

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the Third Quarter and Nine Months ended 31 March 2022

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group					
		3 months ended 31 March 2022	3 months ended 31 March 2021	Change %	9 months ended 31 March 2022	9 months ended 31 March 2021	Change %
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	20,261	16,132	25.6	54,842	68,669	(20.1)
Cost of sales		(7,056)	(6,951)	1.5	(20,397)	(39,657)	(48.6)
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Gross profit		13,205	9,181	43.8	34,445	29,012	18.7
Other income	5	1,356	1,524	(11.0)	5,608	6,088	(7.9)
Distribution and selling expenses		(114)	(116)	(1.7)	(269)	(294)	(8.5)
Administrative expenses		(10,745)	(6,909)	55.5	(27,114)	(20,369)	33.1
Other expenses		(1,842)	(1,705)	8.0	(5,302)	(4,771)	11.1
Interest expense		(55)	(61)	(9.8)	(165)	(184)	(10.3)
Share of results of joint venture		448	(602)	n.m.	96	(43)	n.m.
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Profit before taxation	6	2,253	1,312	71.7	7,299	9,439	(22.7)
Taxation	7	(354)	(262)	35.1	(1,102)	(1,733)	(36.4)
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Profit for the year		1,899	1,050	80.9	6,197	7,706	(19.6)
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Attributable to:							
Equity holders of the Company		1,899	1,050	80.9	6,197	7,706	(19.6)
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Earnings per share							
Basic (cents)	8	0.8	0.5 ⁽¹⁾		2.7	3.4 ⁽¹⁾	
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Fully diluted (cents)	8	0.8	0.5 ⁽¹⁾		2.7	3.4 ⁽¹⁾	
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n.m. denotes not meaningful.

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

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

	Group			
	3 months ended 31 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Profit net of tax	1,899	1,050	6,197	7,706
Other comprehensive income, net of tax:				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	(302)	64	(252)	(420)
Total comprehensive income for the year	1,597	1,114	5,945	7,286
Total comprehensive income attributable to:				
Equity holders of the Company	1,597	1,114	5,945	7,286

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		31 March	30 June	31 March	30 June
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	34,757	36,761	108	150
Right-of-use assets		6,308	6,346	–	–
Investments in subsidiary companies	15	–	–	48,173	37,350
Investment in joint venture	16	7,728	7,868	–	–
Intangible assets		426	528	35	–
Other receivables and deposits		220	141	–	–
Deferred tax assets		174	174	–	–
		49,613	51,818	48,316	37,500
Current assets					
Inventories		1,651	1,610	–	–
Trade receivables		22,530	16,143	–	–
Other receivables and deposits		631	511	48	9,019
Prepayments and advances to suppliers		1,027	997	86	136
Customer retention monies		4,100	1,712	–	–
Amount due from a subsidiary company (trade)		–	–	561	809
Contract assets		719	3,016	–	–
Fixed deposits pledged		–	1,134	–	–
Cash and cash equivalents		71,080	88,966	36,075	48,120
		101,738	114,089	36,770	58,084

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		31 March 2022 \$'000	30 June 2021 \$'000	31 March 2022 \$'000	30 June 2021 \$'000
Current liabilities					
Trade and other payables		18,406	18,001	415	1,048
Amounts due to subsidiary companies (trade)		–	–	27	14
Amount due to a subsidiary company (non-trade)		–	–	15,506	15,506
Contract liabilities		7,763	2,970	–	–
Provisions, current		1,866	1,866	–	–
Lease liabilities, current		1,219	1,006	–	–
Income tax payable		1,448	2,407	–	72
		30,702	26,250	15,948	16,640
Net current assets		71,036	87,839	20,822	41,444
Non-current liabilities					
Provisions, non-current		2,334	2,334	–	–
Lease liabilities, non-current		5,741	5,807	–	–
Deferred tax liabilities		547	547	3	3
		8,622	8,688	3	3
Net assets		112,027	130,969	69,135	78,941
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		46,966	65,656	3,892	13,698
Foreign currency translation reserve		(182)	70	–	–
Total equity		112,027	130,969	69,135	78,941

