

(Company Registration No. 200717808Z)

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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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Unaudited Financial Statements for the Financial Year Ended 31 December 2017

(Company Registration No. 200717808Z)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Full Year Ended 31.12.2017 (unaudited) S\$'000	Full Year Ended 31.12.2016 (audited) S\$'000	Increase/ (Decrease) %
Group			
Revenue	20,971	30,161	(30)
Cost of sales	(15,558)	(19,801)	(21)
Gross profit	5,413	10,360	(48)
Other income	398	493	(19)
Expenses			
Administrative expenses	(8,335)	(9,059)	(8)
Other expenses	(1,423)	(463)	n.m.
Share of (loss)/profit of associates	(216)	20	n.m.
Finance costs	(186)	(233)	(20)
(Loss)/Profit before income tax	(4,349)	1,118	n.m.
Income tax expense	(249)	(307)	(19)
(Loss)/Profit for the year	(4,598)	811	n.m.
(Loss)/Profit attributable to :			
Owners of the Company	(4,612)	810	n.m.
Non-controlling interests	14	1	n.m.
	(4,598)	811	n.m.

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

	Full Year Ended 31.12.2017 (unaudited) Singapore Cents	Full Year Ended 31.12.2016 (audited) Singapore Cents	Increase/ (Decrease) %
Group			
Basic and diluted	(3.75)	0.66	n.m.

n.m. denotes not meaningful

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- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Statement of Comprehensive Income for Full Year Ended 31 December 2017

	Full Year Ended 31.12.2017 (unaudited)	Full Year Ended 31.12.2016 (audited)	Increase/ (Decrease)
<u>Group</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
(Loss)/Profit for the year	(4,598)	811	n.m.
Other comprehensive loss:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation surplus of plant and equipment	28	-	n.m.
Income tax relating to revaluation surplus of plant and equipment	(5)	-	n.m.
	23	-	n.m.
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(50)	(152)	(67)
Total comprehensive (loss)/income for the year, net of tax	(4,625)	659	n.m.
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(4,639)	658	n.m.
Non-controlling interests	14	1	n.m.
Total comprehensive (loss)/income for the year	(4,625)	659	n.m.

n.m. denotes not meaningful

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1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

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

	Full Year Ended 31.12.2017 (unaudited) S\$'000	Full Year Ended 31.12.2016 (audited) S\$'000	Increase/ (Decrease) %
Group			
Depreciation of property, plant and equipment ⁽¹⁾	1,036	987	5
Directors' remuneration of the Company	424	397	7
Employee benefits expense (including directors' remuneration) ⁽²⁾	15,741	17,263	(9)
Cost of defined contribution plans (included in employee benefits expense)	450	492	(9)
Cost of inventories recognised as expense	2,544	2,514	1
Gain on disposal of plant and equipment	(13)	(6)	n.m.
Plant and equipment written off	8	22	(64)
(Reversal of)/Allowance for doubtful debts	(151)	373	n.m.
Allowance for sales discount	172	58	n.m.
Interest income	(3)	(12)	(75)
Net foreign exchange loss	90	40	n.m.
Loss on disposal of available-for-sale investment	-	2	n.m.
Share-based payment expenses (included in employee benefits expense)	42	83	(49)
Fair value adjustment of trade receivables	-	(50)	n.m.
Loss on liquidation of a subsidiary	997	-	n.m.
Loss on revaluation of plant and equipment	320	-	n.m.

