

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
Condensed Interim Financial Statements Announcement
For the Six Months and Full Year ended 31 December 2022

Condensed Interim Unaudited Financial Statements Announcement for the Six Months and Full Year ended 31 December 2022

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

<u>Group</u>	Note	6 months ended 31 December			12 months ended 31 December		
		2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
		(unaudited) S\$'000	(unaudited) S\$'000	%	(unaudited) S\$'000	(audited) S\$'000	(Decrease) %
Revenue	4	11,161	8,062	38	21,198	22,313	(5)
Cost of sales		(7,305)	(6,995)	4	(14,575)	(18,151)	(20)
Gross profit		3,856	1,067	>100	6,623	4,162	59
Other operating income							
- Interest	8.1	-	-	-	*	9	NM
- Others	6	146	535	(73)	839	1,182	(29)
Expenses							
Administrative expenses		(3,988)	(3,862)	3	(7,758)	(7,237)	7
Other operating expenses		-	(205)	NM	-	(204)	NM
Net impairment losses on financial Assets		-	(77)	NM	*	(77)	NM
Finance costs	7	(249)	(264)	(6)	(497)	(505)	(2)
Share of results of associates		23	35	(34)	41	52	(21)
Loss before tax	8	(212)	(2,771)	(92)	(752)	(2,618)	(71)
Income tax credit/(expense)	9	8	(56)	NM	12	(51)	NM
Loss for the financial period/year		(204)	(2,827)	(93)	(740)	(2,669)	(72)
Other comprehensive income:							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising on consolidation		(52)	14	NM	(69)	35	NM
Share of other comprehensive income of associates		(17)	5	NM	(22)	14	NM
Other comprehensive (loss)/ income for the financial period/year, net of tax		(69)	19	NM	(91)	49	NM
Total comprehensive loss for the financial period/year		(273)	(2,808)	(90)	(831)	(2,620)	(68)

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

<u>Group</u>	<u>Note</u>	6 months ended 31 December			12 months ended 31 December		
		2022 (unaudited) S\$'000	2021 (unaudited) S\$'000	Increase/ (Decrease) %	2022 (unaudited) S\$'000	2021 (audited) S\$'000	Increase/ (Decrease) %
Loss attributable to:							
Equity holders of the Company		(204)	(2,632)	(92)	(761)	(2,690)	(72)
Non-controlling interests		-	(195)	NM	21	21	-
Loss for the financial period/year		(204)	(2,827)	(93)	(740)	(2,669)	(72)
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(273)	(2,613)	(90)	(852)	(2,641)	(68)
Non-controlling interests		-	(195)	NM	21	21	-
Total comprehensive loss for the financial period/year		(273)	(2,808)	(90)	(831)	(2,620)	(68)
<u>Loss per share attributable to equity holders of the Company during the financial period/year:</u>							
Basic (Singapore cents)	10	(0.17)	(2.14)	(92)	(0.62)	(2.19)	(72)
Diluted (Singapore cents)	10	(0.17)	(2.14)	(92)	(0.62)	(2.19)	(72)

NM denotes not meaningful

* Less than a thousand

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B. Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		As at	As at	As at	As at
		31.12.2022 (unaudited)	31.12.2021 (audited)	31.12.2022 (unaudited)	31.12.2021 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	8,488	9,505	3,917	4,483
Investment in subsidiaries		-	-	5,503	5,503
Investment in associates		253	282	-	-
Total non-current assets		8,741	9,787	9,420	9,986
Current assets					
Inventories		358	360	-	-
Contract assets		6,420	5,407	-	-
Trade receivables	14	4,157	6,043	-	-
Other receivables	14	547	899	4,483	3,036
Cash and bank balances		1,850	4,725	88	1,317
Total current assets		13,332	17,434	4,571	4,353
Total assets		22,073	27,221	13,991	14,339
LIABILITIES					
Non-current liabilities					
Borrowings	15	2,219	7,483	1,613	2,240
Deferred tax liabilities		280	288	-	-
Total non-current liabilities		2,499	7,771	1,613	2,240
Current liabilities					
Contract liabilities		338	*	-	-
Trade payables	16	888	1,051	-	-
Other payables	16	1,986	2,336	735	437
Provision for warranty		45	45	-	-
Borrowings	15	5,598	2,840	764	812
Tax payable		4	32	-	-
Total current liabilities		8,859	6,304	1,499	1,249
Total liabilities		11,358	14,075	3,112	3,489
NET ASSETS		10,715	13,146	10,879	10,850

