

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the Fourth Quarter and Full Year ended 30 June 2021

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group					
		3 months ended 30 June 2021	3 months ended 30 June 2020	Change %	12 months ended 30 June 2021	12 months ended 30 June 2020	Change %
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	19,837	37,709	(47.4)	88,506	95,351	(7.2)
Cost of sales		(7,283)	(26,015)	(72.0)	(46,940)	(54,865)	(14.4)
Gross profit		12,554	11,694	7.4	41,566	40,486	2.7
Other income	5	3,177	4,544	(30.1)	9,265	5,387	72.0
Distribution and selling expenses		(111)	(103)	7.8	(405)	(567)	(28.6)
Administrative expenses		(8,487)	(7,904)	7.4	(28,856)	(29,682)	(2.8)
Other expenses		(1,775)	(6,328)	(72.0)	(6,546)	(11,448)	(42.8)
Interest expense		(51)	(69)	(26.1)	(235)	(273)	(13.9)
Share of results of joint venture		8	(63)	n.m.	(35)	1,155	n.m.
Profit before taxation	6	5,315	1,771	200.1	14,754	5,058	191.7
Taxation	7	(959)	(286)	235.3	(2,692)	(957)	181.3
Profit for the year		4,356	1,485	193.3	12,062	4,101	194.1
Attributable to:							
Equity holders of the Company		4,356	1,485	193.3	12,062	4,101	194.1
Earnings per share							
Basic (cents)	8	1.9	0.7 ⁽¹⁾		5.3	1.8 ⁽¹⁾	
Fully diluted (cents)	8	1.9	0.7 ⁽¹⁾		5.3	1.8 ⁽¹⁾	

n.m. denotes not meaningful.

⁽¹⁾ Restated for the effect of bonus issue undertaken in June 2021 (Note 10(a)).

Hai Leck Holdings Limited and Subsidiary Companies**Condensed interim consolidated statement of comprehensive income**

	Group			
	3 months ended 30 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Profit net of tax	4,356	1,485	12,062	4,101
Other comprehensive income, net of tax:				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	(224)	305	(644)	216
Total comprehensive income for the year	4,132	1,790	11,418	4,317
Total comprehensive income attributable to:				
Equity holders of the Company	4,132	1,790	11,418	4,317

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	36,761	39,100	150	381
Right-of-use assets		6,346	7,346	–	–
Investments in subsidiary companies	15	–	–	38,350	34,931
Investment in joint venture	16	7,868	8,530	–	–
Intangible assets		528	952	–	–
Other receivables and deposits		152	30	–	–
Deferred tax assets		174	471	–	–
		51,829	56,429	38,500	35,312
Current assets					
Inventories		1,610	2,291	–	–
Trade receivables		16,143	39,456	–	–
Other receivables and deposits		500	3,279	9,019	10,153
Prepayments		997	357	136	103
Customer retention monies		1,712	124	–	–
Amount due from a subsidiary company (trade)		–	–	449	–
Contract assets		3,016	2,171	–	–
Fixed deposits pledged		1,134	1,134	–	–
Cash and cash equivalents		88,966	71,416	48,120	30,312
		114,078	120,228	57,724	40,568

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Current liabilities					
Trade and other payables		17,974	40,039	1,048	397
Advances from customers		—	153	—	—
Suppliers retention monies		27	48	—	—
Amounts due to subsidiary companies (trade)		—	—	14	88
Amount due to a subsidiary company (non-trade)		—	—	15,506	—
Contract liabilities		2,970	1,733	—	—
Provisions, current		1,866	2,975	—	—
Lease liabilities, current		1,006	900	—	—
Income tax payable		2,407	1,716	11	121
		26,250	47,564	16,579	606
Net current assets		87,828	72,664	41,145	39,962
Non-current liabilities					
Provisions, non-current		2,334	2,314	—	—
Lease liabilities, non-current		5,807	6,791	—	—
Deferred tax liabilities		547	437	3	3
		8,688	9,542	3	3
Net assets		130,969	119,551	79,642	75,271
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		65,656	53,594	14,399	10,028
Foreign currency translation reserve		70	714	—	—
Total equity		130,969	119,551	79,642	75,271

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	Capital reserve \$'000	Foreign currency translation reserve \$'000	Other reserves, total \$'000	Total equity \$'000
Balance at 1 July 2020	65,403	(160)	53,594	–	714	714	119,551
Profit for the year	–	–	12,062	–	–	–	12,062
Other comprehensive income for the year	–	–	–	–	(644)	(644)	(644)
Total comprehensive income for the year	–	–	12,062	–	(644)	(644)	11,418
Balance at 30 June 2021	65,403	(160)	65,656	–	70	70	130,969