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 2021	65,403	(160)	65,656	70	130,969
Profit for the year	–	–	6,197	–	6,197
Other comprehensive income for the year	–	–	–	(252)	(252)
Total comprehensive income for the year	–	–	6,197	(252)	5,945
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(24,887)	–	(24,887)
Balance at 31 March 2022	65,403	(160)	46,966	(182)	112,027
Balance at 1 July 2020	65,403	(160)	53,594	714	119,551
Profit for the year	–	–	7,706	–	7,706
Other comprehensive income for the year	–	–	–	(420)	(420)
Total comprehensive income for the year	–	–	7,706	(420)	7,286
Balance at 31 March 2021	65,403	(160)	61,300	294	126,837

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	Total equity \$'000
Balance at 1 July 2021	65,403	(160)	13,698	78,941
Profit for the year	–	–	15,081	15,081
Total comprehensive income for the year	–	–	15,081	15,081
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(24,887)	(24,887)
Balance at 31 March 2022	65,403	(160)	3,892	69,135
Balance at 1 July 2020	65,403	(160)	10,028	75,271
Loss for the year	–	–	11,043	11,043
Total comprehensive income for the year	–	–	11,043	11,043
Balance at 31 March 2021	65,403	(160)	21,071	86,314

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Cash flows from operating activities			
Profit before taxation		7,299	9,439
Adjustments:			
Depreciation of property, plant and equipment	6	3,967	3,549
Depreciation of right-of-use assets	6	859	734
Amortisation of intangible assets	6	298	322
Gain on disposal of property, plant and equipment	5	(2,277)	(188)
Share of results of joint venture		(96)	43
Interest income	5	(101)	(231)
Interest expense		165	184
Unrealised exchange gain		(11)	(11)
Operating cash flows before working capital changes		10,103	13,841
Changes in working capital:			
(Increase)/decrease in customer retention monies, trade and other receivables, deposits and prepayments		(9,016)	25,490
(Increase)/decrease in inventories		(41)	343
Decrease in contract assets/liabilities, net		7,090	2,891
Increase/(decrease) in suppliers retention monies, trade and other payables, provision for warranty and advances from customers		405	(24,069)
Cash generated from operations		8,541	18,496
Tax paid		(2,059)	(1,098)
Net cash flows generated from operating activities		6,482	17,398
Cash flows from investing activities			
Interest received		111	275
Purchase of property, plant and equipment		(1,885)	(694)
Purchase of intangible assets		(201)	(35)
Proceeds from disposal of property, plant and equipment		2,307	421
Net cash flows generated from/(used in) investing activities		332	(33)

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Group	
	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Cash flows from financing activities		
Interest paid	(165)	(184)
Payment of lease liabilities	(782)	(675)
Decrease in fixed deposits pledged	1,134	–
Dividends paid	11 (24,887)	–
Net cash flows used in financing activities	(24,700)	(859)
Net (decrease)/increase in cash and cash equivalents	(17,886)	16,506
Cash and cash equivalents at the beginning of period	88,966	71,416
Cash and cash equivalents at end of the period	71,080	87,922

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 December 2021.

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 2021.

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)

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 31 March 2022 were \$1,448,000 (30 June 2021: \$2,407,000), \$174,000 (30 June 2021: \$174,000) and \$547,000 (30 June 2021: \$547,000) 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.

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.

2. Basis of preparation (cont'd)

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

Impairment of non-financial assets (cont'd)

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 March 2022 were \$34,757,000 (30 June 2021: \$36,761,000), \$6,308,000 (30 June 2021: \$6,346,000) and \$48,173,000 (30 June 2021: \$37,350,000) 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 nine months ended 31 March 2022 was \$19,923,000 (31 March 2021: \$14,053,000) 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 2021: \$1,866,000) of provisions for warranty as at 31 March 2022.

