



HAI LECK  
HOLDINGS LIMITED



**SHARPENED  
FOCUS  
REFRESHED  
COMMITMENT**

ANNUAL REPORT 2022



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# CORPORATE PROFILE

## AN INTEGRATED SERVICE PROVIDER

Established in 1975, Hai Leck Holdings Limited and together with its subsidiary companies (the “Group”) is one of the leading Singapore companies that provide project and maintenance services to the oil and gas and petrochemical industries.

The Group has presence in Singapore and Thailand. Today, the Group commands a workforce of around 2,000 employees to service our customers. The Group operates through two business segments – Project and Maintenance Services and Contact Centre Services.

The Group's principal activities are:

### PROJECT AND MAINTENANCE SERVICES

- Mechanical engineering services in structural steel and piping fabrication and installation as well as plant equipment installation, maintenance, modifications and repairs; scaffolding erection services; corrosion protection services utilising automated blasting; thermal insulation services; refractory and passive fireproofing services as well as general civil engineering services.
- Maintenance services provided on a routine or turnaround basis.

### BUSINESS PROCESS OUTSOURCING – PROVISION OF CONTACT CENTRE SERVICES

- Premium contact centre providing innovative outsource services with professional and integrated solutions. Contact centre solutions include customer service support; technical helpdesk; virtual receptionist services; lead generation; live web chat; email management; redemption facilities as well as service centre assistance.



ESTABLISHED IN

1975



2,000

EMPLOYEES

Our competitive strengths include our seamless integration of in-house competencies, strong performance track record, good safety performance, technical competency, effective project management, skilled manpower, quality workmanship and high responsiveness to customers' requests.

The Group provides its project and maintenance services through seamless integration of in-house competencies such as automated shop blasting and coating, steel structure and piping shop fabrication and field installation, tankage, scaffolding, corrosion protection, thermal insulation, refractory and general civil works.

With our operational expertise, our dedicated project management team proactively participates in our customers' project planning, anticipating and providing solutions to challenges. We manage and measure our projects with key performance indicators that focus on safety, quality productivity and timely completion of the entire project. With our experienced management team, skilled tradesmen and advanced fabrication facilities and equipment, the Group is confident of meeting project requirements and expectations with the highest safety, reliability and quality standards.

Through the combined efforts of our two business segments, the Group strives to create value for our customers and stakeholders.

# CHAIRMAN'S STATEMENT



“ We plan to overcome the uncertainties arising in our industry through sharpened focus on the type of projects we pursue, as well as a refreshed commitment towards providing good services and high quality work to our customers. ”

**CHENG BUCK POH**

Executive Chairman and CEO, BBM



# CHAIRMAN'S STATEMENT

## DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors of Hai Leck Holdings Limited (the "Company" or "Hai Leck") and its subsidiary companies (the "Group"), I would like to present the Annual Report for the financial year ended 30 June 2022 ("FY2022"). Hai Leck achieved revenue of \$82.5 million with a net profit attributable to shareholders amounting to \$9.9 million in the year under review. The Group maintained cash and cash equivalents of \$73.6 million. The Group's total assets stands at approximately \$145.9 million as at 30 June 2022. The Group's results were reflective of the tough economic conditions created by the effect of the COVID-19 pandemic on the global economy. The industry has had to grapple with a labour crunch as a result of the pandemic and the Group has had to face this challenge as well. We have tried to manage the negative impact caused by the industry's manpower shortage through careful planning and vigilant management of limited resources.

## INDUSTRY OUTLOOK

The Group's engineering, procurement and construction ("EPC") services is deeply connected with the oil and gas ("O&G") industry. Since Russia invaded Ukraine in February 2022, oil prices have soared due to low oil inventories, dwindling spare capacity and supply growth lagging behind demand growth. However, oil and gas companies are increasingly under pressure to adopt green initiatives which may affect the type of services demanded by them. We plan to overcome the uncertainties arising in our industry through sharpened focus on the type of projects we pursue, as well as a refreshed commitment towards providing good services and high quality work to our customers.

## PURSUING EXCELLENCE IN ALL WE DO

The Group is also committed to maintaining the highest standards of health and safety to safeguard the well-being of our workers. We received a Zero Lost Time Incident award and a Zero Recordable Injury for 3 continuous years award from two customers and two Safety and Health Award Recognition for Projects (SHARP) awards from the Workplace Safety and Health (WSH) Council for two of our projects. The SHARP award recognises large-scale projects that have exemplary safety and health performance, and workplace safety and health management systems. The Group also won a WSH Innovation Gold Award, which recognises the best of WSH innovations across various industries, where teams implemented innovative solutions to improve health and safety standards at their workplaces. The Group won the innovation award for its new ladder design which reduces the risk of tripping and falling.

The Assurance, Care and Engagement (ACE) Group of the Ministry of Manpower (MOM) started the Friends of ACE (FACE) Network in February 2021 to deepen engagement and strengthen social support for our migrant workforce. Under the FACE Network, migrant worker volunteers are identified to serve as a bridge between their peers and MOM. We are pleased that one of our workers received a FACE Award 2021 in recognition of his work as a migrant worker volunteer in uplifting the well-being of his fellow migrant workers. He was recognised for his impeccable leadership skills and had given invaluable suggestions which were adopted by our dormitories.



# CHAIRMAN'S STATEMENT

During much of the year, we continued to work under COVID-19 restrictions, such as safe distancing and restricted manpower on site. We would like to thank our staff for their resilience and adaptability towards these restrictions as they have coped admirably with these challenges to continue to deliver excellent work.

## SHOWING THAT WE CARE

The Group participated in various events to give back to society: for example, we held a donation drive for used items which were given to the Salvation Army. The Salvation Army was chosen as a charity because we felt that it had a wide reach to be able to reach people in need, particularly those who have been adversely affected by the pandemic. We also participated in the SICC May Day Charity Golf event which raises funds for underprivileged beneficiaries including the elderly, the infirmed, those with disabilities and children with special needs.

## LIVING WITH COVID-19

During much of the year, we continued to work under COVID-19 restrictions, such as safe distancing and restricted manpower on site. We would like to thank our staff for their resilience and adaptability towards these restrictions as they have coped admirably with these challenges to continue to deliver excellent work. Through judicious planning and management of resources, our teams have found more productive and efficient ways to work which have helped us weather the stormy conditions. We would also like to thank our customers for their continued support during these challenging times.

## MAKING SUSTAINABILITY A PRIORITY

As we pursue financial growth, we make it a priority to also balance this with important environmental, social and governance (“ESG”) considerations that help our business remain sustainable. Thus, we believe that our operations should not harm our environment and workforce.

One way to protect our workers' well-being is to create a safe working environment. Workplace safety is something we take seriously, so much so that compliance to the Group's safety standards is part of our performance appraisal for staff.

We also champion diversity and equal opportunity. We employ staff from a wide range of backgrounds and promotion is based on merit, regardless of race, gender and age.

Furthermore, we uphold ESG priorities by protecting the environment through our waste management policies. This is seen in how we dispose of waste in a safe and environmentally sound manner, in accordance with local regulations.

Finally, we are proud of the fact that we maintain high ESG standards without compromising on economic performance as we constantly look for opportunities to improve our operations.

## DIVIDENDS FOR FY2022

For FY2022, the Company has paid a one-tier tax-exempt interim dividend of 2 cents per ordinary share and a one-tier tax-exempt special dividend of 3 cents per ordinary share to our shareholders. The Board will be recommending a final one-tier tax-exempt cash dividend of 2 cents per ordinary share, subject to the approval of shareholders at the Annual General Meeting. With this recommendation, the total cash dividend for FY2022 will be 7 cents per ordinary share.

## A WORD OF THANKS

On behalf of the Board, I would like to express my deep thanks to our customers, business partners, associates and shareholders for their faithful support. The Board would also like to thank our management team and staff, for working closely together as a tight-knit team to steer our business to safe waters. Finally, I would like to thank my fellow Board members who have guided me with their insightful advice and wisdom.