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

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		31.12.2022 (unaudited)	31.12.2021 (audited)	31.12.2022 (unaudited)	31.12.2021 (audited)
		S\$'000	S\$'000	S\$'000	S\$'000
EQUITY					
Share capital	17	11,555	11,555	11,555	11,555
Reserves		(813)	(336)	(676)	(705)
Equity attributable to equity holders of the Company, total		10,742	11,219	10,879	10,850
Non-controlling interests		(27)	1,927	-	-
Total equity		10,715	13,146	10,879	10,850

* Less than a thousand

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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	Capital reserve	Translation reserve	Merger reserve	Share options reserve	Retained earnings	Total		
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	11,555	221	-	(45)	(3,914)	70	3,332	11,219	1,927	13,146
(Loss)/profit for the financial year	-	-	-	-	-	-	(761)	(761)	21	(740)
<i>Other comprehensive loss</i>										
Currency translation differences arising on consolidation	-	-	-	(69)	-	-	-	(69)	-	(69)
Share of other comprehensive loss of associates	-	-	-	(22)	-	-	-	(22)	-	(22)
Other comprehensive loss for the financial year, net of tax	-	-	-	(91)	-	-	-	(91)	-	(91)
Total comprehensive (loss)/income for the financial year	-	-	-	(91)	-	-	(761)	(852)	21	(831)
Acquisitions of additional interest in Non-Controlling Interest	-	-	375	-	-	-	-	375	(1,975)	(1,600)
At 31 December 2022	11,555	221	375	(136)	(3,914)	70	2,571	10,742	(27)	10,715

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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
At 1 January 2021	11,555	221	(94)	(3,914)	70	6,022	13,860	2,117	15,977
(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 to non-controlling shareholders	-	-	-	-	-	-	-	(211)	(211)
At 31 December 2021	11,555	221	(45)	(3,914)	70	3,332	11,219	1,927	13,146

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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 2022	11,555	70	(775)	10,850
Profit and total comprehensive income for the financial year	-	-	29	29
At 31 December 2022	11,555	70	(746)	10,879

	Share capital	Share options reserve	Retained earnings	Total
Company (audited)	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 year	-	-	161	161
At 31 December 2021	11,555	70	(775)	10,850

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D. Condensed Interim Consolidated Statement of Cash Flows

	Note	The Group	
		12 months ended	12 months ended
		31 December 2022	31 December 2021
		(unaudited)	(audited)
		S\$'000	S\$'000
Cash flows from operating activities			
Loss before income tax		(752)	(2,618)
Adjustments for:			
Interest income	8.1	-	(9)
Interest expenses	7	497	505
(Reversal)/net impairment losses on financial assets		(22)	77
Depreciation of property, plant and equipment	8.1	1,140	1,236
Proceeds from disposal of property, plant and equipment		(3)	-
Property, plant and equipment written off		-	203
Share of results of associates		(41)	(52)
(Write back)/provision for inventory obsolescence		(17)	65
Operating cash flows before movements in working capital		802	(593)
Change in operating assets and liabilities			
Trade and other receivables and contract assets		1,247	1,652
Inventories		19	132
Trade and other payables and contract liabilities		(373)	(567)
Currency translation adjustments		(65)	34
Cash generated from operations		1,630	658
Interest received	8.1	-	9
Interest paid	7	(108)	(50)
Income tax paid		(24)	(34)
Net cash generated from operating activities		1,498	583

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

	Note	The Group	
		12 months ended	12 months ended
		31 December	31 December 2021
		2022	2021
		(unaudited)	(audited)
		S\$'000	S\$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(109)	(243)
Proceed from disposal of property, plant and equipment		3	-
Acquisition of a subsidiary, net of cash acquired		(1,400)	-
Dividends received from an associate		47	86
Net cash used in investing activities		(1,459)	(157)
Cash flows from financing activities			
Interest paid	7	(389)	(455)
(Increase)/decrease in pledged fixed deposit		(101)	826
Dividend paid to non-controlling shareholders		-	(211)
Proceeds from bank loans		-	2,000
Proceeds from trade financing loans		175	-
Repayments of bank loans		(2,602)	(1,592)
Repayments of lease liabilities		(98)	(92)
Net cash (used in)/generated from financing activities		(3,015)	476
Net (decrease)/ increase in cash and cash equivalents		(2,976)	902
Cash and cash equivalents at beginning of the financial year		4,725	3,823
Cash and cash equivalents at end of the financial year		1,749	4,725
Group			
Comprising			
Cash at bank		1,850	4,725
Less: Pledged fixed deposits		(101)	-
Cash and cash equivalents for presentation on the consolidated statement of cash flows		1,749	4,725

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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 2022 comprise the Company and its subsidiaries (collectively, the “Group”). The address of its registered office is at 10 Tuas South Street 15, Singapore 637076.

