

Company Registration No. 199804461D

## Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements  
For the Second Quarter and Half Year ended 31 December 2021

# Hai Leck Holdings Limited and Subsidiary Companies

## Condensed interim consolidated income statement

		Group					
		3 months ended	3 months ended		Half year ended	Half year ended	
	Note	31 December 2021	31 December 2020	Change	31 December 2021	31 December 2020	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4	17,992	21,742	(17.2)	34,581	52,537	(34.2)
Cost of sales		(6,239)	(12,092)	(48.4)	(13,341)	(32,706)	(59.2)
Gross profit		11,753	9,650	21.8	21,240	19,831	7.1
Other income	5	1,520	1,415	7.4	4,252	4,564	(6.8)
Distribution and selling expenses		(90)	(107)	(15.9)	(155)	(178)	(12.9)
Administrative expenses		(8,973)	(6,263)	43.3	(16,369)	(13,460)	21.6
Other expenses		(1,729)	(1,537)	12.5	(3,460)	(3,066)	12.9
Interest expense		(56)	(62)	(9.7)	(110)	(123)	(10.6)
Share of results of joint venture		18	223	(91.9)	(352)	559	n.m.
<b>Profit before taxation</b>	6	2,443	3,319	(26.4)	5,046	8,127	(37.9)
Taxation	7	(204)	(523)	(61.0)	(748)	(1,471)	(49.2)
<b>Profit for the year</b>		2,239	2,796	(19.9)	4,298	6,656	(35.4)
<b>Attributable to:</b>							
Equity holders of the Company		2,239	2,796	(19.9)	4,298	6,656	(35.4)
<b>Earnings per share</b>							
Basic (cents)	8	1.0	1.2 <sup>(1)</sup>		1.9	2.9 <sup>(1)</sup>	
Fully diluted (cents)	8	1.0	1.2 <sup>(1)</sup>		1.9	2.9 <sup>(1)</sup>	

n.m. denotes not meaningful.

<sup>(1)</sup> Restated for the effect of bonus issue undertaken in June 2021 (Note 10).

**Hai Leck Holdings Limited and Subsidiary Companies**

**Condensed interim consolidated statement of comprehensive income**

	<b>Group</b>			
	<b>3 months ended 31 December 2021 \$'000</b>	<b>3 months ended 31 December 2020 \$'000</b>	<b>Half year ended 31 December 2021 \$'000</b>	<b>Half year ended 31 December 2020 \$'000</b>
<b>Profit net of tax</b>	2,239	2,796	4,298	6,656
<b>Other comprehensive income, net of tax:</b>				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	48	(252)	50	(229)
<b>Total comprehensive income for the year</b>	2,287	2,544	4,348	6,427
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,287	2,544	4,348	6,427

# Hai Leck Holdings Limited and Subsidiary Companies

## Condensed interim balance sheets

		Group		Company	
	Note	31 December 2021 \$'000	30 June 2021 \$'000	31 December 2021 \$'000	30 June 2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	9	35,687	36,761	141	150
Right-of-use assets		6,035	6,346	—	—
Investments in subsidiary companies	15	—	—	48,173	37,350
Investment in joint venture	16	7,571	7,868	—	—
Intangible assets		355	528	—	—
Other receivables and deposits		134	141	—	—
Deferred tax assets		64	174	—	—
		49,846	51,818	48,314	37,500
<b>Current assets</b>					
Inventories		1,581	1,610	—	—
Trade receivables		18,939	16,143	—	—
Other receivables and deposits		496	511	15,012	9,019
Prepayments and advances to suppliers		493	997	56	136
Customer retention monies		3,381	1,712	—	—
Amount due from a subsidiary company (trade)		—	—	—	809
Contract assets		1,142	3,016	—	—
Fixed deposits pledged		1,136	1,134	—	—
Cash and cash equivalents		80,633	88,966	33,558	48,120
		107,801	114,089	48,626	58,084

