

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the First Quarter ended 30 September 2023

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group		Change %
		3 months ended	3 months ended	
		30 September 2023 \$'000	30 September 2022 \$'000	
Revenue	4	17,449	15,335	13.8
Cost of sales		(7,453)	(7,353)	1.4
<hr/>				
Gross profit		9,996	7,982	25.2
Other income	5	523	582	(10.1)
Distribution and selling expenses		(2,645)	(3,984)	(33.6)
Administrative expenses		(5,267)	(4,492)	17.3
Other expenses		(1,506)	(1,441)	4.5
Interest expense		(30)	(34)	(11.8)
Share of results of joint venture		479	327	46.5
<hr/>				
Profit/(loss) before taxation	6	1,550	(1,060)	n.m.
Taxation	7	(275)	162	n.m.
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Profit/(loss) for the year		1,275	(898)	n.m.
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Attributable to:				
Equity holders of the Company		1,275	(898)	n.m.
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Earnings per share				
Basic (cents)	8	0.6	(0.4)	
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Fully diluted (cents)	8	0.6	(0.4)	
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n.m. denotes not meaningful

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

	Group	
	3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Profit/(loss) net of tax	1,275	(898)
Other comprehensive income, net of tax:		
<u>Items that may be reclassified to profit and loss</u>		
Foreign currency translation	(261)	(318)
Total comprehensive income for the year	1,014	(1,216)
Total comprehensive income attributable to:		
Equity holders of the Company	1,014	(1,216)

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 September 2023 \$'000	30 June 2023 \$'000	30 September 2023 \$'000	30 June 2023 \$'000
Non-current assets					
Property, plant and equipment	9	31,300	32,390	262	289
Right-of-use assets		3,350	3,610	–	–
Investments in subsidiary companies	15	–	–	41,754	41,754
Investment in joint venture	16	9,719	9,506	817	817
Intangible assets		381	376	82	92
Other receivables and deposits		149	209	–	–
Deferred tax assets		250	250	–	–
		45,149	46,341	42,915	42,952
Current assets					
Inventories		1,234	1,564	–	–
Trade receivables		21,422	17,312	–	–
Other receivables and deposits		780	885	2,703	2,891
Prepayments		868	834	48	62
Customer retention monies		318	168	–	–
Amount due from a subsidiary company (trade)		–	–	540	433
Contract assets		3,517	3,211	–	–
Cash and cash equivalents		62,292	63,592	42,165	41,764
		90,431	87,566	45,456	45,150

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 September 2023 \$'000	30 June 2023 \$'000	30 September 2023 \$'000	30 June 2023 \$'000
Current liabilities					
Trade and other payables		11,394	11,265	942	932
Amounts due to subsidiary companies (trade)		–	–	16	43
Amount due to a subsidiary company (non-trade)		–	–	12,706	12,706
Contract liabilities		629	134	–	–
Provisions, current		646	646	–	–
Lease liabilities, current		698	652	–	–
Income tax payable		382	109	165	116
		13,749	12,806	13,829	13,797
Net current assets		76,682	74,760	31,627	31,353
Non-current liabilities					
Provisions, non-current		1,946	1,946	–	–
Lease liabilities, non-current		3,117	3,401	–	–
Deferred tax liabilities		656	656	139	139
		5,719	6,003	139	139
Net assets		116,112	115,098	74,403	74,166
Equity attributable to equity holders of the Company					
Share capital	10(a)	65,403	65,403	65,403	65,403
Treasury shares	10(b)	(160)	(160)	(160)	(160)
Accumulated profits		51,741	50,466	9,160	8,923
Foreign currency translation reserve		(872)	(611)	–	–
Total equity		116,112	115,098	74,403	74,166

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				Total equity \$'000
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits/ (loss) \$'000	Foreign currency translation reserve \$'000	
Balance at 1 July 2023	65,403	(160)	50,466	(611)	115,098
Profit for the period	–	–	1,275	–	1,275
Other comprehensive income for the period	–	–	–	(261)	(261)
Total comprehensive income for the period	–	–	1,275	(261)	1,014
Balance at 30 September 2023	65,403	(160)	51,741	(872)	116,112
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Loss for the period	–	–	(898)	–	(898)
Other comprehensive income for the year	–	–	–	(318)	(318)
Total comprehensive income for the year	–	–	(898)	(318)	(1,216)
Balance at 30 September 2022	65,403	(160)	49,804	(749)	114,298

