

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

Condensed Interim Unaudited Financial Statements Announcement for the Six Months ended 30 June 2022

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

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

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HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

Table of Contents

A.	Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
B.	Condensed Interim Consolidated Statements of Financial Position	6
C.	Condensed Interim Consolidated Statements of Changes in Equity.....	8
D.	Condensed Interim Consolidated Statement of Cash Flows.....	11
E.	Notes to the condensed Interim Consolidated Financial Statements	13
F.	Management Discussion and Analysis	26
G.	Other information required by SGX-ST Catalist Rule Appendix 7C	30

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

<u>Group</u>	Note	6 months ended	6 months ended	Increase/
		30 June 2022 (unaudited)	30 June 2021 (unaudited)	(Decrease)
		S\$'000	S\$'000	%
Revenue	4	10,037	14,252	(30)
Cost of sales		(7,270)	(11,156)	(35)
Gross profit		2,767	3,096	(11)
Other income				
- Interest	8.1	-	9	NM
- Others	6	693	647	7
Expenses				
Administrative expenses		(3,770)	(3,376)	12
Finance costs	7	(249)	(241)	3
Share of results of associates		19	19	-
(Loss)/profit before tax	8	(540)	154	NM
Income tax credit	9	4	4	-
(Loss)/profit for the financial period		(536)	158	NM

NM denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

<u>Group</u>	Note	6 months ended	6 months ended	Increase/ (Decrease) %
		30 June 2022 (unaudited) S\$'000	30 June 2021 (unaudited) S\$'000	
(Loss)/profit for the financial period		(536)	158	NM
Other comprehensive (loss)/income:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(16)	21	NM
Share of other comprehensive (loss)/income of associates		(5)	9	NM
Other comprehensive (loss)/income for the financial period, net of tax		(21)	30	NM
Total comprehensive (loss)/income for the financial period		(557)	188	NM
(Loss)/profit attributable to:				
Equity holders of the Company		(557)	(58)	>100
Non-controlling interests		21	216	(90)
(Loss)/profit for the financial period		(536)	158	NM
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(578)	(28)	>100
Non-controlling interests		21	216	(90)
Total comprehensive (loss)/income for the financial period		(557)	188	NM

NM denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

		6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	Increase/ (Decrease) %
	Note			
<u>(Loss) per share attributable to equity holders of the Company during the financial period:</u>				
Basic (Singapore cents)	10	(0.45)	(0.05)	>100
Diluted (Singapore cents)	10	(0.45)	(0.05)	>100

NM denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

B. Condensed Interim Statements of Financial Position

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		30.06.2022 (unaudited)	31.12.2021 (audited)	30.06.2022 (unaudited)	31.12.2021 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	8,973	9,505	4,192	4,483
Investment in subsidiaries		-	-	5,503	5,503
Investment in associates		295	282	-	-
Total non-current assets		9,268	9,787	9,695	9,986
Current assets					
Inventories		356	360	-	-
Contract assets		5,710	5,407	-	-
Trade receivables	14	3,990	6,043	-	-
Other receivables	14	1,891	899	4,000	3,036
Cash and bank balances		2,248	4,725	107	1,317
Total current assets		14,195	17,434	4,107	4,353
Total assets		23,463	27,221	13,802	14,339
LIABILITIES					
Non-current liabilities					
Borrowings	15	6,272	7,483	1,931	2,240
Deferred tax liabilities		285	289	-	-
Total non-current liabilities		6,557	7,772	1,931	2,240
Current liabilities					
Contract liabilities		82	-	-	-
Trade payables	16	776	1,051	-	-
Other payables	16	1,985	2,335	359	437
Provision for warranty		45	45	-	-
Borrowings	15	3,029	2,840	814	812
Tax payable		-	32	-	-
Total current liabilities		5,917	6,303	1,173	1,249
Total liabilities		12,474	14,075	3,104	3,489
NET ASSETS		10,989	13,146	10,698	10,850