# Hai Leck Holdings Limited and Subsidiary Companies

## Condensed interim balance sheets

	Note	Group		Company	
		31 December	30 June	31 December	30 June
		2021	2021	2021	2021
		\$'000	\$'000	\$'000	\$'000
<b>Current liabilities</b>					
Trade and other payables		17,151	18,001	273	1,048
Amounts due to subsidiary companies (trade)		—	—	706	14
Amount due to a subsidiary company (non-trade)		—	—	15,506	15,506
Contract liabilities		5,431	2,970	—	—
Provisions, current		1,866	1,866	—	—
Lease liabilities, current		1,225	1,006	—	—
Income tax payable		2,129	2,407	87	72
		27,802	26,250	16,572	16,640
<b>Net current assets</b>					
		79,999	87,839	32,054	41,444
<b>Non-current liabilities</b>					
Provisions, non-current		2,334	2,334	—	—
Lease liabilities, non-current		5,331	5,807	—	—
Deferred tax liabilities		437	547	3	3
		8,102	8,688	3	3
<b>Net assets</b>					
		121,743	130,969	80,365	78,941
<b>Equity attributable to equity holders of the Company</b>					
Share capital	10(a)	65,403	65,403	65,403	65,403
Treasury shares	10(b)	(160)	(160)	(160)	(160)
Accumulated profits		56,380	65,656	15,122	13,698
Foreign currency translation reserve		120	70	—	—
<b>Total equity</b>					
		121,743	130,969	80,365	78,941

**Hai Leck Holdings Limited and Subsidiary Companies**
**Condensed interim statements of changes in equity**

<b>Group</b>	<b>Attributable to equity holders of the Company</b>				
	<b>Share capital (Note 10(a)) \$'000</b>	<b>Treasury shares (Note 10(b)) \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	65,403	(160)	65,656	70	130,969
Profit for the year	–	–	4,298	–	4,298
Other comprehensive income for the year	–	–	–	50	50
Total comprehensive income for the year	–	–	4,298	50	4,348
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(13,574)	–	(13,574)
Balance at 31 December 2021	65,403	(160)	56,380	120	121,743
Balance at 1 July 2020	65,403	(160)	53,594	714	119,551
Profit for the year	–	–	6,656	–	6,656
Other comprehensive income for the year	–	–	–	(229)	(229)
Total comprehensive income for the year	–	–	6,656	(229)	6,427
Balance at 31 December 2020	65,403	(160)	60,250	485	125,978

**Hai Leck Holdings Limited and Subsidiary Companies**

**Condensed interim statements of changes in equity**

<b>Company</b>	<b>Attributable to equity holders of the Company</b>			
	<b>Share capital (Note 10(a)) \$'000</b>	<b>Treasury shares (Note 10(b)) \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	65,403	(160)	13,698	78,941
Profit for the year	–	–	14,998	14,998
Total comprehensive income for the year	–	–	14,998	14,998
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(13,574)	(13,574)
Balance at 31 December 2021	65,403	(160)	15,122	80,365
Balance at 1 July 2020	65,403	(160)	10,028	75,271
Loss for the year	–	–	11,061	11,061
Total comprehensive income for the year	–	–	11,061	11,061
Balance at 31 December 2020	65,403	(160)	21,089	86,332

# Hai Leck Holdings Limited and Subsidiary Companies

## Condensed interim consolidated cash flow statement

	Note	Group	
		Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		5,046	8,127
Adjustments:			
Depreciation of property, plant and equipment	6	2,579	2,267
Depreciation of right-of-use assets	6	563	488
Amortisation of intangible assets	6	202	216
Gain on disposal of property, plant and equipment	5	(2,051)	(8)
Share of results of joint venture		352	(559)
Interest income	5	(67)	(188)
Interest expense		110	123
<b>Operating cash flows before working capital changes</b>		6,734	10,466
Changes in working capital:			
(Increase)/decrease in customer retention monies, trade and other receivables, deposits and prepayments		(3,946)	21,270
Decrease in inventories		29	340
Decrease in contract assets/liabilities, net		4,335	1,210
Increase in suppliers retention monies, trade and other payables, provision for warranty and advances from customers		(850)	(21,968)
<b>Cash generated from operations</b>		6,302	11,318
Tax paid		(1,026)	(612)
<b>Net cash flows generated from operating activities</b>		5,276	10,706
<b>Cash flows from investing activities</b>			
Interest received		74	304
Purchase of property, plant and equipment		(1,535)	(344)
Purchase of intangible assets		(34)	(1)
Proceeds from disposal of property, plant and equipment		2,080	241
<b>Net cash flows generated from investing activities</b>		585	200