## CHENG BUCK POH

Executive Chairman, BBM

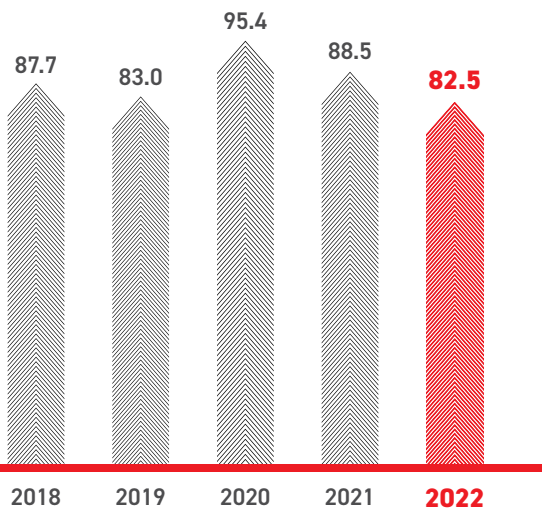
# FINANCIAL HIGHLIGHTS

## REVENUE (\$'MIL)

2022

**\$82.5m**

2021 - \$88.5m

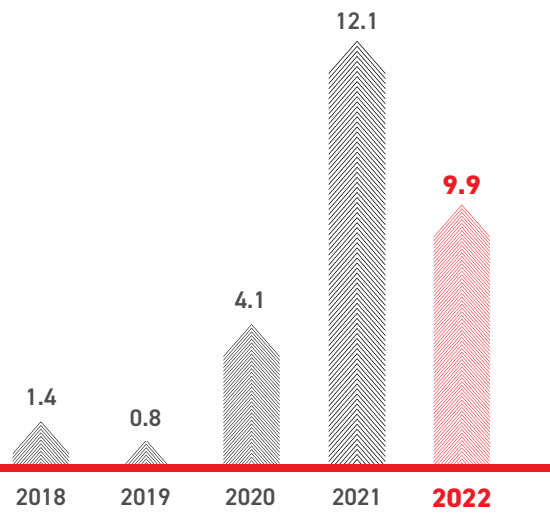


## NET PROFIT (\$'MIL)

2022

**\$9.9m**

2021 - \$12.1m

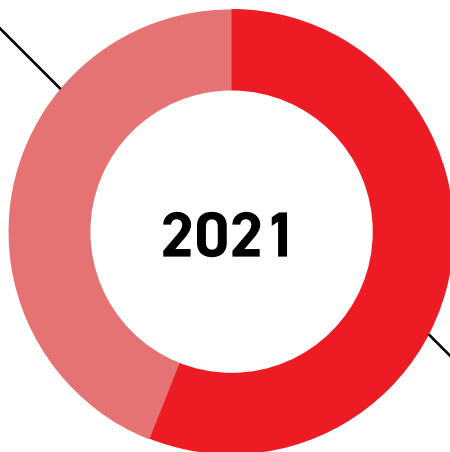


## REVENUE CONTRIBUTION BY SEGMENT

FY: FINANCIAL YEAR ENDED 30 JUNE

**44%**

Project and Maintenance Services

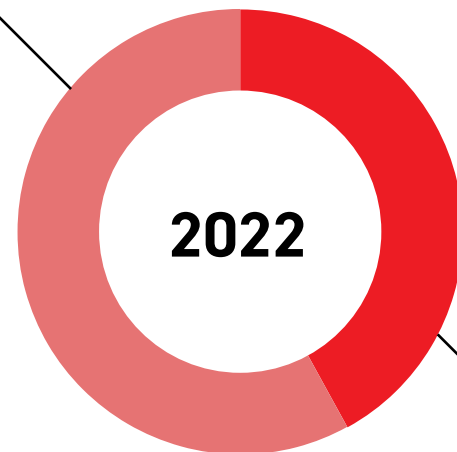


**56%**

Contact Centre Services

**58%**

Project and Maintenance Services



**42%**

Contact Centre Services

# FINANCIAL AND OPERATIONS REVIEW

## NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

**\$9.9m**

2021: \$12.1m

As the global health situation appears to stabilise, the Group's project and maintenance services segment experienced greater resumption of activities. However, the uncertain global political and economic situation has resulted in rising costs in the local economy, which has similarly affected the Group.

For FY2022, the Group recorded revenue of \$82.5 million, a decrease of 6.7% as compared to \$88.5 million for the financial year ended 30 June 2021 ("FY2021"). This was mainly due to lower revenue from the contact centre services segment, partially offset by higher revenue from the project and maintenance services segment.

Net profit attributable to equity holders decreased by \$2.1 million from \$12.1 million in FY2021 to \$9.9 million in FY2022.

Basic earnings per share decreased from 5.3 cents in FY2021 to 4.4 cents in FY2022.

## TOTAL ASSETS

**\$145.9m**

2021: \$164.2m

## COST OF SALES AND OPERATING EXPENSES

Cost of sales decreased by \$19.3 million to \$27.6 million in FY2022 as compared to \$46.9 million in FY2021 in line with the lower revenue in FY2022, partially offset by higher manpower related costs.

Operating expenses increased by \$13.2 million to \$49.0 million in FY2022 as compared to \$35.8 million in FY2021, mainly due to impairment loss recorded in respect of certain property, plant and equipment in the project and maintenance services segment pursuant to early termination of a lease and higher manpower related costs in FY2022.





# FINANCIAL AND OPERATIONS REVIEW

## BALANCE SHEET HIGHLIGHTS

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As at 30 June 2022, the Group's total assets amounted to \$145.9 million (FY2021: \$164.2 million) while net assets stood at \$115.5 million (FY2021: \$131.0 million).

Non-current assets decreased by \$8.2 million to \$43.6 million as at 30 June 2022, compared to \$51.8 million as at 30 June 2021. The decrease was mainly due to impairment and depreciation of property, plant and equipment.

Current assets decreased by \$10.1 million from \$112.4 million as at 30 June 2021 to \$102.3 million as at 30 June 2022. The decrease was 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 decreased by \$0.7 million to \$23.8 million as at 30 June 2022 as compared to \$24.5 million as at 30 June 2021. This was due to decrease in contract liabilities, partially offset by increase in income tax payable.

Non-current liabilities decreased from \$8.7 million to \$6.6 million as at 30 June 2022 due to reduction in lease liabilities pursuant to early termination of a lease during FY2022.