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	Capital reserve \$'000	Foreign currency translation reserve \$'000	Other reserves, total \$'000	Total equity \$'000
Balance at 1 July 2019	65,403	(160)	52,560	1,046	498	1,544	119,347
Profit for the year	–	–	4,101	–	–	–	4,101
Other comprehensive income for the year	–	–	–	–	216	216	216
Total comprehensive income for the year	–	–	4,101	–	216	216	4,317
<u>Contributions by and distributions to owners</u>							
Transfer of capital reserve to accumulated profits	–	–	1,046	(1,046)	–	(1,046)	–
Dividend on ordinary shares (Note 11)	–	–	(4,113)	–	–	–	(4,113)
Balance at 30 June 2020	65,403	(160)	53,594	–	714	714	119,551

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Company	Attributable to equity holders of the Company				
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	Capital reserve \$'000	Total equity \$'000
Balance at 1 July 2020	65,403	(160)	10,028	–	75,271
Profit for the year	–	–	4,371	–	4,371
Total comprehensive income for the year	–	–	4,371	–	4,371
Balance at 30 June 2021	65,403	(160)	14,399	–	79,642
Balance at 1 July 2019	65,403	(160)	17,156	1,046	83,445
Loss for the year	–	–	(4,061)	–	(4,061)
Total comprehensive income for the year	–	–	(4,061)	–	(4,061)
<u>Contributions by and distributions to owners</u>					
Transfer of capital reserve to accumulated profits	–	–	1,046	(1,046)	–
Dividend on ordinary shares (Note 11)	–	–	(4,113)	–	(4,113)
Balance at 30 June 2020	65,403	(160)	10,028	–	75,271

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		12 months ended	12 months ended
		30 June 2021 \$'000	30 June 2020 \$'000
Cash flows from operating activities			
Profit before taxation		14,754	5,058
Adjustments:			
Depreciation of property, plant and equipment	6	5,908	6,339
Amortisation of intangible assets	6	425	409
Gain on disposal of property, plant and equipment	5	(253)	(218)
Loss on disposal of intangible asset	6	–	21
(Write-back of)/impairment loss on property, plant and equipment	6	(1,592)	4,350
Share of results of joint venture		35	(1,155)
(Write-back of)/provision for onerous contract	6	14	248
Write-back of provision for warranty, net	6	(1,110)	(74)
Allowance for expected credit losses	6	163	55
Interest income		(274)	(543)
Interest expense		235	273
Unrealised exchange gain		(16)	(4)
Operating cash flows before working capital changes		18,289	14,759
Changes in working capital:			
(Increase)/decrease in customer retention monies, trade and other receivables, deposits and prepayments		23,490	(26,180)
Decrease/(increase) in inventories		681	(184)
(Increase)/decrease in contract assets/liabilities, net		392	8,861
Decrease/(increase) in suppliers retention monies, trade and other payables, provision for warranty and advances from customers		(22,253)	25,013
Cash generated from operations		20,599	22,269
Tax paid		(1,542)	(474)
Net cash flows generated from operating activities		19,057	21,795
Cash flows from investing activities			
Interest received		311	624
Purchase of property, plant and equipment		(1,151)	(3,081)
Purchase of intangible assets		(1)	(1,117)
Proceeds from disposal of property, plant and equipment		483	379
Net cash flows used in investing activities		(358)	(3,195)

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Group	
	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Cash flows from financing activities		
Interest paid	(235)	(273)
Payment of lease liabilities	(914)	(843)
Decrease in fixed deposits pledged	–	174
Dividends paid	11	(4,113)
Net cash flows used in financing activities	(1,149)	(5,055)
Net increase in cash and cash equivalents	17,550	13,545
Cash and cash equivalents at the beginning of period	71,416	57,871
Cash and cash equivalents at end of the period	88,966	71,416

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 31 March 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards, except for the early adoption of amendment to SFRS(I) 16 *Leases* as described below.

Early adoption of amendment to SFRS(I) 16 *Leases*

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease. The Group has elected to apply this practical expedient to all property leases.

As a result of applying the practical expedient, rent concessions of \$25,000 (Note 5) was recognised as negative variable lease payments (i.e. other income) in the profit or loss during the year.

