

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 2022

## 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	2022	2021	Change	31 December	2022	2021
		\$'000	\$'000	%	\$'000	\$'000	Change
	4	17,425	17,992	(3.2)	32,760	34,581	(5.3)
Revenue							
Cost of sales		(7,173)	(6,239)	15.0	(14,526)	(13,341)	8.9
<hr/>							
Gross profit		10,252	11,753	(12.8)	18,234	21,240	(14.2)
Other income	5	287	1,520	(81.1)	869	4,252	(79.6)
Distribution and selling expenses		(3,955)	(4,876)	(18.9)	(7,939)	(8,076)	(1.7)
Administrative expenses		(4,323)	(4,187)	3.2	(8,815)	(8,448)	4.3
Other expenses		(1,314)	(1,729)	(24.1)	(2,755)	(3,460)	(20.4)
Interest expense		(30)	(56)	(46.4)	(64)	(110)	(41.8)
Share of results of joint venture		757	18	4,105.6	1,084	(352)	n.m.
<hr/>							
<b>Profit before taxation</b>	6	1,674	2,443	(31.5)	614	5,046	(87.8)
Taxation	7	(162)	(204)	(20.6)	–	(748)	(100.0)
<hr/>							
<b>Profit for the year</b>		1,512	2,239	(32.5)	614	4,298	(85.7)
<hr/>							
<b>Attributable to:</b>							
Equity holders of the Company		1,512	2,239	(32.5)	614	4,298	(85.7)
<hr/>							
<b>Earnings per share</b>							
Basic (cents)	8	0.7	1.0		0.3	1.9	
Fully diluted (cents)	8	0.7	1.0		0.3	1.9	

n.m. denotes not meaningful.

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

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	Group			
	3 months ended 31 December 2022 \$'000	3 months ended 31 December 2021 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000
<b>Profit net of tax</b>	1,512	2,239	614	4,298
<b>Other comprehensive income, net of tax:</b>				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	(76)	48	(394)	50
<b>Total comprehensive income for the year</b>	1,436	2,287	220	4,348
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	1,436	2,287	220	4,348

## Hai Leck Holdings Limited and Subsidiary Companies

### Condensed interim balance sheets

	Note	Group		Company	
		31 December	30 June	31 December	30 June
		2022	2022	2022	2022
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	9	30,244	30,757	341	95
Right-of-use assets		3,894	4,422	–	–
Investments in subsidiary companies	15	–	–	41,754	41,754
Investment in joint venture	16	8,366	7,664	–	–
Intangible assets		479	471	111	71
Other receivables and deposits		234	227	–	–
Deferred tax assets		53	53	–	–
		43,270	43,594	42,206	41,920
<b>Current assets</b>					
Inventories		1,388	1,302	–	–
Trade receivables		22,041	20,084	–	–
Other receivables and deposits		442	937	2,842	10,020
Prepayments and advances to suppliers		658	780	74	62
Customer retention monies		4,568	3,996	–	–
Amount due from a subsidiary company (trade)		–	–	–	531
Contract assets		417	484	–	–
Fixed deposits pledged		–	1,134	–	–
Cash and cash equivalents		60,223	73,624	42,002	36,458
		89,737	102,341	44,918	47,071

## Hai Leck Holdings Limited and Subsidiary Companies

### Condensed interim balance sheets

	Note	Group		Company	
		31 December 2022 \$'000	30 June 2022 \$'000	31 December 2022 \$'000	30 June 2022 \$'000
<b>Current liabilities</b>					
Trade and other payables		10,526	16,923	290	778
Amounts due to subsidiary companies (trade)		–	–	173	11
Amount due to a subsidiary company (non-trade)		–	–	15,506	15,506
Contract liabilities		1,339	961	–	–
Provisions, current		974	1,497	–	–
Lease liabilities, current		774	888	–	–
Income tax payable		2,123	3,564	83	11
		15,736	23,833	16,052	16,306
<b>Net current assets</b>		74,001	78,508	28,866	30,765
<b>Non-current liabilities</b>					
Provisions, non-current		1,946	1,947	–	–
Lease liabilities, non-current		3,582	4,107	–	–
Deferred tax liabilities		534	534	14	14
		6,062	6,588	14	14
<b>Net assets</b>		111,209	115,514	71,058	72,671
<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		46,791	50,702	5,815	7,428
Foreign currency translation reserve		(825)	(431)	–	–
<b>Total equity</b>		111,209	115,514	71,058	72,671