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

- (a) Servicing and fabrication of heat exchangers;
- (b) 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 2022 are presented in Singapore Dollars (“\$”), which is the Company’s functional currency. The unaudited condensed consolidated interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* (“SFRS(I)”) issued by the Accounting Standards Council Singapore. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

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

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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 2021.

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

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

3 Seasonal Operations

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

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 S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 July 2022 to</u>					
<u>31 December 2022</u>					
Total segment revenue	2,618	7,482	2,271	-	12,371
Inter-segment revenue	(6)	(549)	(655)	-	(1,210)
Revenue from external customers	2,612	6,933	1,616	-	11,161
Other income	135	(4)	16	-	147
Total revenue and other income	2,747	6,929	1,632	-	11,308
Depreciation of property, plant and equipment	(4)	(114)	(134)	(302)	(554)
Segment results	(590)	1,074	(470)	-	14
Share of results of associates					23
Finance costs	(40)	(117)	(19)	(73)	(249)
Loss before income tax					(212)
Income tax credit					8
Loss for the financial period					(204)
Segment assets	5,750	7,041	3,670	5,612	22,073
- Additions to non-current assets (PPE)	2	4	20	28	54
Segment liabilities	734	6,385	1,363	2,876	11,358

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4.1 Reportable segments (cont'd)

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
1 July 2021 to					
31 December 2021					
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
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)
Segment results	(1,361)	(1,754)	573	-	(2,542)
Share of results of associates					35
Finance costs	(22)	(178)	(19)	(45)	(264)
Loss before income tax					(2,771)
Income tax expense					(56)
Loss for the financial period					(2,827)
Segment assets	5,693	8,696	5,339	7,493	27,221
- Additions to non-current assets (PPE)	3	22	21	-	46
Segment liabilities	526	8,665	1,395	3,489	14,075

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4.1 Reportable segments (cont'd)

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 January 2022 to 31 December 2022</u>					
Total segment revenue	7,129	12,534	4,194	-	23,857
Inter-segment revenue	(33)	(1,006)	(1,620)	-	(2,659)
Revenue from external customers	7,096	11,528	2,574	-	21,198
Other income	491	251	97	-	839
Total revenue and other income	7,587	11,779	2,671	-	22,037
Depreciation of property, plant and equipment	(13)	(222)	(311)	(594)	(1,140)
Segment results	(333)	416	(379)	-	(296)
Share of results of associates					41
Finance costs	(60)	(253)	(38)	(146)	(497)
Loss before income tax					(752)
Income tax credit					12
Loss for the financial year					(740)
Segment assets	5,750	7,041	3,670	5,612	22,073
- Additions to non-current assets (PPE)	2	54	25	28	109
Segment liabilities	734	6,385	1,363	2,876	11,358

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4.1 Reportable segments (cont'd)

	Piping S\$'000	Heat exchanger S\$'000	Chemical cleaning S\$'000	Unallocated S\$'000	Consolidated S\$'000
<u>1 January 2021 to 31</u>					
<u>December 2021</u>					
Total segment revenue	6,940	13,204	3,567	-	23,711
Inter-segment revenue	(195)	(539)	(664)	-	(1,398)
Revenue from external customers	6,745	12,665	2,903	-	22,313
Interest income	-	2	7	-	9
Other income	593	415	174	-	1,182
Total revenue and other income	7,338	13,083	3,083	-	23,504
Depreciation of property, plant and equipment	(37)	(251)	(365)	(583)	(1,236)
Segment results	(964)	(1,375)	174	-	(2,165)
Share of results of associates					52
Finance costs	(34)	(350)	(38)	(83)	(505)
Loss before tax					(2,618)
Income tax expenses					(51)
Loss for the financial year					(2,669)
Segment assets	5,693	8,696	5,339	7,493	27,221
- Additions to non-current assets (PPE)	5	156	82	-	243
Segment liabilities	526	8,665	1,395	3,489	14,075

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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.