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Company	Attributable to equity holders of the Company			Total equity \$'000
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	
Balance at 1 July 2023	65,403	(160)	8,923	74,166
Profit for the period, representing total comprehensive income for the period	–	–	237	237
Balance at 30 September 2023	65,403	(160)	9,160	74,403
Balance at 1 July 2022	65,403	(160)	7,428	72,671
Profit for the period, representing total comprehensive income for the year	–	–	53	53
Balance at 30 September 2022	65,403	(160)	7,481	72,724

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Cash flows from operating activities			
Profit/(loss) before taxation		1,550	(1,060)
Adjustments:			
Depreciation of property, plant and equipment	6	1,198	1,006
Depreciation of right-of-use assets	6	193	219
Amortisation of intangible assets	6	64	147
Gain on disposal of property, plant and equipment	5	(69)	(112)
Share of results of joint venture		(479)	(327)
Interest income	5	(298)	(48)
Interest expense		30	34
Unrealised exchange loss/(gain)		5	(12)
Operating cash flows before working capital changes		2,194	(153)
Changes in working capital:			
(Increase)/decrease in customer retention monies, trade and other receivables, deposits and prepayments		(3,900)	2,146
Decrease in inventories		330	153
Decrease in contract assets/liabilities, net		189	824
Increase/(decrease) in trade and other payables		130	(5,266)
Cash used in operations		(1,057)	(2,296)
Tax paid		(2)	(3)
Net cash flows used in operating activities		(1,059)	(2,299)
Cash flows from investing activities			
Interest received		68	42
Purchase of property, plant and equipment		(111)	(1,038)
Purchase of intangible asset		(69)	(131)
Proceeds from disposal of property, plant and equipment		73	119
Net cash flows used in investing activities		(39)	(1,008)

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

	Group	
	3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Note		
Cash flows from financing activities		
Interest paid	(30)	(34)
Payment of lease liabilities	(172)	(307)
Decrease in bank deposits pledged	–	1,134
Net cash flows (used in)/generated from financing activities	(202)	793
Net decrease in cash and cash equivalents	(1,300)	(2,514)
Cash and cash equivalents at the beginning of period	63,592	73,624
Cash and cash equivalents at end of the period	62,292	71,110

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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 June 2023.

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 2023.

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 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 and recent transactions of similar assets 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 30 September 2023 were \$31,300,000 (30 June 2023: \$32,390,000), \$3,350,000 (30 June 2023: \$3,610,000) and \$41,754,000 (30 June 2023: \$41,754,000) respectively.

Project revenue

The Group recognises project revenue over time based on the stage of completion of the contract activity at the end of each reporting period. The stage of completion is determined based on proportion of total contract costs incurred to-date over the estimated budgeted costs.

The determination of the estimated budgeted costs (including rectification works and post-completion warranties) requires significant management estimations, which could have a material impact on the amounts of contract assets/liabilities, project revenues, costs and profits recognised in the year. In making these estimations, management relies on past experience and knowledge of project specialists.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

2. Basis of preparation (cont'd)

2.1. 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 3 months ended 30 September 2023 was \$4,883,000 (30 September 2022: \$3,313,000) 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 30 September 2023 amounted to \$646,000 (30 June 2023: \$646,000).