**Hai Leck Holdings Limited and Subsidiary Companies**

**Condensed interim statements of changes in equity**

Group	Attributable to equity holders of the Company				
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Profit for the year	–	–	614	–	614
Other comprehensive income for the year	–	–	–	(394)	(394)
Total comprehensive income for the year	–	–	614	(394)	220
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(4,525)	–	(4,525)
Balance at 31 December 2022	65,403	(160)	46,791	(825)	111,209
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

**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 2022	65,403	(160)	7,428	72,671
Profit for the year	–	–	2,912	2,912
Total comprehensive income for the year	–	–	2,912	2,912
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(4,525)	(4,525)
Balance at 31 December 2022	65,403	(160)	5,815	71,058
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

## Hai Leck Holdings Limited and Subsidiary Companies

### Condensed interim consolidated cash flow statement

	Note	Group	
		Half year ended	Half year ended
		31 December 2022	31 December 2021
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		614	5,046
Adjustments:			
Depreciation of property, plant and equipment	6	2,039	2,579
Depreciation of right-of-use assets	6	419	563
Amortisation of intangible assets	6	185	202
Gain on disposal of property, plant and equipment	5	(181)	(2,051)
Share of results of joint venture		(1,084)	352
Write back of provision for warranty		(419)	–
Interest income	5	(121)	(67)
Interest expense		64	110
Unrealised exchange gain		(12)	–
<b>Operating cash flows before working capital changes</b>		1,504	6,734
Changes in working capital:			
Increase in customer retention monies, trade and other receivables, deposits and prepayments		(1,897)	(3,946)
(Increase)/decrease in inventories		(86)	29
Decrease in contract assets/liabilities, net		445	4,335
Increase in trade and other payables		(6,502)	(850)
<b>Cash (used in)/generated from operations</b>		(6,536)	6,302
Tax paid		(1,441)	(1,026)
<b>Net cash flows (used in)/generated from operating activities</b>		(7,977)	5,276
<b>Cash flows from investing activities</b>			
Interest received		99	74
Purchase of property, plant and equipment		(1,532)	(1,535)
Purchase of intangible assets		(193)	(34)
Proceeds from disposal of property, plant and equipment		188	2,080
<b>Net cash flows (used in)/generated from investing activities</b>		(1,438)	585



**Hai Leck Holdings Limited and Subsidiary Companies****Condensed interim consolidated cash flow statement**

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	<b>Group</b>	
	<b>Half year ended 31 December 2022</b>	<b>Half year ended 31 December 2021</b>
	<b>Note</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(64)	(110)
Payment of lease liabilities	(531)	(508)
Decrease/(increase) in fixed deposits pledged	1,134	(2)
Dividends paid	11 (4,525)	(13,574)
<b>Net cash flows used in financing activities</b>	<b>(3,986)</b>	<b>(14,194)</b>
Net decrease in cash and cash equivalents	(13,401)	(8,333)
Cash and cash equivalents at the beginning of period	73,624	88,966
<b>Cash and cash equivalents at end of the period</b>	<b>60,223</b>	<b>80,633</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 2022.

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 2022.

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)**

Key assumptions concerning the future and other key sources of estimation uncertainty are as follows:

**Allowance for expected credit losses of trade receivables, customer retention monies and contract assets**

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables, customer retention monies 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.

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 2022 were \$30,244,000 (30 June 2022: \$30,757,000), \$3,894,000 (30 June 2022: \$4,422,000) and \$41,754,000 (30 June 2022: \$41,754,000) 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.

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

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

**Project revenue (cont'd)**

The management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to-date relative to the total inputs expected to be incurred for the projects.

Project revenue for the half year ended 31 December 2022 was \$2,353,000 (31 December 2021: \$14,828,000) 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 provision for warranty as at 31 December 2022 amounted to \$974,000 (30 June 2022: \$1,393,000).

**Revenue recognition – Estimating variable consideration for call centre services**

Certain call centre services contracts include billing deductions when minimum service requirements are not met in the course of performing the services. This gives rise to variable consideration and the Group estimates variable considerations to be included in the transaction price for these call centre services.

In estimating the variable consideration, the Group uses an expected value approach and updates its assessment of the variable consideration based on the latest available information at the end of each reporting period. The variable consideration is included in trade receivables.

