

**HAI LECK HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 199804461D)

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**RESPONSE TO SGX QUERIES ON THE THIRD QUARTER RESULTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

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Hai Leck Holdings Limited (the “**Company**”) has received queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) regarding the Third Quarter Results for the financial period ended 31 March 2020 announced on 12 May 2020. The Company’s responses to the queries of SGX-ST are set out below:-

**SGX-ST Queries**

We refer to the Company's announcement dated 12 May 2020, in relation to the Company’s financial statements for the financial period ended 31 March 2020 (the “**Financial Statements**”).

We would appreciate if the Company can address the following queries via an SGXNet announcement by Thursday, 13 August 2020. In your announcement, please disclose our question and your corresponding answer to enable investors to understand the matters raised by the Exchange. If our queries have been addressed previously, please contact us to clarify this:-

- (a) Please provide a breakdown for the “**Trade receivables**” financial statement line item and explain its increase from \$12,659,000 as at 30 June 2019 to \$25,367,000 as at 31 March 2020. Please also provide the aging analysis and the Board of Directors’ assessment of the recoverability of the trade receivables.

**The Company’s Responses**

Breakdown of trade receivables as at 30 June 2020 is as follows:

	<b>31 March 2020 \$’000</b>	<b>30 June 2019 \$’000</b>
Trade receivables – external	25,608	12,900
Less: Allowance for doubtful debts – trade receivables	(241)	(241)
	<hr/> 25,367	<hr/> 12,659

The aging analysis of trade receivables that are not impaired as at 31 March 2020 is as follows:

	<b>31 March 2020 \$’000</b>	<b>30 June 2019 \$’000</b>
Current	18,447	8,803
Past due for 1-30 days	5,787	1,782
Past due for 31-60 days	1	711
Past due for more than 60 days	1,132	1,363
	<hr/> 25,367	<hr/> 12,659

The increase from \$12,659,000 as at 30 June 2019 to \$25,367,000 as at 31 March 2020 was due to increase in activities in 3Q20 compared to 4Q19, coupled with timing differences in the billing process to customers.

Based on the aging of the receivables and the profile of the customers, the Board of Directors are satisfied that sufficient allowance for doubtful debts has been made as at 31 March 2020.

- (b) Please provide the nature of the “contract assets” financial statement line item and the reason(s) for its decrease from \$9,891,000 as at 30 June 2019 to \$2,409,000 as at 31 March 2020.**

**The Company’s Responses**

Contract assets primarily relate to the Group’s right to consideration for work completed but not yet billed at reporting date for projects.

The decrease from \$9,891,000 as at 30 June 2019 to \$2,409,000 as at 31 March 2020 was mainly due to completion of projects during the 9M20.

- (c) Please provide the nature of the “contract liabilities” financial statement line item and the reason(s) for its increase from \$592,000 as at 30 June 2019 to \$4,155,000 as at 31 March 2020.**

**The Company’s Responses**

Contract liabilities primarily relate to the Group’s obligation to transfer goods or services to customers for which the Group has received advances from customers for projects.

The increase from \$592,000 as at 30 June 2019 to \$4,155,000 as at 31 March 2020 was mainly due to advance billings made for certain projects in the 9M20.

By Order of the Board

Cheng Buck Poh @ Chng Bok Poh  
Executive Chairman

12 August 2020