2. Basis of preparation (cont'd)

2.2. 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 2020.

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.

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

Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 30 June 2021 were \$2,407,000 (30 June 2020: \$1,716,000), \$174,000 (30 June 2020: \$471,000) and \$547,000 (30 June 2020: \$437,000) respectively.

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

Allowance for expected credit losses of trade receivables and contract assets

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

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

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

2. Basis of preparation (cont'd)

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

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 and Company's investments in subsidiary companies as at 30 June 2021 were \$36,761,000 (30 June 2020: \$39,100,000) and \$38,350,000 (30 June 2020: \$34,931,000) respectively.

Project revenue

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

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

Project revenue for the 12 months ended 30 June 2021 was \$23,231,000 (30 June 2020: \$24,130,000) for the Group.

Provision for warranty

Provision for warranty is recognised for expected warranty claims from painting works. Management has estimated the amount of provision based on their past experience and understanding of the historical trends of warranty claims and the warranty periods. It is expected that the provision will be utilised within the respective warranty periods. The Group provided \$1,866,000 (30 June 2020: \$2,975,000) of provisions for warranty as at 30 June 2021.

3. Seasonal operations

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information

4.1. Segment information

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

- Project and maintenance services
- Contact centre services

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

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended		3 months ended	3 months ended
	30 June	30 June	30 June	30 June	30 June	30 June		30 June	30 June
	2021	2020	2021	2020	2021	2020		2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue:									
External customers	13,607	4,295	6,230	33,414	–	–		19,837	37,709
Results:									
Interest income	40	133	3	–	–	–		43	133
Interest expenses	38	52	13	17	–	–		51	69
Depreciation and amortisation	1,401	1,391	327	543	–	–		1,728	1,934
Write-back of/(impairment loss) on property, plant and equipment	1,592	(4,350)	–	–	–	–		1,592	(4,350)
Segment profit/(loss) before tax	2,543	(2,154)	2,772	3,925	–	–		5,315	1,771
Assets:									
Additions to non-current assets	442	1,845	–	118	–	–	A	442	1,963
Segment assets	140,575	128,704	25,156	47,428	176	525	B	165,907	176,657
Segment liabilities	23,045	20,890	9,226	35,216	2,667	1,000	C	34,938	57,106

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	
	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000		12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Revenue:									
External customers	39,089	45,711	49,417	49,640	–	–		88,506	95,351
Results:									
Interest income	256	530	18	13	–	–		274	543
Interest expenses	183	210	52	63	–	–		235	273
Depreciation and amortisation	5,073	5,577	1,260	1,171	–	–		6,333	6,748
Write-back of/(impairment loss) on property, plant and equipment	1,592	(4,350)	–	–	–	–		1,592	(4,350)
Segment profit/(loss) before tax	3,970	(2,116)	10,784	7,174	–	–		14,754	5,058
Assets:									
Additions to non-current assets	1,108	3,814	144	3,936	–	–	A	1,252	7,750
Segment assets	140,575	128,704	25,156	47,428	176	525	B	165,907	176,657
Segment liabilities	23,045	20,890	9,226	35,216	2,667	1,000	C	34,938	57,106

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. Deferred tax assets and tax recoverable are added to segment assets to arrive at total assets reported in the consolidated balance sheet.
- 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 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Inter-segment liabilities	(287)	(1,153)	(287)	(1,153)
Income tax payable	2,407	1,716	2,407	1,716
Deferred tax liabilities	547	437	547	437
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	2,667	1,000	2,667	1,000
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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 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Singapore	19,837	37,709	88,506	89,669
Others	–	–	–	5,682
Total	19,837	37,709	88,506	95,351
Major service lines:				
Project revenue	9,178	–	23,231	24,130
Maintenance revenue	4,429	4,295	15,858	21,581
Contact centre services	6,230	33,414	49,417	49,640
	19,837	37,709	88,506	95,351
Timing of transfer of services:				
Over time	9,178	–	23,231	24,130
At a point in time	10,659	37,709	65,275	71,221
	19,837	37,709	88,506	95,351

A breakdown of sales:

	Group		
	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000	Increase/ (Decrease) %
Sales reported for the first half year	52,537	35,910	46.3
Operating profit/(loss) after tax before deducting non-controlling interests reported for the first half year	6,656	718	827.0
Sales reported for second half year	35,969	59,441	(39.5)
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	5,406	3,383	59.8