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		30.06.2022 (unaudited)	31.12.2021 (audited)	30.06.2022 (unaudited)	31.12.2021 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
EQUITY					
Share capital	17	11,555	11,555	11,555	11,555
Reserves		(539)	(336)	(857)	(705)
Equity attributable to equity holders of the Company, total		11,016	11,219	10,698	10,850
Non-controlling interests		(27)	1,927	-	-
Total equity		10,989	13,146	10,698	10,850

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
 Condensed Interim Financial Statements Announcement
 For the Six Months ended 30 June 2022

C. Condensed Interim Statements of Changes in Equity

	Attributable to equity holders of the Group								Non-controlling interests	Total equity
	Share capital	Other reserve	Capital reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Total		
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	11,555	221	-	(45)	(3,914)	70	3,332	11,219	1,927	13,146
(Loss)/profit for the financial period	-	-	-	-	-	-	(557)	(557)	21	(536)
<i>Other comprehensive loss</i>										
Currency translation differences arising on consolidation	-	-	-	(16)	-	-	-	(16)	-	(16)
Share of other comprehensive loss of associates	-	-	-	(5)	-	-	-	(5)	-	(5)
Other comprehensive loss for the financial period, net of tax	-	-	-	(21)	-	-	-	(21)	-	(21)
Total comprehensive income/(loss) for the financial period	-	-	-	(21)	-	-	(557)	(578)	21	(557)
Acquisition of additional interest in Non-Controlling Interest	-	-	375	-	-	-	-	375	(1,975)	(1,600)
At 30 June 2022	11,555	221	375	(66)	(3,914)	70	2,775	11,016	(27)	10,989

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
 Condensed Interim Financial Statements Announcement
 For the Six Months ended 30 June 2022

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

	Attributable to equity holders of the Group							Non-controlling interests	Total equity
	Share capital	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Total		
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2021	11,555	221	(94)	(3,914)	70	6,022	13,860	2,117	15,977
(Loss)/profit for the financial period	-	-	-	-	-	(58)	(58)	216	158
<i>Other comprehensive income</i>									
Currency translation differences arising on consolidation	-	-	21	-	-	-	21	-	21
Share of other comprehensive income of associates	-	-	9	-	-	-	9	-	9
Other comprehensive income for the financial period, net of tax	-	-	30	-	-	-	30	-	30
Total comprehensive income/(loss) for the financial period	-	-	30	-	-	(58)	(28)	216	188
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(211)	(211)
At 30 June 2021	11,555	221	(64)	(3,914)	70	5,964	13,832	2,122	15,954

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

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

	Share capital	Share options reserve	Retained earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2021	11,555	70	(936)	10,689
Profit and total comprehensive income for the financial period	-	-	6	6
At 30 June 2021	11,555	70	(930)	10,695

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

D. Condensed Interim Consolidated Statement of Cash Flows

	Note	The Group	
		6 months ended	6 months ended
		30 June 2022	30 June 2021
		(unaudited)	(unaudited)
		S\$'000	S\$'000
Cash flows from operating activities			
(Loss)/profit before income tax		(540)	154
Adjustments for:			
Interest income	8.1	-	(9)
Interest expenses	7	249	241
Depreciation of property, plant and equipment	8.1	586	621
Share of results of associates		(19)	(19)
Operating cash flows before movements in working capital		276	988
Change in operating assets and liabilities			
Trade and other receivables and contract assets		760	(1,977)
Inventories		4	21
Trade and other payables and contract liabilities		(742)	148
Currency translation adjustments		(13)	21
Cash generated from/(used in) operations		285	(799)
Interest received	8.1	-	9
Interest paid	7	(55)	(20)
Income tax paid		(35)	(9)
Net cash generated from/(used in) operating activities		195	(819)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		(1,400)	-
Purchases of property, plant and equipment		(55)	(196)
Dividends received from an associate		-	46
Net cash used in investing activities		(1,455)	(150)

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
 Condensed Interim Financial Statements Announcement
 For the Six Months ended 30 June 2022