# Hai Leck Holdings Limited and Subsidiary Companies

## Condensed interim consolidated cash flow statement

	Note	Group	
		Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000
<b>Cash flows from financing activities</b>			
Interest paid		(110)	(123)
Payment of lease liabilities		(508)	(444)
Increase in fixed deposits pledged		(2)	–
Dividends paid	11	(13,574)	–
<b>Net cash flows used in financing activities</b>		<b>(14,194)</b>	<b>(567)</b>
Net (decrease)/increase in cash and cash equivalents		(8,333)	10,339
Cash and cash equivalents at the beginning of period		88,966	71,416
<b>Cash and cash equivalents at end of the period</b>		<b>80,633</b>	<b>81,755</b>

## **Hai Leck Holdings Limited and Subsidiary Companies**

### **Notes to the condensed interim financial statements**

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#### **1. Corporate information**

Hai Leck Holdings Limited (the "Company") is a limited liability company, domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of the subsidiary companies and joint venture are disclosed in Notes 15 and 16 to the financial statements respectively.

#### **2. Basis of preparation**

The condensed interim consolidated financial statements of the Group have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed 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 September 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$) which is the Company's functional currency. All values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

##### **2.1. Use of judgements and estimates**

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 key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**2. Basis of preparation (cont'd)**

**2.1. Use of judgements and estimates (cont'd)**

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Income taxes**

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 31 December 2021 were \$2,129,000 (30 June 2021: \$2,407,000), \$64,000 (30 June 2021: \$174,000) and \$437,000 (30 June 2021: \$547,000) respectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

**Allowance for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**Impairment of non-financial assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal assessment of non-financial assets is based on available market data from recent transactions of similar assets, recent acquisition prices or observable market prices less costs for disposing the asset.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows.

**2. Basis of preparation (cont'd)**

**2.2. Use of judgements and estimates (cont'd)**

**Impairment of non-financial assets (cont'd)**

The carrying amount of the Group's property, plant and equipment, right-of-use assets and Company's investments in subsidiary companies as at 31 December 2021 were \$35,687,000 (30 June 2021: \$36,761,000), \$6,035,000 (30 June 2021: \$6,346,000) and \$48,173,000 (30 June 2021: \$37,350,000) respectively.

**Project revenue**

The Group recognises project revenue over time based on the stage of completion of the contract activity. The stage of completion was determined based on proportion of total contract costs incurred to-date and the estimated costs to complete.

Significant assumptions are required in determining the stage of completion, the extent of the project costs incurred, the estimated total project revenues and costs, including provision for rectification work and warranties post-completion. In making these estimations, management relies on past experience and knowledge of project specialists.

Project revenue for the half year ended 31 December 2021 was \$14,828,000 (31 December 2020: \$7,507,000) for the Group.

**Provision for warranty**

Provision for warranty is recognised for expected warranty claims from painting works. Management has estimated the amount of provision based on their past experience and understanding of the historical trends of warranty claims and the warranty periods. It is expected that the provision will be utilised within the respective warranty periods. The Group provided \$1,866,000 (30 June 2021: \$1,866,000) of provisions for warranty as at 31 December 2021.

