



HAI LECK HOLDINGS LIMITED
(Company Registration No. : 199804461D)
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR FIRST QUARTER ENDED 30 SEPTEMBER 2020

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

	1Q21 \$'000	Group 1Q20 \$'000	Change %
Revenue	30,795	16,494	86.7
Less:			
Cost of sales	(19,967)	(9,126)	118.8
Other income	3,149	201	1,466.7
Distribution and selling expenses	(71)	(97)	(26.8)
Administrative expenses	(7,844)	(7,009)	11.9
Other operating expenses	(1,529)	(1,674)	(8.7)
Interest expense	(61)	(65)	(6.2)
Share of results of joint venture	336	336	-
Profit/(loss) before taxation	4,808	(940)	n.m.
Taxation	(948)	124	n.m.
Profit/(loss) for the quarter	3,860	(816)	n.m.
Attributable to:			
Equity holders of the Company	3,860	(816)	n.m.
Net profit included the following:			
	1Q21 \$'000	Group 1Q20 \$'000	
Interest income	110	144	
Interest expense	(61)	(65)	
Foreign exchange loss, net	(15)	(3)	
(Loss)/gain on disposal of property, plant and equipment	(24)	60	
Amortisation of intangible assets	(109)	(33)	
Depreciation of property, plant and equipment	(1,383)	(1,601)	
Consolidated statement of comprehensive income			
	1Q21 \$'000	Group 1Q20 \$'000	
Profit for the quarter	3,860	(816)	
Other comprehensive income:			
Foreign currency translation	23	213	
Total comprehensive income for the quarter	3,883	(603)	
Total comprehensive income attributable to:			
Equity holders of the Company	3,883	(603)	

Note:

1Q20: The 1st quarter ended 30 September 2019

1Q21: The 1st quarter ended 30 September 2020

n.m. denotes not meaningful

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

	Group		Company	
	30.9.2020 \$'000	30.6.2020 \$'000	30.9.2020 \$'000	30.6.2020 \$'000
Non-current assets:				
Property, plant and equipment	45,064	46,446	182	381
Investments in subsidiary companies	-	-	37,671	34,931
Investment in joint venture	8,891	8,530	-	-
Intangible assets	844	952	-	-
Other receivables and deposits	33	30	-	-
Deferred tax assets	471	471	-	-
	<u>55,303</u>	<u>56,429</u>	<u>37,853</u>	<u>35,312</u>
Current assets:				
Inventories	2,164	2,291	-	-
Trade receivables	22,212	39,456	-	-
Other receivables and deposits	2,731	3,279	7,015	10,153
Prepayments	287	357	73	103
Customer retention	227	124	-	-
Amounts due from subsidiary companies - non-trade	-	-	-	-
Contract assets	3,037	2,171	-	-
Fixed deposits pledged	1,134	1,134	-	-
Cash and cash equivalents	89,088	71,416	31,343	30,312
	<u>120,880</u>	<u>120,228</u>	<u>38,431</u>	<u>40,568</u>
Current liabilities:				
Trade and other payables	35,221	40,039	519	397
Advances from customers	153	153	-	-
Suppliers retention	48	48	-	-
Amounts due to subsidiary companies (trade)	-	-	316	88
Contract liabilities	1,512	1,733	-	-
Provisions, current	2,975	2,975	-	-
Lease liabilities, current	900	900	-	-
Income tax payable	2,616	1,716	231	121
	<u>43,425</u>	<u>47,564</u>	<u>1,066</u>	<u>606</u>
Net current assets	<u>77,455</u>	<u>72,664</u>	<u>37,365</u>	<u>39,962</u>
Non-current liabilities:				
Deferred tax liabilities	437	437	3	3
Provisions, non-current	2,314	2,314	-	-
Lease liabilities, non-current	6,573	6,791	-	-
	<u>9,324</u>	<u>9,542</u>	<u>3</u>	<u>3</u>
Net assets	<u>123,434</u>	<u>119,551</u>	<u>75,215</u>	<u>75,271</u>
Equity attributed to equity holders of the Company				
Share capital	65,403	65,403	65,403	65,403
Treasury shares	(160)	(160)	(160)	(160)
Accumulated profits	57,454	53,594	9,972	10,028
Translation reserve	737	714	-	-
Total equity	<u>123,434</u>	<u>119,551</u>	<u>75,215</u>	<u>75,271</u>