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

	Note	The Group	
		6 months ended 30 June 2022 (unaudited) S\$'000	6 months ended 30 June 2021 (unaudited) S\$'000
Cash flows from financing activities			
Interest paid	7	(194)	(221)
Decrease in pledged fixed deposit		-	826
Dividend paid to non-controlling shareholders		-	(211)
Proceeds from trade financing loans		288	987
Repayments of bank loans		(1,263)	(615)
Repayments of lease liabilities		(48)	(45)
Net cash (used in)/generated from financing activities		(1,217)	721
Net (decrease)/increase in cash and cash equivalents		(2,477)	(248)
Cash and cash equivalents at beginning of financial period		4,725	3,823
Cash and cash equivalents at end of financial period		2,248	3,575

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

E. Notes to the condensed interim consolidated financial statements

1 Corporate Information

Heatec Jietong Holdings Ltd. (Co. Reg. No. 200717808Z) is incorporated and domiciled in Singapore and its shares are publicly traded on the Catalist Board of the SGX-ST. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”). The address of its registered office is at 10 Tuas South Street 15, Singapore 637076.

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

- (a) Servicing and fabrication of heat exchangers;
- (b) Provision of piping services; and
- (c) To provide chemical cleaning services to ships and tankers.

2 Basis of Preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 are presented in Singapore Dollars (“\$”), which is the Company’s functional currency. The unaudited condensed consolidated interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* (“**SFRS(I)**”) issued by the Accounting Standards Council Singapore. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies and methods of computation adopted for the unaudited condensed consolidated interim financial statements are consistent with those adopted by the Company in its most recently audited annual financial statements for the year ended 31 December 2021, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

2 Basis of Preparation (cont'd)

2.1 Adoption of New or Amended Standards

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

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

2.2 Use of estimates and judgements

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

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

3 Seasonal Operations

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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

4 Segment Information

The Group is organised into business units based on its services for management purposes. The reportable segments are piping, heat exchanger and chemical cleaning. These operating segments are reported in a manner consistent with internal reporting provided to the management who are responsible for allocation of resources and assessment of performances of each segment.

4.1 Reportable segments

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
1 January 2022 to 30 June 2022					
Total segment revenues	4,510	5,053	1,923	-	11,486
Inter-segment revenues	(27)	(457)	(965)	-	(1,449)
Revenue from external customers	4,483	4,596	958	-	10,037
Other income	356	256	81	-	693
Total revenue and other income	4,839	4,852	1,039	-	10,730
Depreciation of property, plant and equipment	(9)	(109)	(177)	(291)	(586)
Finance costs	(20)	(136)	(19)	(74)	(249)
Segment profit/(loss)	237	(794)	72	(74)	(559)
Share of results of associates					19
(Loss) before income tax					(540)
Income tax credit					4
(Loss) for the financial period					(536)
Segment assets	6,766	7,160	3,634	5,900	23,460
Additions to non-current assets (PPE)	-	50	5	-	55
Segment liabilities	661	7,479	1,234	3,097	12,471

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

4.1 Reportable segments (cont'd)

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 January 2021 to 30 June 2021</u>					
Total segment revenues	3,469	9,697	2,145	-	15,311
Inter-segment revenues	(168)	(262)	(629)	-	(1,059)
Revenue from external customers	3,301	9,435	1,516	-	14,252
Interest income	-	2	7	-	9
Other income	230	302	115	-	647
Total revenue and other income	3,531	9,739	1,638	-	14,908
Depreciation of property, plant and equipment	(21)	(125)	(183)	(292)	(621)
Finance costs	(12)	(172)	(19)	(38)	(241)
Segment profit/(loss)	(419)	207	385	(38)	135
Share of results of associates					19
Profit before income tax					154
Income tax credit					4
Profit for the financial period					158
Segment assets	5,272	13,655	5,318	6,501	30,746
Additions to non-current assets (PPE)	2	134	60	-	196
Segment liabilities	799	11,167	1,318	1,508	14,792