**3. Seasonal operations**

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

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 4. Segment and revenue information

##### 4.1. Segment information

The Group is organised into the following two reportable operating segments:

- Project and maintenance services
- Contact centre services

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended		3 months ended	3 months ended
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020		31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
<b>Revenue:</b>									
External customers	10,233	10,035	7,759	11,707	–	–		17,992	21,742
<b>Results:</b>									
Interest income	25	71	3	7	–	–		28	78
Interest expenses	45	49	11	13	–	–		56	62
Depreciation and amortisation	1,331	1,170	332	309	–	–		1,663	1,479
Segment profit before tax	263	1,902	2,180	1,417	–	–		2,443	3,319
<b>Assets:</b>									
Additions to non-current assets	763	104	523	6	–	–	A	1,286	110
Segment assets	131,555	140,154	27,092	23,789	(1,000)	(635)	B	157,647	163,308
<b>Segment liabilities</b>	21,666	22,843	12,738	12,636	1,500	1,851	C	35,904	37,330

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 4. Segment and revenue information (cont'd)

##### 4.1. Segment information (cont'd)

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended		Half year ended	Half year ended
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020		31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
<b>Revenue:</b>									
External customers	20,857	14,661	13,724	37,876	–	–		34,581	52,537
<b>Results:</b>									
Interest income	62	176	5	12	–	–		67	188
Interest expenses	89	97	21	26	–	–		110	123
Depreciation and amortisation	2,692	2,352	652	619	–	–		3,344	2,971
Segment profit before tax	1,083	1,882	3,963	6,245	–	–		5,046	8,127
<b>Assets:</b>									
Additions to non-current assets	1,233	338	456	6	–	–	A	1,689	344
Segment assets	131,555	140,154	27,092	23,789	(1,000)	(635)	B	157,647	163,308
<b>Segment liabilities</b>	21,666	22,843	12,738	12,636	1,500	1,851	C	35,904	37,330

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 4. Segment and revenue information (cont'd)

##### 4.1. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

B. The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	3 months ended 31 December 2021 \$'000	3 months ended 31 December 2020 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000
Inter-segment liabilities	(1,066)	(1,108)	(1,066)	(1,108)
Tax recoverable	2	2	2	2
Deferred tax assets	64	471	64	471
	(1,000)	(635)	(1,000)	(635)

C. The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	3 months ended 31 December 2021 \$'000	3 months ended 31 December 2020 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000
Inter-segment liabilities	(1,066)	(1,108)	(1,066)	(1,108)
Income tax payable	2,129	2,522	2,129	2,522
Deferred tax liabilities	437	437	437	437
	1,500	1,851	1,500	1,851

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 4. Segment and revenue information (cont'd)

##### 4.2 Disaggregation of revenue

Revenue information based on the geographical location of customers are as follows:

	Group			
	3 months ended 31 December 2021 \$'000	3 months ended 31 December 2020 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000
Singapore	17,992	21,742	34,581	46,855
Others	–	–	–	5,682
Total	17,992	21,742	34,581	52,537
<b>Major service lines:</b>				
Project revenue	5,986	5,347	14,828	7,507
Maintenance revenue	4,247	4,688	6,029	7,154
Contact centre services	7,759	11,707	13,724	37,876
	17,992	21,742	34,581	52,537

#### 5. Other income

	Group			
	3 months ended 31 December 2021 \$'000	3 months ended 31 December 2020 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000
Interest income from:				
- bank deposits	28	78	67	179
- others	–	–	–	9
Gain on disposal of property, plant and equipment	736	32	2,051	8
Government grant income	646	1,317	1,599	4,228
Rent concession	16	1	30	25
Others	94	(13)	505	115
	1,520	1,415	4,252	4,564



## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

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#### 6. Profit before taxation

##### 6.1 Significant items

The following items have been included in arriving at profit before tax:

	<b>Group</b>			
	<b>3 months ended</b>	<b>3 months ended</b>	<b>Half year ended</b>	<b>Half year ended</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Depreciation of property, plant and equipment	(1,277)	(1,127)	(2,579)	(2,267)
Depreciation of right-of-use assets	(295)	(245)	(563)	(488)
Amortisation of intangible assets	(91)	(107)	(202)	(216)
Foreign exchange loss, net	(32)	(5)	(20)	(20)

##### 6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

#### 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>			
	<b>3 months ended</b>	<b>3 months ended</b>	<b>Half year ended</b>	<b>Half year ended</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current taxation				
- Current year	430	523	974	1,471
- Overprovision in respect of prior years	(226)	—	(226)	—
Tax expense	204	523	748	1,471