	The Group			
	6 months ended 31 December 2022 (unaudited)			
	Chemical Cleaning	Heat Exchanger	Piping	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Timing of revenue recognition:				
At a point in time	1,616	-	-	1,616
Over time	-	6,933	2,612	9,545
	1,616	6,933	2,612	11,161

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

	The Group			
	12 months ended 31 December 2022 (unaudited)			
	Chemical Cleaning	Heat Exchanger	Piping	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Timing of revenue recognition:				
At a point in time	2,574	-	-	2,574
Over time	-	11,528	7,096	18,624
	2,574	11,528	7,096	21,198

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4.2 Disaggregation of revenue (cont'd)

	The Group			
	12 months ended 31 December 2021 (audited)			
	Chemical Cleaning	Heat Exchanger	Piping	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Timing of revenue recognition:				
At a point in time	2,903	-	-	2,903
Over time	-	12,665	6,745	19,410
	2,903	12,665	6,745	22,313

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 2 (2021: 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 ended 31 December 2022 (unaudited)	6 months ended 31 December 2021 (unaudited)	12 months ended 31 December 2022 (unaudited)	12 months ended 31 December 2021 (audited)
Attributable segments		S\$'000	S\$'000	S\$'000	S\$'000
Customer A	Piping segment	1,779	2,658	5,498	5,261
Customer B	Heat exchanger segment	2,047	924	3,104	4,884
Customer C	Heat exchanger segment	-	1,982	-	2,960
		3,826	5,564	8,602	13,105

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 2022 and 31 December 2021:

	The Group		The Company	
	As at 31.12.2022 (unaudited)	As at 31.12.2021 (audited)	As at 31.12.2022 (unaudited)	As at 31.12.2021 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances and trade and other receivables (Amortised cost)	6,350	11,149	4,524	4,262
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	10,572	13,555	3,019	3,410

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6 Other income

	The Group			
	6 months ended 31 December 2022 (unaudited)	6 months ended 31 December 2021 (unaudited)	12 months ended 31 December 2022 (unaudited)	12 months ended 31 December 2021 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Government grant income	96	554	668	1,096
Sundry income	128	9	138	19
Net foreign exchange (loss)/ gain	(77)	(28)	33	67
	147	535	839	1,182

7 Finance costs

	The Group			
	6 months ended 31 December 2022 (unaudited)	6 months ended 31 December 2021 (unaudited)	12 months ended 31 December 2022 (unaudited)	12 months ended 31 December 2021 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on:				
- Term loans	142	178	282	342
- Lease liabilities	53	56	107	113
- Others	54	30	108	50
	249	264	497	505

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8 Profit before tax

8.1 Significant items

	The Group			
	6 months ended 31 December 2022 (unaudited) S\$'000	6 months ended 31 December 2021 (unaudited) S\$'000	12 months ended 31 December 2022 (unaudited) S\$'000	12 months ended 31 December 2021 (audited) S\$'000
Income				
Interest income	-	-	-	9
Expenses				
Interest on borrowings	142	178	282	342
Depreciation of property, plant and equipment	554	615	1,140	1,236

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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:

	The Group			
	6 months ended 31 December 2022 (unaudited) S\$'000	6 months ended 31 December 2021 (unaudited) S\$'000	12 months ended 31 December 2022 (unaudited) S\$'000	12 months ended 31 December 2021 (audited) S\$'000
With associated companies				
Purchases from	140	77	228	107
With non-controlling shareholder of subsidiary				
Dividend	-	-	-	211
With shareholders				
Rendering of services	33	16	51	29
Provision of consultancy services	37	112	73	214

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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 2022 (unaudited)	6 months ended 31 December 2021 (unaudited)	12 months ended 31 December 2022 (unaudited)	12 months ended 31 December 2021 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Tax expense attributable to profit is made up of:				
- Provision for current year	-	(23)	-	(23)
- (Over)/under provision in respect of previous financial years	4	(37)	4	(36)
Deferred tax	4	4	8	8
Income tax (expense)/credit	8	(56)	12	(51)

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

10 Earnings per share attributable to equity holders of the Company

	The Group	
	12 months ended 31.12.2022 (unaudited)	12 months ended 31.12.2021 (audited)
Basic and diluted loss per ordinary share (Singapore cents)	(0.62)	(2.19)
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 2022 ("FY2022") and 12 months ended 31 December 2021 ("FY2021") is calculated based on net loss attributable to equity owners of the Company for the respective financial year divided by the weighted average number of ordinary shares in issue during the respective financial year.

