



HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months ended 30 June 2021

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"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

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Condensed Interim Unaudited Financial Statements
Announcement For the Six Months ended 30 June 2021

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>	Note	6 months ended	6 months ended	Increase/
		30 June 2021	30 June 2020	(Decrease)
		(unaudited)	(unaudited)	
		S\$'000	S\$'000	%
Revenue	4	14,252	8,886	60
Cost of sales		(11,156)	(6,214)	80
Gross profit		3,096	2,672	16
Other income				
- Interest	8(a)	9	7	29
- Others	6	647	1,187	(45)
Expenses				
Administrative expenses		(3,376)	(3,258)	4
Net impairment losses on financial assets		-	(210)	n.m.
Finance costs	7	(241)	(233)	3
Share of results of associates		19	13	46
Profit before tax	8	154	178	(13)
Income tax credit/(expense)	9	4	(31)	n.m.
Profit for the financial period		158	147	7

n.m. denotes not meaningful

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

Group	Note	6 months ended	6 months ended	Increase/
		30 June 2021	30 June 2020	(Decrease)
		(unaudited)	(unaudited)	
		S\$'000	S\$'000	%
Profit for the financial period		158	147	7
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to profit:</i>				
Currency translation differences arising on consolidation		21	7	n.m.
Share of other comprehensive income of associates		9	5	80
Other comprehensive income for the financial period, net of tax		30	12	n.m.
Total comprehensive income for the financial period		188	159	18
(Loss)/profit attributable to:				
Equity holders of the Company		(58)	74	n.m.
Non-controlling interests		216	73	n.m.
Profit for the financial period		158	147	7
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(28)	86	n.m.
Non-controlling interests		216	73	n.m.
Total comprehensive income for the financial period		188	159	18

n.m. denotes not meaningful

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

		6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)	Increase/ (Decrease) %
	Note			
<u>(Loss)/earnings per share attributable to equity holders of the Company during the financial period:</u>				
Basic (Singapore cents)	10	(0.05)	0.06	n.m.
Diluted (Singapore cents)	10	(0.05)	0.06	n.m.

n.m. denotes not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	<u>Group</u>		<u>Company</u>	
		As at	As at	As at	As at
		30.06.2021 (unaudited) S\$'000	31.12.2020 (audited) S\$'000	30.06.2021 (unaudited) S\$'000	31.12.2020 (audited) S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	10,297	10,720	4,793	5,085
Investment in subsidiaries		-	-	5,503	5,503
Investment in associates		282	302	-	-
Total non-current assets		10,579	11,022	10,296	10,588
Current assets					
Inventories		536	557	-	-
Contract assets		7,052	6,379	-	-
Trade receivables	14	7,802	5,957	-	-
Other receivables	14	1,202	1,742	1,867	1,290
Tax recoverable		2	-	-	-
Cash and bank balances		3,575	4,649	40	363
Total current assets		20,169	19,284	1,907	1,653
Total assets		30,748	30,306	12,203	12,241
Non-current liabilities					
Borrowings	15	7,279	8,358	1,076	1,122
Deferred tax liabilities		293	297	-	-
Total non-current liabilities		7,572	8,655	1,076	1,122
Current liabilities					
Contract liabilities		119	864	-	-
Trade payables	16	2,284	1,278	-	-
Other payables	16	1,698	1,811	340	341
Provision for warranty		45	45	-	-
Borrowings	15	3,076	1,670	92	89
Tax payable		-	6	-	-
Total current liabilities		7,222	5,674	432	430
Total liabilities		14,794	14,329	1,508	1,552
Net assets		15,954	15,977	10,695	10,689

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

	Note	<u>Group</u>		<u>Company</u>	
		As at 30.06.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000	As at 30.06.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000
Equity					
Share capital	17	11,555	11,555	11,555	11,555
Reserves		2,277	2,305	(860)	(866)
Equity attributable to equity holders of the Company, total		13,832	13,860	10,695	10,689
Non-controlling interests		2,122	2,117	-	-
Total equity		15,954	15,977	10,695	10,689