## CASH FLOWS

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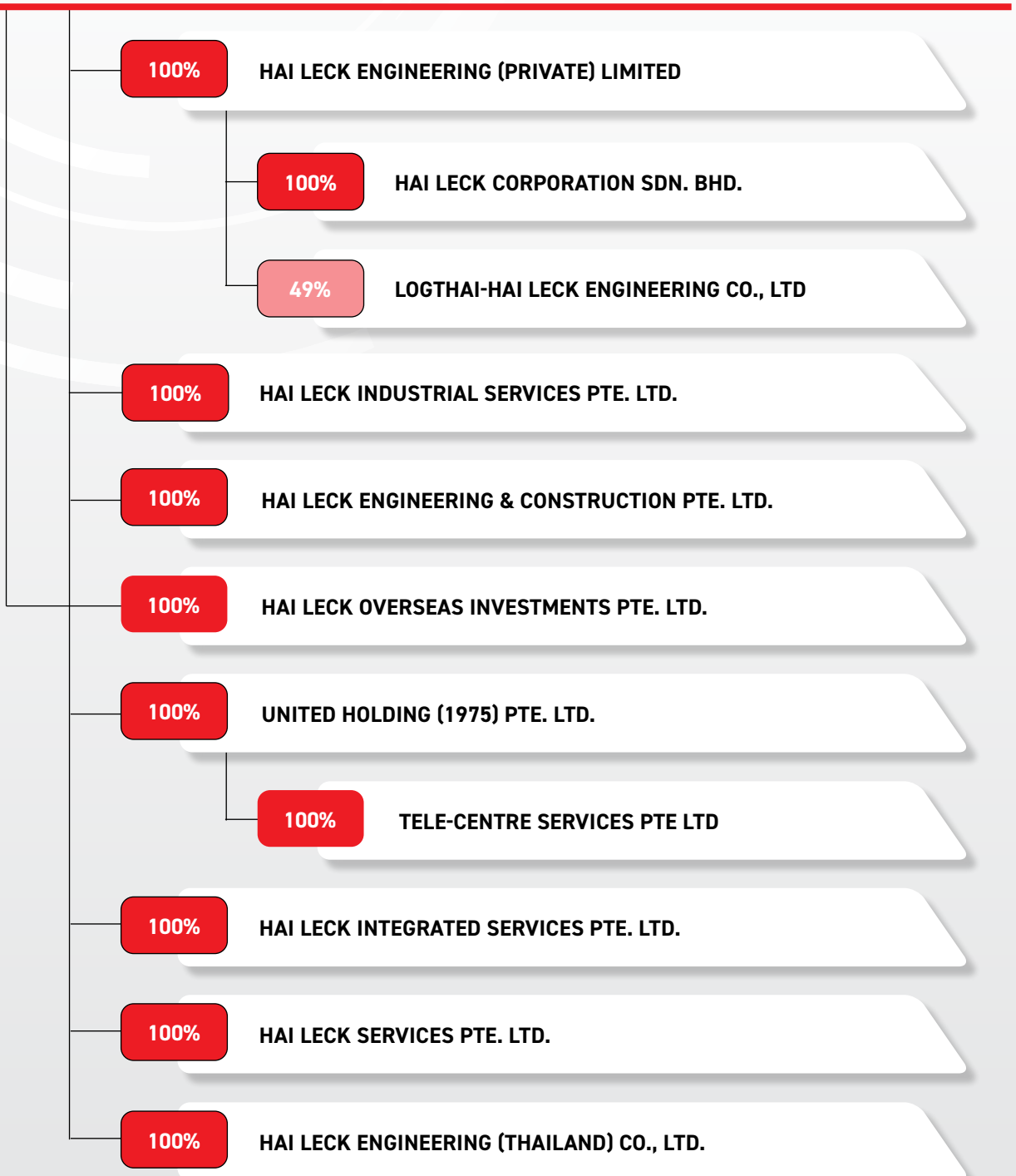
The Group continued to maintain its healthy cash position. As at 30 June 2022, cash and cash equivalents amounted to \$73.6 million, a 17.2% decrease from 30 June 2021. Net cash flows generated from operating activities amounted to \$10.9 million, while net cash flows used in financing activities was \$26.2 million.

With its strong financial position, the Group intends to continue pursuing business opportunities prudently and strategically.

# CORPORATE STRUCTURE



**HAI LECK  
HOLDINGS LIMITED**



# BOARD OF DIRECTORS



## MR CHENG BUCK POH @ CHNG BOK POH, BBM

is our founder and Executive Chairman and Chief Executive Officer. Appointed to the Board on 12 September 1998, Mr Cheng is responsible for charting and reviewing corporate directions and strategies for the Group; overseeing management and development of the Group's business, locally and overseas; and is also responsible for sales and marketing for the Group's business. He has more than 40 years of experience in the industry and has led the Management in pursuing the Group's mission and objectives. Mr Cheng has total direct and deemed interest in 191,922,665 shares in the Company, representing 84.83%.



## MR TAN SIM CHENG, BBM

is our Non-Executive Deputy Chairman and Lead Independent Director and was appointed to the Board on 5 June 2008 as an Independent Director. He brings more than 40 years of experience in finance, administration and human resource to the Group. Mr Tan obtained his Bachelor in Accountancy from the University of Singapore in 1969 and is a Fellow Life Member of the Institute of Singapore Chartered Accountants. Mr Tan has total direct interest in 103,125 shares in the Company.



## MS CHENG WEE LING

is our Executive Director and was appointed to the Board on 23 June 2021. Ms Cheng is also the Chief Executive Officer of Tele-centre Services Pte Ltd and is responsible for the overall management of the Group's contact centre business segment. She has more than 10 years of experience in contact centre services and holds a Degree in Business Administration from the Royal Melbourne Institute of Technology, Australia.



# BOARD OF DIRECTORS



## MS CHRISTINA CHOW POH LIN

is our Executive Director and was appointed to the Board on 23 June 2021. Ms Chow assists the Executive Chairman and Chief Executive Officer in charting and reviewing corporate directions and strategies, overseeing sales and marketing, management and development of the Group's business. She has more than 15 years of experience in human resource management. Ms Chow has total direct interest in 102,960 shares in the Company.



## MR CHUA KENG WOON

joined the Board as an Independent Director on 25 October 2019. Mr Chua holds a Bachelor of Business Degree majoring in Financial Analysis from Nanyang Technological University. Mr Chua is also a Chartered Financial Analyst and a member of the CFA Institute. Mr Chua has over 16 years of experience in the banking and finance industry.

He served as an advisor to Secured Capital Singapore Pte Ltd, a company engaged in mezzanine financing services, from January to November 2018. From 2008 to 2016, Mr Chua was with Canaccord Genuity Singapore Pte Ltd (formerly known as Collins Stewart Pte. Limited). He last held the position of Senior Director, Equity Capital Market and was primarily involved in corporate advisory and fund raising activities for companies. Prior to that, Mr Chua had held various posts as Associate Director of Capital Market Group in Philip Securities Pte Ltd, Assistant Vice President, Corporate Finance in Hong Leong Finance Limited, Manager, Corporate Finance in UOB Asia Limited, Manager in Capital Equity Markets in DBS Bank Limited, as well as Senior Officer – Inspectorate Department in the Stock Exchange of Singapore. Mr Chua also sits on the Board of Asiamedic Limited.

Mr Chua has total direct interest in 1,035,650 shares in the Company.



## MR LIM HUI KWAN

joined the Board as an Independent Director on 30 October 2020. Mr Lim holds a Diploma from Dockyard Technical College and has more than 50 years of experience in the marine industry before retiring as Senior Marine Manager with Sembcorp Marine Admiralty Yard.

# SENIOR MANAGEMENT

## MR DENNIS W. THOMAS

is a director of two of our subsidiary companies, Hai Leck Engineering (Private) Limited and Hai Leck Industrial Services Pte Ltd. Mr Thomas is responsible for overseeing our thermal insulation, refractory and passive fireproofing services which serve customers both locally and overseas in countries such as Indonesia, Thailand, Taiwan, People's Republic of China and Saudi Arabia. He has more than 45 years of experience in this industry.

Mr Thomas also served in the Association of Process Industry ("ASPRI") since its inception in 1997 for almost 20 years, with 12 years as its Vice President.

## MS SIN WAN LIN

is our Chief Financial Officer. Ms Sin has 15 years of audit experience with Andersen and Ernst & Young LLP as well as more than 10 years of experience in the field of finance and management. She is responsible for the full spectrum of financial, taxation and treasury functions in our Group. She oversees the day-to-day finance/ accounts functions of the Group, consolidates the Group's accounts and reporting, and provides financial analysis and appraisal of the Group's investments.