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

For FY2022 and FY2021, the diluted loss per share is equivalent to the basic loss per share as the exercise of the share options outstanding were anti-dilutive in nature. In addition, there are no other potential dilutive ordinary shares in existence.

11 Dividends

In view of the Group's loss-making position for FY2022, no dividend has been declared or recommended by the Board of Directors for FY2022.

12 Net Asset Value

	Group		Company	
	As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	8.74	9.12	8.85	8.82

The net asset value per ordinary share of the Group and the Company as at 31 December 2022 and 31 December 2021 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 2022, the Group acquired assets amounting to S\$54,000 (31 December 2021: S\$46,000) and disposed of assets amounting to S\$Nil (31 December 2021: S\$Nil).

As at 31 December 2022, the carrying amount of pledged property, plant and equipment to secure the bank borrowings was S\$2,768,000 (31 December 2021: S\$3,121,000); and the carrying amount of property, plant and equipment held under right-of-use assets were S\$899,000 (31 December 2021: S\$1,012,000).

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14 Trade and other receivables

	Group		Company	
	As at 31.12.2022 (unaudited)	As at 31.12.2021 (audited)	As at 31.12.2022 (unaudited)	As at 31.12.2021 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
Third parties	4,585	6,493	-	-
Less: Allowance for impairment loss	(428)	(450)	-	-
	4,157	6,043	-	-
Other receivables				
Subsidiaries	-	-	4,429	2,937
Other receivables	136	146	-	-
GST recoverable	41	52	-	-
Deposits	207	234	7	8
Prepayments	132	238	47	91
Advance payment to supplier	31	229	-	-
	547	899	4,483	3,036

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

Group			
As at 31.12.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,598	-	2,840	-

Amount repayable after one year

Group			
As at 31.12.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,219	-	7,483	-

Amount repayable within one year or on demand

Company			
As at 31.12.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
764	-	812	-

Amount repayable after one year

Company			
As at 31.12.2022 (unaudited)		As at 31.12.2021 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,613	-	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 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables				
Third parties	888	1,051	-	-
Other payables				
Subsidiaries	-	-	14	-
Accruals	1,190	1,454	331	293
Other payables	677	727	73	65
Financial guarantee	-	-	224	-
GST payables	119	155	93	79
	1,986	2,336	735	437

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

17 Share Capital

	Group and Company			
	As at 31 December 2022		As at 31 December 2021	
	Number of issued shares '000	Total share capital S\$'000	Number of issued shares '000	Total share capital S\$'000
<u>Issued and fully paid up</u>				
At the beginning and end of 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 2022.

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17 Share Capital (cont'd)

As at 31 December 2022, there were 3,000,000 outstanding share options under the Heatec Employee Share Option Scheme that may be exercised into 3,000,000 new ordinary shares (representing 2.4% of the Company's 122,959,345 ordinary shares as at 31 December 2022) in the capital of the Company (31 December 2021: 3,000,000 outstanding share options, exercisable into 3,000,000 new ordinary shares representing 2.4% of the Company's 122,959,345 ordinary shares as at 31 December 2021).

Save as disclosed above, there were no convertibles, treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

The Company did not have any sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during the six-month period ended and as at 31 December 2022.

18 Subsequent events

On 20 January 2023, the Group's wholly owned subsidiary, Heatec Jietong Holdings Ltd. (the "**Company**") held an Extraordinary General Meeting (the "**EGM**") on the acquisition of 60% of the shareholding interests in Setya Energy Pte. Ltd. (the "**Target Company**"). All the resolutions were duly approved and passed by shareholders of the Company on a poll vote.

Following completion of the Proposed Acquisition ("**Completion**"), the Company will hold 60% of the shareholding interests in the Target Company, and the Target Company will become a direct subsidiary of the Company.

Completion of the Acquisition was completed on 6 February 2023 and was announced accordingly.