**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 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021		31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
<b>Revenue:</b>									
External customers	12,657	10,233	4,768	7,759	–	–		17,425	17,992
<b>Results:</b>									
Interest income	72	25	1	3	–	–		73	28
Interest expenses	20	45	10	11	–	–		30	56
Depreciation and amortisation	922	1,331	349	332	–	–		1,271	1,663
Segment profit before tax	1,425	263	249	2,180	–	–		1,674	2,443
<b>Assets:</b>									
Additions to non-current assets	455	763	151	523	–	–	A	606	1,286
Segment assets	115,379	131,555	19,024	27,092	(1,396)	(1,000)	B	133,007	157,647
<b>Segment liabilities</b>	12,709	21,666	7,881	12,738	1,208	1,500	C	21,798	35,904

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 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000		Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000
<b>Revenue:</b>									
External customers	22,647	20,857	10,113	13,724	–	–		32,760	34,581
<b>Results:</b>									
Interest income	120	62	1	5	–	–		121	67
Interest expenses	44	89	20	21	–	–		64	110
Depreciation and amortisation	1,825	2,692	818	652	–	–		2,643	3,344
Segment (loss)/profit before tax	(488)	1,083	1,102	3,963	–	–		614	5,046
<b>Assets:</b>									
Additions to non-current assets	1,321	1,233	488	456	–	–	A	1,809	1,689
Segment assets	115,379	131,555	19,024	27,092	(1,396)	(1,000)	B	133,007	157,647
<b>Segment liabilities</b>	12,709	21,666	7,881	12,738	1,208	1,500	C	21,798	35,904

## 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:

	<b>3 months ended 31 December 2022 \$'000</b>	<b>3 months ended 31 December 2021 \$'000</b>	<b>Half year ended 31 December 2022 \$'000</b>	<b>Half year ended 31 December 2021 \$'000</b>
Inter-segment assets	(1,449)	(1,066)	(1,449)	(1,066)
Tax recoverable	–	2	–	2
Deferred tax assets	53	64	53	64
	<b>(1,396)</b>	<b>(1,000)</b>	<b>(1,396)</b>	<b>(1,000)</b>

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

	<b>3 months ended 31 December 2022 \$'000</b>	<b>3 months ended 31 December 2021 \$'000</b>	<b>Half year ended 31 December 2022 \$'000</b>	<b>Half year ended 31 December 2021 \$'000</b>
Inter-segment liabilities	(1,449)	(1,066)	(1,449)	(1,066)
Income tax payable	2,123	2,129	2,123	2,129
Deferred tax liabilities	534	437	534	437
	<b>1,208</b>	<b>1,500</b>	<b>1,208</b>	<b>1,500</b>

## 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 2022 \$'000	3 months ended 31 December 2021 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000
Singapore	17,425	17,992	32,760	34,581
Others	—	—	—	—
<b>Total</b>	<b>17,425</b>	<b>17,992</b>	<b>32,760</b>	<b>34,581</b>
<b>Major service lines:</b>				
Project revenue	797	5,986	2,353	14,828
Maintenance revenue	11,860	4,247	20,294	6,029
Contact centre services	4,768	7,759	10,113	13,724
	17,425	17,992	32,760	34,581

#### 5. Other income

	Group			
	3 months ended 31 December 2022 \$'000	3 months ended 31 December 2021 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000
Interest income from:				
- bank deposits	73	28	121	67
Gain on disposal of property, plant and equipment	69	736	181	2,051
Government grant income	106	646	433	1,599
Rent concession	—	16	—	30
Others	39	94	134	505
	287	1,520	869	4,252



## 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 31 December 2022 \$'000</b>	<b>3 months ended 31 December 2021 \$'000</b>	<b>Half year ended 31 December 2022 \$'000</b>	<b>Half year ended 31 December 2021 \$'000</b>
Depreciation of property, plant and equipment	(1,033)	(1,277)	(2,039)	(2,579)
Depreciation of right-of-use assets	(200)	(295)	(419)	(563)
Amortisation of intangible assets	(38)	(91)	(185)	(202)
Foreign exchange gain/(loss), net	2	(32)	21	(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 31 December 2022 \$'000</b>	<b>3 months ended 31 December 2021 \$'000</b>	<b>Half year ended 31 December 2022 \$'000</b>	<b>Half year ended 31 December 2021 \$'000</b>
Current taxation				
- Current year	162	430	–	974
- Overprovision in respect of prior years	–	(226)	–	(226)
Tax expense	162	204	–	748

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 8. Earnings per share

	Group			
	3 months ended 31 December 2022 \$'000	3 months ended 31 December 2021 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	1,512	2,239	614	4,298
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241

#### 9. Property, plant and equipment

During the half year ended 31 December 2022, the Group acquired assets amounting to \$1,532,000 (31 December 2021: \$1,535,000) and disposed of assets amounting to \$7,000 (31 December 2021: \$29,000).