Notes:

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

⁽²⁾ Employee benefits expense amounting to S\$5.12 million (FY2016: S\$5.59 million) is included in administrative expenses.

n.m. denotes not meaningful

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1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,508	12,107	5,243	5,642
Subsidiaries	-	-	6,624	6,624
Associates	276	260	-	-
Goodwill	288	288	-	-
Deferred tax assets	-	234	-	-
Total non-current assets	12,072	12,889	11,867	12,266
Current assets				
Inventories	556	671	-	-
Trade and other receivables	15,924	18,151	2,543	4,287
Cash and bank balances	2,601	3,872	40	42
Total current assets	19,081	22,694	2,583	4,329
Total assets	31,153	35,583	14,450	16,595
EQUITY AND LIABILITIES				
Capital, reserves and non-controlling interests				
Share capital	11,555	11,555	11,555	11,555
Reserves	(3,737)	(3,648)	99	83
Retained earnings	11,677	16,407	547	637
Equity attributable to owners of the Company	19,495	24,314	12,201	12,275
Non-controlling interests	2,295	1,328	-	-
Total equity	21,790	25,642	12,201	12,275

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1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (Cont'd)

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Bank loans	1,363	1,959	-	-
Finance leases	94	294	-	-
Deferred tax liabilities	382	398	-	-
Total non-current liabilities	1,839	2,651	-	-
Current liabilities				
Bank loans	3,523	3,574	-	-
Trade and other payables	3,768	3,390	2,249	4,320
Current portion of finance leases	200	283	-	-
Income tax payable	33	43	-	-
Total current liabilities	7,524	7,290	2,249	4,320
Total equity and liabilities	31,153	35,583	14,450	16,595

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

Amount repayable in one year or less, or on demand

Group			
As at 31.12.2017 (unaudited)		As at 31.12.2016 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,723	-	3,857	-

Amount repayable after one year

Group			
As at 31.12.2017 (unaudited)		As at 31.12.2016 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,457	-	2,253	-

Details of any collateral

- (a) Bank overdraft facilities, which have not been utilised as at 31 December 2017, are repayable on demand and secured by a charge over the following:
- (i) legal mortgage over the Group's leasehold property; and
 - (ii) pledge of certain fixed deposits.
- (b) The bank loans are secured by:
- (i) a first legal mortgage over the Group's leasehold property;
 - (ii) pledge of certain fixed deposits; and
 - (ii) corporate guarantees by a subsidiary and the Company.
- (c) The revolving credit facility is repayable on demand and is secured by:
- (i) a first legal mortgage over the Group's leasehold property; and
 - (ii) a corporate guarantee by the Company.
- (d) The finance leases are secured by the lessor's title to the leased assets and corporate guarantees by the Company.

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1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Full Year Ended 31.12.2017 (unaudited) S\$'000	Full Year Ended 31.12.2016 (audited) S\$'000
Operating activities		
(Loss)/Profit before income tax	(4,349)	1,118
Adjustments for:		
Interest income	(3)	(12)
Interest expenses	186	233
Dividend income from available-for-sale investment	-	(1)
(Reversal of)/Allowance for doubtful debts	(151)	373
Allowance for sales discount	172	58
Depreciation of property, plant and equipment	1,036	987
Plant and equipment written off	8	22
Gain on disposal of plant and equipment	(13)	(6)
Share of loss/(profit) of associates	216	(20)
Loss on disposal of available-for-sale investment	-	2
Share-based payment expenses	42	83
Fair value adjustment of trade receivables	-	(50)
Loss on revaluation of plant and machineries	320	-
Loss on liquidation of a subsidiary	997	-
Unrealised exchange differences	(40)	(100)
Operating cash flows before movements in working capital	(1,579)	2,687
Change in operating assets and liabilities		
Trade and other receivables	2,102	1,787
Inventories	115	54
Trade and other payables	411	(1,741)
Cash generated from operations	1,049	2,787
Interest received	3	12
Interest paid	(186)	(233)
Income tax paid	(64)	(42)
Net cash from operating activities	802	2,524