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

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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 (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	11,555	221	(123)	(3,914)	70	6,057	13,866	2,005	15,871
Profit for the financial period	-	-	-	-	-	74	74	73	147
<i>Other comprehensive income</i>									
Currency translation differences arising on consolidation	-	-	7	-	-	-	7	-	7
Share of other comprehensive income of associates	-	-	5	-	-	-	5	-	5
Other comprehensive income for the financial period, net of tax	-	-	12	-	-	-	12	-	12
Total comprehensive income for the financial period	-	-	12	-	-	74	86	73	159
At 30 June 2020	11,555	221	(111)	(3,914)	70	6,131	13,952	2,078	16,030

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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
At 1 January 2021	11,555	70	(936)	10,689
Profit and total comprehensive income for the financial period	-	-	6	6
At 30 June 2021	11,555	70	(930)	10,695

	Share capital	Share options reserve	Retained earnings	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	11,555	70	(1,077)	10,548
Profit and total comprehensive income for the financial period	-	-	151	151
At 30 June 2020	11,555	70	(926)	10,699

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D. Condensed Interim Consolidated Statement of Cash Flows

Group	Note	6 months ended 30 June 2021 (unaudited) S\$'000	6 months ended 30 June 2020 (unaudited) S\$'000
Cash flows from operating activities			
Profit before income tax		154	178
Adjustments for:			
Interest income	8(a)	(9)	(7)
Interest expenses	7	241	233
Depreciation of property, plant and equipment	8(a)	621	599
Share of results of associates		(19)	(13)
Operating cash flows before movements in working capital		988	990
Change in operating assets and liabilities			
Trade and other receivables and contract assets		(1,977)	2,209
Inventories		21	(181)
Trade and other payables and contract liabilities		148	(781)
Currency translation adjustments		21	7
Cash (used in)/generated from operations		(799)	2,244
Interest received	8(a)	9	7
Interest paid	7	(20)	(22)
Income tax paid		(9)	(35)
Net cash (used in)/generated from operating activities		(819)	2,194
Cash flows from investing activities			
Purchases of property, plant and equipment		(196)	(70)
Proceeds from disposal of property, plant and equipment		-	14
Dividends received from an associate		46	-
Net cash used in investing activities		(150)	(56)

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

Group	Note	6 months ended 30 June 2021 (unaudited) S\$'000	6 months ended 30 June 2020 (unaudited) S\$'000
Cash flows from financing activities			
Interest paid	7	(221)	(211)
Decrease in pledged fixed deposit		826	597
Dividend paid to non-controlling shareholders		(211)	-
Proceeds from trade financing loans		987	-
Repayments of bank loans		(615)	(393)
Repayments of revolving credit loans		-	(200)
Repayments of lease liabilities		(45)	(61)
Net cash generated from/(used in) financing activities		721	(268)
Net (decrease)/increase in cash and cash equivalents		(248)	1,870
Cash and cash equivalents at beginning of financial period		3,823	2,340
Cash and cash equivalents at end of financial period		3,575	4,210
Group	Note	6 months ended 30 June 2021 (unaudited) S\$'000	6 months ended 30 June 2020 (unaudited) S\$'000
Comprising:			
Cash at bank		3,575	3,731
Fixed deposits		-	1,096
Total cash and bank balances		3,575	4,827
Less: Pledged fixed deposits		-	(617)
Cash and cash equivalents for presentation on the consolidated statement of cash flows		3,575	4,210

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E. Notes to the condensed interim consolidated financial statements

1 Corporate Information

The Company (Co. Reg. No. 200717808Z) is incorporated and domiciled in Singapore. 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 exchanger.
- (b) To carry on the businesses of repairing ships, tankers and other ocean-going vessels.
- (c) Provide chemical cleaning services to ships and tankers.

2 Basis of Preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 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 the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) [“**SFRS(I)**”]. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

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.