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

4.2 Disaggregation of revenue

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

	The Group			
	6 months ended 30 June 2022 (unaudited)			
	Chemical Cleaning	Heat Exchanger	Piping	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Timing of revenue recognition:				
At a point in time	958	-	-	958
Over time	-	4,596	4,483	9,079
	958	4,596	4,483	10,037

	The Group			
	6 months ended 30 June 2021 (unaudited)			
	Chemical Cleaning	Heat Exchanger	Piping	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Timing of revenue recognition:				
At a point in time	1,516	-	-	1,516
Over time	-	9,435	3,301	12,736
	1,516	9,435	3,301	14,252

Segment assets

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

Segment liabilities

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

Geographical information

The Group's operations are primarily carried out in Singapore. Accordingly, no geographical segment assets and revenue from external customers' information are presented.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

4.2 Disaggregation of revenue (cont'd)

Information about major customer

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

	Attributable segments	6 months ended	6 months ended
		30 June 2022	30 June 2021
		(unaudited)	(unaudited)
		S\$'000	S\$'000
Customer A	Piping segment	3,719	2,604
Customer B	Heat exchanger segment	1,057	3,959
		4,776	6,563

5 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	The Group		The Company		
	As at	As at	As at	As at	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets					
Cash and bank balances and trade and other receivables (Amortised cost)	6,787	11,150	4,066	4,262	
Financial Liabilities					
Trade and other payable and borrowings (Amortised cost)	11,906	13,554	3,054	3,410	

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

6 Other operating income

	The Group	
	6 months ended 30.06.2022 (unaudited)	6 months ended 30.06.2021 (unaudited)
	S\$'000	S\$'000
Government grant income	572	541
Sundry income	11	11
Net foreign exchange gain	110	95
	693	647

7 Finance costs

	The Group	
	6 months ended 30.06.2022 (unaudited)	6 months ended 30.06.2021 (unaudited)
	S\$'000	S\$'000
Interest on:		
- Term loans	140	164
- Lease liabilities	54	58
- Others	55	19
	249	241

8 Profit before tax

8.1 Significant items

	The Group	
	6 months ended 30.06.2022 (unaudited)	6 months ended 30.06.2021 (unaudited)
	S\$'000	S\$'000
Income		
Interest income	-	9
Expenses		
Interest on borrowings	140	164
Depreciation of property, plant and equipment		
- Recognised in cost of sales	166	186
- Recognised in administrative expenses	420	435

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

8.2 Related party transactions

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

	The Group	
	6 months ended 30.06.2022 (unaudited)	6 months ended 30.06.2021 (unaudited)
	S\$'000	S\$'000
With associated companies		
Purchases from	88	30
With non-controlling shareholder of subsidiary		
Dividend	-	211
With shareholders		
Rendering of services	18	13
Provision of consultancy services	36	102

9 Income tax

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

	The Group	
	6 months ended 30.06.2022 (unaudited)	6 months ended 30.06.2021 (unaudited)
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
Deferred tax	4	4
Income tax credit	4	4

The income tax applicable to the Company is 17% (six months ended 30 June 2021: 17%). The corporate income tax rate applicable to the subsidiaries in Singapore and People's Republic of China are 17% (six months ended 30 June 2021: 17%) and 25% (six months ended 30 June 2021: 25%) respectively.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

10 Earnings per share attributable to equity holders of the Company

	The Group	
	6 months ended 30.06.2022 (unaudited)	6 months ended 30.06.2021 (unaudited)
Basic and diluted earnings per ordinary share (Singapore cents)	(0.45)	(0.05)
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

Earnings per ordinary share of the Group for each of six months ended 30 June 2022 (“1H2022”) and six months ended 30 June 2021 (“1H2021”) is calculated based on net loss attributable to equity owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

The basic and diluted earnings per ordinary share are same as the share options outstanding during 1H2022 and 1H2021 do not have a dilutive effect.

11 Dividends

In view of the Group’s loss-making position for 1H2022, no dividend has been declared or recommended by the Board of Directors for 1H2022 (1H2021: nil).