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1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Full Year Ended 31.12.2017 (unaudited) S\$'000	Full Year Ended 31.12.2016 (audited) S\$'000
Group		
Investing activities		
Purchase of plant and equipment [Note A]	(735)	(347)
Investment in an associate	(250)	-
Proceeds from disposal of:		
- plant and equipment	14	6
- available-for-sale investment	-	264
Dividend received from:		
- an associate	17	13
- available-for-sale investment	-	1
Net cash used in investing activities	(954)	(63)
Financing activities		
Decrease/(Increase) in pledged fixed deposit	430	(10)
Dividend paid to non-controlling shareholders	(44)	(20)
Dividend paid to equity holders of the Company	(246)	-
Capital injection from non-controlling shareholders [Note B]	104	20
Proceeds from:		
- bank loan	-	2,300
- revolving credit line	-	2,828
Repayment of:		
- bank loan	(586)	(2,355)
- finance lease	(283)	(261)
- revolving credit line	(107)	-
Proceed from/(Repayment of) trade financing loan	46	(1,590)
Net repayment of factoring loan	-	(1,045)
Net cash used in financing activities	(686)	(133)
Net (decrease)/increase in cash and cash equivalents	(838)	2,328
Cash and cash equivalents at beginning of financial year	3,442	1,125
Effects of exchange rate changes on cash and cash equivalents	(3)	(11)
Cash and cash equivalents at end of financial year	2,601	3,442

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1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Group	Full Year Ended 31.12.2017 (unaudited) S\$'000	Full Year Ended 31.12.2016 (audited) S\$'000
Comprising:		
Cash at bank	2,155	3,442
Fixed deposits	446	430
Sub-total	2,601	3,872
Fixed deposit pledged as a collateral for overdraft loan	-	(430)
Cash and cash equivalents as per consolidated statement of cash flows	2,601	3,442

Note A : The Group acquired plant and equipment with an aggregate cost of S\$0.74 million (FY2016: S\$0.53 million) of which S\$0.74 million (FY2016: S\$0.35 million) was paid in cash and S\$ Nil (FY2016: S\$0.18 million) was acquired by means of finance lease.

Note B : The non-controlling shareholders of subsidiaries contributed cash amounting to S\$104,000 (FY2016: S\$ Nil) for the incorporation of subsidiaries. As at 31 December 2017, S\$4,000 (FY2016: S\$8,000) remained outstanding from these non-controlling shareholders.

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

- 1(e) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Revaluation reserve	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	11,555	87	221	(125)	(3,914)	83	16,407	24,314	1,328	25,642
Total comprehensive income for the year:										
Loss for the year	-	-	-	-	-	-	(4,612)	(4,612)	14	(4,598)
Other comprehensive loss for the year	-	23	-	(50)	-	-	24	(3)	-	(3)
Total	-	23	-	(50)	-	-	(4,588)	(4,615)	14	(4,601)
Transfer	-	(78)	-	-	-	-	78	-	-	-
Transactions with owners, recognised directly in equity:										
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	997	997
Employee Share Option Scheme	-	-	-	-	-	16	26	42	-	42
Dividends	-	-	-	-	-	-	(246)	(246)	(44)	(290)
Total	-	(78)	-	-	-	16	(142)	(204)	953	749
Balance at 31 December 2017	11,555	32	221	(175)	(3,914)	99	11,677	19,495	2,295	21,790

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

- 1(e) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

	Share capital	Revaluation reserve	Other reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
Group (audited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	11,555	87	221	26	(3,914)	-	15,597	23,572	1,248	24,820
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	810	810	1	811
Other comprehensive loss for the year	-	-	-	(151)	-	-	-	(151)	-	(151)
Total	-	-	-	(151)	-	-	810	659	1	660
Transactions with owners, recognised directly in equity:										
Employee Share Option Scheme	-	-	-	-	-	83	-	83	-	83
Capital injection	-	-	-	-	-	-	-	-	99	99
Dividends	-	-	-	-	-	-	-	-	(20)	(20)
Total	-	-	-	-	-	83	-	83	79	162
Balance at 31 December 2016	11,555	87	221	(125)	(3,914)	83	16,407	24,314	1,328	25,642

- 1(e) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)**

	Share capital	Share options reserve	Retained Earnings	Total
Company (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	11,555	83	637	12,275
Profit for the year, representing total comprehensive income for the year	-	-	130	130
Transactions with owners, recognised directly in equity:				
Employee Share Option Scheme	-	16	26	42
Dividend paid	-	-	(246)	(246)
Balance at 31 December 2017	11,555	99	547	12,201

