

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES  
Condensed Interim Financial Statements Announcement  
For the Six Months and Full Year ended 31 December 2021

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## Condensed Interim Unaudited Financial Statements Announcement for the Six Months and Full Year ended 31 December 2021

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

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

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HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES  
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**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| <u>Group</u>   | <u>Note</u> | 6 months ended<br>31 December |                        |                         | 12 months ended<br>31 December |                      |                         |
|--|-------------|-------------------------------|------------------------|-------------------------|--------------------------------|----------------------|-------------------------|
|  |             | 2021                          | 2020                   | Increase/<br>(Decrease) | 2021                           | 2020                 | Increase/<br>(Decrease) |
|  |             | (unaudited)<br>S\$'000        | (unaudited)<br>S\$'000 | %                       | (unaudited)<br>S\$'000         | (audited)<br>S\$'000 | %                       |
| <b>Revenue</b>   | 4           | 8,062                         | 11,895                 | (32)                    | 22,313                         | 20,781               | 7                       |
| Cost of sales  |             | (6,995)                       | (9,850)                | (29)                    | (18,151)                       | (16,064)             | 13                      |
| <b>Gross profit</b>  |             | 1,067                         | 2,045                  | (48)                    | 4,162                          | 4,717                | (11)                    |
| Other operating income   |             |                               |                        |                         |                                |                      |                         |
| - Interest   | 8.1         | -                             | -                      | -                       | 9                              | 8                    | 13                      |
| - Others   | 6           | 535                           | 1,407                  | (62)                    | 1,182                          | 2,594                | (54)                    |
| <b>Expenses</b>  |             |                               |                        |                         |                                |                      |                         |
| Administrative expenses  |             | (3,862)                       | (3,095)                | 25                      | (7,237)                        | (6,353)              | 14                      |
| Other operating expenses   |             | (205)                         | -                      | NM                      | (204)                          | -                    | NM                      |
| Net impairment losses on financial assets                              |             | (77)                          | (99)                   | (22)                    | (77)                           | (309)                | (75)                    |
| Finance costs  | 7           | (264)                         | (235)                  | 12                      | (505)                          | (468)                | 8                       |
| Share of results of associates   |             | 35                            | 24                     | 46                      | 52                             | 36                   | 44                      |
| <b>(Loss)/profit before tax</b>  | 8           | <b>(2,771)</b>                | <b>47</b>              | <b>NM</b>               | <b>(2,618)</b>                 | <b>225</b>           | <b>NM</b>               |
| Income tax (expense)/credit  | 9           | (56)                          | 1                      | NM                      | (51)                           | (30)                 | 70                      |
| <b>(Loss)/profit for the financial period</b>                          |             | <b>(2,827)</b>                | <b>48</b>              | <b>NM</b>               | <b>(2,669)</b>                 | <b>195</b>           | <b>NM</b>               |
| <b>Other comprehensive income:</b>                                     |             |                               |                        |                         |                                |                      |                         |
| <i>Items that are or may be reclassified subsequently to profit:</i>   |             |                               |                        |                         |                                |                      |                         |
| Currency translation differences arising on consolidation              |             | 14                            | 10                     | 40                      | 35                             | 17                   | >100                    |
| Share of other comprehensive income of associates                      |             | 5                             | 7                      | (29)                    | 14                             | 13                   | (15)                    |
| <b>Other comprehensive income for the financial period, net of tax</b> |             | 19                            | 17                     | 12                      | 49                             | 30                   | (53)                    |
| <b>Total comprehensive (loss)/income for the financial period</b>      |             | <b>(2,808)</b>                | <b>65</b>              | <b>NM</b>               | <b>(2,620)</b>                 | <b>225</b>           | <b>NM</b>               |

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

| <u>Group</u>   | Note | 6 months ended<br>31 December  |                                |                              | 12 months ended<br>31 December |                              |                              |
|--|------|--------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|
|  |      | 2021<br>(unaudited)<br>S\$'000 | 2020<br>(unaudited)<br>S\$'000 | Increase/<br>(Decrease)<br>% | 2021<br>(unaudited)<br>S\$'000 | 2020<br>(audited)<br>S\$'000 | Increase/<br>(Decrease)<br>% |
| <b>(Loss)/profit attributable to:</b>  |      |                                |                                |                              |                                |                              |                              |
| Equity holders of the Company  |      | (2,632)                        | (109)                          | >100                         | (2,690)                        | (35)                         | >100                         |
| Non-controlling interests  |      | (195)                          | 157                            | NM                           | 21                             | 230                          | (91)                         |
| <b>(Loss)/profit for the financial period</b>  |      | <b>(2,827)</b>                 | <b>48</b>                      | <b>NM</b>                    | <b>(2,669)</b>                 | <b>195</b>                   | <b>NM</b>                    |
| <b>Total comprehensive</b>   |      |                                |                                |                              |                                |                              |                              |
| <b>(loss)/income attributable to:</b>  |      |                                |                                |                              |                                |                              |                              |
| Equity holders of the Company  |      | (2,613)                        | (92)                           | >100                         | (2,641)                        | (5)                          | >100                         |
| Non-controlling interests  |      | (195)                          | 157                            | NM                           | 21                             | 230                          | (91)                         |
| <b>Total comprehensive (loss)/<br/>income for the financial period</b>   |      | <b>(2,808)</b>                 | <b>65</b>                      | <b>NM</b>                    | <b>(2,620)</b>                 | <b>225</b>                   | <b>NM</b>                    |
| <br><b>(Loss) per share attributable to<br/>equity holders of the Company<br/>during the financial period:</b> |      |                                |                                |                              |                                |                              |                              |
| Basic (Singapore cents)  | 10   | (2.14)                         | (0.09)                         | >100                         | (2.19)                         | (0.03)                       | >100                         |
| Diluted (Singapore cents)  | 10   | (2.14)                         | (0.09)                         | >100                         | (2.19)                         | (0.03)                       | >100                         |