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

5. Other income

	Group			
	3 months ended 30 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Interest income from:				
- fixed deposits	34	121	192	530
- others	9	12	82	13
Gain on disposal of property, plant and equipment	65	24	253	218
Write-back of impairment loss on property, plant and equipment	1,592	–	1,592	–
Government grant income	1,182	4,297	6,440	4,509
Rent concession	–	–	25	–
Others	295	90	681	117
	3,177	4,544	9,265	5,387

6. Profit before taxation

6.1 Significant items

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

	Group			
	3 months ended 30 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Depreciation of property, plant and equipment	(1,625)	(1,588)	(5,908)	(6,339)
Amortisation of intangible assets	(103)	(346)	(425)	(409)
Loss on disposal of intangible asset	–	–	–	(21)
Write-back of/(impairment loss) on property, plant and equipment	1,592	(4,350)	1,592	(4,350)
Foreign exchange gain/(loss), net	1	(14)	(29)	–
Write-back of provision for warranty, net	1,110	74	1,110	74
Write-back of/(provision for) onerous contract	240	(248)	(14)	(248)
Allowance for expected credit losses	(163)	(55)	(163)	(55)

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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:

	Group			
	3 months ended 30 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Current taxation				
- Current year	560	893	2,293	1,564
- (Over)/underprovision in respect of prior years	(7)	1	(7)	1
Deferred taxation				
- Origination and reversal of temporary differences	(62)	(444)	(62)	(444)
- Under/(over)provision in respect of prior years	468	(164)	468	(164)
Tax expense	959	286	2,692	957

8. Earnings per share

	Group			
	3 months ended 30 June 2021 \$'000	3 months ended 30 June 2020 \$'000	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 ⁽¹⁾ \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	4,356	1,485	12,062	4,101
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	205,674	205,674	205,674	205,674
Effect of bonus share issue	20,567	20,567 ⁽¹⁾	20,567	20,567 ⁽¹⁾
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241 ⁽¹⁾	226,241	226,241 ⁽¹⁾

⁽¹⁾ Restated for the effect of bonus issue undertaken in June 2021 (Note 10(a)).

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

9. Property, plant and equipment

During the 3 months ended 30 June 2021, the Group acquired assets amounting to \$442,000 (30 June 2020: \$1,963,000) and disposed of assets amounting to \$1,000 (30 June 2020: \$16,000). The Group also wrote-back impairment loss of \$1,592,000 (30 June 2020: provision for impairment loss of \$4,350,000).

10. Share capital and treasury shares

During the financial year ended 30 June 2021, the Company allotted and issued 20,599,394 ordinary shares at nil consideration pursuant to a bonus issue exercise on the basis of one bonus share credited as fully paid for every ten existing ordinary shares in the Company held by the shareholders.

There were no other 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 year reported on.

As at 30 June 2021, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (30 June 2020: 205,673,947).

(a) Share capital

	Group and Company			
	As at 30 June 2021		As at 30 June 2020	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning of interim period	205,994	65,403	205,994	65,403
Bonus issue	20,599	–	–	–
At end of interim period	226,593	65,403	205,994	65,403

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 30 June 2020.

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 June 2021		As at 30 June 2020	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning of interim period	320	160	320	160
Bonus issue	32	–	–	–
At end of interim period	352	160	320	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of the year	226,241		205,674	

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

11. Dividend

	Group and Company	
	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000

Declared and paid during the year:

Dividends on ordinary shares:

- Tax-exempt (one-tier) final dividend paid in respect of the previous financial years of \$Nil (2020: \$0.01) per ordinary share	–	2,056
- Tax-exempt (one-tier) special dividend paid in respect of the previous financial years of \$Nil (2020: \$0.01) per ordinary share	–	2,057
	–	4,113

No final dividends were proposed and recognised as a liability as at 30 June 2020. Tax exempt (one-tier) final dividend of \$0.02 per ordinary share and tax-exempt (one-tier) special dividend of \$0.04 per ordinary share were proposed out of accumulated profits for the financial year ended 30 June 2021.