	Share capital	Share options reserve	Retained Earnings	Total
Company (audited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	11,555	-	598	12,153
Profit for the year, representing total comprehensive income for the year	-	-	39	39
Employee Share Option Scheme, representing total transactions with owners, recognised directly in equity	-	83	-	83
Balance at 31 December 2016	11,555	83	637	12,275

- 1(f) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

	Company	
	No. of shares	Resultant issued and paid-up share capital (\$\$)
<u>Ordinary shares</u>		
Balance as at 30 June 2017 and 31 December 2017	122,959,345	11,554,627

- 1(g) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 31 December 2017, there were 4,800,000 outstanding share options under the Heatec Employee Share Scheme that may be exercised into 4,800,000 new ordinary shares in the capital of the Company (31 December 2016: 5,800,000 outstanding share options).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 31 December 2017 and 31 December 2016.

- (a) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	31.12.2017	31.12.2016
Total number of issued shares excluding treasury shares	122,959,345	122,959,345

There were no treasury shares as at 31 December 2017 and 31 December 2016.

(b) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have treasury shares during and as at the end of the financial year ended 31 December 2017 ("FY2017").

(c) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have subsidiary holdings during and as at the end of FY2017.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed by Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5, the accounting policies and methods of computation applied by the Group for the financial statements for the current financial year reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2016 ("FY2016").

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted the new or revised Financial Reporting Standard ("FRS") and the interpretation of FRS ("IFRS") that become effective for the entities with their financial periods commencing 1 January 2017. The adoption of the new and revised FRS and IFRS has no material impact on the unaudited financial statements for FY2017.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends. (Cont'd)

	Group	
	Full Year Ended	Full Year Ended
	31.12.2017	31.12.2016
	(unaudited)	(audited)
Basic and diluted (loss)/earnings per ordinary share (Singapore cents)	(3.75)	0.66
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

(Loss)/Earnings per ordinary share of the Group for FY2017 and FY2016 are calculated based on net (loss)/profit attributable to owners of the Company for the respective financial years divided by the weighted average number of ordinary shares in issue during the respective financial years.

For FY2017, the basic and diluted (loss)/earnings per ordinary share were the same as the exercise of the outstanding share options were anti-dilutive in nature. There were no potentially dilutive ordinary shares in existence during the previous corresponding financial year.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at	As at	As at	As at
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	15.85	19.77	9.92	9.98

The net asset value per ordinary share of the Group and the Company as at 31 December 2017 and 31 December 2016 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 122,959,345.

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

8(a) Income Statement

The Group has made a net loss attributable to owners of the Company of S\$4.61 million for FY2017 amid continued weak market conditions.

(i) Revenue

Revenue decreased by 30% from S\$30.16 million in FY2016 to S\$20.97 million in FY2017. The decrease was mainly due to lower contributions from the Heat Exchanger segment which reported a 41% decline in revenue, from S\$14.72 million in FY2016 to S\$8.69 million in FY2017. The decline was due to the continued slowdown in the Marine and Offshore Engineering sector affected by the Oil and Gas industry, which resulted in lower work orders and projects in FY2017.

The Chemical Cleaning segment was also affected by the slowdown in the Marine and Offshore Engineering sector in Singapore, and reported a decline in revenue by 12% from S\$3.14 million in FY2016 to S\$2.77 million in FY2017.

Furthermore, there was a noticeable decrease in piping orders mainly from the shipyards which resulted in the Piping segment reporting a 23% decline in revenue, from S\$12.30 million in FY2016 to S\$9.52 million in FY2017.

(ii) Operating Results

Overall profitability

The Group recorded a gross profit margin of 26% for FY2017 amid continued weak market conditions, as compared to 34% for FY2016.