NM denotes not meaningful

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

|                                      | Note | <u>The Group</u>          |                         | <u>The Company</u>        |                         |
|--------------------------------------|------|---------------------------|-------------------------|---------------------------|-------------------------|
|                                      |      | As at                     | As at                   | As at                     | As at                   |
|                                      |      | 31.12.2021<br>(unaudited) | 31.12.2020<br>(audited) | 31.12.2021<br>(unaudited) | 31.12.2020<br>(audited) |
|                                      |      | S\$'000                   | S\$'000                 | S\$'000                   | S\$'000                 |
| <b>ASSETS</b>                        |      |                           |                         |                           |                         |
| <b>Non-current assets</b>            |      |                           |                         |                           |                         |
| Property, plant and equipment        | 13   | 9,505                     | 10,720                  | 4,483                     | 5,085                   |
| Investment in subsidiaries           |      | -                         | -                       | 5,503                     | 5,503                   |
| Investment in associates             |      | 282                       | 302                     | -                         | -                       |
| <b>Total non-current assets</b>      |      | <b>9,787</b>              | <b>11,022</b>           | <b>9,986</b>              | <b>10,588</b>           |
| <b>Current assets</b>                |      |                           |                         |                           |                         |
| Inventories                          |      | 360                       | 557                     | -                         | -                       |
| Contract assets                      |      | 5,407                     | 6,379                   | -                         | -                       |
| Trade receivables                    | 14   | 6,045                     | 5,957                   | -                         | -                       |
| Other receivables                    | 14   | 898                       | 1,742                   | 3,036                     | 1,290                   |
| Cash and bank balances               |      | 4,725                     | 4,649                   | 1,317                     | 363                     |
| <b>Total current assets</b>          |      | <b>17,435</b>             | <b>19,284</b>           | <b>4,353</b>              | <b>1,653</b>            |
| <b>Total assets</b>                  |      | <b>27,222</b>             | <b>30,306</b>           | <b>14,339</b>             | <b>12,241</b>           |
| <b>LIABILITIES</b>                   |      |                           |                         |                           |                         |
| <b>Non-current liabilities</b>       |      |                           |                         |                           |                         |
| Borrowings                           | 15   | 7,483                     | 8,358                   | 2,240                     | 1,122                   |
| Deferred tax liabilities             |      | 289                       | 297                     | -                         | -                       |
| <b>Total non-current liabilities</b> |      | <b>7,772</b>              | <b>8,655</b>            | <b>2,240</b>              | <b>1,122</b>            |
| <b>Current liabilities</b>           |      |                           |                         |                           |                         |
| Contract liabilities                 |      | -                         | 864                     | -                         | -                       |
| Trade payables                       | 16   | 1,051                     | 1,278                   | -                         | -                       |
| Other payables                       | 16   | 2,336                     | 1,811                   | 437                       | 341                     |
| Provision for warranty               |      | 45                        | 45                      | -                         | -                       |
| Borrowings                           | 15   | 2,840                     | 1,670                   | 812                       | 89                      |
| Tax payable                          |      | 32                        | 6                       | -                         | -                       |
| <b>Total current liabilities</b>     |      | <b>6,304</b>              | <b>5,674</b>            | <b>1,249</b>              | <b>430</b>              |
| <b>Total liabilities</b>             |      | <b>14,076</b>             | <b>14,329</b>           | <b>3,489</b>              | <b>1,552</b>            |
| <b>NET ASSETS</b>                    |      | <b>13,146</b>             | <b>15,977</b>           | <b>10,850</b>             | <b>10,689</b>           |

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

|  | Note | The Group                            |                                    | The Company                          |                                    |
|--|------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
|  |      | As at                                | As at                              | As at                                | As at                              |
|  |      | 31.12.2021<br>(unaudited)<br>S\$'000 | 31.12.2020<br>(audited)<br>S\$'000 | 31.12.2021<br>(unaudited)<br>S\$'000 | 31.12.2020<br>(audited)<br>S\$'000 |
| <b>EQUITY</b>  |      |                                      |                                    |                                      |                                    |
| Share capital  | 17   | 11,555                               | 11,555                             | 11,555                               | 11,555                             |
| Reserves   |      | (336)                                | 2,305                              | (705)                                | (866)                              |
| <b>Equity attributable to equity holders of the Company, total</b> |      | <b>11,219</b>                        | <b>13,860</b>                      | <b>10,850</b>                        | <b>10,689</b>                      |
| Non-controlling interests  |      | 1,927                                | 2,117                              | -                                    | -                                  |
| <b>Total equity</b>  |      | <b>13,146</b>                        | <b>15,977</b>                      | <b>10,850</b>                        | <b>10,689</b>                      |

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

|   | Attributable to equity holders of the Group |                |                     |                |                       |                   |               | Non-controlling interests | Total equity  |
|---|---|----------------|---------------------|----------------|-----------------------|-------------------|---------------|---------------------------|---------------|
|   | Share capital                               | Other reserves | 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       |
| <b>At 1 January 2021</b>                                      | <b>11,555</b>                               | <b>221</b>     | <b>(94)</b>         | <b>(3,914)</b> | <b>70</b>             | <b>6,022</b>      | <b>13,860</b> | <b>2,117</b>              | <b>15,977</b> |
| (Loss)/profit for the financial year                          | -   | -              | -                   | -              | -                     | (2,690)           | (2,690)       | 21                        | (2,669)       |
| <i>Other comprehensive income</i>                             |   |                |                     |                |                       |                   |               |                           |               |
| Currency translation differences arising on consolidation     | -   | -              | 35                  | -              | -                     | -                 | 35            | -                         | 35            |
| Share of other comprehensive income of associates             | -   | -              | 14                  | -              | -                     | -                 | 14            | -                         | 14            |
| Other comprehensive income for the financial year, net of tax | -   | -              | 49                  | -              | -                     | -                 | 49            | -                         | 49            |
| Total comprehensive (loss)/income for the financial year      | -   | -              | 49                  | -              | -                     | (2,690)           | (2,641)       | 21                        | (2,620)       |
| Dividends paid to non-controlling shareholders                | -   | -              | -                   | -              | -                     | -                 | -             | (211)                     | (211)         |
| <b>At 31 December 2021</b>                                    | <b>11,555</b>                               | <b>221</b>     | <b>(45)</b>         | <b>(3,914)</b> | <b>70</b>             | <b>3,332</b>      | <b>11,219</b> | <b>1,927</b>              | <b>13,146</b> |

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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 (audited)   | S\$'000                                     | S\$'000       | S\$'000             | S\$'000        | S\$'000               | S\$'000           | S\$'000       | S\$'000                   | S\$'000       |
| <b>At 1 January 2020</b>                                      | <b>11,555</b>                               | <b>221</b>    | <b>(124)</b>        | <b>(3,914)</b> | <b>70</b>             | <b>6,057</b>      | <b>13,865</b> | <b>2,005</b>              | <b>15,870</b> |
| (Loss)/profit for the financial year                          | -   | -             | -                   | -              | -                     | (35)              | (35)          | 230                       | 195           |
| <i>Other comprehensive income</i>                             |   |               |                     |                |                       |                   |               |                           |               |
| Currency translation differences arising on consolidation     | -   | -             | 17                  | -              | -                     | -                 | 17            | -                         | 17            |
| Share of other comprehensive income of associates             | -   | -             | 13                  | -              | -                     | -                 | 13            | -                         | 13            |
| Other comprehensive income for the financial year, net of tax | -   | -             | 30                  | -              | -                     | -                 | 30            | -                         | 30            |
| Total comprehensive (loss)/income for the financial year      | -   | -             | 30                  | -              | -                     | (35)              | (5)           | 230                       | 225           |
| Effects of liquidation of a subsidiary                        | -   | -             | -                   | -              | -                     | -                 | -             | 2                         | 2             |
| Dividends to non-controlling shareholders                     | -   | -             | -                   | -              | -                     | -                 | -             | (120)                     | (120)         |
| <b>At 31 December 2020</b>                                    | <b>11,555</b>                               | <b>221</b>    | <b>(94)</b>         | <b>(3,914)</b> | <b>70</b>             | <b>6,022</b>      | <b>13,860</b> | <b>2,117</b>              | <b>15,977</b> |



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

|  | Share capital | Share options reserve | Retained earnings | Total   |
|--|---------------|-----------------------|-------------------|---------|
| Company (unaudited)  | S\$'000       | S\$'000               | S\$'000           | S\$'000 |
| <b>At 1 January 2021</b>                                     | 11,555        | 70                    | (936)             | 10,689  |
| Profit and total comprehensive income for the financial year | -             | -                     | 161               | 161     |
| <b>At 31 December 2021</b>                                   | 11,555        | 70                    | (775)             | 10,850  |

|  | Share capital | Share options reserve | Retained earnings | Total   |
|--|---------------|-----------------------|-------------------|---------|
| Company (audited)  | S\$'000       | S\$'000               | S\$'000           | S\$'000 |
| <b>At 1 January 2020</b>                                     | 11,555        | 70                    | (1,077)           | 10,548  |
| Profit and total comprehensive income for the financial year | -             | -                     | 141               | 141     |
| <b>At 31 December 2020</b>                                   | 11,555        | 70                    | (936)             | 10,689  |