Ms Sin is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as the Institute of Singapore Chartered Accountants. She is also an ASEAN Chartered Professional Accountant. She holds a Bachelor's Degree in Economics (specialising in Accounting and Finance) from the London School of Economics and Political Science and a Master of Philosophy Degree in Finance from University of Cambridge.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Cheng Buck Poh @ Chng Bok Poh**  
*(Executive Chairman  
and Chief Executive Officer)*

**Tan Sim Cheng**  
*(Non-Executive Deputy Chairman  
and Lead Independent Director)*

**Cheng Wee Ling**  
*(Executive Director)*

**Christina Chow Poh Lin**  
*(Executive Director)*

**Chua Keng Woon**  
*(Independent Director)*

**Lim Hui Kwan**  
*(Independent Director)*

## SENIOR MANAGEMENT

**Dennis W. Thomas** (Director)  
**Sin Wan Lin** (Chief Financial Officer)

## AUDIT COMMITTEE

**Tan Sim Cheng** (Chairman)  
**Chua Keng Woon**  
**Lim Hui Kwan**

## REMUNERATION COMMITTEE

**Lim Hui Kwan** (Chairman)  
**Tan Sim Cheng**  
**Chua Keng Woon**

## NOMINATING COMMITTEE

**Chua Keng Woon** (Chairman)  
**Tan Sim Cheng**  
**Lim Hui Kwan**

## COMPANY SECRETARY

**Siau Kuei Lian**

## REGISTERED OFFICE

47 Tuas View Circuit Singapore 637357  
Tel: (65) 6862 2211 Fax: (65) 6861 0700  
Website: [www.haileck.com](http://www.haileck.com)

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

**In.Corp Corporate Services Pte. Ltd.**  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

## PRINCIPAL BANKERS

**United Overseas Bank Limited**  
80 Raffles Place  
UOB Plaza  
Singapore 048624

**Standard Chartered Bank (Singapore) Limited**  
Marina Bay Financial Centre (Tower 1)  
8 Marina Boulevard, Level 27  
Singapore 018981

**The Hongkong and Shanghai Banking Corporation  
Limited**  
50 Raffles Place  
Singapore Land Tower  
#01-03  
Singapore 048623

## AUDITOR

**Ernst & Young LLP**  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

**Partner-in-charge:**  
Phua Chun Yen Alvin  
*(appointed since financial year ended 30 June 2020)*



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	PROXY FORM

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) and the management (the “**Management**”) of Hai Leck Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), aim to set in place corporate governance practices to provide the structure through which the objectives of protection of shareholders’ interests and enhancement of long-term shareholders’ value are met. This Report describes the Group’s corporate governance structures and practices adopted by the Group for the financial year ended 30 June 2022 (“**FY2022**”), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Board believes that it has substantially complied with the principles and guidelines as set out in the Code where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

## 1. BOARD MATTERS

### 1.1 The Board’s Conduct of Affairs

**Principle 1:** *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.*

#### Board’s Duties and Responsibilities

During FY2022 and as at the date of this report, the Company is headed by an effective Board comprising six (6) Directors of whom three (3) are Executive Directors and three (3) are Non-Executive Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enable them to contribute effectively to the strategic growth and governance of the Group.

The Board’s primary role is to protect and enhance long-term shareholders’ value and returns for the shareholders. It strives to achieve this by providing leadership and guidance to the Management to develop and drive business directions and goals.

Apart from its statutory responsibilities, the principal functions of the Board encompass, *inter alia*, the following:

- (i) Providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;
- (ii) Overseeing the management of the Group’s business affairs, financial controls, performances and resources allocation;
- (iii) Monitoring and reviewing the performance of the Management team;
- (iv) Approving the Group’s strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- (v) Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders’ interests and the Company’s assets;
- (vi) Setting of the Company’s values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met;
- (vii) Considering sustainability issues, such as environmental and social factors, as part of its strategic formulation; and
- (viii) Being responsible for the corporate governance framework of the Group.

# CORPORATE GOVERNANCE REPORT

## Independent Judgement

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospect on a quarterly basis. All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interest of the Company. They have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold the Management accountable for performance. The Board is committed to ethics, integrity of actions and sets the appropriate tone from the top in respect of the desired organisational culture, and ensures proper accountability within the Company.

## Conflict of Interest

Every Director of the Company is required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction within the Group as soon as practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. When there is an actual or potential conflict of interest, the concerned Directors shall abstain from voting, and recuse themselves from discussion or decision-making involving the issue of conflict and related matters.

## Director Induction, Training and Development

The Company conducts briefing and orientation programs for new Directors to familiarise themselves with the Company's structure and organisation, business and governance policies. Upon appointment, each newly appointed Director will be briefed by the Chief Executive Officer ("CEO") and/or Senior Management of the Company on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as Directors. The aim of the orientation program is to give Directors a better understanding of the Company's business and allow them to assimilate into their new roles. The Company will arrange and ensure that the newly appointed Directors attend the appropriate and relevant courses and trainings to equip themselves in order to effectively discharge their duties and responsibilities.

The Nominating Committee ("NC") will perform the following steps before a new Director is appointed to the Board to ensure that the Director is equipped with appropriate skills and relevant industry knowledge to perform his/her roles on the Board and Board Committees effectively:

- (i) To review the balance and diversity of skills, core experience and knowledge required by the Board that would be essential to aid decision-making;
- (ii) Upon review and consultation with the Management, the NC will assess and determine the role and desirable qualities for a particular appointment;
- (iii) The NC will interview the shortlisted candidates to determine his/her suitability for the position; and
- (iv) Thereafter, the NC will make recommendation to the Board for approval.

The Board ensures that newly appointed Directors are familiarised with the Group's business by conducting site visits as part of their orientation programmes so as to enhance their performance as Board or Board Committee members. There was no new Director appointed during the financial year.



# CORPORATE GOVERNANCE REPORT

In addition, all Directors are encouraged to attend relevant training programmes, courses, conferences and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisations from time to time. To keep pace with such laws and regulatory changes, the Company will provide and fund the appropriate training and development programmes for the Directors and key management personnel of the Company.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and key changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“ACRA”), which are relevant to the Directors are circulated to the Board. The Company Secretary and/or her representatives also inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company as well as the key amendments and impact of the Code and Listing Rules requirements. The External Auditors would update the Audit Committee (“AC”) and the Board on new and revised financial reporting standards annually.

## **Matters Requiring Board Approval**

The Company has adopted a set of Approving Authority and Limit, setting out the level of authorisation required for specified transactions, including those that require the Board's approval for decision-making (which are embodied in its internal guidelines) which has been clearly communicated to the Management, such as the following:

- major funding proposals;
- investment and divestment proposals;
- major acquisitions and disposals;
- corporate or financial restructuring;
- mergers and acquisitions;
- share issuance and dividends;
- acceptance of bank facilities;
- the release of the Group's quarterly and annual financial results announcements;
- approval of annual report and accounts;
- approval of Board changes and appointments to Board Committees; and
- interested person transactions of a material nature.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

# CORPORATE GOVERNANCE REPORT

## Board Committees

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and discharge its responsibilities more efficiently and to ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has delegated certain functions to various Board Committees, namely the AC, NC and Remuneration Committee (the “RC”) (collectively “**Board Committees**”). These Board Committees are chaired by Independent Directors and operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference (setting out its composition, authorities and duties, including reporting back to the Board) of the Board Committees are reviewed on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees and operates under delegated authority with the Board retaining overall oversight. The Chairman of the respective Board Committees will report to the Board on the outcome of the Board Committee meetings and their recommendations on the specific agendas mandated to the Board Committee by the Board. Please refer to the relevant principle on the composition of the Board and the Board Committees for FY2022.

The Board will conduct at least four meetings a year to approve the quarterly financial results announcement and to oversee the business affairs of the Group. The yearly schedule of all the Board and Board Committee meetings for the calendar year is usually given to all the Directors well in advance. Board papers are sent to the Board or Board Committee members prior to each Board or Board Committee meeting, to allow them to prepare for the meetings and enable discussions to focus on any questions or issues that they have or identified.

During the financial year, the agenda for Board and Board Committee meetings are prepared in consultation with and incorporate inputs from the Management, the Chairman and the respective Board Committees' chairs. This provides assurance that important topics will be covered. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are also convened as and when the circumstances require.