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
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022		30 September 2023	30 September 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	13,344	9,990	4,105	5,345	–	–		17,449	15,335
Results:									
Interest income	262	48	36	–	–	–		298	48
Interest expenses	26	24	4	10	–	–		30	34
Depreciation and amortisation	1,082	903	373	469	–	–		1,455	1,372
Segment profit/(loss) before tax	749	(1,913)	801	853	–	–		1,550	(1,060)
Assets:									
Additions to non-current asset	96	866	84	337	–	–	A	180	1,203
Segment assets	119,978	121,407	18,657	19,597	(3,055)	(1,101)	B	135,580	139,903
Segment liabilities	14,921	15,319	6,814	7,507	(2,267)	2,779	C	19,468	25,605

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 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Inter-segment assets	(3,305)	(1,154)
Deferred tax assets	250	53
	<hr/>	<hr/>
	(3,055)	(1,101)
	<hr/>	<hr/>

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 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Inter-segment liabilities	(3,305)	(1,154)
Income tax payable	382	3,399
Deferred tax liabilities	656	534
	<hr/>	<hr/>
	(2,267)	2,779
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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 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Singapore	17,449	15,335
Others	-	-
Total	17,449	15,335
Major service lines:		
Project revenue	4,883	3,313
Maintenance revenue	8,461	6,677
Contact centre services	4,105	5,345
	17,449	15,335

5. Other income

	Group	
	3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Interest income from:		
- bank deposits	298	48
Gain on disposal of property, plant and equipment	69	112
Government grant income	61	327
Others	95	95
	523	582

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

6. Profit/(loss) before taxation

6.1 Significant items

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Depreciation of property, plant and equipment	(1,198)	(1,006)
Depreciation of right-of-use assets	(193)	(219)
Amortisation of intangible assets	(64)	(147)
Foreign exchange (loss)/gain, net	(2)	19

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:

	3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
	Current taxation - Current year	275
Tax expense/(credit)	275	(162)

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

8. Earnings per share

	Group	
	3 months ended 30 September 2023 \$'000	3 months ended 30 September 2022 \$'000
Profit/(loss) attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	1,275	(898)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	226,241
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241

9. Property, plant and equipment

During the 3 months ended 30 September 2023, the Group acquired assets amounting to \$111,000 (30 September 2022: \$1,038,000) and disposed of assets amounting to \$4,000 (30 September 2022: \$7,000).

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 30 September 2023, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (30 June 2023: 226,241,195).

(a) Share capital

	Group and Company			
	As at 30 September 2023		As at 30 September 2022	
	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 30 September 2023 and 30 June 2023.

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

	Group and Company			
	As at 30 September 2023		As at 30 September 2022	
	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

No dividends were declared and paid during the financial periods ended 30 September 2023 and 2022.

During the financial period ended 30 September 2023, tax-exempt (one-tier) final dividend of \$0.02 per ordinary share was declared in respect of the financial year ended 30 June 2023 but were not recognised as a liability as at 30 September 2023 as the dividends were subject to shareholder's approval which was obtained at the annual general meeting held on 26 October 2023.

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:

Group	30 September 2023 \$'000	30 June 2023 \$'000
<i>Financial assets measured at amortised cost</i>		
Customer retention monies	318	168
Trade receivables (excluding GST receivable)	19,993	17,005
Other receivables and deposits (excluding government grant receivables)	929	1,089
Cash and cash equivalents	62,292	63,592
Total financial assets measured at amortised cost	<u>83,532</u>	<u>81,854</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding GST payable and deferred income)	10,101	10,474
Lease liabilities	3,815	4,053
Total financial liabilities measured at amortised cost	<u>13,916</u>	<u>14,527</u>
<i>Company</i>		
<i>Financial assets measured at amortised cost</i>		
Other receivables and deposits	2,703	2,891
Amount due from a subsidiary company (trade)	540	433
Cash and cash equivalents	42,165	41,764
Total financial assets measured at amortised cost	<u>45,408</u>	<u>45,088</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding GST payable)	935	924
Amounts due to subsidiary companies (trade)	16	43
Amount due to a subsidiary company (non-trade)	12,706	12,706
Total financial liabilities measured at amortised cost	<u>13,657</u>	<u>13,673</u>

13. Net asset value

	Group		Company	
	As at 30 September 2023 \$	As at 30 June 2023 \$	As at 30 September 2023 \$	As at 30 June 2023 \$
Net asset value per ordinary share (cents)	51.3	50.9	32.9	32.8

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

14. Borrowings

	Group		Company	
	As at 30 September 2023 \$'000	As at 30 June 2023 \$'000	As at 30 September 2023 \$'000	As at 30 June 2023 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	698	652	–	–
<u>Amount repayable after one year</u>				
Secured	3,117	3,401	–	–

The borrowings relate to lease liabilities relating to right-of-use assets and hire purchase of vehicle.