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 31 March 2022	3 months ended 31 March 2021	3 months ended 31 March 2022	3 months ended 31 March 2021	3 months ended 31 March 2022	3 months ended 31 March 2021		3 months ended 31 March 2022	3 months ended 31 March 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	9,660	10,821	10,601	5,311	–	–		20,261	16,132
Results:									
Interest income	33	40	1	3	–	–		34	43
Interest expenses	45	48	10	13	–	–		55	61
Depreciation and amortisation	1,435	1,319	345	314	–	–		1,780	1,633
Segment (loss)/profit before tax	(1,288)	(455)	3,541	1,767	–	–		2,253	1,312
Assets:									
Additions to non-current assets	432	324	785	143	–	–	A	1,217	467
Segment assets	126,267	141,841	25,683	22,224	(599)	(537)	B	151,351	163,528
Segment liabilities	24,868	26,460	13,234	8,505	1,222	1,726	C	39,324	36,691

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	
	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000		9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Revenue:									
External customers	30,517	25,482	24,325	43,187	–	–		54,842	68,669
Results:									
Interest income	95	216	6	15	–	–		101	231
Interest expenses	134	145	31	39	–	–		165	184
Depreciation and amortisation	4,127	3,672	997	933	–	–		5,124	4,605
Segment (loss)/profit before tax	(205)	1,427	7,504	8,012	–	–		7,299	9,439
Assets:									
Additions to non-current assets	1,665	662	1,310	149	–	–	A	2,975	811
Segment assets	126,267	141,841	25,683	22,224	(599)	(537)	B	151,351	163,528
Segment liabilities	24,868	26,460	13,234	8,505	1,222	1,726	C	39,324	36,691

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 31 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Inter-segment assets	(773)	(1,010)	(773)	(1,010)
Tax recoverable	–	2	–	2
Deferred tax assets	174	471	174	471
	<u>(599)</u>	<u>(537)</u>	<u>(599)</u>	<u>(537)</u>

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 31 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Inter-segment liabilities	(773)	(1,010)	(773)	(1,010)
Income tax payable	1,448	2,299	1,448	2,299
Deferred tax liabilities	547	437	547	437
	<u>1,222</u>	<u>1,726</u>	<u>1,222</u>	<u>1,726</u>

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 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Singapore	20,221	16,132	54,802	68,669
Others	40	–	40	–
Total	20,261	16,132	54,842	68,669
Major service lines:				
Project revenue	5,095	6,546	19,923	14,053
Maintenance revenue	4,565	4,275	10,594	11,429
Contact centre services	10,601	5,311	24,325	43,187
Total	20,261	16,132	54,842	68,669

5. Other income

	Group			
	3 months ended 31 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Interest income from:				
- bank deposits	34	43	101	222
- others	–	–	–	9
Gain on disposal of property, plant and equipment, net	226	180	2,277	188
Government grant income	844	1,030	2,443	5,258
Rent concession	–	–	30	25
Others	252	271	757	386
Total	1,356	1,524	5,608	6,088

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

6. Profit before taxation

6.1 Significant items

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

	Group			
	3 months ended 31 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Depreciation of property, plant and equipment	(1,388)	(1,282)	(3,967)	(3,549)
Depreciation of right-of-use assets	(296)	(246)	(859)	(734)
Amortisation of intangible assets	(96)	(105)	(298)	(322)
Foreign exchange loss, net	(17)	(10)	(8)	(30)

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 31 March 2022 \$'000	3 months ended 31 March 2021 \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Current taxation				
- Current year	580	262	1,328	1,733
- Overprovision in respect of prior years	(226)	–	(226)	–
Tax expense	354	262	1,102	1,733

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

8. Earnings per share

	Group			
	3 months ended 31 March 2022 \$'000	3 months ended 31 March 2021 ⁽¹⁾ \$'000	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 ⁽¹⁾ \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	1,899	1,050	6,197	7,706
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	205,674	226,241	205,674
Effect of bonus share issue	–	20,567 ⁽¹⁾	–	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).

9. Property, plant and equipment

During the nine months ended 31 March 2022, the Group acquired assets amounting to \$2,774,000 (31 March 2021: \$776,000) and disposed of assets amounting to \$30,000 (31 March 2021: \$233,000).

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 March 2022, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (31 March 2021: 205,673,947).