12 Net asset value

	Group		Company	
	As at 30.06.2022 (unaudited)	As at 31.12.2021 (audited)	As at 30.06.2022 (unaudited)	As at 31.12.2021 (audited)
	Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	8.96	9.12	8.70

The net asset value per ordinary share of the Group and the Company as at 30 June 2022 and 31 December 2021 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 122,959,345.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

13 Property, plant and equipment

In 1H2022, the Group acquired assets amounting to S\$55,000 (30 June 2021: S\$196,000) and disposed of assets amounting to S\$Nil (30 June 2021: S\$Nil).

As at 30 June 2022, the carrying amount of pledged property, plant and equipment to secure the bank borrowings was S\$4,230,000 (30 June 2021: S\$3,298,000); and the carrying amount of property, plant and equipment held under right-of-use assets were S\$956,000 (30 June 2021: S\$1,088,000).

14 Trade and other receivables

	Group		Company	
	As at 30.06.2022 (unaudited)	As at 31.12.2021 (audited)	As at 30.06.2022 (unaudited)	As at 31.12.2021 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
Third parties	4,440	6,493	-	-
Less: Allowance for impairment loss	(450)	(450)	-	-
	3,990	6,043	-	-
Other receivables				
Subsidiaries	-	-	3,951	2,937
Other receivables	331	147	-	-
GST recoverable	106	52	-	-
Tax recoverable	3	-	-	-
Deposits	218	234	8	8
Prepayments	292	238	41	91
Advance payment to supplier	941	228	-	-
	1,891	899	4,000	3,036

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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

15 Borrowings

Amount repayable within one year or on demand

Group			
As at 30.06.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,029	-	2,840	-

Amount repayable after one year

Group			
As at 30.06.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,272	-	7,483	-

Amount repayable within one year or on demand

Company			
As at 30.06.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
814	-	812	-

Amount repayable after one year

Company			
As at 30.06.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,931	-	2,240	-

Details of any collateral

The bank loans are secured by:

- (i) a first legal mortgage over the Group's leasehold property; and
- (ii) corporate guarantees granted by the Company.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

16 Trade and other payables

	Group		Company	
	As at 30.06.2022	As at 31.12.2021	As at 30.06.2022	As at 31.12.2021
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables				
Third parties	776	1,051	-	-
Other payables				
Subsidiaries	-	-	8	-
Accruals	1,052	1,453	217	293
Other payables	777	727	84	65
GST payables	156	155	50	79
	1,985	2,335	359	437

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

17 Share Capital

	Group and Company			
	As at 30 June 2022		As at 31 December 2021	
	Number of issued shares '000	Total share capital S\$'000	Number of issued shares '000	Total share capital S\$'000
<u>Issued and fully paid up</u>				
At the beginning of year				
And end of period/year	122,959	11,555	122,959	11,555

There has been no change to the Company's share capital since the end of the previous period reported on, being the six-month period ended 31 December 2021.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

17 Share capital (cont'd)

As at 30 June 2022, there were 3,000,000 outstanding share options under the Heatec Employee Share Option Scheme that may be exercised into 3,000,000 new ordinary shares (representing 2.4% of the Company's 122,959,345 ordinary shares as at 30 June 2022) in the capital of the Company (30 June 2021: 3,000,000 outstanding share options, exercisable into 3,000,000 new ordinary shares representing 2.4% of the Company's 122,959,345 ordinary shares as at 30 June 2021).

Save as disclosed above, there were no convertibles, treasury share or subsidiary holdings as at 30 June 2022 and as at 30 June 2021.

The Company did not have any sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during the six-month period ended and as at 30 June 2022.

18 Subsequent events

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

No major subsequent event has occurred since the end of the financial period ended 30 June 2021 up to the date of this announcement.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

F Management Discussion and Analysis – Financial Review Section

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: - (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

1 Review of Group Performance

Six-month financial period ended 30 June 2022 (“1H2022”) vs six-month financial period ended 30 June 2021 (“1H2021”)

Revenue

Revenue decreased by 30% or S\$4.3 million, from S\$14.3 million in 1H2021 to S\$10.0 million in 1H2022. The decrease was due to fewer projects from the Heat Exchanger segment and fewer work orders from the Chemical Cleaning segment, which reported a 49% decrease in aggregate revenue, from S\$11.0 million in 1H2021 to S\$5.6 million in 1H2022. The decrease was partially offset by an increase in revenue from the Piping segment, which reported an increase of 36%, from S\$3.3 million in 1H2021 to S\$4.5 million in 1H2022.