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	
			2023 %	2022 %
Held by the Company				
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.	Manpower supply, dormitory bed rental and other dormitory related services	Singapore	100	100
Hai Leck Services Pte. Ltd.	Provision of dormitory bed rental and other dormitory related 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	
			2023 %	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				
Tele-centre Services Pte Ltd	Providing call centre services, telecommunications and information technology	Singapore	100	100
Hai Leck Corporation Sdn. Bhd.^	Oil & gas and chemical industries related construction and maintenance services	Malaysia	100	100

^ 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 30 September 2023, 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	
			2023 %	2022 %
Held by the Company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	44.66	–
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	–	49

Hai Leck Holdings Limited And Subsidiary Companies

Other Information
For the First Quarter ended 30 September 2023

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 30 September 2023 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 3-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for the first quarter ended 30 September 2023

Revenue

Revenue for the first quarter ended 30 September 2023 ("1Q24") increased by \$2.1 million to \$17.4 million compared to \$15.3 million for the first quarter ended 30 September 2022 ("1Q23") mainly due to higher revenue in the project and maintenance services business segment which partially offset by lower revenue in contact centre services business segment.

Cost of sales

Cost of sales increased by 1.4% to \$7.5 million which are in line with the increase in revenue.

Other income

Other income remained comparable at approximately \$0.5 million in 1Q24 and 1Q23.

Operating expenses

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

Total operating expenses decreased by \$0.5 million to \$9.4 million in 1Q24 compared to \$9.9 million in 1Q23 mainly due to lower manpower related costs in 1Q24.

Taxation

The tax credit recognised in 1Q24 is higher than the statutory tax rate applied to profit before taxation for 1Q24 mainly due to effects of non-tax deductible expenses.

Review of Financial Position

Non-current assets

Non-current assets decreased from \$46.3 million as at 30 June 2023 to \$45.1 million as at 30 September 2023 mainly due to depreciation of property, plant and equipment and right-of-use assets, partially offset by increase in investment in joint venture.

Current assets

Current assets increased by \$2.9 million from \$87.6 million as at 30 June 2023 to \$90.4 million as at 30 September 2023. The increase is mainly due to increase in trade receivables and contract assets which is partially offset by decrease in cash and cash equivalents.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

Current liabilities

Current liabilities increased by \$0.9 million from \$12.8 million as at 30 June 2023 to \$13.7 million as at 30 September 2023 mainly due to increase in trade and other payables, contract liabilities and income tax payable.

Non-current liabilities

Non-current liabilities decreased from \$6.0 million as at 30 June 2023 to \$5.7 million as at 30 September 2023 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows used in operating activities improved from an outflow of \$2.3 million in 1Q23 to \$1.1 million in 1Q24 mainly due to higher profit before taxation.

Cash flows from investing activities

Net cash flows used in investing activities was \$0.04 million in 1Q24 compared to \$1.0 million in 1Q23, mainly due to lower cash outflow used to purchase of property, plant and equipment in 1Q24.

Cash flows from financing activities

Net cash flows used in financing activities was \$0.2 million in 1Q24 compared to net cash flows generated from financing activities of \$0.8 million in 1Q23, mainly due to absence of withdrawal of bank deposits pledged in 1Q24.

Cash and cash equivalents as at 30 September 2023 was lower at \$62.3 million compared to \$71.1 million as at 30 June 2023.

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 12 months

The oil and gas industry is showing signs of improvement. Nonetheless, bearing in mind the industry's sensitivity to key market players' strategic decisions, current global political and economic uncertainties and keen competition faced, the Group will continue to manage its operations and control costs judiciously.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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 immediate preceding financial year

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

Nil

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 2023 which was approved by the shareholders at the annual general meeting held on 26 October 2023.

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 first quarter ended 30 September 2023 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.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

During 1Q24 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 ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
8 November 2023