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	Financial assets at amortised cost	Financial liabilities at amortised cost
As at 30 June 2021	\$'000	\$'000
Assets		
Customer retention monies	1,712	–
Trade receivables	16,143	–
Other receivables and deposits (excluding tax recoverable and government grant receivable)	200	–
Fixed deposits pledged	1,134	–
Cash and cash equivalents	88,966	–
Total	108,155	–
Liabilities		
Suppliers retention monies	–	27
Trade and other payables (excluding net GST payable and deferred income)	–	16,762
Lease liabilities	–	6,813
Total	–	23,602
Group	Financial assets at amortised cost	Financial liabilities at amortised cost
As at 30 June 2020	\$'000	\$'000
Assets		
Customer retention monies	124	–
Trade receivables (excluding net GST receivable)	39,175	–
Other receivables and deposits (excluding tax recoverable and government grant receivable)	566	–
Fixed deposits pledged	1,134	–
Cash and cash equivalents	71,416	–
Total	112,415	–
Liabilities		
Suppliers retention monies	–	48
Trade and other payables (excluding net GST payable and deferred income)	–	38,185
Lease liabilities	–	7,691
Total	–	45,924

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

12. Financial assets and liabilities (cont'd)

	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000
Company		
As at 30 June 2021		
Assets		
Other receivables and deposits	9,019	–
Amount due from a subsidiary company (trade)	449	–
Cash and cash equivalents	48,120	–
Total	57,588	–
Liabilities		
Trade and other payables (excluding net GST payable)	–	1,034
Amounts due to subsidiary companies (trade)	–	14
Amount due to a subsidiary company (non-trade)	–	15,506
Total	–	16,554
Company		
As at 30 June 2020		
Assets		
Other receivables and deposits	10,153	–
Cash and cash equivalents	30,312	–
Total	40,465	–
Liabilities		
Trade and other payables (excluding net GST payable)	–	379
Amounts due to subsidiary companies (trade)	–	88
Total	–	467

13. Net asset value

	Group		Company	
	As at 30 June 2021 \$	As at 30 June 2020 \$	As at 30 June 2021 \$	As at 30 June 2020 \$
Net asset value per ordinary share (cents)	57.9	52.8 ⁽¹⁾	35.2	33.3 ⁽¹⁾

(1) Restated for the effect of bonus issue undertaken in June 2021 (Note 10(a)).

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

14. Borrowings

	Group		Company	
	As at 30 June 2021 \$'000	As at 30 June 2020 \$'000	As at 30 June 2021 \$'000	As at 30 June 2020 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	1,006	900	–	–
Unsecured	–	–	–	–
<u>Amount repayable after one year</u>				
Secured	5,807	6,791	–	–
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	
			2021 %	2020 %
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 Overseas Investments Pte. Ltd.	Investment holding	Singapore	100	100
United Holding (1975) Pte. Ltd.	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.	Asset, business and management consultancy services	Singapore	100	100
Hai Leck Services Pte. Ltd.	Asset management and consultancy services	Singapore	100	100
Hai Leck Engineering (Thailand) Co., Ltd.	Oil & gas and chemical industries related construction and	Thailand	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	
			2021 [^]	2020
			%	%
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	100
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

[^] During the financial year, the Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. As at 30 June 2021, 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	
			2021	2020
			%	%
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 Fourth Quarter and Full Year ended 30 June 2021

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 June 2021 and the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the 3-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for financial year and fourth quarter ended 30 June 2021

Revenue

Revenue for the financial year ended 30 June 2021 ("FY21") decreased by \$6.8 million to \$88.5 million compared to \$95.4 million recorded in the financial year ended 30 June 2020 ("FY20") due to lower project and maintenance services revenue.

Quarter-on-quarter, revenue decreased by \$17.9 million from \$37.7 million in the fourth quarter ended 30 June 2020 ("4Q20") to \$19.8 million in the fourth quarter ended 30 June 2021 ("4Q21") due to lower contact centre services revenue, partially offset by higher project and maintenance services revenue.

Cost of sales

For FY21, cost of sales decreased by 14.4% to \$46.9 million. The decrease is in line with lower level of activities.

Quarter-on-quarter, cost of sales decreased by 72.0% to \$7.3 million due to the same reason as above.

Other income

Other income increased from \$5.4 million in FY20 to \$9.3 million in FY21 mainly due to higher amount of government grants recognised and write-back of impairment loss on property, plant and equipment.

Other income decreased from \$4.5 million in 4Q20 to \$3.2 million in 4Q21 mainly due to lower amount of government grants recognised, partially offset by write-back of impairment loss on property, plant and equipment.

Operating expenses

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

For FY21, total operating expenses decreased from \$41.7 million in FY20 to \$35.8 million mainly due to impairment loss on property, plant and equipment recognised in FY20 and lower manpower related costs in FY21.