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

|   | Note | The Group        |                  |
|---|------|------------------|------------------|
|   |      | 12 months ended  | 12 months ended  |
|   |      | 31 December 2021 | 31 December 2020 |
|   |      | (unaudited)      | (audited)        |
|   |      | S\$'000          | S\$'000          |
| <b>Cash flows from operating activities</b>                     |      |                  |                  |
| <b>(Loss)/profit before income tax</b>                          |      | <b>(2,618)</b>   | <b>225</b>       |
| <b>Adjustments for:</b>   |      |                  |                  |
| Interest income   | 8.1  | (9)              | (8)              |
| Interest expenses   | 7    | 505              | 468              |
| Net impairment losses on financial assets                       |      | 77               | 309              |
| Depreciation of property, plant and equipment                   | 8.1  | 1,236            | 1,210            |
| Loss on disposal of property, plant and equipment               |      | -                | 3                |
| Property, plant and equipment written off                       |      | 204              | -                |
| Share of results of associates                                  |      | (52)             | (36)             |
| Provisions for liquidated damages                               |      | 1,264            | -                |
| Provision for inventory obsolescence                            |      | 65               | -                |
| Provision for warranty  |      | -                | 22               |
| Gain on liquidation of a subsidiary                             |      | -                | (6)              |
| <b>Operating cash flows before movements in working capital</b> |      | <b>672</b>       | <b>2,187</b>     |
| <b>Change in operating assets and liabilities</b>               |      |                  |                  |
| Trade and other receivables and contract assets                 |      | 388              | (327)            |
| Inventories   |      | 132              | (236)            |
| Trade and other payables and contract liabilities               |      | (567)            | (1,472)          |
| Currency translation adjustments                                |      | 33               | 25               |
| <b>Cash generated from operations</b>                           |      | <b>658</b>       | <b>177</b>       |
| Interest received   | 8.1  | 9                | 8                |
| Interest paid   | 7    | (50)             | (24)             |
| Income tax paid   |      | (33)             | (45)             |
| <b>Net cash generated from operating activities</b>             |      | <b>584</b>       | <b>116</b>       |

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

|   | Note | The Group                              |                                     |
|---|------|--|-------------------------------------|
|   |      | 12 months ended<br>31 December<br>2021 | 12 months ended<br>31 December 2020 |
|   |      | (unaudited)                            | (audited)                           |
|   |      | S\$'000                                | S\$'000                             |
| <b>Cash flows from investing activities</b>                   |      |  |                                     |
| Purchases of property, plant and equipment                    |      | (244)                                  | (269)                               |
| Proceeds from disposal of property, plant and equipment       |      | -                                      | 17                                  |
| Dividends received from an associate                          |      | 86                                     | -                                   |
| <b>Net cash used in investing activities</b>                  |      | <b>(158)</b>                           | <b>(252)</b>                        |
| <b>Cash flows from financing activities</b>                   |      |  |                                     |
| Interest paid   | 7    | (455)                                  | (444)                               |
| Decrease in pledged fixed deposit                             |      | 826                                    | 388                                 |
| Dividend paid to non-controlling shareholders                 |      | (211)                                  | -                                   |
| Proceeds from temporary bridging loans                        |      | 2,000                                  | -                                   |
| Proceeds from bank loans                                      |      | -                                      | 3,000                               |
| Repayments of bank loans                                      |      | (1,592)                                | (1,019)                             |
| Repayments of revolving credit loans                          |      | -                                      | (200)                               |
| Repayments of lease liabilities                               |      | (92)                                   | (106)                               |
| <b>Net cash generated from financing activities</b>           |      | <b>476</b>                             | <b>1,619</b>                        |
| <b>Net increase in cash and cash equivalents</b>              |      | <b>902</b>                             | <b>1,483</b>                        |
| Cash and cash equivalents at beginning of the financial year  |      | 3,823                                  | 2,340                               |
| <b>Cash and cash equivalents at end of the financial year</b> |      | <b>4,725</b>                           | <b>3,823</b>                        |

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

| <b>Group</b>  | Note | <b>12 months ended</b> | <b>12 months ended</b>  |
|---|------|------------------------|-------------------------|
|   |      | <b>31 December</b>     | <b>31 December 2020</b> |
|   |      | <b>2021</b>            |                         |
|   |      | <b>(unaudited)</b>     | <b>(audited)</b>        |
|   |      | <b>S\$'000</b>         | <b>S\$'000</b>          |
| <b>Comprising:</b>  |      |                        |                         |
| Cash at bank  |      | 4,725                  | 3,410                   |
| Fixed deposits  |      | -                      | 1,239                   |
| <b>Total cash and bank balances</b>   |      | <b>4,725</b>           | <b>4,649</b>            |
| Less: Pledged fixed deposits  |      | -                      | (826)                   |
| <b>Cash and cash equivalents for presentation on the consolidated statement of cash flows</b> |      | <b>4,725</b>           | <b>3,823</b>            |

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

**1 Corporate Information**

Heatec Jietong Holdings Ltd. (Co. Reg. No. 200717808Z) is incorporated and domiciled in Singapore and 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 31 December 2021 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) To carry on the businesses of repairing ships, tankers and other ocean-going vessels;  
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 31 December 2021 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 interim financial statements for the period ended 30 June 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 2020, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

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

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

**2.1 Adoption of new or amended standards**

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

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

**2.2 Use of estimates and judgements**

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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.

**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.

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**4.1 Reportable segments**

|   | Piping<br>S\$'000 | Heat<br>exchanger<br>S\$'000 | Chemical<br>cleaning<br>S\$'000 | Unallocated<br>S\$'000 | Consolidated<br>S\$'000 |
|---|-------------------|------------------------------|---------------------------------|------------------------|-------------------------|
| <b>1 July 2021 to</b>                         |                   |                              |                                 |                        |                         |
| <b>31 December 2021</b>                       |                   |                              |                                 |                        |                         |
| Total segment revenue                         | 3,470             | 3,509                        | 1,422                           | -                      | 8,401                   |
| Inter-segment revenue                         | (26)              | (278)                        | (35)                            | -                      | (339)                   |
| Revenue from external customers               | 3,444             | 3,231                        | 1,387                           | -                      | 8,062                   |
| Interest income                               | -                 | -                            | -                               | -                      | -                       |
| Other income                                  | 363               | 113                          | 59                              | -                      | 535                     |
| Total revenue and other income                | 3,807             | 3,344                        | 1,446                           | -                      | 8,597                   |
| Depreciation of property, plant and equipment | (16)              | (126)                        | (182)                           | (290)                  | (614)                   |
| Finance costs                                 | (22)              | (178)                        | (19)                            | (45)                   | (264)                   |
| Segment profit/(loss)                         | (1,383)           | (1,932)                      | 554                             | (45)                   | (2,806)                 |
| Unallocated expenses                          |                   |                              |                                 |                        |                         |
| Share of profit of associated company         |                   |                              |                                 |                        | 35                      |
| (Loss) before income tax                      |                   |                              |                                 |                        | (2,771)                 |
| Income tax expense                            |                   |                              |                                 |                        | (56)                    |
| (Loss) for the financial period               |                   |                              |                                 |                        | (2,827)                 |
| <b>Segment assets</b>                         | <b>5,693</b>      | <b>8,696</b>                 | <b>5,339</b>                    | <b>7,494</b>           | <b>27,222</b>           |
| - Additions to non-current assets (PPE)       | 3                 | 22                           | 21                              | -                      | 46                      |
| <b>Segment liabilities</b>                    | <b>526</b>        | <b>8,665</b>                 | <b>1,396</b>                    | <b>3,489</b>           | <b>14,076</b>           |