Operating Results

Gross profit decreased by 11% or S\$0.3 million, from S\$3.1 million in 1H2021 to S\$2.8 million in 1H2022. The decrease was mainly due to the decrease in revenue.

Other income remained stable at S\$0.7 million for both 1H2022 and 1H2021.

Administrative expenses increased by 12% or S\$0.4 million, from S\$3.4 million in 1H2021 to S\$3.8 million in 1H2022, mainly due to higher marketing, advertising, professional and other expenses incurred in 1H2022.

Finance costs remained stable at S\$0.2 million for both 1H2022 and 1H2021.

Overall, the Group made a net loss of S\$0.5 million in 1H2022, as compared to a net profit of S\$0.2 million in 1H2021, primarily as a result of the decrease in revenue.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

2 Review of Statement of Financial Position

Non-Current Assets

The Group's non-current assets decreased by 5% or S\$0.5 million, from S\$9.8 million as at 31 December 2021 to S\$9.3 million as at 30 June 2022. The decrease was mainly due to depreciation charges of property, plant and equipment incurred in the six months ended 30 June 2022.

Current Assets

The Group's current assets decreased by 18% or S\$3.2 million, from S\$17.4 million as at 31 December 2021 to S\$14.2 million as at 30 June 2022. The decrease was mainly due to decrease in trade receivables, cash and bank balances and partially offset by an increase in contract assets and other receivables.

Trade receivables decreased by S\$ 2.0 million, from S\$6.0 million as at 31 December 2021 to S\$4.0 million as at 30 June 2022, mainly due to decrease in revenue in 1H2022. Cash and bank balances decreased by S\$2.5 million, from S\$4.7 million as at 31 December 2021 to S\$2.2 million as at 30 June 2022. Please refer to "Review of Cash Flows" in Section F3 below for the reasons on the decrease in cash and bank balances. Contract assets and other receivables increased by an aggregate of S\$1.3 million.

Non-Current Liabilities

The Group's non-current liabilities decreased by 15% or S\$1.2 million, from S\$7.8 million as at 31 December 2021 to S\$6.6 million as at 30 June 2022, mainly due to repayment of loan in 1H2022.

Current Liabilities

The Group's current liabilities decreased by 6% or S\$0.4 million, from S\$6.3 million as at 31 December 2021 to S\$5.9 million as at 30 June 2022. The decrease was mainly due to a decrease in trade payables of S\$0.3 million and other payables of S\$0.4 million, and was partially offset against an increase in borrowings of S\$0.2 million.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

Working Capital Position

The Group reported a positive working capital position of S\$8.3 million as at 30 June 2022, as compared to S\$11.1 million as at 31 December 2021.

3 Review of Statement of Cash Flows

In 1H2022, the Group recorded net cash generated from operating activities of S\$0.2 million, which was mainly a result of (i) operating cash inflows before changes in working capital of S\$0.3 million, (ii) net working capital inflows of S\$0.01 million which was mainly due to the decrease in trade and other payables and contract liabilities of S\$0.7 million and was partially offset by an increase in trade and other receivables and contract assets of S\$0.8 million, and (3) interest and income tax paid of S\$0.09 million.

Net cash used in investing activities of S\$1.5 million in 1H2022 was mainly due to the acquisition of the additional interests in each of Chem Grow Engineering Pte. Ltd. and Chem-Grow Pte. Ltd.

Net cash used in financing activities of S\$1.2 million in 1H2022 was mainly due to repayment of bank loans of S\$1.3 million and was partially offset by proceeds from trade financing loans of S\$0.3 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows decreased by S\$2.5 million, from S\$4.7 million as at 31 December 2021, to S\$2.2 million as at 30 June 2022.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

4 Future Prospects

Moving into the second half of FY2022, the Group envisages that the outlook for the overall business landscape continues to be challenging and competitive.