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F Management's Discussion and Analysis – Financial Review

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 2022 ("2H2022") vs six-month financial period ended 31 December 2021 ("2H2021")

Revenue

Revenue increased by 38% or S\$3.1 million, from S\$8.1 million in 2H2021 to S\$11.2 million in 2H2022. The increase was due to more projects in the Heat Exchanger and Chemical Cleaning segment, which reported an 85% increase in revenue from S\$4.6 million in 2H2021 to S\$8.5 million in 2H2022. The increase was partially offset by a decrease in revenue from Piping segment, which reported a 24% decrease in revenue, from S\$3.4 million in 2H2021 to S\$2.6 million in 2H2022.

Operating Results

The Group recorded a higher gross profit margin of 35% in 2H2022, as compared to 13% in 2H2021. The increase was mainly due to an increase in revenue arising from among others, the reversal of liquidated damages payable previously provided for in 2H2021 and better project management.

Other income decreased by 73% or approximately S\$0.4 million, from approximately S\$0.5 million in 2H2021 to approximately S\$0.1 million in 2H2022, mainly due to the decrease in support grants received from the Singapore government as a result of the COVID-19 pandemic in 2H2022, as compared to 2H2021.

Administrative expenses increased by 3% or S\$0.1 million, from approximately S\$3.9 million in 2H2021 to approximately S\$4.0 million in 2H2022 mainly due to higher professional fees incurred in 2H2022.

Finance costs decreased by 6% or S\$0.1 million, from approximately S\$0.3 million in 2H2021 to approximately S\$0.2 million in 2H2022.

Depreciation expenses remained stable at S\$0.6 million for both 2H2022 and 2H2021.

Overall, the Group recorded a lower net loss of S\$2.6 million, from net loss of S\$2.8 million in 2H2021 to net loss of S\$0.2 million in 2H2022.

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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\$1.1 million, from S\$9.8 million as at 31 December 2021 to S\$8.7 million as at 31 December 2022. The decrease was mainly due to depreciation charges of property, plant and equipment incurred in the twelve months ended 31 December 2022 ("FY2022").

Current Assets

The Group's current assets decreased by 24% or S\$4.1 million, from S\$17.4 million as at 31 December 2021 to S\$13.3 million as at 31 December 2022. The decrease was mainly due to a decrease in cash and bank balances and trade receivables.

Trade receivables decreased by approximately S\$1.8 million, from S\$6.0 million as at 31 December 2021 to S\$4.2 million as at 31 December 2022, mainly due to decrease in revenue in FY2022. Cash and bank balances decreased by S\$2.8 million, from S\$4.7 million as at 31 December 2021 to S\$1.9 million as at 31 December 2022. Please refer to "Review of Cash Flows" in Section F, paragraph 3 below for the reasons for the decrease in cash and bank balances.

Non-Current Liabilities

The Group's non-current liabilities decreased by 68% or S\$5.3 million, from S\$7.8 million as at 31 December 2021 to S\$2.5 million as at 31 December 2022, mainly due to repayment of loan in FY2022 and reclassification of certain loans from non-current to current liabilities.

Current Liabilities

The Group's current liabilities increased by 41% or S\$2.6 million, from S\$6.3 million as at 31 December 2021 to S\$8.9 million as at 31 December 2022, mainly due to an increase in contract liabilities and reclassification of certain loans from non-current to current liabilities.

Working Capital Position

The Group reported a positive working capital position of S\$4.5 million as at 31 December 2022, as compared to S\$11.1 million as at 31 December 2021.

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3 Review of Statement of Cash Flows

In FY2022, the Group recorded net cash generated from operating activities of S\$1.5 million, which was mainly a result of (i) operating cash inflows before changes in working capital of S\$0.8 million, (ii) net working capital inflows of S\$0.8 million, which was mainly due to the decrease in trade and other payables and contract liabilities and currency translation of an aggregate of S\$0.4 million and partially offset by an increase in trade and other receivables and contract assets of S\$1.2 million, and (iii) interest and income tax paid of S\$0.1 million.

Net cash used in investing activities of S\$1.5 million in FY2022, was mainly due to the acquisition of the additional shareholding interest in Chem Grow Engineering Pte. Ltd. and Chem-Grow Pte Ltd.

Net cash used in financing activities of S\$3.0 million in FY2022 was mainly due to repayment of bank loans of S\$2.6 million and interest paid of S\$0.4 million.

Overall, the Group's cash and cash equivalents as per Consolidated Statement of Cash Flows decreased by S\$3.0 million, from S\$4.7 million as at 31 December 2021 to S\$1.7 million as at 31 December 2022.