# Hai Leck Holdings Limited and Subsidiary Companies

## Notes to the condensed interim financial statements

### 8. Earnings per share

	Group			
	3 months ended 31 December 2021 \$'000	3 months ended 31 December 2020 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 <sup>(1)</sup> \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	2,239	2,796	4,298	6,656
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	205,674	226,241	205,674
Effect of bonus share issue	–	20,567 <sup>(1)</sup>	–	20,567 <sup>(1)</sup>
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241 <sup>(1)</sup>	226,241	226,241 <sup>(1)</sup>

<sup>(1)</sup> Restated for the effect of bonus issue undertaken in June 2021 (Note 10).

### 9. Property, plant and equipment

During the half year ended 31 December 2021, the Group acquired assets amounting to \$1,535,000 (31 December 2020: \$344,000) and disposed of assets amounting to \$29,000 (31 December 2020: \$233,000).

### 10. Share capital and treasury shares

There were no changes in the Company's share capital arising from right issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on.

There are no shares that may be issued on conversion of outstanding convertibles.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the financial period reported on.

As at 31 December 2021, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (31 December 2020: 205,673,947).

In June 2021, the Company allotted and issued 20,599,248 ordinary shares at no consideration pursuant to a bonus issue exercise on the basis of one bonus share credited as fully paid for every ten existing ordinary shares in the Company held by the shareholders.

# Hai Leck Holdings Limited and Subsidiary Companies

## Notes to the condensed interim financial statements

### 10. Share capital and treasury shares (cont'd)

#### (a) Share capital

	Group and Company			
	As at 31 December 2021		As at 31 December 2020	
	No. of shares (‘000)	\$’000	No. of shares (‘000)	\$’000
At beginning and end of interim period	226,593	65,403	205,994	65,403

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 30 June 2021.

#### (b) Treasury shares

	Group and Company			
	As at 31 December 2021		As at 31 December 2020	
	No. of shares (‘000)	\$’000	No. of shares (‘000)	\$’000
At beginning and end of interim period	352	160	320	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of the period	226,241		205,674	

Treasury shares relate to ordinary shares of the Company that are held by the Company.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 11. Dividend

	<b>Group and Company</b>	
	<b>Half year ended</b>	<b>Half year ended</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Declared and paid during the year:</b>		
<i>Dividends on ordinary shares:</i>		
- Tax-exempt (one-tier) final dividend paid in respect of the previous financial years of \$0.02 (31 December 2020: \$Nil) per ordinary share	4,525	–
- Tax-exempt (one-tier) special dividend paid in respect of the previous financial years of \$0.04 (31 December 2020: \$Nil) per ordinary share	9,049	–
	<b>13,574</b>	<b>–</b>

No dividends were proposed and recognised as a liability as at 31 December 2020. Tax exempt (one-tier) interim dividend of \$0.02 per ordinary share and tax-exempt (one-tier) special dividend of \$0.03 per ordinary share were proposed out of accumulated profits for the financial period ending 30 June 2022.

#### 12. Financial assets and liabilities

Set out below is the carrying amount of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

	<b>31 December 2021</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>		
<b><i>Financial assets measured at amortised cost</i></b>		
Customer retention monies	3,381	1,712
Trade receivables	18,939	16,143
Other receivables and deposits (excluding tax recoverable and government grant receivable)	438	352
Fixed deposits pledged	1,136	1,134
Cash and cash equivalents	80,633	88,966
Total financial assets measured at amortised cost	<b>104,527</b>	<b>108,307</b>
<b><i>Financial liabilities measured at amortised cost</i></b>		
Trade and other payables (excluding net GST payable and deferred income)	16,310	16,789
Lease liabilities	6,556	6,813
Total financial liabilities measured at amortised cost	<b>22,866</b>	<b>23,602</b>