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

4 Segment Information

The Group is organised into business units based on its services for management purposes. The reportable segments are piping, heat exchanger and chemical cleaning. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

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

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

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

4 Segment Information (cont'd)

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 January to 30 June 2020</u>					
Segment revenue:					
Total revenues	2,155	6,117	1,610	-	9,882
Intersegment revenues	(12)	(476)	(508)	-	(996)
Revenue from external customers	2,143	5,641	1,102	-	8,886
Interest income	-	7	-	-	7
Other income	577	383	227	-	1,187
Total revenue and other income	2,720	6,031	1,329	-	10,080
Depreciation of property, plant and equipment	(23)	(108)	(180)	(288)	(599)
Finance costs	-	(171)	(21)	(41)	(233)
Segment result	(198)	397	7	(41)	165
Share of results of associates					13
Profit before income tax					178
Income tax expenses					(31)
Profit for the financial period					147
Segment assets	4,041	12,249	5,279	7,076	28,645
<i>Segment assets includes</i> Additions to non-current assets (PPE)	-	19	51	-	70
Segment liabilities	329	9,467	1,217	1,603	12,616

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4 Segment Information (Cont'd)

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

	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
	S\$'000	S\$'000
<u>Timing of revenue recognition</u>		
At a point in time:		
Chemical Cleaning	1,516	1,102
Over time:		
Heat exchanger	9,435	5,641
Piping	3,301	2,143
	14,252	8,886

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.

Information about major customer

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

		6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
	Attributable segments	S\$'000	S\$'000
Customer A	Piping segment	2,604	1,319
Customer B	Heat exchanger segment	3,959	1,597
		6,563	2,916

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

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	As at 30.06.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000	As at 30.06.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000
	Financial assets			
Cash and bank balances and trade and other receivables (Amortised cost)	11,714	11,148	1,843	1,629
Financial liabilities				
Trade and other payable and borrowings (Amortised cost)	14,191	12,714	1,470	1,522

6 Other operating income

	Group	
	6 months ended 30.06.2021 (unaudited) S\$'000	6 months ended 30.06.2020 (unaudited) S\$'000
	Government grant income	541
Sundry income	11	26
Net foreign exchange gain	95	136
	647	1,187

7 Finance costs

	Group	
	6 months ended 30.06.2021 (unaudited) S\$'000	6 months ended 30.06.2020 (unaudited) S\$'000
	Interest on:	
- Term loans	164	156
- Lease liabilities	58	60
- Others	19	17
	241	233

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

8 Profit before tax

(a) Significant items

	Group	
	6 months ended 30.06.2021 (unaudited)	6 months ended 30.06.2020 (unaudited)
	S\$'000	S\$'000
Income		
Interest income	9	7
Expenses		
Interest on borrowings	164	156
Depreciation of property, plant and equipment		
- Recognised in cost of sales	186	165
- Recognised in administrative expenses	435	434

(b) 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:

	Group	
	6 months ended 30.06.2021 (unaudited)	6 months ended 30.06.2020 (unaudited)
	S\$'000	S\$'000
With associated companies		
Purchases from	30	-
With non-controlling shareholder of subsidiary		
Dividend	211	-
With shareholders		
Rendering of services	13	4
Provision of consultancy services	102	101

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

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:

	Group	
	6 months ended 30.06.2021 (unaudited)	6 months ended 30.06.2020 (unaudited)
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
-Underprovision in respect of previous financial year	-	(30)
Deferred tax	4	4
Withholding tax	-	(5)
Income tax credit/(expense)	4	(31)

The income tax applicable to the Company is 17% (six months ended 30 June 2020: 17%). The corporate income tax rate applicable to the subsidiaries in Singapore and People's Republic of China are 17% (six months ended 30 June 2020: 17%) and 25% (six months ended 30 June 2020: 25%) respectively.

10 Earnings per share attributable to equity holders of the Company

	Group	
	6 months ended 30.06.2021 (unaudited)	6 months ended 30.06.2020 (unaudited)
Basic and diluted (loss)/earnings per ordinary share (Singapore cents)	(0.05)	0.06
Weighted average number of ordinary shares in issue	122,959,345	122,959,345

(Loss)/earnings per ordinary share of the Group for each of six months ended 30 June 2021 ("1H2021") and six months ended 30 June 2020 ("1H2020") is calculated based on net (loss)/profit 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.