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

|  | Piping<br>S\$'000 | Heat<br>exchanger<br>S\$'000 | Chemical<br>cleaning<br>S\$'000 | Unallocated<br>S\$'000 | Consolidated<br>S\$'000 |
|--|-------------------|------------------------------|---------------------------------|------------------------|-------------------------|
| <b>1 July 2020 to</b>                            |                   |                              |                                 |                        |                         |
| <b>31 December 2020</b>                          |                   |                              |                                 |                        |                         |
| Total segment revenue                            | 2,065             | 9,547                        | 1,660                           | -                      | 13,272                  |
| Inter-segment revenue                            | (111)             | (737)                        | (529)                           | -                      | (1,377)                 |
| Revenue from external<br>customers               | 1,954             | 8,810                        | 1,131                           | -                      | 11,895                  |
| Interest income                                  | -                 | -                            | -                               | -                      | -                       |
| Other income                                     | 760               | 789                          | 76                              | (218)                  | 1,407                   |
| Total revenue and other<br>income                | 2,714             | 9,599                        | 1,207                           | (218)                  | 13,302                  |
| Depreciation of property,<br>plant and equipment | (20)              | (117)                        | (181)                           | (293)                  | (611)                   |
| Finance costs                                    | -                 | (176)                        | (19)                            | (40)                   | (235)                   |
| Segment profit/(loss)                            | (394)             | 339                          | 337                             | (259)                  | 23                      |
| Unallocated expenses                             |                   |                              |                                 |                        |                         |
| Share of profit of<br>associated companies       |                   |                              |                                 |                        | 24                      |
| Profit before income tax                         |                   |                              |                                 |                        | 47                      |
| Income tax credit                                |                   |                              |                                 |                        | 1                       |
| Profit for the financial period                  |                   |                              |                                 |                        | 48                      |
| <b>Segment assets</b>                            | <b>4,629</b>      | <b>13,051</b>                | <b>5,509</b>                    | <b>7,117</b>           | <b>30,306</b>           |
| - Additions to non-current<br>assets (PPE)       | 10                | 110                          | 6                               | 77                     | 203                     |
| <b>Segment liabilities</b>                       | <b>527</b>        | <b>10,875</b>                | <b>1,444</b>                    | <b>1,483</b>           | <b>14,329</b>           |



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

|  | Piping<br>S\$'000 | Heat<br>exchanger<br>S\$'000 | Chemical<br>cleaning<br>S\$'000 | Unallocated<br>S\$'000 | Consolidated<br>S\$'000 |
|--|-------------------|------------------------------|---------------------------------|------------------------|-------------------------|
| <b><u>1 January 2021 to 31</u></b>               |                   |                              |                                 |                        |                         |
| <b><u>December 2021</u></b>                      |                   |                              |                                 |                        |                         |
| Total segment revenue                            | 6,940             | 13,205                       | 3,566                           | -                      | 23,711                  |
| Inter-segment revenue                            | (195)             | (539)                        | (664)                           | -                      | (1,398)                 |
| Revenue from external<br>customers               | 6,745             | 12,666                       | 2,902                           | -                      | 22,313                  |
| Interest income                                  | -                 | 2                            | 7                               | -                      | 9                       |
| Other income                                     | 593               | 415                          | 174                             | -                      | 1,182                   |
| Total revenue and other<br>income                | 7,338             | 13,083                       | 3,083                           | -                      | 23,504                  |
| Depreciation of property,<br>plant and equipment | (37)              | (251)                        | (365)                           | (583)                  | (1,236)                 |
| Finance costs                                    | (34)              | (350)                        | (38)                            | (83)                   | (505)                   |
| Segment profit/(loss)                            | (998)             | (1,725)                      | 136                             | (83)                   | (2,670)                 |
| Unallocated expenses                             |                   |                              |                                 |                        |                         |
| Share of profit of<br>associated companies       |                   |                              |                                 |                        | 52                      |
| (Loss) before income tax                         |                   |                              |                                 |                        | (2,618)                 |
| Income tax expenses                              |                   |                              |                                 |                        | (51)                    |
| (Loss) for the financial year                    |                   |                              |                                 |                        | (2,669)                 |
| <b>Segment assets</b>                            | <b>5,693</b>      | <b>8,696</b>                 | <b>5,339</b>                    | <b>7,494</b>           | <b>27,222</b>           |
| - Additions to non-current<br>assets (PPE)       | 5                 | 157                          | 82                              | -                      | 244                     |
| <b>Segment liabilities</b>                       | <b>526</b>        | <b>8,665</b>                 | <b>1,396</b>                    | <b>3,489</b>           | <b>14,076</b>           |

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

|  | Piping<br>S\$'000 | Heat<br>exchanger<br>S\$'000 | Chemical<br>cleaning<br>S\$'000 | Unallocated<br>S\$'000 | Consolidated<br>S\$'000 |
|--|-------------------|------------------------------|---------------------------------|------------------------|-------------------------|
| <b>1 January 2020 to 31</b>                      |                   |                              |                                 |                        |                         |
| <b>December 2020</b>                             |                   |                              |                                 |                        |                         |
| Total segment revenue                            | 4,220             | 15,664                       | 3,270                           | -                      | 23,154                  |
| Inter-segment revenue                            | (123)             | (1,213)                      | (1,037)                         | -                      | (2,373)                 |
| Revenue from external<br>customers               | 4,097             | 14,451                       | 2,233                           | -                      | 20,781                  |
| Interest income                                  | -                 | 8                            | -                               | -                      | 8                       |
| Other income                                     | 1,337             | 903                          | 295                             | 59                     | 2,594                   |
| Total revenue and other<br>income                | 5,434             | 15,362                       | 2,528                           | 59                     | 23,383                  |
| Depreciation of property,<br>plant and equipment | (43)              | (225)                        | (361)                           | (581)                  | (1,210)                 |
| Finance costs                                    | -                 | (347)                        | (40)                            | (81)                   | (468)                   |
| Segment profit/(loss)                            | (591)             | 736                          | 344                             | (300)                  | 189                     |
| Unallocated expenses                             |                   |                              |                                 |                        |                         |
| Share of profit of<br>associated companies       |                   |                              |                                 |                        | 36                      |
| Profit before income tax                         |                   |                              |                                 |                        | 225                     |
| Income tax expenses                              |                   |                              |                                 |                        | (30)                    |
| Profit for the financial<br>year                 |                   |                              |                                 |                        | 195                     |
| <b>Segment assets</b>                            | <b>4,629</b>      | <b>13,051</b>                | <b>5,509</b>                    | <b>7,117</b>           | <b>30,306</b>           |
| - Additions to non-current<br>assets (PPE)       | 10                | 129                          | 57                              | 77                     | 273                     |
| <b>Segment liabilities</b>                       | <b>527</b>        | <b>10,875</b>                | <b>1,444</b>                    | <b>1,483</b>           | <b>14,329</b>           |

