’s shareholders which have not been disclosed in this announcement.

- 1. Please elaborate on the ARMC and the Board’s assessment and basis for recommending re-appointment of Crowe as external auditors of the Company, as disclosed in the FY2022 Annual Report.**

### **Company’s response**

As disclosed in page 65 of FY2022 Annual Report, in considering the re-appointment of Crowe, the ARMC reviewed the scope of work proposed by the external auditors, the results of the audit carried out by the external auditors, the quality of the audit, as well as their independence and objectivity. On the basis that the aforementioned considerations were deemed satisfactory by the ARMC, the ARMC then recommended to the Board the re-appointment of the external auditors and the terms of engagement of the external auditors.

2. Based on the voting statistics disclosed in the Company's announcement dated 24 May 2023, we noted that shareholders holding in aggregate 180 million shares had cast votes at the AGM held on 24 May 2023. Of these, 177 million shares had voted "against" resolution 6 on re-appointment of Crowe as auditors of the Company. We further note from the Company's FY2022 Annual Report that the total number of issued shares in the Company is 204 million, of which 15.25% (comprising approximately 31 million shares) are held in public hands. In other words, 84.75% (comprising approximately 173 million shares) of the Company's issued shares are held by directors, CEO, substantial shareholders of the Company and their associates.
- a. In view of the Board's recommendation (as disclosed in the Company's FY2022 Annual Report) to nominate Crowe for re-appointment as the Company's auditors, and the results of the AGM where Crowe was not approved as auditors, please elaborate on the considerations that led to the differing outcome?

**Company's response**

The Board accepted the recommendation from the ARMC to nominate Crowe for re-appointment as the Company's auditors, given that it was from non-executive independent directors who constituted the ARMC. However, as disclosed in page 65 of the Annual Report, the re-appointment of the external auditors is always subject to Shareholders' approval at the upcoming AGM. The shareholders of the Company did not provide feedback to the Board on the reasons why they had voted in a particular manner in respect of resolutions at the AGM. Nonetheless, it should be noted that not all substantial shareholders have Board representation, and the number of votes against resolution 6 on re-appointment of Crowe as auditors exceeded the number of shares held by persons deemed as "non-public".

- b. Please confirm if there were disagreements with the auditors on accounting treatments and if so, please provide details.

**Company's response**

To the best of the knowledge of the Company or the Directors, we are not aware of any disagreements with the auditors on accounting treatments.

- c. Please confirm if there are any circumstances related to the change in auditors which should be brought to the attention of shareholders of the Company.

**Company's response**

To the best of the knowledge of the Company or the Directors, all material information has already been disclosed and there are no circumstances related to the change in auditors that should be brought to the attention of shareholders of the Company.

**BY ORDER OF THE BOARD**

Soon Jeffrey  
Executive Director and Chief Executive Officer

12 July 2023

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

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.*