For 1H2021 and 1H2020, the basic and diluted (loss)/earnings 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.

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11 Dividends

In view of the loss attributable to equity holders of the Company recorded for 1H2021, no dividend has been declared/recommended by the Board of Directors of the Company (the “Board”) for 1H2021.

12 Net asset value

	Group		Company	
	As at 30.06.2021	As at 31.12.2020	As at 30.06.2021	As at 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)	11.25	11.27	8.70	8.69

The net asset value per ordinary share of the Group and the Company as at 30 June 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 1H2021, the Group acquired property, plant and equipment amounting to S\$196,000 (1H2020: S\$70,000) and proceeds from disposal of property, plant and equipment amounting to Nil (1H2020: S\$14,000).

As at 30 June 2021, the carrying amount of pledged property, plant and equipment to secure the bank borrowings was S\$3,298,000 (30 June 2020: S\$6,651,000); and the carrying amount of property, plant and equipment held under right-of-use assets were S\$1,088,000 (30 June 2020: S\$1,783,000).

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

14 Trade and other receivables

	Group		Company	
	As at 30.06.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000	As at 30.06.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000
Trade receivables				
Third parties	8,234	6,387	-	-
Less: Allowance for impairment loss	(432)	(430)	-	-
	7,802	5,957	-	-
Other receivables				
Subsidiaries	-	-	1,795	1,259
Other receivables	107	354	-	-
Grant receivable	-	185	-	-
GST recoverable	262	209	-	-
Deposits	229	188	8	7
Prepayments	274	188	64	24
Advance payment to supplier	330	618	-	-
	1,202	1,742	1,867	1,290

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

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

15 Borrowings

Amount repayable within one year or on demand

Group			
As at 30.06.21 (unaudited)		As at 31.12.2020 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,076	-	1,670	-

Amount repayable after one year

Group				
D	As at 30.06.21 (unaudited)		As at 31.12.2020 (audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
	7,279	-	8,358	-

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

16 Trade and other payables

	Group		Company	
	As at 30.06.2021	As at 31.12.2020	As at 30.06.2021	As at 31.12.2020
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables				
Third parties	2,284	1,278	-	-
Other payables				
Subsidiaries	-	-	-	69
Non-controlling shareholder of a subsidiary	-	120	-	-
Accruals	879	1,127	200	226
Other payables	675	166	102	15
GST payables	144	213	38	31
Deferred grant income	-	185	-	-
	1,698	1,811	340	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 30 June 2021		As at 31 December 2020	
	Number of issued shares '000	Total share capital S\$'000	Number of issued shares '000	Total share capital S\$'000
<u>Issued and fully paid up</u>				
At the beginning of year /At the end of period/year	122,959	11,555	122,959	11,555

As at 30 June 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 in the capital of the Company (31 December 2020 and 30 June 2020: 3,000,000 outstanding share options).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 30 June 2021, 31 December 2020 and 30 June 2020.

The Company did not have any sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during and as at the end of 1H2021.

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

18 Subsequent events

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

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

F Management Discussion and Analysis – Financial Review Section

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

1 Review of Group Performance

1H2021 vs 1H2020

Revenue

Revenue increased by 60% or S\$5.4 million, from S\$8.9 million in 1H2020 to S\$14.3 million in 1H2021. The increase was due to 1) completion of several major projects in the Heat Exchanger segment, which reported a 71% increase in revenue from S\$5.7 million in 1H2020 to S\$9.4 million in 1H2021; and 2) securing several major projects and more work orders from both the Piping and Chemical Cleaning segments, which reported a 29% increase in aggregate revenue from S\$3.2 million in 1H2020 to S\$4.9 million in 1H2021.

Operating Results

The Group recorded a lower gross profit margin of 21.7% for 1H2021, as compared to 30.1% for 1H2020. The significant factors that affected the Group's profitability were the higher cost of materials and increased manpower costs due to the border restrictions imposed by Singapore government in response to the COVID-19 pandemic.