The Board is provided with relevant information on a timely basis prior to Board and Board Committee meetings. This enables Directors to make informed decisions to discharge their duties and responsibilities. The Management also provides the Board with information on an ongoing basis and ongoing reports relating to the operational and financial performance of the Company, as well as updates on market developments.

The Company's Constitution (the “**Constitution**”) provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all the relevant information relating to the proposed transaction.

During FY2022, the Board members had met four times. The number of meetings held by the Board and Board Committees and attendance of each Board member at the meetings are disclosed in the table below:

	Annual General		Board Committees		
	Meeting	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>No. of meetings held</b>	1	4	4	1	1
<b>Name of Directors</b>	<b>No. of meetings attended</b>				
Cheng Buck Poh @ Chng Bok Poh	1	4	4*	–	–
Tan Sim Cheng	1	3	3	1	1
Lim Hui Kwan	1	4	4	1	1
Chua Keng Woon	1	4	4	1	1
Cheng Wee Ling	1	4	4*	–	–
Christina Chow Poh Lin	1	4	4*	–	–

\* By invitation

# CORPORATE GOVERNANCE REPORT

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its business. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees' meetings.

Despite some of the Directors having multiple board representations, the NC had reviewed the directorship of the Directors and is satisfied that these Directors are able to ensure that sufficient time and attention are given to the affairs of the Company and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company board representations and other principal commitments of these Directors.

Currently, the NC and the Board do not limit the maximum number of listed board representations which any Director may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Company. The NC and the Board believe that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, having regard to his or her other commitments.

## **Access to information**

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. As such, the Board expects the Management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company, in a timely and accurate manner.

The Directors are informed of any significant developments or events relating to the Group. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

Consistent with the Group's effort towards sustainability of the environment, the Board has adopted the practice of circulating all board papers by means of electronic format prior to the scheduled meetings. This gives the Directors sufficient time to review and consider the matters to be discussed, so that discussions during the meetings are more meaningful and productive.

## **Independent Access to Management, the Company Secretary and Other Professional Advisers**

The Directors have separate and unrestricted access to the Company's Management, Company Secretary and independent auditors in carrying out their duties. Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and Board Committees, and between the Management and Non-Executive Directors. The Company Secretary and/or her representatives attend all Board meetings and Board Committee meetings and assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed so that the Board and Board Committees function effectively. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings, to assist them in performing their duties and responsibilities as Directors.

# CORPORATE GOVERNANCE REPORT

## 1.2 Board Composition and Guidance

**Principle 2:** *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

### Board composition

As of the date of this report, the Board comprises the following six (6) Directors, three (3) of whom are Independent and Non-Executive Directors (the “**Independent and Non-Executive Directors**”) and three (3) of whom are Executive Directors. The Chairman is not independent and the Independent and Non-Executive Directors of the Company does not make up a majority of the Board as recommended by Provisions 2.2 and 2.3 of the Code. The NC will continue to review and monitor the requirement for the majority Independent and Non-Executive Directors to be in line with the provisions of the Code. The Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs. Matters requiring the Board’s approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively. The composition of the Board is as follows:

Name of Director	Designation	Nature of Appointment
Cheng Buck Poh @ Chng Bok Poh	Executive Chairman/CEO	Executive Director
Tan Sim Cheng	Non-Executive Deputy Chairman and Lead Independent Director	Non-Executive / Lead Independent Director
Chua Keng Woon	Director	Non-Executive / Independent Director
Lim Hui Kwan	Director	Non-Executive / Independent Director
Cheng Wee Ling	Director	Executive Director
Christina Chow Poh Lin	Director	Executive Director

The profiles of the Directors are set out on pages 9 and 10 of this Annual Report.

The Board’s structure, size and composition are reviewed annually by the NC with a view to determine the impact of its number upon its effectiveness. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and diverse expertise and experience given the nature and scope of the Group’s operations. The Executive Directors have extensive experiences in the integrated service provider industry while the Non-Executive and Independent Directors are well established and competent in their respective professions. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company.

### Board Independence

The Board has adopted the Code’s criteria of an independent director in its review and is of the view that all Non-Executive and Independent Directors have satisfied the criteria of independence. All Directors are required to disclose any relationships or appointment which would impair their independence to the Board in a timely manner. The NC reviews annually the independence of each Director in accordance with the Code’s definition of what element constitutes an independent director. The NC has reviewed the “Confirmation of Independence” forms completed by each Independent Director and is of the view that the three (3) Independent Directors (who represent half of the Board) are independent, i.e, they have no relationship with the Company, its related companies, its substantial shareholders with shareholdings of 5% or more in the voting shares of the Company, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from the Management and the substantial shareholders with shareholdings of 5% or more in the voting shares of the Company.



# CORPORATE GOVERNANCE REPORT

Although Mr Tan Sim Cheng (“**Mr Tan**”) has served on the Board for more than 9 years from the date of his appointment, the NC had conducted a rigorous review of his independence and his past contributions to the Group and considered that he is independent in character and judgement and there were no circumstances which would likely affect or appear to affect his independent judgement.

The opinion was arrived at after careful assessment by the NC and the Board. The rigorous review comprised a review of, but not limited to, the following factors:

- (i) The considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company;
- (ii) The attendance and active participation in the proceedings and decision-making process of the Board and Board Committee meetings;
- (iii) Provision of continuity and stability to the Management at the Board level as the Independent Director has developed deep insight into the business of the Company and possesses experience in and knowledge of the business;
- (iv) Whether the Independent Director’s qualification and expertise provide reasonable checks-and-balances on the Management;
- (v) Whether the Independent Director has provided adequate attention and devoted sufficient time to the proceedings and business of the Company; including whether he is adequately prepared, responsive and heavily involved in the discussions during meetings;
- (vi) Whether the Independent Director provides overall guidance to the Management and acts as safeguard for the protection of the Company’s assets and shareholders’ interests; and
- (vii) Whether the Independent Director has led the Board Committees effectively in making independent and objective decisions.

The Group would continue to build on the acquired experience by preserving continuity and stability within the Group through orderly succession.

Following the review, the NC with the concurrence of the Board, is satisfied that Mr Tan remains independent as there have been no changes to the circumstances since his previous declaration presented to the Company Secretary, except for his personal director’s disclosures and there is no relationship which would deem him to be non-independent. Mr Tan who has served the Board beyond 9 years, has sought his continued appointment as Independent Director pursuant to Rule 210(5)(d)(iii) at the Annual General Meeting (“**AGM**”) held on 28 October 2021. Each member of the NC has abstained from participating in the aforesaid discussion and voting on any resolution related to his independence.

To-date, none of the Independent Directors of the Company has been appointed as director of the Company’s principal subsidiaries.

## **Board Diversity**

Although there is no diversity policy adopted, the Board is committed and guided by the Company’s guideline to ensure diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate. The current Board comprises two (2) female and four (4) male directors with an age group ranging from 32 to 82 years old. Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its business. The Board provides diversity of expertise and knowledge in areas such as accounting, finance, investment, risk management and business

# CORPORATE GOVERNANCE REPORT

management. This diversity facilitates constructive debate on the business activities of the Company and enables management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board in concurrence with the NC, was of the view that the Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead, govern and contribute to the Company effectively.

## **Regular meeting for Independent Directors**

The Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate initiatives and the remuneration of the Executive Directors and Senior Management. The Independent Directors constructively challenge and help develop proposals and strategies, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors meet at least once a year, or when necessary, without the presence of the Executive Directors and/or Management and provide such feedback to the Chairman of the Board after such meeting.

## **1.3 Chairman and CEO**

**Principle 3:** *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

There is a clear division of responsibilities at the top Management, with clearly defined lines of responsibility between the Board and executive functions of the Management of the Group's business.

As at the date of this report, the roles and responsibilities of the Executive Chairman and CEO are held by Mr Cheng Buck Poh @ Chng Bok Poh ("**Mr Cheng**"). As CEO, with assistance from the Executive Directors, Ms Cheng Wee Ling and Ms Christina Chow Poh Lin, Mr Cheng oversees the day-to-day operations of the Company and develops the Group's business locally and overseas, and is also responsible for sales and marketing of the Group's business.