Whilst the manpower shortage situation is being resolved gradually, due to the reopening of Singapore's borders, the labour situation in Singapore continues to be tight which restricts our ability to secure contracts that have short delivery schedules.

To mitigate the ongoing labour constraints here, the Group intends to set up another base in Vungtau, Vietnam, to tap its supply of skilled workers in the established oil and gas industry there. In addition, we will be able to tap opportunities for contracts in the Indochina region. This cooperation with our local Vietnamese partner, which we hope to materialise by end of FY2022, will help us expand our operations as we expect the foreign labour pool in Singapore to be a challenge for us.

We remain cautiously optimistic about the prospects of the Floating, Production, Storage and Offloading ("FPSO") market where we see strong prospects given the volatility of oil prices. We will intensify our efforts to seek out new opportunities in this segment as we leverage on our robust track record and reputation as a one-stop heat exchanger solutions provider.

Following the completion of our acquisition of the remaining 30% stakes in two of our 70%-owned subsidiaries Chem-Grow Engineering Pte Ltd and Chem-Grow Pte Ltd (collectively, "**Chem-Grow**"), we are in the midst of integrating Chem-Grow's complementary operations into the Group. We believe that will put us in a stronger position to facilitate our growth.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

1 Review

The condensed consolidated statement of financial position of Heatec Jietong Holdings Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2022 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (i) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (ii) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

3 Review of performance of the Group

Please refer to "Management Discussion and Analysis – Financial Review" in Section F2.

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

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

5 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

6 Dividend

(a) Current Financial Period Reported On

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

No dividend has been declared/recommended for 1H2022.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

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

Not applicable.

(d) Date payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

In view of the Group's loss-making position for 1H2022, no dividend has been declared or recommended by the Board of Directors for 1H2022.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

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

7 Interested Person Transactions (“IPTs”)

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

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

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

9 Disclosure of acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Rule 706A of the Catalist Rules

On 18 May 2022, the proposed acquisitions to acquire the remaining 30% of the issued share capital in each of Chem-Grow Engineering Pte. Ltd. (“CGEPL”) and Chem Grow Pte. Ltd. (“CGPL”) by the Group’s wholly-owned subsidiary, Heatec Jietong Pte. Ltd., were completed (“Completion”).

The aggregate consideration to be paid to the vendors is S\$1.6 million, which will be satisfied in cash, in the following manner:

- a) Chew See Choon was paid S\$600,000 on the date of the Completion, and will be paid S\$200,000 on the date two years from the date of Completion, subject to the fulfilment of Chew See Choon’s obligations in accordance with the terms of the service agreement; and
- b) Wang Bei was paid S\$800,000 on the date of Completion.

The consideration was funded through the Company’s internal sources and was arrived at further to negotiations, after taking into consideration the value of the unaudited net tangible assets of CGEPL and CGPL as at 30 September 2021, which were S\$1.5 million and S\$3.73 million respectively. Accordingly, the acquired shares in each of CGEPL and CGPL represented a net tangible asset value of S\$0.45 million and S\$1.12 million as at 30 September 2021 respectively.

On 30 April 2022, the Group submitted an application to the Accounting and Corporate Regulatory Authority Singapore to strike off Karnot Technology Pte. Ltd., an associate company to the Group, to strike its name off the Register of the Companies pursuant to Section 344A of

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2022

the Companies Act 1967 of Singapore (the “**Striking off**”). As of the date of this announcement, the Striking Off is still in process.

Karnot Technology Pte. Ltd. is a dormant company and the Striking Off is not expected to have any material impact on the net tangible assets and earnings per share of the Group for 1H2022.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

SOON YEOW KWEE JOHNNY
Executive Chairman

SOON JEFFREY
Executive Director and Chief Executive Officer

BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
Executive Director and Chief Executive Officer

Singapore, 12 August 2022