In June 2021, the Company allotted and issued 20,599,248 ordinary shares at no 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.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

(a) Share capital

	Group and Company			
	As at 31 March 2022		As at 31 March 2021	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and 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 31 March 2022 and 30 June 2021.

(b) Treasury shares

	Group and Company			
	As at 31 March 2022		As at 31 March 2021	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and 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 period	226,241		205,674	

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

11. Dividend

	Group and Company	
	9 months ended 31 March 2022 \$'000	9 months ended 31 March 2021 \$'000
Declared and paid during the year:		
<i>Dividends on ordinary shares:</i>		
- Tax-exempt (one-tier) final dividend paid in respect of the previous financial year of \$0.02 (31 March 2021: \$Nil) per ordinary share	4,525	–
- Tax-exempt (one-tier) special dividend paid in respect of the previous financial year of \$0.04 (31 March 2021: \$Nil) per ordinary share	9,050	–
- Tax-exempt (one-tier) interim dividend paid in respect of the current financial year of \$0.02 (31 March 2021: \$Nil) per ordinary share	4,525	–
- Tax-exempt (one-tier) special dividend paid in respect of the current financial year of \$0.03 (31 March 2021: \$Nil) per ordinary share	6,787	–
	24,887	–

No dividends were proposed and recognised as a liability as at 31 March 2022. During the financial period ended 31 March 2022, tax exempt (one-tier) interim dividend of \$0.02 per ordinary share and tax-exempt (one-tier) special dividend of \$0.03 per ordinary share were proposed and paid out of accumulated profits for the financial period ending 30 June 2022.

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:

	31 March 2022 \$'000	30 June 2021 \$'000
Group		
<i>Financial assets measured at amortised cost</i>		
Customer retention monies	4,100	1,712
Trade receivables	22,530	16,143
Other receivables and deposits (excluding tax recoverable and government grant receivable)	428	352
Fixed deposits pledged	–	1,134
Cash and cash equivalents	71,080	88,966
Total financial assets measured at amortised cost	98,138	108,307
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable and deferred income)	17,363	16,789
Lease liabilities	6,960	6,813
Total financial liabilities measured at amortised cost	24,323	23,602

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

12. Financial assets and liabilities (cont'd)

	31 March 2022 \$'000	30 June 2021 \$'000
Company		
<i>Financial assets measured at amortised cost</i>		
Other receivables and deposits	48	9,019
Amount due from a subsidiary company (trade)	561	809
Cash and cash equivalents	36,075	48,120
	<hr/>	<hr/>
Total financial assets measured at amortised cost	36,684	57,948
	<hr/>	<hr/>
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable)	406	1,034
Amounts due to subsidiary companies (trade)	27	14
Amount due to a subsidiary company (non-trade)	15,506	15,506
	<hr/>	<hr/>
Total financial liabilities measured at amortised cost	15,939	16,554
	<hr/>	<hr/>

13. Net asset value

	Group		Company	
	As at 31 March 2022 \$	As at 30 June 2021 \$	As at 31 March 2022 \$	As at 30 June 2021 \$
Net asset value per ordinary share (cents)	49.5	57.9	30.6	34.9
	<hr/>	<hr/>	<hr/>	<hr/>

14. Borrowings

	Group		Company	
	As at 31 March 2022 \$'000	As at 30 June 2021 \$'000	As at 31 March 2022 \$'000	As at 30 June 2021 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	1,219	1,006	–	–
Unsecured	–	–	–	–
<u>Amount repayable after one year</u>				
Secured	5,741	5,807	–	–
Unsecured	–	–	–	–

The borrowings relate to lease liabilities relating to right-of-use assets and a motor vehicle.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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 March 2022 %	30 June 2021 %
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	–
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.	Provision of 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 Engineering (Thailand) Co., Ltd.	Oil & gas and chemical industries related construction and maintenance services	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 Group	
			31 March 2022	30 June 2021
%				
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. [^]	Oil & gas and chemical industries related construction and maintenance services	Malaysia	100	100

[^] During the financial year ended 30 June 2021, the Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. As at 31 March 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 March 2022	30 June 2021
%				
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 Third Quarter and Nine Months ended 31 March 2022

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 subsidiary companies as at 31 March 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 nine months then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for third quarter and nine months ended 31 March 2022

Revenue

Revenue for the financial period ended 31 March 2022 ("9M22") decreased by \$13.8 million to \$54.8 million compared to \$68.7 million recorded in the nine months ended 31 March 2021 ("9M21") due to lower contact centre services revenue, partially offset by higher project revenue.