In view of succession planning and during the transitional period of exploring and hiring a suitable CEO to take over the position, currently the roles and responsibilities of both the Executive Chairman and CEO are vested in Mr Cheng and therefore does not comply with Provision 3.1 of the Code. Notwithstanding the above, major decisions of the Company are made in consultation with the Board. The performance of the Executive Chairman and the CEO are reviewed periodically by the NC and the remuneration packages are reviewed periodically by the RC. The Board also believes that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Furthermore, all the Board Committees are chaired by Independent Directors.

The Executive Chairman, Mr Cheng is the founder of the Group and is responsible for the charting and reviewing of the corporate directions and business strategies, policies, budget and development for the Group. He is also responsible for, among others, the exercise of control over quantity, quality and timeliness of information flow between the Management and the Board.

He, with the assistance of the Company Secretary and/or her representatives, ensures that the Board receives accurate, timely and clear information and there is effective communication with shareholders of the Company. He further ensures that Board meetings are held as and when necessary and sets the Board's meeting agenda. He assists in ensuring compliance with the Group's guidelines on corporate governance and facilitating the effective contribution by the Non-Executive Directors. The Chairman also promotes a culture of openness and debate at the Board, encourages constructive relations, mutual respect and trust within the Board and with the Management.

# CORPORATE GOVERNANCE REPORT

## Lead Independent Director

As the Executive Chairman is not independent, to be in compliance with Provision 3.3 of the Code, the Board has appointed Mr Tan as the Lead Independent Director to lead the Independent Directors, to provide independent view and foster constructive discussion. The Lead Independent Director serves as a principal liaison on Board issues between the Independent Directors and the Chairman of the Board. During the financial year, the Lead Independent Director was available to shareholders who have concerns which contact through the normal channels of the Executive Chairman, CEO, Executive Directors or Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors meet at least once annually without the presence of the Executive Directors and Management to discuss matters of significance, which are thereafter reported to the Chairman accordingly.

For FY2022 under review, the Board believes that notwithstanding the roles of Executive Chairman and CEO are vested in the same individual, the current composition of the Board is able to make precise, objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power or influence.

## 1.4 Board Membership

**Principle 4:** *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

### NC composition

The Company has established the NC to, among other things, make recommendations to the Board, *inter alia*, on all Board appointments and re-appointments of Directors and oversee the Company's succession and leadership development plans.

As at the date of this report, the NC comprises entirely of Independent Directors and the members of the NC are:

<b>Name of Director</b>	<b>Position held</b>
Mr Chua Keng Woon	Chairman
Mr Tan Sim Cheng	Member
Mr Lim Hui Kwan	Member

In accordance with the definition in the Code, the Chairman of the NC is independent and has no relationship with the Company, its related corporations, its substantial shareholders with shareholdings of 5% or more in the voting shares of the Company and its officer. The Lead Independent Director is also a member of the NC.

The NC meets at least once a year. During FY2022, the NC met, discussed and reviewed the issue of board composition.

# CORPORATE GOVERNANCE REPORT

## NC role

The NC is regulated by its terms of reference and its key functions include:

- (i) The appointment and re-appointment of the Directors (including alternate director, if any) having regard to the Director's contribution and performance;
- (ii) Identifying and nominating candidates for the approval of the Board;
- (iii) Determining annually the independence of each Director;
- (iv) Recommending Directors who are retiring by rotation to be put forward for re-election;
- (v) Assessing whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;
- (vi) Reviewing the training and professional development programmes for the Board and its Directors;
- (vii) The process and criteria for evaluation of the performance and assessing the effectiveness of the Board and its Board Committees and Directors; and
- (viii) Ensuring that the Company has a succession plan for Executive Directors, in particular, the Chairman, CEO and key management personnel.

The NC's functions include determining the criteria and how the Board's performance is to be evaluated, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

The Board also implements a process to be carried out by the NC for assessing the effectiveness of the Board and its Board Committees. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

As at the date of this report, the initial appointment date and the date of last re-election of the Directors, key information of directors, disclosure of directorships held over the preceding three (3) years in other listed companies as well as other principal commitments of each Director are set out below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Directorships in other listed companies and Principal Commitments	
				Current	Past three years
Mr Cheng Buck Poh @ Chng Bok Poh	Executive Chairman/ CEO	12 September 1998	24 October 2019	-	-
Mr Tan Sim Cheng	Non-Executive Deputy Chairman and Lead Independent Director	5 June 2008	28 October 2021	-	-
Mr Chua Keng Woon	Independent Director	25 October 2019	29 October 2020	Asiamedic Limited	-
Mr Lim Hui Kwan	Independent Director	30 October 2020	28 October 2021	-	-
Ms Cheng Wee Ling	Executive Director	23 June 2021	28 October 2021	Chief Executive Officer, Tele-centre Services Pte Ltd	Managing Director, Tele-centre Services Pte Ltd
Ms Christina Chow Poh Lin	Executive Director	23 June 2021	28 October 2021	-	-



# CORPORATE GOVERNANCE REPORT

## Succession Planning

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and Senior Management, to ensure the progressive and orderly renewal of the Board and key executives.

## Reviewing and recommending nomination for appointment and re-appointment of Directors

Where a vacancy arises, the NC will consider each candidate based on the selection criteria after consultation with the Board and after taking into consideration the qualification, experience, ability and skills to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval.

Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his/her responsibilities, good decision-making track record, relevant experience and financial literacy. The NC will make recommendation to the Board on the appointment. The Board will appoint the most suitable candidate who must stand for re-election at the next AGM of shareholders in accordance with the Constitution.

The Constitution provides that the number nearest to one-third of the Directors shall retire by rotation and subject themselves to re-election by the shareholders at every AGM of the Company. In addition, all Directors of the Company shall retire from office once every three years. It was also provided in the Constitution that Directors who were newly appointed during the financial year (whether as an additional Director or to fill a casual vacancy) shall only hold office until the next AGM of the Company and are subject to re-election by the shareholders.

With regard to the re-election of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the Constitution. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and any other factors as may be determined by the NC. The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a Director. Mr Cheng and Mr Chua Keng Woon ("**Mr Chua**") have been nominated for re-election at the forthcoming AGM and have abstained from the voting process.

The NC, in accordance with the Constitution has recommended that Mr Cheng and Mr Chua (the "**Retiring Directors**"), who retire by rotation pursuant to Regulation 93 of the Constitution, be nominated for re-election at the forthcoming AGM.

In this regard, the NC having considered the overall contributions and performance as well as the attendance and participation of Mr Cheng and Mr Chua at the Board and Board Committee meetings, has recommended to the Board for their re-elections. Mr Cheng and Mr Chua being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation.

The details of the Retiring Directors seeking for re-election at the AGM are set out in Table A on pages 39 and 40 of this Annual Report in compliance with Rule 720(6) of the Listing Manual of the SGX-ST.

# CORPORATE GOVERNANCE REPORT

## Annual Review of Directors' Commitments

Where a Director has multiple board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he/she has been adequately carrying out his/her duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is made to the Board. The Board will review this recommendation.

The NC is of the view that the number of directorships a Director can hold and his/her principal commitments should not be prescriptive as the time commitment for each board membership will vary. The NC will review the number of listed company board representations which each Director holds on an annual basis or from time to time when the need arises. In this respect, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

During the year, the NC had reviewed the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. The Board concurred with the NC.

## Continuous Review of Board Independence

The NC is guided by the definition and criteria of independence given in the Code in determining if a Director is independent.

The NC annually, and as and when circumstances required, determines if a Director is independent bearing in mind the circumstances set forth in Provision 2.1 and any other salient factors of the Code. Any Director who has served on the Board beyond nine (9) years from the date of his/her first appointment is subject to particularly rigorous review by the NC.