For 4Q21, operating expenses decreased from \$14.3 million in 4Q20 to \$10.4 million mainly due to the same reasons as above.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

Taxation

The effective tax rate for FY21 is higher than the statutory tax rate mainly due to effects of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for FY21 increased by \$8.0 million to \$12.1 million compared to \$4.1 million in FY20.

Quarter-on-quarter, the profit attributable to equity holders for 4Q21 increased by \$2.9 million to \$4.4 million compared to \$1.5 million in 4Q20.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased from \$56.4 million as at 30 June 2020 to \$51.8 million as at 30 June 2021 mainly due to depreciation of property, plant and equipment and right-of-use assets.

Current assets

Current assets decreased by \$6.1 million from \$120.2 million as at 30 June 2020 to \$114.1 million as at 30 June 2021. The decrease is mainly due to decrease in trade and other receivables, partially offset by increase in cash and cash equivalents and customer retention monies.

Current liabilities

Current liabilities decreased by \$21.3 million from \$47.6 million as at 30 June 2020 to \$26.3 million as at 30 June 2021, mainly due to decrease in trade and other payables and provisions, partially offset by increase in contract liabilities and income tax payable.

Non-current liabilities

Non-current liabilities decreased from \$9.5 million as at 30 June 2020 to \$8.7 million as at 30 June 2021 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows generated from operating activities decreased from \$21.8 million in FY20 to \$19.1 million in FY21 mainly due to higher amount of working capital used in FY21.

Cash flows from investing activities

Net cash flows used in investing activities decreased from \$3.2 million in FY20 to \$0.4 million in FY21 mainly due to lower purchases of property, plant and equipment as well as intangible assets.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

Cash flows from financing activities

Net cash flows used in financing activities was lower in FY21 by \$3.9 million mainly due to dividends paid in FY20.

Cash and cash equivalents as at 30 June 2021 was higher at \$89.0 million compared to \$71.4 million as at 30 June 2020.

Review of Segment Information

Project and Maintenance Services segment turnover decreased from \$45.7 million in FY20 to \$39.1 million in FY21 mainly due to lesser work from on-going contracts. Turnover for Contact Centre Services segment remained comparable at approximately \$49 million.

Profit before tax for Project and Maintenance Services segment improved from a loss before tax of \$2.1 million in FY20 to a profit before tax of \$4.0 million in FY21 mainly due to the effects of impairment loss on property, plant and equipment recognised in FY20 and write-back of impairment loss in FY21. Profit before tax for Contact Centre Services segment increased from \$7.2 million in FY20 to \$10.8 million in FY21 mainly due to lower level of direct costs incurred in FY21.

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 current global health situation continues to negatively impact both the global and local economy. The duration of the impact of this pandemic remains unpredictable. Our project and maintenance services are proceeding at a cautious pace and are contingent upon safe management measures implemented to contain and control the pandemic.

5. Dividend information

5.1 Current financial period reported on

Any dividend recommended for the current financial period reported on?

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

Name of dividend	Special
Dividend type	Cash
Dividend per share	4 cents per ordinary share (one-tier tax exempt, out of accumulated profits)

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

5.2 Corresponding period of the immediate preceding financial year

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

Name of dividend	Final
Dividend type	Not applicable
Dividend per share	
Tax rate	

5.3 Date payable

To be advised

5.4 Record date

To be advised

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

Not applicable

6. Interested person transactions

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

7. 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.

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

During 4Q21 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.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

9. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Cheng Buck Poh @ Chng Bok Poh	78	Ms Cheng Wee Ling is the daughter of Mr Cheng Buck Poh @ Chng Bok Poh, Executive Chairman, Chief Executive Officer and Substantial Shareholder of the Company.	Executive Chairman 1998 Responsible for charting and reviewing corporate directions and strategies for the Group and subsidiaries. Chief Executive Officer 2020 Responsible for overseeing management and development of the Group's businesses, locally and overseas, and is also responsible for sales and marketing for the Group's businesses.	Not applicable
Cheng Wee Ling	42	Daughter of Mr Cheng Buck Poh @ Chng Bok Poh, Executive Chairman, Chief Executive Officer and Substantial Shareholder of the Company and Mdm Goo Guik Bing @ Goh Guik Bing, Substantial Shareholder of the Company.	Managing Director of Tele-centre Services Pte. Ltd. ("Tele-centre") 2014 Responsible for overseeing management and development, as well as the daily operations of Tele-centre	On 23 June 2021, Ms Cheng Wee Ling was appointed as an Executive Director of the Company, responsible for the overall management of the Group's contact centre business.

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
26 August 2021