1(b)(ii) A aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	As at 30.9.2020		As at 30.6.2020	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Lease obligations	900	-	900	-

Amount repayable after one year

	As at 30.9.2020		As at 30.6.2020	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Lease obligations	6,573	-	6,791	-

Details of any collateral

Lease financing for right-of-use assets.

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

Consolidated Statement of Cash Flows

	Group	
	1Q21 \$'000	1Q20 \$'000
Cash flows from operating activities:		
Profit/(loss) before taxation	4,808	(940)
Adjustments for:		
Depreciation of property, plant and equipment	1,383	1,601
Amortisation of intangible assets	109	33
Loss/(gain) on disposal of property, plant and equipment	24	(60)
Share of results of joint venture	(336)	(336)
Interest income	(110)	(144)
Interest expense	61	65
Unrealised exchange (gain)/loss	(4)	6
Operating cash flows before working capital changes	5,935	225
<i>Decrease/(Increase) in:</i>		
Customer retention, trade and other receivables and prepayments	17,589	482
Inventories	127	254
Contract assets/liabilities, net	(839)	6,922
<i>Increase/(Decrease) in:</i>		
Trade and other payables and advances from customers	(5,066)	898
Cash generated from operations	17,746	8,781
Tax refund	-	1
Net cash flows generated from operating activities	17,746	8,782
Cash flows from investing activities:		
Interest received	230	135
Purchase of property, plant and equipment	(234)	(952)
Proceeds from disposal of property, plant and equipment	209	119
Net cash flows generated from/(used in) investing activities	205	(698)
Cash flows from financing activities:		
Repayment of lease obligations	(218)	(198)
Interest paid	(61)	(65)
Increase in fixed deposit pledged	-	174
Net cash flows used in financing activities	(279)	(89)
Net increase in cash and cash equivalents	17,672	7,995
Cash and cash equivalents at beginning of period	71,416	57,871
Cash and cash equivalents at end of period	89,088	65,866

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

**Statements of changes in equity
For period ended 30 September 2020**

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2019, as previously stated	65,403	(160)	1,046	52,748	498	119,535
Cumulative effects of adopting SFRS(I) 16	-	-	-	(188)	-	(188)
At 1 July 2019, as restated	65,403	(160)	1,046	52,560	498	119,347
Profit for the quarter	-	-	-	(816)	-	(816)
Other comprehensive income for the quarter	-	-	-	-	213	213
Total comprehensive income for the quarter	-	-	-	(816)	213	(603)
Balance at 30 September 2019	65,403	(160)	1,046	51,744	711	118,744
At 1 July 2020, as restated	65,403	(160)	-	53,594	714	119,551
Profit for the quarter	-	-	-	3,860	-	3,860
Other comprehensive income for the quarter	-	-	-	-	23	23
Total comprehensive income for the quarter	-	-	-	3,860	23	3,883
Balance at 30 September 2020	65,403	(160)	-	57,454	737	123,434
Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000	
At 1 July 2019	65,403	(160)	1,046	17,156	83,445	
Total comprehensive income for the quarter	-	-	-	109	109	
Balance at 30 September 2019	65,403	(160)	1,046	17,265	83,554	
At 1 July 2020	65,403	(160)	-	10,028	75,271	
Total comprehensive income for the quarter	-	-	-	(56)	(56)	
Balance at 30 September 2020	65,403	(160)	-	9,972	75,215	

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

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

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

	1Q21		1Q20	
	No of shares	\$'000	No of shares	\$'000
Issued and paid up capital				
As at beginning of financial year and at 30 September	205,993,947	65,403	205,993,947	65,403
Treasury shares				
As at beginning of financial year and at 30 September	320,000	160	320,000	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of period	205,673,947	65,243	205,673,947	65,243

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 September 2020, the total number of issued ordinary shares (excluding treasury shares) was 205,673,847 (30 June 2020: 205,673,847).