#### 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 2022, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (30 June 2022: 226,241,195).

	Group and Company			
	As at 31 December 2022		As at 31 December 2021	
	No. of shares ( '000)	\$'000	No. of shares ( '000)	\$'000
At beginning and end of interim period	226,593	65,403	226,593	65,403

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 30 June 2022.

**Hai Leck Holdings Limited and Subsidiary Companies**

**Notes to the condensed interim financial statements**

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

**(b) Treasury shares**

	<b>Group and Company</b>			
	<b>As at 31 December 2022</b>		<b>As at 31 December 2021</b>	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of interim period	352	160	352	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		226,241	

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

**11. Dividend**

	<b>Group and Company</b>	
	<b>Half year ended 31 December 2022</b>	<b>Half year ended 31 December 2021</b>
	\$'000	\$'000

**Declared and paid during the year:**

*Dividends on ordinary shares:*

- Final tax exempt (one-tier) dividend of \$0.02 (31 December 2021: \$0.02) per ordinary share	4,525	4,525
- Special tax exempt (one-tier) dividend for 2021: \$0.04 per ordinary share	–	9,049
	<u>4,525</u>	<u>13,574</u>

No dividends were proposed and recognised as a liability as at 31 December 2022.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 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 2022</b>	<b>30 June 2022</b>
	\$'000	\$'000
<b>Group</b>		
<b><i>Financial assets measured at amortised cost</i></b>		
Customer retention monies	4,568	3,996
Trade receivables (excluding GST receivable)	22,034	19,951
Other receivables and deposits (excluding tax recoverable and government grant receivables)	421	964
Fixed deposits pledged	–	1,134
Cash and cash equivalents	60,223	73,624
Total financial assets measured at amortised cost	<u>87,246</u>	<u>99,669</u>
<b><i>Financial liabilities measured at amortised cost</i></b>		
Trade and other payables (excluding net GST payable, deferred government income, deferred income and advances from customers)	9,900	15,743
Lease liabilities	4,356	4,995
Total financial liabilities measured at amortised cost	<u>14,256</u>	<u>20,738</u>
	<b>31 December 2022</b>	<b>30 June 2022</b>
	\$'000	\$'000
<b>Company</b>		
<b><i>Financial assets measured at amortised cost</i></b>		
Other receivables and deposits	2,842	10,020
Amount due from a subsidiary company (trade)	–	531
Cash and cash equivalents	42,002	36,458
Total financial assets measured at amortised cost	<u>44,844</u>	<u>47,009</u>
<b><i>Financial liabilities measured at amortised cost</i></b>		
Trade and other payables (excluding net GST payable)	283	774
Amounts due to subsidiary companies (trade)	173	11
Amount due to a subsidiary company (non-trade)	15,506	15,506
Total financial liabilities measured at amortised cost	<u>15,962</u>	<u>16,291</u>

#### 13. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>
	\$	\$	\$	\$
Net asset value per ordinary share (cents)	49.2	51.1	31.4	32.1

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 14. Borrowings

	Group		Company	
	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	774	888	–	–
Unsecured	–	–	–	–
<u>Amount repayable after one year</u>				
Secured	3,582	4,107	–	–
Unsecured	–	–	–	–

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

#### 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 2022 %	30 June 2022 %
<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	–
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 Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

#### 15. Subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 December 2022	30 June 2022
Held by the Company				
Hai Leck Engineering (Thailand) Co., Ltd.	Oil & gas and chemical industries related construction and maintenance services	Thailand	100	100
Held by subsidiary companies				
Hai Leck Industrial Services Pte. Ltd.	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	–	100
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

# On 31 December 2021, the Group carried out an internal restructuring exercise pursuant to which 1,000,000 ordinary shares representing 100% of the issued share capital of Hai Leck Industrial Services Pte. Ltd. was transferred to Hai Leck Engineering (Private) Limited to the Company for a cash consideration of \$6,822,599.

<sup>^</sup> The Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. during the financial year ended 30 June 2021. As at 31 December 2022, the voluntary winding up procedures are still ongoing.