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**4.2 Disaggregation of revenue**

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

|                                       | <b>The Group</b>                                   |                       |                |                |
|---------------------------------------|--|-----------------------|----------------|----------------|
|                                       | <b>6 months ended 31 December 2021 (unaudited)</b> |                       |                |                |
|                                       | <b>Chemical Cleaning</b>                           | <b>Heat Exchanger</b> | <b>Piping</b>  | <b>Total</b>   |
|                                       | <b>S\$'000</b>                                     | <b>S\$'000</b>        | <b>S\$'000</b> | <b>S\$'000</b> |
| <b>Timing of revenue recognition:</b> |  |                       |                |                |
| At a point in time                    | 1,387  | -                     | -              | 1,387          |
| Over time                             | -  | 3,231                 | 3,444          | 6,675          |
|                                       | 1,387  | 3,231                 | 3,444          | 8,062          |

|                                       | <b>The Group</b>                                   |                       |                |                |
|---------------------------------------|--|-----------------------|----------------|----------------|
|                                       | <b>6 months ended 31 December 2020 (unaudited)</b> |                       |                |                |
|                                       | <b>Chemical Cleaning</b>                           | <b>Heat Exchanger</b> | <b>Piping</b>  | <b>Total</b>   |
|                                       | <b>S\$'000</b>                                     | <b>S\$'000</b>        | <b>S\$'000</b> | <b>S\$'000</b> |
| <b>Timing of revenue recognition:</b> |  |                       |                |                |
| At a point in time                    | 1,131  | -                     | -              | 1,131          |
| Over time                             | -  | 8,810                 | 1,954          | 10,764         |
|                                       | 1,131  | 8,810                 | 1,954          | 11,895         |

|                                       | <b>The Group</b>                                    |                       |                |                |
|---------------------------------------|---|-----------------------|----------------|----------------|
|                                       | <b>12 months ended 31 December 2021 (unaudited)</b> |                       |                |                |
|                                       | <b>Chemical Cleaning</b>                            | <b>Heat Exchanger</b> | <b>Piping</b>  | <b>Total</b>   |
|                                       | <b>S\$'000</b>                                      | <b>S\$'000</b>        | <b>S\$'000</b> | <b>S\$'000</b> |
| <b>Timing of revenue recognition:</b> |   |                       |                |                |
| At a point in time                    | 2,902   | -                     | -              | 2,902          |
| Over time                             | -   | 12,666                | 6,745          | 19,411         |
|                                       | 2,902   | 12,666                | 6,745          | 22,313         |

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

|                                       | <b>The Group</b>                                    |                       |                |                |
|---------------------------------------|---|-----------------------|----------------|----------------|
|                                       | <b>12 months ended 31 December 2020 (unaudited)</b> |                       |                |                |
|                                       | <b>Chemical<br/>Cleaning</b>                        | <b>Heat Exchanger</b> | <b>Piping</b>  | <b>Total</b>   |
|                                       | <b>S\$'000</b>                                      | <b>S\$'000</b>        | <b>S\$'000</b> | <b>S\$'000</b> |
| <b>Timing of revenue recognition:</b> |   |                       |                |                |
| At a point in time                    | 2,233   | -                     | -              | 2,233          |
| Over time                             | -   | 14,451                | 4,097          | 18,548         |
|                                       | 2,233   | 14,451                | 4,097          | 20,781         |

*Segment assets*

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

*Segment liabilities*

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

**Geographical information**

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

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

**Information about major customer**

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

|            |                              | 6 months<br>ended<br>31 December<br>2021<br>(unaudited) | 6 months<br>ended<br>31 December<br>2020<br>(unaudited) | 12 months<br>ended<br>31 December<br>2021<br>(unaudited) | 12 months<br>ended<br>31 December<br>2020<br>(audited) |
|------------|------------------------------|---|---|--|--|
|            | <b>Attributable segments</b> | <b>S\$'000</b>  | <b>S\$'000</b>  | <b>S\$'000</b>   | <b>S\$'000</b>   |
| Customer A | Piping segment               | 2,658   | 1,447   | 5,262  | 2,766  |
| Customer B | Heat exchanger<br>segment    | 924   | 1,925   | 4,884  | 3,522  |
| Customer C | Heat exchanger<br>segment    | 1,982   | 4,892   | 2,960  | 5,217  |
|            |                              | <b>5,564</b>  | <b>8,264</b>  | <b>13,106</b>  | <b>11,505</b>  |

**5 Financial Assets and Financial Liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2021 and 31 December 2020:

|   | <b>The Group</b>                            |   | <b>The Company</b>                          |   |
|---|---|---|---|---|
|   | <b>As at<br/>31.12.2021<br/>(unaudited)</b> | <b>As at<br/>31.12.2020<br/>(audited)</b> | <b>As at<br/>31.12.2021<br/>(unaudited)</b> | <b>As at<br/>31.12.2020<br/>(audited)</b> |
|   | <b>S\$'000</b>                              | <b>S\$'000</b>                            | <b>S\$'000</b>                              | <b>S\$'000</b>                            |
| <b>Financial Assets</b>   |   |   |   |   |
| Cash and bank balances and<br>trade and other receivables<br>(Amortised cost) | 11,150                                      | 11,148                                    | 4,262                                       | 1,629                                     |
| <b>Financial Liabilities</b>  |   |   |   |   |
| Trade and other payables and<br>borrowings (Amortised cost)                   | 13,554                                      | 12,714                                    | 3,410                                       | 1,522                                     |

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**6 Other income**

|                                     | The Group                                   |   |  |  |
|-------------------------------------|---|---|--|--|
|                                     | 6 months ended 31 December 2021 (unaudited) | 6 months ended 31 December 2020 (unaudited) | 12 months ended 31 December 2021 (unaudited) | 12 months ended 31 December 2020 (audited) |
|                                     | S\$'000                                     | S\$'000                                     | S\$'000                                      | S\$'000                                    |
| Government grant income             | 554   | 1,441                                       | 1,096  | 2,467                                      |
| Sundry income                       | 9   | 85  | 19   | 111  |
| Net foreign exchange (loss)/ gain   | (28)  | (125)                                       | 67   | 10   |
| Gain on liquidation of a subsidiary | -   | 6   | -  | 6  |
|                                     | 535   | 1,407                                       | 1,182  | 2,594                                      |

**7 Finance costs**

|                          | The Group                                   |   |  |  |
|--------------------------|---|---|--|--|
|                          | 6 months ended 31 December 2021 (unaudited) | 6 months ended 31 December 2020 (unaudited) | 12 months ended 31 December 2021 (unaudited) | 12 months ended 31 December 2020 (audited) |
|                          | S\$'000                                     | S\$'000                                     | S\$'000                                      | S\$'000                                    |
| Interest on:             |   |   |  |  |
| - Term loans             | 178   | 168   | 342  | 324  |
| - Revolving credit loans | -   | -   | -  | 1  |
| - Lease liabilities      | 56  | 59  | 113  | 119  |
| - Others                 | 30  | 8   | 50   | 24   |
|                          | 264   | 235   | 505  | 468  |