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

Not applicable.

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

The figures have not been audited nor reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for the most recent audited financial statements for the year ended 30 June 2020.

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

Not applicable

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

	Group	
	1Q21	1Q20
Profit attributable to ordinary equity holders of the Company (\$'000)	3,860	(816)
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)	205,674	205,674
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)	205,674	205,674
Earnings per share -		
Basic (cents)	1.9	(0.4)
Fully diluted (cents)	1.9	(0.4)

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

	Group		Company	
	30.9.2020	30.6.2020	30.9.2020	30.6.2020
Net asset value (\$'000)	123,434	119,551	75,215	75,271
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	205,674	205,674	205,674	205,674
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of quarter (cents)	60.0	58.1	36.6	36.6

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period 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

Review of Financial Results

Results for first quarter ended 30 September 2020

Revenue

Revenue for 1Q21 increased by 86.7% from \$16.5 million in 1Q20 to \$30.8 million in 1Q21. This is due to higher contract centre services revenue, which was partially offset by lower project and maintenance revenue.

Cost of sales

Cost of sales increased by \$10.8 million to \$20.0 million in 1Q21 as compared to \$9.1 million in 1Q20. The increase is mainly due to higher subcontractor costs, in line with the higher level of activities in 1Q21.

Other income

Other income comprised mainly of interest income, miscellaneous income earned from non-core businesses, safety and performance incentives, and gain on disposal of property, plant and equipment as well as government grants, jobs credit and special employment credit schemes.

Other income increased by \$2.9 million from \$0.2 million in 1Q20 to \$3.1 million in 1Q21 mainly due to government grants in 1Q21.

Operating expenses

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

Operating expenses increased from \$8.8 million in 1Q20 to \$9.4 million in 1Q21 mainly due to higher manpower related costs.

Taxation

The effective tax rate in 1Q21 is higher than the statutory tax rate mainly due to the effects of certain non-tax deductible items.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 1Q21 increased by \$4.7 million from a loss of \$0.8 million in 1Q20 to a profit of \$3.9 million in 1Q21.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased from \$56.4 million as at 30 June 2020 to \$55.3 million as at 30 September 2020 due to depreciation of property, plant and equipment.

Current assets

Current assets increased by \$0.7 million from \$120.2 million as at 30 June 2020 to \$120.9 million as at 30 September 2020. The increase is due to increase in cash and cash equivalents, partially offset by decrease in trade receivables.

Current liabilities

Current liabilities comprise of payables to suppliers of materials and equipment and subcontractors, other payables, advances from customers, lease liabilities, provisions as well as income tax payable.

Current liabilities decreased by \$4.1 million from \$47.6 million as at 30 June 2020 to \$43.4 million as at 30 September 2020, mainly due to decrease in trade and other payables.

Non-current liabilities

Non-current liabilities decreased from \$9.5 million as at 30 June 2020 to \$9.3 million as at 30 September 2020 due to decrease in lease obligations.

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

Not applicable

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

The current global health situation has negatively impacted both the global and local economy, resulting in slowdown in the local oil and gas industry. The duration of the impact of this pandemic remains uncertain and unpredictable. Resumption of activities for our project and maintenance services is proceeding at a cautious pace.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding period of the immediately preceding financial year

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

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommended in view of the uncertain global health and economic situation.

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

No IPT mandate has been obtained.

14 Negative Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Cheng Buck Poh @ Chng Bok Poh and Cheng Li Chen, 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 first quarter ended 30 September 2020 to be false or misleading in any material aspect.

15 Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 collectively from all its directors and executive officers under Rule 720(1) of the Listing Manual.

16 Disclosure pursuant to Rule 706A of the Listing Manual

During 1Q21 and as at the date of this announcement, there were no 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.

BY THE ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
9 November 2020