#### 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 2022	30 June 2022
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 2022

## Hai Leck Holdings Limited and Subsidiary Companies

### Other Information Required by Listing Rule Appendix 7.2

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#### 1. Review

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 31 December 2022 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 2022

###### Revenue

Revenue for the financial period ended 31 December 2022 ("HY23") decreased by \$1.8 million to \$32.8 million compared to \$34.6 million recorded in the half year ended 31 December 2021 ("HY22") due to lower contact centre services revenue, partially offset by higher project and maintenance services revenue.

Quarter-on-quarter, the revenue decreased by \$0.6 million to \$17.4 million for the second quarter ended 31 December 2022 ("2Q23") compared to \$18.0 million recorded in the second quarter ended 31 December 2021 ("2Q22").

###### Cost of sales

For HY23, cost of sales increased by \$1.2 million to \$14.5 million compared to \$13.3 million recorded in HY22. The increase is mainly due to higher manpower related costs.

Quarter-on-quarter, cost of sales increased by 15.0% to \$7.2 million due to the same reasons as above.

###### Other income

Other income decreased from \$4.3 million in HY22 to \$0.9 million in HY23 mainly due to lower government grant income recognised and lower gain on disposal of property, plant and equipment.

Other income decreased from \$1.5 million in 2Q22 to \$0.3 million in 2Q23 due to the same reasons as above.

###### Operating expenses

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

For HY23, total operating expenses decreased from \$20.0 million in HY22 to \$19.5 million mainly due to lower manpower related and depreciation costs in HY23.

For 2Q23, operating expenses decreased from \$10.8 million in 2Q22 to \$9.6 million mainly due to the same reasons as above.



## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

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#### Taxation

The effective tax rate for HY23 is higher than the statutory tax rate mainly due to the effect of non-tax deductible expenses.

#### Profit attributable to equity holders of the Company

The profit attributable to equity holders for HY23 decreased by \$3.7 million to \$0.6 million compared to \$4.3 million in HY22.

Quarter-on-quarter, the profit attributable to equity holders for 2Q23 decreased by \$0.7 million to \$1.5 million compared to \$2.2 million in 2Q22.

### **Review of Financial Position**

#### Non-current assets

Non-current assets remained comparable at approximately \$43 million as at 31 December 2022 and 30 June 2022.

#### Current assets

Current assets decreased by \$12.6 million from \$102.3 million as at 30 June 2022 to \$89.7 million as at 31 December 2022. The decrease is mainly due to decrease in cash and cash equivalents, partially offset by increase in trade receivables and customer retention monies.

#### Current liabilities

Current liabilities decreased by \$8.1 million from \$23.8 million as at 30 June 2022 to \$15.7 million as at 31 December 2022, mainly due to decrease in trade and other payables, provisions and income tax payable, partially offset by increase in contract liabilities.

#### Non-current liabilities

Non-current liabilities decreased from \$6.6 million as at 30 June 2022 to \$6.1 million as at 31 December 2022 due to repayment of lease obligations.

### **Review of Cash Flows**

#### Cash flows from operating activities

Net cash flows used in operating activities was \$8.0 million in HY23 compared to net cash flows generated from operating activities of \$5.3 million in HY22, mainly due to lower profit before taxation and relatively higher amount of working capital used in HY23.

#### Cash flows from investing activities

Net cash flows used in investing activities was \$1.4 million in HY23 compared to net cash flows generated from investing activities of \$0.6 million in HY22, mainly due to higher proceeds from disposal of property, plant and equipment in HY22.

#### Cash flows from financing activities

Net cash flows used in financing activities was lower in HY23 by \$10.2 million mainly due to lower dividends paid in HY23.

Cash and cash equivalents as at 31 December 2022 was lower at \$60.2 million compared to \$80.6 million as at 31 December 2021.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

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**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**

There is uncertainty in the current global economic and political. Developments in the global arena will have its follow-on impact on the local economy and the sectors that the Group operates in. Bearing such uncertainties in mind, the Group will continue to manage its operations and control costs judiciously.

**5. Dividend information**

**5.1 Current financial period reported on**

Any dividend recommended for the current financial period reported on?

Nil

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

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

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)

**5.3 Date payable**

Not applicable

**5.4 Record date**

Not applicable

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

No dividend has been declared/recommended in view of the recent tax-exempt (one-tier) final dividend of \$0.02 per ordinary share in respect of the financial year ended 30 June 2022 which was approved by the shareholders at the annual general meeting held on 21 October 2022.

## Hai Leck Holdings Limited and Subsidiary Companies

### Notes to the condensed interim financial statements

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#### 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 2022 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 2Q23 and as at the date of this announcement, 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.

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh  
Executive Chairman and Chief Executive Officer  
10 February 2023