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4 Future Prospects

As we move into FY2023, the Group anticipates that the overall business environment will remain challenging with inflationary pressures, rising interest rates and the prospect of a global recession.

With the reopening of Singapore's borders in April 2022, the foreign labour situation had eased. However, it was not sufficient for us to secure contracts with short delivery schedules. At the same time, the Singaporean labour market remains tight.

To mitigate the ongoing labour constraints here, the Group has set up another base in Ho Chi Minh, Vietnam to tap its supply of skilled workers in the established oil and gas industry there. This would also allow us to explore opportunities in the Indochina region which has a growing marine, oil and gas industry.

Meanwhile, our acquisition of the remaining 30% stakes in two of our 70%-owned subsidiaries Chem-Grow Engineering Pte. Ltd. and Chem-Grow Pte Ltd has been completed and we are in the midst of integrating their operations. We believe that Chem-Grow's services are highly complementary to the Group's existing businesses and will put us in an even stronger competitive position to accelerate our growth.

We remain cautiously optimistic about the prospects of the FPSO market which is experiencing strong prospects given the volatility of oil prices. We will intensify our efforts to seek new opportunities in this segment as we leverage on our robust track record and reputation as a one-stop heat exchanger solutions provider. Having access to additional capacity and workers in Vietnam will further enhance our competitive advantage even as we seek further growth through synergistic and complementary opportunities.

On 21 December 2022, we were awarded a US\$3.3 million contract for the design and build of various specialised heat exchangers for a customer in the oil and gas industry. This is expected to have a positive impact on our financial performance in FY2023.

At an extraordinary general meeting held on 20 January 2023, shareholders voted for an all-shares, S\$2.7 million acquisition of a 60% stake in Setya Energy Pte Ltd, a Singapore-based independent trader of marine petroleum productions with operations in Southeast Asia. This acquisition was completed on 6 February 2023, and presents a good opportunity for us to diversify our existing businesses. While synergistic, the enlarged Group will also have the potential to expand into other services such as tank cleaning, de-slopping, gas freeing and de-mucking and sludge disposal.

Apart from focusing on the growing FPSO business, the Group continues to look for inorganic growth through synergistic and complementary opportunities.

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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 Ltd. and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 31 December 2022 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

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

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

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

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

3 Review of performance of the Group

Please refer to section F, 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 section F, paragraph 4 entitled "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 FY2022.

(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 FY2022, no dividend has been declared or recommended by the Board of Directors for FY2022.

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7 Interested Person Transactions (“IPTs”)

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

8 A breakdown of sales

	Group		Increase/ (Decrease)
	12 months ended 31 December 2022 (unaudited)	12 months ended 31 December 2021 (audited)	
	S\$'000	S\$'000	%
(a) Sales reported for first half year	10,037	14,251	(30)
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(536)	158	NM
(c) Sales reported for second half year	11,161	8,062	38
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(204)	(2,827)	(93)

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.

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 Jenson	43	Brother of Mr Soon Jeffrey, the Chief Executive Officer and Executive Director of the Company and son of Mr Soon Yeow Kwee Johnny, Executive Chairman and 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
Yong Chin Seng	43	Son of Mr Yong Yeow Sin, a substantial shareholder of the Company	Assistant General Manager of Chem-Grow Pte. Ltd. since 1 January 2021. 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	67	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, Executive Chairman and a substantial shareholder of the Company	Administrative & Logistics Manager of Heatec Jietong Pte. Ltd. since 1998. Responsible for admin, IT and transportation.	Retired on 28 July 2022.

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 FY2021 and FY2022.

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For the Six Months and Full Year ended 31 December 2022

12 Disclosure of acquisition (including incorporations) and sale of shares as required under Rule 706A of the Catalist Rules

On 8 August 2022, the Accounting and Corporate Regulatory Authority Singapore struck off Karnot Technology Pte. Ltd., an associate company to the Group, from the Register of the Companies pursuant to Section 344A of the Companies Act 1967 of Singapore. Karnot Technology Pte. Ltd. is a dormant company and its striking off does not have any material impact on the net tangible assets and earnings per share of the Group for FY2022.

On 7 December 2022, the Group incorporated a wholly owned subsidiary in Vietnam named Heatec Vietnam Company Limited for US\$20,000. The incorporation of the subsidiary was funded through internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Group for FY2022.

BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.

Soon Jeffrey
Executive Director and Chief Executive Officer

Singapore, 1 March 2023