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**8 Profit before tax**

**8.1 Significant items**

|  | The Group   |   |  |  |
|--|---|---|--|--|
|  | 6 months ended<br>31 December<br>2021<br>(unaudited)<br>S\$'000 | 6 months ended<br>31 December<br>2020<br>(unaudited)<br>S\$'000 | 12 months ended<br>31 December<br>2021<br>(unaudited)<br>S\$'000 | 12 months ended<br>31 December<br>2020<br>(audited)<br>S\$'000 |
| <b>Income</b>  |   |   |  |  |
| Interest income  | -   | -   | 9  | 8  |
| <b>Expenses</b>  |   |   |  |  |
| Interest on borrowings   | 178   | 168   | 342  | 324  |
| Depreciation of property,<br>plant and equipment<br>- Recognised in cost of<br>sales | 190   | 183   | 376  | 348  |
| - Recognised in<br>administrative<br>expenses  | 425   | 428   | 860  | 862  |

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**8.2 Related party transactions**

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

|   | <b>The Group</b>   |  |   |   |
|---|--|--|---|---|
|   | <b>6 months<br/>ended<br/>31 December<br/>2021<br/>(unaudited)<br/>S\$'000</b> | <b>6 months<br/>ended<br/>31 December<br/>2020<br/>(unaudited)<br/>S\$'000</b> | <b>12 months<br/>ended<br/>31 December<br/>2021<br/>(unaudited)<br/>S\$'000</b> | <b>12 months<br/>ended<br/>31 December<br/>2020<br/>(audited)<br/>S\$'000</b> |
| <b>With associated companies</b>                      |  |  |   |   |
| Purchases from  | 77   | 72   | 107   | 72  |
| <b>With non-controlling shareholder of subsidiary</b> |  |  |   |   |
| Dividend  | -  | 120  | 211   | 120   |
| <b>With shareholders</b>                              |  |  |   |   |
| Rendering of services                                 | 17   | 13   | 29  | 17  |
| Provision of consultancy services                     | 112  | 103  | 214   | 204   |



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**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 31 December 2021 (unaudited) | 6 months ended 31 December 2020 (unaudited) | 12 months ended 31 December 2021 (unaudited) | 12 months ended 31 December 2020 (audited) |
|  | S\$'000                                     | S\$'000                                     | S\$'000                                      | S\$'000                                    |
| Tax expense attributable to profit is made up of:        |   |   |  |  |
| - Under provision in respect of previous financial years | (60)  | (4)   | (59)   | (34)                                       |
| Deferred tax   | 4   | 4   | 8  | 8  |
| Withholding tax  | -   | 1   | -  | (4)  |
| Income tax (expense)/credit                              | (56)  | 1   | (51)   | (30)                                       |

The income tax applicable to the Company is 17% (2020: 17%). The corporate income tax rate applicable to the subsidiaries in Singapore and People's Republic of China are 17% (2020: 17%) and 25% (2020: 25%) respectively.

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

|   | The Group                              |                                      |
|---|--|--------------------------------------|
|   | 12 months ended 31.12.2021 (unaudited) | 12 months ended 31.12.2020 (audited) |
| Basic and diluted (loss) per ordinary share (Singapore cents) | (2.19)                                 | (0.03)                               |
| Weighted average number of ordinary shares in issue           | 122,959,345                            | 122,959,345                          |

Loss per ordinary share of the Group for each of 12 months ended 31 December 2021 ("FY2021") and 12 months ended 31 December 2020 ("FY2020") 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.

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**10 Earnings per share attributable to equity holders of the Company (cont'd)**

For FY2021 and FY2020, the basic and diluted loss per ordinary share of the Group were the same as the exercise of the outstanding share options were anti-dilutive in nature and there were no other potential dilutive ordinary shares in existence.

**11 Dividends**

In view of the Group's loss-making position for FY2021, no dividend has been declared or recommended by the Board of Directors for FY2021.

**12 Net Asset Value**

|   | Group               |                     | Company             |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | As at<br>31.12.2021 | As at<br>31.12.2020 | As at<br>31.12.2021 | As at<br>31.12.2020 |
|   | (unaudited)         | (audited)           | (unaudited)         | (audited)           |
| Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents) | 9.12                | 11.27               | 8.82                | 8.69                |

The net asset value per ordinary share of the Group and the Company as at 31 December 2021 and 31 December 2020 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 122,959,345.

**13 Property, plant and equipment**

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$46,000 (31 December 2020: S\$203,000) and disposed of assets amounting to S\$Nil (31 December 2020: S\$1,000).

As at 31 December 2021, the carrying amount of pledged property, plant and equipment to secure the bank borrowings was S\$3,121,000 (31 December 2020: S\$3,475,000); and the carrying amount of property, plant and equipment held under right-of-use assets were S\$1,012,000 (31 December 2020: S\$1,145,000).

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**14 Trade and other receivables**

|                                     | Group                              |                                  | Company                            |                                  |
|-------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                                     | As at<br>31.12.2021<br>(unaudited) | As at<br>31.12.2020<br>(audited) | As at<br>31.12.2021<br>(unaudited) | As at<br>31.12.2020<br>(audited) |
|                                     | S\$'000                            | S\$'000                          | S\$'000                            | S\$'000                          |
| <b>Trade receivables</b>            |                                    |                                  |                                    |                                  |
| Third parties                       | 6,494                              | 6,387                            | -                                  | -                                |
| Less: Allowance for impairment loss | (449)                              | (430)                            | -                                  | -                                |
|                                     | 6,045                              | 5,957                            | -                                  | -                                |
| <b>Other receivables</b>            |                                    |                                  |                                    |                                  |
| Subsidiaries                        | -                                  | -                                | 2,937                              | 1,259                            |
| Other receivables                   | 146                                | 354                              | -                                  | -                                |
| Grant receivable                    | -                                  | 185                              | -                                  | -                                |
| GST recoverable                     | 52                                 | 209                              | -                                  | -                                |
| Deposits                            | 234                                | 188                              | 8                                  | 7                                |
| Prepayments                         | 238                                | 188                              | 91                                 | 24                               |
| Advance payment to supplier         | 228                                | 618                              | -                                  | -                                |
|                                     | 898                                | 1,742                            | 3,036                              | 1,290                            |

Amount receivables from subsidiaries are unsecured, interest-free and repayable on demand.

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**15 Borrowings**

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

| <b>Group</b>                          |                  |                                       |                  |
|---------------------------------------|------------------|---------------------------------------|------------------|
| <b>As at 31.12.21<br/>(unaudited)</b> |                  | <b>As at 31.12.2020<br/>(audited)</b> |                  |
| <b>Secured</b>                        | <b>Unsecured</b> | <b>Secured</b>                        | <b>Unsecured</b> |
| <b>S\$'000</b>                        | <b>S\$'000</b>   | <b>S\$'000</b>                        | <b>S\$'000</b>   |
| 2,840                                 | -                | 1,670                                 | -                |

**Amount repayable after one year**

| <b>Group</b> |                                       |                  |                                       |                  |
|--------------|---------------------------------------|------------------|---------------------------------------|------------------|
| <b>D</b>     | <b>As at 31.12.21<br/>(unaudited)</b> |                  | <b>As at 31.12.2020<br/>(audited)</b> |                  |
|              | <b>Secured</b>                        | <b>Unsecured</b> | <b>Secured</b>                        | <b>Unsecured</b> |
|              | <b>S\$'000</b>                        | <b>S\$'000</b>   | <b>S\$'000</b>                        | <b>S\$'000</b>   |
|              | 7,483                                 | -                | 8,358                                 | -                |

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

| <b>Company</b>                        |                  |                                       |                  |
|---------------------------------------|------------------|---------------------------------------|------------------|
| <b>As at 31.12.21<br/>(unaudited)</b> |                  | <b>As at 31.12.2020<br/>(audited)</b> |                  |
| <b>Secured</b>                        | <b>Unsecured</b> | <b>Secured</b>                        | <b>Unsecured</b> |
| <b>S\$'000</b>                        | <b>S\$'000</b>   | <b>S\$'000</b>                        | <b>S\$'000</b>   |
| 812                                   | -                | -                                     | -                |

**Amount repayable after one year**

| <b>Company</b>                        |                  |                                       |                  |
|---------------------------------------|------------------|---------------------------------------|------------------|
| <b>As at 31.12.21<br/>(unaudited)</b> |                  | <b>As at 31.12.2020<br/>(audited)</b> |                  |
| <b>Secured</b>                        | <b>Unsecured</b> | <b>Secured</b>                        | <b>Unsecured</b> |
| <b>S\$'000</b>                        | <b>S\$'000</b>   | <b>S\$'000</b>                        | <b>S\$'000</b>   |
| 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 by the Company.