Each Independent Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the Code for the NC's review and recommendation to the Board.

For the financial year under review, the Board concurred with the NC's view that the three (3) Independent Directors are independent (as defined in the Code), and in character and judgement, there were no circumstances which would likely affect or appear to affect their judgement.

During FY2022, there was no appointment of alternate directors to the Board.

## 1.5 Board Performance

**Principle 5:** *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The Board and the NC had developed a process of evaluation for assessing the effectiveness of the Board, Board Committees and individual Directors through establishment of quantifiable performance criteria. The evaluation performance checklist is drawn up based on the guidelines provided in the Code.

Based on the recommendations of the NC, the Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

# CORPORATE GOVERNANCE REPORT

(a) Assessment of the effectiveness of the Board as a whole

The NC uses an objective performance criteria to conduct board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various board issues and processes, such as the board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for FY2022.

(b) Assessment of the effectiveness of the Board Committees

The NC has implemented a process to be carried out by the NC via the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the respective Board Committees. The results of the Board Committees' assessments are reviewed and discussed by the NC, and any recommendations and suggestions arising from the evaluation exercise are circulated to the Board for consideration. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees for FY2022.

(c) Assessment of the contribution by individual Directors to the effectiveness of the Board

The individual Directors' assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC and the Executive Chairman include individual skills and experience, contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and appropriate actions are taken as necessary. The NC has reviewed and is satisfied with the contributions by individual Directors to the effectiveness of the Board for FY2022.

The NC is of the view that such assessments by the Directors are useful and constructive, and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped the Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. The assessments also help the NC to determine whether the Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

In general, the selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The Executive Chairman, together with the NC, in considering the re-nomination and re-appointment of any Director, consider the attendance records for the Board and Board Committee meetings, the intensity of participation at meetings, the quality of contributions to the development of strategy, the degree of preparedness, industry and business knowledge and experience that each Director possesses, which are key to the success of the Group's business.

During FY2022 under review, the NC had met to discuss and evaluate the Board's performance as a whole, the Board Committees' and individual Directors' assessments. The results of the assessments had been communicated to and accepted by the Board.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual Directors.

# CORPORATE GOVERNANCE REPORT

## 2. REMUNERATION MATTERS

### 2.1 Procedures for Developing Remuneration Policies

**Principle 6:** *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

#### RC Composition and Role

As at the date of this report, the RC comprises entirely of Independent Directors and the members of the RC are as follows:

Name of Director	Position Held
Mr Lim Hui Kwan	Chairman
Mr Tan Sim Cheng	Member
Mr Chua Keng Woon	Member

The Group's remuneration policy is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate directors and key management personnel.

The RC is regulated by its terms of reference and has access to independent professional advice, if necessary. The responsibilities of the RC are as follows:

- (i) To review and recommend to the Board a general framework of remuneration for the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Group, and determine specific remuneration packages, including termination terms, for each Executive Director, Senior Management or key management personnel;
- (ii) To carry out its duties in the manner deemed effective, subject to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and
- (iii) Ensure that all aspects of remuneration are covered, taking into consideration Principle 8 and Provisions 8.1 to 8.3 of the Code, that the remuneration packages are comparable within the industry and comparable companies; and shall include a performance-related element with appropriate and meaningful measures of assessing performance. The remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The RC is responsible for recommending a remuneration framework for the Directors and key management personnel which is submitted to the Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and key management personnel in the interest to improve corporate performance. The RC's review of remuneration packages takes into consideration pay and employment conditions within the industry and in comparable companies, the Company's relative performance, the performance of the individual Directors and key management personnel, the long-term interests of the Group and ensures that the interests of the Directors align with those of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit-sharing (where applicable) and benefits-in-kind.



# CORPORATE GOVERNANCE REPORT

The RC's recommendations are submitted for endorsement by the Board. Each member of the RC abstains from voting on any resolution concerning his own remuneration.

## **Access to expert advice**

The RC has access to expert advice from the internal human resources personnel and/or outside the Company from external experts with regard to remuneration matters. No individual Director shall be involved in deciding his/her own remuneration.

The RC, in considering the remuneration of all Directors, has not sought external advice nor appointed remuneration consultants during FY2022. The directors' fees to be paid to the Independent and Non-Executive Directors are subject to shareholders' approval at the forthcoming AGM.

## **Remuneration policy in respect of Executive Directors and key management personnel**

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

## **2.2 Level and Mix of Remuneration**

**Principle 7:** *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

### **Remuneration framework**

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and comparable companies, as well as the Group's relative performance, the Company's risk policies and the performance of individual Directors. The terms of the contracts of services of Executive Directors and the key management personnel, including termination clauses, are in line with market practices and are not overly generous. The remuneration packages of the Executive Directors are determined based on the framework recommended by the RC where the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company.

The variable component is dependent on a key management personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of key management personnel with that of the shareholders in terms of value creation. Key performance indicators for key management personnel are aligned to the interests of and value creation for all stakeholders.

### **Remuneration of Non-Executive Director**

The Independent and Non-Executive Directors receive directors' fees in accordance with their contribution, taking into consideration factors such as effort, time spent, responsibilities of the Directors and the necessity to pay competitive fees to attract, motivate and retain such Independent and Non-Executive Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. Non-Executive Directors are not to be over-compensated to the extent that their independence may be compromised. The remuneration of Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company.

# CORPORATE GOVERNANCE REPORT

## Contractual provisions to reclaim incentives

The Executive Directors do not receive directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

The Group has also previously entered into various letters of employment with the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, annual leave, medical benefits, grounds of termination and certain restrictive covenants.

The RC is of the view that the remuneration packages of the Executive Directors (including the Executive Chairman) and key management personnel are moderate. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. Therefore, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

## 2.3 Disclosure on Remuneration

**Principle 8:** *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

The breakdown of remuneration of the Directors of the Company, in percentage terms showing the level and mix, for FY2022 falling within the broad bands are set out below.

The Board believes that it is for the benefit of the Company and the Group that the value of the Directors' remuneration be kept confidential due to its sensitive nature and to safeguard the long-term performance of the Group, especially in this highly competitive industry. Similarly, the remuneration of the top key management personnel and the remuneration of the employees who are immediate family members of a Director or the CEO are shown in bands of \$250,000 due to the Company's concern over poaching of these key management personnel by competitors.

Name of Director	Salary %	Variable Bonus %	Directors' Fees %	Benefits %	Total %
<b>\$1,250,001 to \$1,500,000</b>					
Mr Cheng Buck Poh @ Chng Bok Poh	49	50	-	1	100
<b>\$750,001 to \$1,000,000</b>					
Ms Cheng Wee Ling	34	64	-	2	100
<b>Below \$250,000</b>					
Mr Tan Sim Cheng	-	-	100	-	100
Mr Chua Keng Woon	-	-	100	-	100
Mr Lim Hui Kwan	-	-	100	-	100
Ms Christina Chow Poh Lin	76	12	-	12	100

The Company's staff remuneration policy is based on individual's rank and role, individual performance, Company's performance and industry benchmark gathered from companies in comparable industries.

# CORPORATE GOVERNANCE REPORT

Details of remuneration paid to key management personnel of the Group (who are not directors or the CEO), in percentage terms showing the level and mix, for FY2022 are set out below:

## Top 2 Management Personnel of the Group

Name	Salary %	Bonus %	Other Benefits %	Total %
<b>Below \$250,000</b>				
Mr Dennis W. Thomas	80	12	8	100
Ms Sin Wan Lin	85	12	3	100

The aggregate total remuneration paid to these key management personnel (who are not directors or the CEO) in FY2022 is approximately \$460,000.

Ms Cheng Wee Ling, the Executive Director of the Company and the Chief Executive Officer of Tele-centre Services Pte Ltd, a subsidiary company of the Group is the daughter of Mr Cheng.

Save as disclosed, there are no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or substantial shareholder of the Company whose remuneration amounts exceed \$100,000 during FY2022. ("Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister or parent).