Other significant factors that affected the Group's profitability were:

8(a) Income Statement (cont'd)

1. The Group recorded lower other operating income of S\$0.40 million in FY2017, as compared to S\$0.49 million in FY2016, mainly due to a decrease in other non-business income.
2. The Group continued its efforts to monitor and review operating costs closely. The Group's administrative expenses decreased by S\$0.72 million or 8%, from S\$9.06 million in FY2016 to S\$8.34 million in FY2017.
3. The Group recorded higher other operating expenses of S\$1.42 million in FY2017, as compared to S\$0.46 million in FY2016, mainly due to a loss on liquidation of S\$1 million upon winding up of Heatec Chariot Envirobotics Pte. Ltd., a 72.5%-owned subsidiary of the Company as announced previously on 11 August 2017.
4. The Group recorded a loss of S\$0.22 million from its share of associates' results in FY2017 due to its share of accumulated and current losses in Ipromar (Pte) Ltd. of which the Company holds a 25% interest.

Finance costs

The Group's finance costs decreased by 20% or S\$47,000 in FY2017, as compared to FY2016. The decrease in finance costs was in tandem with the decrease in bank loans.

Income tax expense

The income tax expense amounted to S\$0.25 million in FY2017, as compared to S\$0.31 million in FY2016, mainly due to a reversal of previously recognised deferred tax asset of S\$0.23 million.

8(b) Statement of financial position

The Group's working capital and net assets decreased in line with the losses incurred in FY2017. As at 31 December 2017, the Group recorded positive working capital of S\$11.56 million and the net asset value stood firm at 15.85 cents per share.

(i) Non-current assets

Property, plant and equipment decreased from S\$12.11 million as at 31 December 2016 to S\$11.51 million as at 31 December 2017. The decrease was mainly due to depreciation

8(b) Statement of financial position (cont'd)

charge of S\$1.04 million, partially offset by new purchases of plant and equipment amounting to S\$0.74 million.

Deferred tax assets decreased by S\$0.23 million due to a reversal of previously recognised tax losses.

Save for the above, non-current assets of the Group remained relatively stable as at 31 December 2017, as compared to 31 December 2016.

(ii) Current assets

Trade and other receivables decreased by 12% or S\$2.23 million, from S\$18.15 million as at 31 December 2016 to S\$15.92 million as at 31 December 2017. The decrease in trade and other receivables was due to the decrease in revenue in FY2017.

Inventories decreased by 17% or S\$0.11 million, from S\$0.67 million as at 31 December 2016 to S\$0.56 million as at 31 December 2017, mainly due to lower levels of purchases in second half of FY2017.

Cash and bank balances decreased by 33% or S\$1.27 million, from S\$3.87 million as at 31 December 2016 to S\$2.60 million as at 31 December 2017. Please refer to the "Statement of cash flows" below for the reasons for the decrease.

(iii) Current liabilities

The Group's current portion of bank loans remained relatively stable at S\$3.52 million as at 31 December 2017, as compared to S\$3.57 million as at 31 December 2016, with the slight decrease due to repayment of bank loans.

Trade and other payables increased by 11% or S\$0.38 million, from S\$3.39 million as at 31 December 2016 to S\$3.77 million as at 31 December 2017. The increase was partly due to an increase in purchases during the last quarter of FY2017 for new projects.

The decrease in income tax payable by 23% or S\$10,000 was mainly due to tax payments made.

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

The non-current portion of bank loans decreased from S\$1.96 million as at 31 December 2016 to S\$1.36 million as at 31 December 2017, due mainly to repayment of existing banking facilities and reclassification of non-current portion of bank loans from non-current liabilities to current liabilities.

The non-current portion of finance leases decreased from S\$0.29 million as at 31 December 2016 to S\$0.09 million as at 31 December 2017, due mainly to reclassification of non-current portion of finance leases from non-current liabilities to current liabilities.

8(c) Statement of cash flows

The Group's cash and cash equivalents as per consolidated statement of cash flows was lower at S\$2.60 million in FY2017, as compared to S\$3.44 million in FY2016.