Quarter-on-quarter, revenue increased by \$4.1 million from \$16.1 million in the third quarter ended 31 March 2021 ("3Q21") to \$20.3 million in the third quarter ended 31 March 2022 ("3Q22") due to the higher contact centre services revenue, partially offset by lower project revenue.

Cost of sales

For 9M22, cost of sales decreased by 48.6% to \$20.4 million. The decrease is mainly in line with lower level of activities, partially offset by higher manpower related costs.

Quarter-on-quarter, cost of sales increased by 1.5% to \$7.1 million in line with the higher level of activities in 3Q22.

Other income

Other income decreased from \$6.1 million in 9M21 to \$5.6 million in 9M22 mainly due to lower government grant income recognised, partially offset by higher gain from disposal of property, plant and equipment.

Other income decreased from \$1.5 million in 3Q21 to \$1.4 million in 3Q22 mainly due to lower amount of government grant income recognised.

Operating expenses

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

For 9M22, total operating expenses increased from \$25.4 million in 9M21 to \$32.7 million mainly due to higher manpower related and depreciation costs in 9M22.

For 3Q22, operating expenses increased from \$8.7 million in 3Q21 to \$12.7 million mainly due to the same reasons as above.

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

Taxation

The effective tax rate for 9M22 is lower than the statutory tax rate mainly due to overprovision of tax for prior years, partially offset by effects of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 9M22 decreased by \$1.5 million to \$6.2 million compared to \$7.7 million in 9M21.

Quarter-on-quarter, the profit attributable to equity holders for 3Q22 increased by \$0.8 million to \$1.9 million compared to \$1.1 million in 3Q21.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased from \$51.8 million as at 30 June 2021 to \$49.6 million as at 31 March 2022 mainly due to depreciation of property, plant and equipment.

Current assets

Current assets decreased by \$12.4 million from \$114.1 million as at 30 June 2021 to \$101.7 million as at 31 March 2022. The decrease is mainly due to decrease in cash and cash equivalents and contract assets, partially offset by increase in trade receivables and customer retention monies.

Current liabilities

Current liabilities increased by \$4.5 million from \$26.2 million as at 30 June 2021 to \$30.7 million as at 31 March 2022, mainly due to increase in contract liabilities, partially offset by decrease in income tax payable.

Non-current liabilities

Non-current liabilities remained comparable at approximately \$8.6 million.

Review of Cash Flows

Cash flows from operating activities

Net cash flows generated from operating activities decreased from \$17.4 million in 9M21 to \$6.5 million in 9M22 in line with lower profit before taxation and higher amount of working capital used in operations in 9M22.

Cash flows from investing activities

Net cash flows of \$0.3 million was generated from investing activities in 9M22 mainly due to higher proceeds from disposal of property, plant and equipment, partially offset by increase in purchases of property, plant and equipment and intangible assets.

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

Cash flows from financing activities

Net cash flows used in financing activities was higher in 9M22 by \$23.8 million mainly due to dividends paid in 9M22, partially offset by decrease in fixed deposits pledged.

Cash and cash equivalents as at 31 March 2022 was lower at \$71.1 million compared to \$87.9 million as at 31 March 2021.

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 global and local health situation remain unpredictable although there are signs of resumption of economic activities locally, barring unforeseen circumstances. The Group continues to cautiously operate within the boundaries of government measures implemented in response to the pandemic.

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

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

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 as tax exempt (one-tier) interim dividend of \$0.02 per ordinary share and tax-exempt (one-tier) special dividend of \$0.03 per ordinary share had been proposed and paid out of accumulated profits for the financial period ending 30 June 2022 during the financial period ended 31 March 2022.

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 third quarter ended 31 March 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

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 during 3Q22 and as at the date of this announcement.

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
9 May 2022