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F Management Discussion and Analysis – Financial Review Section (Cont'd)

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 (Cont'd)

1 Review of Group Performance (Cont'd)

Operating Results (Cont'd)

Other income decreased by S\$0.6 million, from S\$1.2 million in 1H2020 to S\$0.6 million in 1H2021, mainly due to the decrease in support grants received from the Singapore government as a result of the COVID-19 pandemic in 1H2021, as compared to 1H2020.

Administrative expenses remained relatively stable in 1H2021 as compared to 1H2020. The Group recorded a 4% or S\$0.1 million increase in administrative expenses, from S\$3.3 million in 1H2020 to S\$3.4 million in 1H2021.

No impairment losses on financial assets were incurred in 1H2021. Impairment losses on financial assets of S\$0.2 million was recorded in 1H2020, mainly due to provision for doubtful debts provided for a few customers.

Finance costs remained stable at S\$0.2 million for both 1H2021 and 1H2020.

Overall, the Group made a net profit of S\$0.16 million in 1H2021, from a net profit of S\$0.15 million in 1H2020.

2 Review of Statement of Financial Position

Non-Current Assets

The Group's non-current assets decreased by 4% or S\$0.4 million, from S\$11.0 million as at 31 December 2020 to S\$10.6 million as at 30 June 2021. The decrease was mainly due to depreciation charges of property, plant and equipment incurred in 1H2021.

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F Management Discussion and Analysis – Financial Review Section (Cont’d)

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 (Cont’d)

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

Current Assets

The Group's current assets increased by 5% or S\$0.9 million, from S\$19.2 million as at 31 December 2020 to S\$20.1 million as at 30 June 2021. The increase was due to the increase in contract assets and trade receivables, partially offset by the decrease in other receivables and cash and bank balances. Contract assets and trade receivables increased by an aggregate of S\$2.5 million, mainly due an increase in revenue in 1H2021. Other receivables decreased mainly due to the decrease in advance payment to suppliers of S\$0.3 million and grant receivable of S\$0.2 million. Cash and bank balances decreased by S\$1.1 million, from S\$4.7 million as at 31 December 2020 to S\$3.6 million as at 30 June 2021. Please refer to "Review of Cash Flows" below for the reasons on the decrease in cash and cash balances.

Non-Current Liabilities

The Group's non-current liabilities decreased by 13% or S\$1.1 million, from S\$8.7 million as at 31 December 2020 to S\$7.6 million as at 30 June 2021, mainly due to reclassification of borrowings from non-current liabilities to current liabilities as such borrowings are to be paid within the next 12 months from 30 June 2021.

Current Liabilities

The Group's current liabilities increased by 27% or S\$1.5 million, from S\$5.7 million as at 31 December 2020 to S\$7.2 million as at 30 June 2021, mainly due to the increase in borrowings of S\$1.4 million and trade payables of S\$1.0 million, partially offset by the decrease in contract liabilities and other payables of S\$0.9 million. Borrowings increased due to (i) the increase in trade financing loans of S\$1.0 million; and (ii) borrowings of S\$1.1 million reclassified from non-current liabilities to current liabilities, partially offset by the repayment of borrowings of S\$0.7 million. Trade payables increased mainly due to an increase in purchases during 1H2021 for several major projects in Heat Exchanger segment. The decrease in contract liabilities of approximately S\$0.8 million was mainly due to the completion of several major projects in the Heat Exchanger segment in 1H2021, and hence the amount of advance billing to customer decreased.

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F Management Discussion and Analysis – Financial Review Section (Cont’d)

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 (Cont’d)

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

Working Capital Position

The Group reported a positive working capital position of S\$13.0 million as at 30 June 2021, as compared to S\$13.6 million as at 31 December 2020.

3 Review of Statement of Cash Flows

In 1H2021, the Group recorded net cash used in operating activities of S\$0.8 million, which was mainly a result of operating cash inflows before changes in working capital of S\$1.0 million and net working capital outflows of S\$1.8 million due mainly to the increase in trade and other receivables and contract assets of S\$2.0 million.