The net decrease in cash and cash equivalents of S\$0.84 million for FY2017 was mainly due to the following:

- (i) net cash outflow of S\$0.69 million used in financing activities, which comprised dividend of S\$0.25 million paid to equity holders of the Company, repayment of bank loans of S\$0.59 million, repayment of revolving credit line of S\$0.11 million and repayment of finance leases of S\$0.28 million, partially offset by decrease in pledged fixed deposits of S\$0.43 million and capital injection from non-controlling shareholders of subsidiaries of S\$0.10 million;
- (ii) net cash outflow of S\$0.95 million used in investing activities was mainly due to capital expenditure of S\$0.74 million to facilitate the Group's operations and investment in an associate of S\$0.25 million; and
- (iii) net cash inflow of S\$0.80 million generated from operating activities was mainly due to more effective receivables management as reflected in the S\$2.10 million cash inflow generated from the decrease in trade and other receivables, despite negative operating cash flows of S\$1.58 million before movements in working capital.

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

The unaudited financial results for FY2017 set out in this announcement are in line with the profit guidance announcement released by the Company on 25 January 2018.

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

During FY2017, oil prices had recovered to above US\$50 per barrel. The overall market sentiments has been improving in the Marine and Offshore Engineering sector. In the event of an uplift, the Group believes our market branding and expertise will put us in a favourable position to benefit from higher demand for our products and services.

The Company had, on 15 September 2017 and 6 December 2017, announced new contracts under its heat exchanger business segment, in aggregate contract value of approximately S\$7.7 million. The Group is building on this positive momentum and to secure more orders to further strengthen its order book.

The Group will continue to focus on strengthening its core businesses in Singapore through seeking strategic alliances with local partners, while exploring new markets and opportunities in other target markets in the Asia Pacific region.

11 Dividend

(a) Current Financial Period Reported On

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

No dividend has been declared or recommended for FY2017.

(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) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for FY2017.

13 If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The aggregate value of interested person transactions entered into during FY2017 is as follows:-

Name of Interested Person	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) S\$'000	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Soon Yeow Kwee Johnny, Yong Li Vien and Yong Yeow Sin - Provision of consultancy services and allowances	357 ⁽¹⁾	-

Note:

- (1) Comprised fees payable to Mr Soon Yeow Kwee Johnny and Mr Yong Yeow Sin for FY2017, and Mr Yong Li Vien for the period from 1 January 2017 up to 28 August 2017 (the date which Mr Yong Li Vien ceased to be a controlling shareholder of the Company).

In 2017, each of Mr Soon Yeow Kwee Johnny, Mr Yong Li Vien and Mr Yong Yeow Sin (the "**Consultants**") is a controlling shareholder of the Company and hence, each of them is considered an interested person to the Company under the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). On 28 August 2017, Mr Yong Li Vien ceased to be a controlling shareholder of the Company and retired as one of the Group's Consultants on 20

January 2018. Fees paid by the Group to the Consultants are disclosed as an aggregate sum, rather than on an individual basis, as the Board of Directors 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.

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

For management purpose, the Group is currently organised into the following four operating segments – piping, heat exchanger, chemical cleaning and others. These segments are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and contribution to operating results and segment assets and liabilities by business segment is as follows:

Segment revenues and results

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

Group	Revenue		Net (Loss)/Profit	
	Full Year	Full Year	Full Year	Full Year
	Ended	Ended	Ended	Ended
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Piping	9,516	12,299	(374)	228
Heat Exchanger	8,690	14,718	(2,454)	877
Chemical Cleaning	2,765	3,144	(98)	266
	20,971	30,161	(2,926)	1,371
Other income			213	130
Other expenses			(1,234)	(170)
Share of (loss)/profit of associates			(216)	20
Finance costs			(186)	(233)
(Loss)/Profit before income tax			(4,349)	1,118
Income tax expense			(249)	(307)
(Loss)/Profit for the year			(4,598)	811