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**16 Trade and other payables**

|  | Group               |                     | Company             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at<br>31.12.2021 | As at<br>31.12.2020 | As at<br>31.12.2021 | As at<br>31.12.2020 |
|  | (unaudited)         | (audited)           | (unaudited)         | (audited)           |
|  | S\$'000             | S\$'000             | S\$'000             | S\$'000             |
| <b>Trade payables</b>                          |                     |                     |                     |                     |
| Third parties                                  | 1,051               | 1,278               | -                   | -                   |
| <b>Other payables</b>                          |                     |                     |                     |                     |
| Subsidiaries                                   | -                   | -                   | -                   | 69                  |
| Non-controlling shareholder<br>of a subsidiary | -                   | 120                 | -                   | -                   |
| Accruals                                       | 1,454               | 1,127               | 293                 | 226                 |
| Other payables                                 | 726                 | 162                 | 65                  | 15                  |
| GST payables                                   | 156                 | 213                 | 79                  | 31                  |
| Advances from customer                         | -                   | 4                   | -                   | -                   |
| Deferred grant income                          | -                   | 185                 | -                   | -                   |
|  | 2,336               | 1,811               | 437                 | 341                 |

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 31 December 2021             |                                   | As at 31 December 2020             |                                   |
|   | Number of<br>issued shares<br>'000 | Total share<br>capital<br>S\$'000 | Number of<br>issued shares<br>'000 | Total share<br>capital<br>S\$'000 |
| <u>Issued and fully paid up</u>         |                                    |                                   |                                    |                                   |
| At the beginning and end of<br>the 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 30 June 2021.

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

As at 31 December 2021, 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 31 December 2021) in the capital of the Company (31 December 2020: 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 31 December 2020).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 31 December 2021 and 31 December 2020.

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 31 December 2021.

**18 Subsequent events**

On 29 December 2021, the Group's wholly-owned subsidiary, Heatec Jietong Pte. Ltd., has entered into sale and purchase agreements to purchase an aggregate of 30,000 ordinary shares representing 30% of the issued share capital of Chem-Grow Engineering Pte. Ltd. and 114,000 ordinary shares representing 30% of the issued share capital of Chem Grow Pte. Ltd. (the "**Target Companies**") (the "**Acquisitions**"). The transfer of the aforesaid shares in the Target Companies will be completed by 2Q2022. Following the completion of the Acquisitions, the Target Companies shall become indirect wholly-owned subsidiaries of the Company. An announcement in respect of the completion of the Acquisitions will also be released to update shareholders.

A copy of the announcement dated 29 December 2021 is available on the website of the Singapore Exchange Securities Trading Limited at [www.sgx.com](http://www.sgx.com). Shareholders are advised to refer to the full text of the announcement.

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**F Management's 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 31 December 2021 ("2H2021") vs six-month financial period ended 31 December 2020 ("2H2020")**

**Revenue**

Revenue decreased by 32% or S\$3.8 million, from S\$11.9 million in 2H2020 to S\$8.1 million in 2H2021. The decrease was due to fewer projects in the Heat Exchanger segment, which reported a 63% decrease in revenue from S\$8.8 million in 2H2020 to S\$3.2 million in 2H2021. The decrease was partially offset by an increase in revenue from Piping and Chemical Cleaning segments, which reported a 54% increase in aggregate revenue, from S\$3.1 million in 2H2020 to S\$4.8 million in 2H2021.

**Operating Results**

The Group recorded a lower gross profit margin of 13.2% in 2H2021, as compared to 17.2% in 2H2020. This was mainly due to higher cost of materials and an increase in manpower costs due to the border restrictions imposed by governments in response to the COVID-19 pandemic.

Other income decreased by 62% or S\$0.9 million, from S\$1.4 million in 2H2020 to S\$0.5 million in 2H2021, mainly due to the decrease in support grants received from the Singapore government as a result of the COVID-19 pandemic in 2H2021, as compared to 2H2020.

Administrative expenses increased by 25% or S\$0.8 million, from S\$3.1 million in 2H2020 to S\$3.9 million in 2H2021 mainly due to higher expenses incurred in 2H2021.

Other operating expenses incurred in 2H2021 was mainly for write-off of property, plant and equipment of S\$0.2 million.

Less impairment losses on financial assets were incurred in 2H2021, mainly due to fewer customers which needed to be provided for provision for doubtful debts.

Finance costs remained stable at S\$0.2 million for both 2H2021 and 2H2020.

Depreciation expenses remained stable at S\$0.6 million for both 2H2021 and 2H2020.

Overall, the Group made a net loss of S\$2.8 million in 2H2021, as compared to a net profit of S\$0.05 million in 2H2020.

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## **2 Review of Statement of Financial Position**

### **Non-Current Assets**

The Group's non-current assets decreased by 11% or S\$1.2 million, from S\$11.0 million as at 31 December 2020 to S\$9.8 million as at 31 December 2021. The decrease was mainly due to depreciation charges of property, plant and equipment incurred in the twelve months ended 31 December 2021 ("FY2021").

### **Current Assets**

The Group's current assets decreased by 10% or S\$1.9 million, from S\$19.3 million as at 31 December 2020 to S\$17.4 million as at 31 December 2021. The decrease was mainly due to decrease in inventories, contract assets, other receivables and partially offset by an increase in trade receivables.

Other receivables decreased mainly due to decrease in advance payment to supplier of S\$0.4 million and grant receivable of S\$0.2 million. Contract assets and inventories decreased by an aggregate of S\$1.2 million. Trade receivables increased by S\$0.09 million.

### **Non-Current Liabilities**

The Group's non-current liabilities decreased by 10% or S\$0.9 million, from S\$8.7 million as at 31 December 2020 to S\$7.8 million as at 31 December 2021, mainly due to repayment of loan in FY2021.

### **Current Liabilities**

The Group's current liabilities increased by 11% or S\$0.6 million, from S\$5.7 million as at 31 December 2020 to S\$6.3 million as at 31 December 2021. The increase was mainly due to an increase in borrowings of S\$1.2 million and other payables of S\$0.5 million, partially offset by a decrease in contract liabilities of S\$0.9 million and trade payables of S\$0.2 million.

Borrowings increased mainly due to increase in temporary bridging loans of S\$2.0 million and were offset by repayment of borrowings of S\$1.0 million.