# Hai Leck Holdings Limited and Subsidiary Companies

## Notes to the condensed interim financial statements

### 12. Financial assets and liabilities (cont'd)

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Company</b>		
<b><i>Financial assets measured at amortised cost</i></b>		
Other receivables and deposits	15,012	9,019
Amount due from a subsidiary company (trade)	—	809
Cash and cash equivalents	33,558	48,120
Total financial assets measured at amortised cost	48,570	57,948
<b><i>Financial liabilities measured at amortised cost</i></b>		
Trade and other payables (excluding net GST payable)	261	1,034
Amounts due to subsidiary companies (trade)	706	14
Amount due to a subsidiary company (non-trade)	15,506	15,506
Total financial liabilities measured at amortised cost	16,473	16,554

### 13. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2021 \$</b>	<b>As at 30 June 2021 \$</b>	<b>As at 31 December 2021 \$</b>	<b>As at 30 June 2021 \$</b>
Net asset value per ordinary share (cents)	53.8	57.9	35.5	34.9

### 14. Borrowings

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2021 \$'000</b>	<b>As at 30 June 2021 \$'000</b>	<b>As at 31 December 2021 \$'000</b>	<b>As at 30 June 2021 \$'000</b>
<u>Amount repayable within one year or on demand</u>				
Secured	1,225	1,006	—	—
Unsecured	—	—	—	—
<u>Amount repayable after one year</u>				
Secured	5,331	5,807	—	—
Unsecured	—	—	—	—

The borrowings relate to lease liabilities relating to right-of-use assets.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 15. Subsidiary companies

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 December 2021	30 June 2021
			%	%
<b>Held by the Company</b>				
Hai Leck Engineering (Private) Limited	Oil & gas and chemical industries related construction and maintenance services	Singapore	100	100
Hai Leck Engineering & Construction Pte. Ltd.	Engineered solutions and mechanical works	Singapore	100	100
Hai Leck Industrial Services Pte. Ltd.	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
Hai Leck Overseas Investments Pte. Ltd.	Investment holding	Singapore	100	100
United Holding (1975) Pte. Ltd.	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.	Asset, business and management consultancy services	Singapore	100	100
Hai Leck Services Pte. Ltd.	Asset management and consultancy services	Singapore	100	100
Hai Leck Engineering (Thailand) Co., Ltd.	Oil & gas and chemical industries related construction and maintenance services	Thailand	100	100
<b>Held by subsidiary companies</b>				
Tele-centre Services Pte Ltd	Providing call centre services, telecommunications and information technology	Singapore	100	100
Hai Leck Corporation Sdn. Bhd. <sup>^</sup>	Oil & gas and chemical industries related construction and maintenance services	Malaysia	100	100

<sup>^</sup> During the financial year ended 30 June 2021, the Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. As at 31 December 2021, the voluntary winding up procedures are still ongoing.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

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#### 16. Joint venture

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 December 2021	30 June 2021
			%	%
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	49	49

## Hai Leck Holdings Limited And Subsidiary Companies

Other Information

For the Second Quarter and Half Year ended 31 December 2021



**1. Review**

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half year then ended and certain explanatory notes have not been audited or reviewed.

**2. Review of performance of the Group**

**Results for second quarter and half year ended 31 December 2021**

Revenue

Revenue for the financial period ended 31 December 2021 ("HY22") decreased by \$18.0 million to \$34.6 million compared to \$52.5 million recorded in the half year ended 31 December 2020 ("HY21") due to lower contact centre services revenue, partially offset by higher project revenue.

Quarter-on-quarter, revenue decreased by \$3.8 million from \$21.7 million in the second quarter ended 31 December 2020 ("4Q20") to \$18.0 million in the second quarter ended 31 December 2021 ("4Q21") due to the same reasons as above.

Cost of sales

For HY22, cost of sales decreased by 59.2% to \$13.3 million. The decrease is mainly in line with lower level of activities, partially offset by higher manpower related costs.

Quarter-on-quarter, cost of sales decreased by 48.4% to \$6.2 million due to the same reasons as above.

Other income

Other income decreased from \$4.6 million in HY21 to \$4.3 million in HY22 mainly due to lower government grant income recognised, partially offset by higher gain from disposal of property, plant and equipment.

Other income increased from \$1.4 million in 2Q21 to \$1.5 million in 2Q22 mainly due to higher gain on disposal of property, plant and equipment, partially offset by lower amount of government grant income recognised.