Net cash used in investing activities of S\$0.2 million in 1H2021, was mainly due to the purchase of plant and equipment of S\$0.2 million.

Net cash generated from financing activities of S\$0.7 million in 1H2021, was mainly due to the net proceeds from trade financing loans of S\$1.0 million, and the decrease in pledged fixed deposit of S\$0.8 million, partially offset by interest paid of S\$0.2 million, repayments of borrowings of S\$0.7 million and dividend payment of S\$0.2 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows decreased by S\$0.2 million, from S\$3.8 million as at 31 December 2020 to S\$3.6 million as at 30 June 2021.

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F Management Discussion and Analysis – Financial Review Section (Cont’d)

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 (Cont’d)

4 Future Prospects

Notwithstanding rising crude oil prices, to around the US\$70 per barrel level in recent times⁽¹⁾, we remain cautiously optimistic on the Floating, Production, Storage and Offloading ("FPSO") market, and will continue to actively seek new opportunities in this segment by leveraging on our proven track record and strong reputation as a one-stop centre heat exchanger solutions provider.

However, we have concerns about the severe manpower crunch that materially affects our industry, due to the border restrictions imposed by the Singapore government in response to the COVID-19 pandemic. If the situation persists, we will face the risk of further project delays which may result in liquidated damages to be incurred.

As previously announced by the Company in its unaudited financial results for financial year ended 31 December 2020, the Group, through one of its subsidiaries, secured a work order from its client to supply labour for its projects' needs. The progress on such work order has been materially impacted due to the lack of availability of foreign workers as a result of the ongoing COVID-19 pandemic and the restrictions on cross border travel and/or grant of requisite permits.

In addition, our international customers have noted the labour crunch issues in Singapore and this may affect our ability to secure new projects in the near future.

Looking ahead, the Group expects the effects of the COVID-19 pandemic to continue evolving, and the overall global business environment to remain challenging. We will take measures to enhance our competitive edge, such as through improving cost effectiveness and operational efficiencies, to better position the Group to pursue new business opportunities.

(1) <https://www.businesstimes.com.sg/energy-commodities/oil-up-near-us70-a-barrel-as-demand-outlook-improves>

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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 30 June 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 months ended 30 June 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 Management Discussion and Analysis – Financial Review Section.

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

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

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

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

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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G Other information required by SGX-ST Catalist Rule Appendix 7C (Cont'd)

6 Dividend

(a) Current Financial Period Reported On

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

No dividend has been declared/recommended for 1H2021.

(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) 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.

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

In view of the loss attributable to equity holders of the Company recorded for 1H2021, no dividend has been declared/recommended by the Board for 1H2021.

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

7 Interested Person Transactions ("IPTs")

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

The aggregate value of interested person transactions entered into during 1H2021 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) 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
<u>Provision of consultancy services and allowances by the following consultants:</u> Soon Yeow Kwee Johnny Yong Yeow Sin	A controlling shareholder of the Company and father of Soon Jeffrey (Executive Director and Chief Executive Officer of the Company) A controlling shareholder of the Company	102 ⁽¹⁾	-

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

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

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

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

On 28 May 2021, the Company's wholly-owned subsidiary, Heatec Jietong Pte. Ltd. ("HJPL") incorporated a wholly-owned subsidiary, JTY Engineering Pte. Ltd. ("JTYEPL") in Singapore.

JTYEPL has an issued capital of S\$100,000 comprising 100,000 shares, held by HJPL. The paid-up capital of JTYEPL is S\$10,000 as at the date hereof, and the balance issued capital of JTYEPL of S\$90,000 will be paid up gradually. The principal activities of JTYEPL consist of (i) building and repairing of ships, tankers and other ocean-going vessels (including conversion of ships into off-shore structures); and (ii) installation of industrial machinery and equipment, mechanical engineering works.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

LIM SOON HOCK

Non-Executive Chairman and
Non-Independent Director

SOON JEFFREY

Executive Director and
Chief Executive Officer

BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
Executive Director and Chief Executive Officer

Singapore, 13 August 2021