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (Cont'd)**

	As at 31.12.2017 (unaudited) S\$'000	As at 31.12.2016 (audited) S\$'000
<u>Segment Assets</u>		
Piping	9,480	11,018
Heat Exchanger	8,482	10,120
Chemical Cleaning	5,731	6,035
Others	-	57
Total segment assets	23,693	27,230
Unallocated assets	7,460	8,353
Consolidated total assets	31,153	35,583
<u>Segment Liabilities</u>		
Piping	481	944
Heat Exchanger	7,421	7,202
Chemical Cleaning	779	953
Others	-	56
Total segment liabilities	8,681	9,155
Unallocated liabilities	682	786
Consolidated total liabilities	9,363	9,941

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (Cont'd)
Other segment information

Group	Piping		Heat Exchanger		Chemical Cleaning		Others		Unallocated	
	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended	Full Year Ended
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Allowance/(Reversal) for sales discount	(33)	32	112	(38)	93	64	-	-	-	-
(Reversal)/Allowance for doubtful debts	1	-	(112)	324	(40)	49	-	-	-	-
Capital additions	111	89	88	293	484	143	-	-	52	-
Gain on disposal of plant and equipment	-	-	-	(6)	(13)	-	-	-	-	-
Loss on disposal of available-for-sale investment	-	-	-	-	-	2	-	-	-	-
Plant and equipment written off	1	-	6	22	1	-	-	-	-	-
Loss on revaluation of plant and machineries	-	-	280	-	40	-	-	-	-	-
Loss on liquidation of a subsidiary	-	-	-	-	-	-	997	-	-	-
Depreciation of property, plant and equipment	48	16	312	327	232	198	-	-	444	446

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

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (Cont'd)**

Geographical information

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

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 8 above.

- 16. A breakdown of sales**

	Group		Increase/ (Decrease)
	Full Year Ended 31.12.2017 (unaudited)	Full Year Ended 31.12.2016 (audited)	
	S\$'000	S\$'000	%
(a) Sales reported for first half year	11,086	16,747	(34)
(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(1,738)	545	n.m.
(c) Sales reported for second half year	9,885	13,414	(26)
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(2,860)	266	n.m.

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend

	Latest Full Year	Previous Full Year
	(31.12.2017)	(31.12.2016)
	S\$'000	S\$'000
Ordinary	-	246
Preference	-	-
Total:	-	246

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

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Soon Jeffrey	37	Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Chief Executive Officer and Executive Director since 1 January 2016. Responsible for all day-to-day operations and determines the Group's strategic direction for business growth, including the overall Group sales activities, as well as business development in new market and industries.	No change
Soon Jenson	38	Brother of Mr Soon Jeffrey, the Chief Executive Officer 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. 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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Listing Manual – Rules of Catalist. (Cont'd)

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Yong Chin Seng	38	Son of Mr Yong Yeow Sin, a substantial shareholder of the Company	Regional Sales Manager of Heatec Jietong Pte. Ltd. Since 1 June 2016. Responsible for sourcing of new clients, sales administrative and sales management for the Heat Exchanger (Repair & Services) segment of the Company regionally.	No Change
Sim Mong Choon	62	Uncle of Mr Soon Jeffrey, the Chief Executive Officer 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. Responsible for admin, IT and transportation.	No Change
Soon Jeremy	26	Brother of Mr Soon Jeffrey, the Chief Executive Officer of the Company and Son of Mr Soon Yeow Kwee Johnny, a substantial shareholder of the Company	Project Engineer of Chem-Grow Pte. Ltd. since 1 June 2016. Responsible for preparation, scheduling, coordination, and monitoring for the assigned projects and ensure compliance with applicable codes, practices, QA/QC policies, performance standard and specifications.	No Change

19 Confirmation by the Board pursuant to Rule 720(1) of the Catalist Rules

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings under Rule 720(1) of the Catalist Rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
CEO & Executive Director

Singapore, 23 February 2018