Contract liabilities decreased by S\$0.9 million mainly due to the completion of several major projects in the Heat Exchanger segment.

### **Working Capital Position**

The Group reported a positive working capital position of S\$11.1 million as at 31 December 2021, as compared to S\$13.6 million as at 31 December 2020.



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**3 Review of Statement of Cash Flows**

In FY2021, the Group recorded net cash generated from operating activities of S\$0.6 million, which was mainly a result of operating cash inflows before changes in working capital of S\$0.7 million. This was mainly due to the decrease in trade and other payables and contract liabilities of S\$0.6 million and partially offset by an increase in trade and other receivables and contract assets of S\$0.4 million and inventories of S\$0.1 million.

Net cash used in investing activities of S\$0.2 million in FY2021, was mainly due to the purchase of property, plant and equipment.

Net cash generated from financing activities of S\$0.5 million in FY2021 was mainly due to the net proceeds from temporary bridging loans of S\$2.0 million, and the decrease in pledged fixed deposit of S\$0.8 million, partially offset by interest paid of S\$0.5 million, repayments of borrowings of S\$1.6 million and dividend payment of S\$0.2 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows increased by S\$0.9 million, from S\$3.8 million as at 31 December 2020 to S\$4.7 million as at 31 December 2021.

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#### **4 Future Prospects**

As previously announced in the Group's results announcement for FY2020 and 1H2021, a work order secured by one of the Group's subsidiaries to supply labour for a client's projects had been progressing well due to relaxation of travel restrictions and entry of workers.

In FY2021, however, we made a provision for liquidated damages of about S\$1.4 million for late deliveries of certain projects secured in FY2020. These projects were materially impacted by the lack of foreign workers as a result of border restrictions and slowdown in the grant of requisite work permits due to the ongoing COVID-19 pandemic.

Looking ahead, we expect the overall global business environment in an increasingly COVID-endemic world to remain challenging.

Notwithstanding the tight labour situation in Singapore, we remain cautiously optimistic about the prospects of the floating production storage and offloading (FPSO) market and will continue to actively seek out new opportunities in this segment by tapping on our solid track record and strong reputation as a one-stop heat exchanger solutions provider. The Group is also looking for inorganic growth through synergistic and complementary opportunities.

As announced previously, in June 2020, the Company's wholly-owned subsidiary, JJY Engineering & Construction Pte. Ltd. ("JJY") received a letter of demand (the "**Letter of Demand**") from the solicitors representing the non-related owners (the "**Vessel Owners**") of a certain vessel (the "**Vessel**"), which was located at a shipyard where JJY was performing relevant works (the "**Shipyard**"). JJY was engaged by the owner of the Shipyard (the "**Shipyard Owner**"), pursuant to a contract entered into between JJY and the Shipyard Owner, to carry out certain works (the "**Works**") on the Vessel, while the Vessel was docked at the Shipyard.

As at the date of this announcement, the Vessel Owners, Shipyard Owner and JJY are in advanced stages of settlement negotiations. Based on the settlement negotiations to date, the Group expects the settlement amount to be within the insurance coverage pursuant to the Group's insurance policies. Accordingly, the directors are of the view that no material losses have arisen in respect of the claims in relation to the Works (the "**Claims**") as at the date of these financial statements and therefore, no provision for any liability in respect of the Claims has been made in these financial statements. The Company will update shareholders and potential investors of the Company on any further material development on the Letter of Demand and/or the Claims by way of further announcement(s) as and when necessary.

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

**1 Review**

The condensed consolidated statement of financial position of Heatec Jietong Holdings Limited and its subsidiaries as at 31 December 2021 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-month period ended 31 December 2021 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 2020 are 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 the section entitled "Management's Discussion and Analysis – Financial Review".

**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 the section entitled "Management's Discussion and Analysis – Future Prospects".

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**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 FY2021.

**(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 FY2021, no dividend has been declared or recommended by the Board of Directors for FY2021.

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

The Group has not obtained a general mandate from shareholders for interested person transactions.

The aggregate value of interested person transactions entered into during FY2021 is as follows:

| Name of Interested Person   | Nature of Relationship  | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders’ mandate pursuant to Rule 920)<br>S\$’000 | Aggregate value of all interested person transactions conducted under Shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)<br>S\$’000 |
|---|---|---|---|
| <u>Provision of consultancy services and allowances by the following consultants:</u><br><br>Soon Yeow Kwee Johnny<br><br>Yong Yeow Sin | Executive Chairman of the board of directors, a controlling shareholder of the Company and father of Soon Jeffrey (Executive Director and Chief Executive Officer of the Company)<br><br>A controlling shareholder of the Company | 214 <sup>(1)</sup>  | -   |

**Note:**

(1) Fees paid by the Group to the consultants are disclosed as an aggregate sum, rather than on an individual basis, as the Board is of the view that disclosure of the latter may affect the working relationships amongst the stakeholders and contributions by the consultants in relation to the operations of the Group.

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**8 A breakdown of sales**

|  | Group  |  | Increase/<br>(Decrease)<br>% |
|--|--|--|------------------------------|
|  | 12 months ended<br>31 December 2021<br>(unaudited) | 12 months ended<br>31 December 2020<br>(audited) |                              |
|  | S\$'000  | S\$'000  |                              |
| (a) Sales reported for first half year   | 14,251   | 8,886  | 60                           |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year         | 158  | 147  | 7                            |
| (c) Sales reported for second half year  | 8,062  | 11,895   | (32)                         |
| (d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year | (2,827)  | 48   | NM                           |

NM denotes not meaningful

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

| <b>Name</b>    | <b>Age</b> | <b>Family relationship with any director, chief executive officer and/or substantial shareholder</b>  | <b>Current position and duties, and the year the position was first held</b>  | <b>Details of changes in duties and position held, if any, during the year</b> |
|----------------|------------|---|---|--|
| Soon Jenson    | 42         | Brother of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company | Group General Manager (Operation) since 1 January 2016.<br><br>Responsible for the overall supervision and management of the Group's Engineering & operations include oversight of quality control and the adherence to Health and Safety Policy. | No change  |
| Yong Chin Seng | 42         | Son of Mr Yong Yeow Sin, a substantial shareholder of the Company   | Assistant General Manager of Chem-Grow Pte. Ltd. since 1 January 2021.<br><br>Responsible for sourcing of new clients, sales administrative and sales management for the chemical cleaning segment of the Company.                                | No change  |

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**9 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Catalist Rules. (Cont'd)**

| Name           | Age | Family relationship with any director, chief executive officer and/or substantial shareholder  | Current position and duties, and the year the position was first held   | Details of changes in duties and position held, if any, during the year |
|----------------|-----|--|---|---|
| Sim Mong Choon | 66  | Uncle of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and brother-in-law of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company | Administrative & Logistics Manager of Heatec Jietong Pte. Ltd. since 1998.<br><br>Responsible for admin, IT and transportation. | No change   |

**10 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.

**11 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable as the Company did not declare and pay dividends for FY2020 and FY2021.

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

There were no acquisitions or realisation of shares thereby resulting (i) in a change in the shareholding percentage in any subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during 2H2021. No new subsidiary or associated company was incorporated by the Group during 2H2021.



**HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES**  
**Condensed Interim Financial Statements Announcement**  
**For the Six Months and Full Year ended 31 December 2021**

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

Soon Jeffrey  
Executive Director and Chief Executive Officer

Singapore, 28 February 2022