Operating expenses

Operating expenses consist of distribution and selling expenses, administrative expenses and other operating expenses, including depreciation, amortisation and exchange differences.

For HY22, total operating expenses increased from \$16.7 million in HY21 to \$20.0 million mainly due to higher manpower related and depreciation costs in HY22.

For 2Q22, operating expenses increased from \$7.9 million in 4Q20 to \$10.8 million mainly due to the same reasons as above.

Taxation

The effective tax rate for HY22 is lower than the statutory tax rate mainly due to overprovision of tax for prior years, partially offset by effects of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for HY22 decreased by \$2.4 million to \$4.3 million compared to \$6.7 million in HY21.

Quarter-on-quarter, the profit attributable to equity holders for 2Q22 decreased by \$0.6 million to \$2.2 million compared to \$2.8 million in 2Q21.

**Review of Financial Position**

Non-current assets

Non-current assets of the Group decreased from \$51.8 million as at 30 June 2021 to \$49.8 million as at 31 December 2021 mainly due to depreciation of property, plant and equipment.

Current assets

Current assets decreased by \$6.3 million from \$114.1 million as at 30 June 2021 to \$107.8 million as at 31 December 2021. The decrease is mainly due to decrease in cash and cash equivalents and contract assets, partially offset by increase in trade receivables and customer retention monies.

Current liabilities

Current liabilities increased by \$1.6 million from \$26.3 million as at 30 June 2021 to \$27.8 million as at 31 December 2021, mainly due to increase in contract liabilities, partially offset by decrease in trade and other payables.

Non-current liabilities

Non-current liabilities decreased from \$8.7 million as at 30 June 2021 to \$8.1 million as at 31 December 2021 due to repayment of lease obligations.

**Review of Cash Flows**

Cash flows from operating activities

Net cash flows generated from operating activities decreased from \$10.7 million in HY21 to \$5.3 million in HY22 in line with lower profit before taxation in HY22.

Cash flows from investing activities

Net cash flows used in investing activities increased from \$0.2 million in HY21 to \$0.6 million in HY22 mainly due to higher proceeds from disposal of property, plant and equipment, partially offset by increase in purchases of property, plant and equipment.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

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#### Cash flows from financing activities

Net cash flows used in financing activities was higher in HY22 by \$13.6 million mainly due to dividends paid in HY22.

Cash and cash equivalents as at 31 December 2021 was lower at \$80.6 million compared to \$81.8 million as at 31 December 2020.

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

Not applicable

**4. 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 half year**

The duration and impact of the current global health situation remains unpredictable. The Group continues to cautiously operate within the boundaries of safe management measures implemented to contain and control the pandemic.

**5. Dividend information**

**5.1 Current financial period reported on**

Any dividend recommended for the current financial period reported on?

Name of dividend	Final
Dividend type	Cash
Dividend per share	2 cents per ordinary share (one-tier tax exempt, out of accumulated profits)

Name of dividend	Special
Dividend type	Cash
Dividend per share	3 cents per ordinary share (one-tier tax exempt, out of accumulated profits)

**5.2 Corresponding period of the immediate preceding financial year**

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

Nil

**5.3 Date payable**

To be advised

**5.4 Record date**

To be advised

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

Not applicable

**6. Interested person transactions**

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

**7. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

We, Cheng Buck Poh @ Chng Bok Poh, Cheng Wee Ling and Christina Chow Poh Lin, being directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter ended 31 December 2021 to be false or misleading in any material aspect.

**8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**9. Disclosure pursuant to Rule 706A of the Listing Manual**

During 2Q22, the Company acquired 100% equity interest in its subsidiary company, Hai Leck Industrial Services Pte Ltd from another subsidiary company, Hai Leck Engineering (Private) Limited. There is no change to the Company's effective interest in Hai Leck Industrial Services Pte Ltd pursuant to this acquisition.

There were no other changes to the Company's and the Group's shareholding percentages in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during 2Q22 and as at the date of this announcement.

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh  
Executive Chairman and Chief Executive Officer  
10 February 2022