In FY2022, no termination, retirement and post-employment benefit or other long-term incentive has been granted to the Directors or key management personnel.

The Company currently has no employee share option scheme or other long-term incentive scheme in place, and the RC will consider such schemes as and when it deems necessary.

The RC and the Board have considered and are of the view that the Company's remuneration packages are appropriate and fair.

## 3. ACCOUNTABILITY AND AUDIT

### 3.1 Risk Management and Internal Controls

**Principle 9:** *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

#### Risk governance

The Board recognises the importance of sound internal controls and risk management practices. The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities.

The internal controls in place will address the financial, operational (including information technology) and compliance risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there is maintenance of proper accounting records, financial information are reliable and assets are safeguarded.

The Board did not establish a separate board risk committee to review and assess the internal controls systems and risk management framework. The Board is currently assisted by the AC, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

# CORPORATE GOVERNANCE REPORT

To further enhance the risk management procedures in place, the Group had established a structured Enterprise Risk Management (“ERM”) programme to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, *inter alia*, financial, operational (including information technology) and compliance risks faced by the Group, as well as assesses its risk management systems. Key risks identified are deliberated by Senior Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM programme against identified key risks vis-à-vis changes in the Group’s operating environment.

Complementing the ERM programme is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group’s financial statements. The assistance of the internal and external auditors has enabled the AC to carry out assessments of the effectiveness of the key internal controls during the reporting financial year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes are not satisfactory for the current industry type and size of business conducted.

For FY2022, the Board has received assurances from the Executive Directors, the CEO and the Chief Financial Officer (“CFO”) of the Company that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and
- (b) the CEO and the key management personnel have given assurance to the Board that the Group’s risk management and internal control systems in addressing financial, operational, compliance and information technology controls and risk management systems are adequate and operating effectively.

Based on the various management controls in place, internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the Group’s system of internal controls and risk management procedures in addressing the financial, operational (including information technology), compliance and information technology controls and risk management systems maintained by the Group during the financial year are adequate and effective as at 30 June 2022.

## 3.2 Audit Committee

**Principle 10:** *The Board has an AC which discharge its duties objectively.*

The AC comprises entirely of Independent Directors and the members of the AC are as follows:

Name of Director	Position held
Mr Tan Sim Cheng	Chairman
Mr Chua Keng Woon	Member
Mr Lim Hui Kwan	Member

The members of the AC have many years of expertise and experience in accounting, business and financial management. The Board considers the members of the AC appropriately qualified to discharge the responsibilities of the AC. None of the AC members were previous partners or directors of the existing auditing firm within the previous two years and/or hold any financial interest in the auditing firm in accordance to Provision 10.3 of the Code.



# CORPORATE GOVERNANCE REPORT

The AC is regulated by its terms of reference and its key functions include:

- (i) To review the audit plans of the internal auditors and external auditors of the Company with the CFO, the internal auditors' evaluation of the adequacy and effectiveness of internal controls, risk management and the Company's system of accounting controls and the co-operation given by the Management to the internal auditors and external auditors;
- (ii) To review significant financial reporting issues and judgements with the CFO, CEO and the external auditors so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance, before submission to the Board;
- (iii) To review the adequacy and effectiveness of the Company's material internal controls with the CFO, including financial, operational (including information technology) and compliance controls and risk management via reviews carried out by the internal auditors;
- (iv) To review the adequacy, effectiveness, independence, scope and results of the Company's internal audit functions;
- (v) To meet with the external auditors, other Board Committees and the Management in separate sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (vi) To review legal and regulatory matters with the CFO and the external auditors that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) To review the co-operation given by the Management to the auditors;
- (viii) To consider the appointment and re-appointment of the external auditors and internal auditors and matters relating to resignation or dismissal of the auditors;
- (ix) To review the adequacy, effectiveness, independence and objectivity of the external auditors;
- (x) To review the nature and extent of non-audit services provided by the external auditors;
- (xi) To recommend to the Board the external auditors to be nominated, to approve the compensation of the external auditors and to review the scope and results of the audit;
- (xii) To report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;
- (xiii) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and
- (xiv) To generally undertake such other functions and duties, as may be required by statute or the Listing Manual of the SGX-ST and by such amendments made thereto from time to time.

The AC has full access to and co-operation of the Management, external auditors and internal auditors. The AC Chairman usually reviews the external and internal audit plans before meetings, focusing on changes in the accounting policies, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the significant comments and recommendation by the auditors and matters that would affect the Group's performance.

# CORPORATE GOVERNANCE REPORT

The AC also has full discretion to invite any Director and key management personnel to attend its meetings and explicit authority to investigate any matters within its terms of reference which may give rise to suspected fraud, infringement of any law which will lead to a material impact on the Company. The AC has adequate resources to enable it to discharge its responsibilities properly.

Each member of the AC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

The external auditors have unrestricted access to the AC. Both the external auditors and internal auditors report directly to the AC in respect of their findings and recommendations. During the financial year being reported on, the AC met with the internal and external auditors separately at least once a year without the presence of the Management. The AC reviews the findings from the auditors and the assistance given to the auditors by the Management.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors. The audit fees paid/payable to the external auditors for FY2022 were \$152,300. The non-audit fees paid/payable to the external auditors for the financial year ended 30 June 2022 were \$5,000.

The Company has complied with Rules 715 of the Listing Manual of the SGX-ST as all principal subsidiaries of the Company are audited by Messrs Ernst & Young LLP, for the purposes of the consolidated financial statements of the Group.

## External Auditors

The AC has reviewed the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on an annual basis. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. The AC had evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the "Guidance to Audit Committee on Evaluation of Quality of Work performed by the External Auditors" such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Group's audit, given the size and complexity of the Group. Accordingly, the AC is satisfied that Rules 712 and 715 of the Listing Manual of the SGX-ST is complied with. The retiring auditors, Messrs Ernst & Young LLP will not be seeking for re-appointment at the forthcoming AGM of the Company. For the benefit of fresh perspectives and in view of cost efficiencies for the Group, Messrs Baker Tilly TFW LLP will be nominated as the external auditors of the Group for the ensuing year. The appointment of Messrs Baker Tilly TFW LLP is subject to the shareholders' approval at the forthcoming AGM of the Company.

Changes to accounting standards and accounting issues which have direct impact on the financial statements were reported to the AC and highlighted by the external auditors in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

In the review of the financial statements, the AC has discussed with the Management and the external auditor the accounting principles that were applied and their judgement of items that might affect the true and fair view of the financial statements. In particular, the following significant matters impacting the financial statements were discussed with the Management and the external auditors and were reviewed by the AC.

Significant matters	How the AC reviewed these matters and what decisions were made
Accounting for projects – Revenue recognition and provision for warranty	The AC reviewed revenue recognition and provision for warranty and the findings of the external auditors, and was satisfied that these had been appropriately accounted for in the consolidated financial statements.
Allowance for expected credit losses of trade receivables, customer retention monies and contract assets	The AC reviewed and discussed the aging of trade receivables as well as the allowance for expected credit losses of trade receivables, customer retention monies and contract assets with the Management. Taking into consideration the findings of the external auditors, the AC was satisfied with the review process and the justification of the amount of expected credit losses.
Impairment of the Group's property, plant and equipment and the Company's investment in a subsidiary company	The AC reviewed and discussed the assumptions made in the preparation of the relevant fair value less costs of disposal with the Management. Taking into consideration the findings of the external auditors, the AC was satisfied with the assessment of the impairment loss identified.

# CORPORATE GOVERNANCE REPORT

## Internal Audit Function

The Board recognises the importance of maintaining a system of internal controls in order to safeguard the shareholders' investments and the Company's assets. For FY2022, the Company outsourced its internal audit function to independent internal auditors ("IA"), RSM Risk Advisory Pte Ltd ("RSM") who has a direct reporting line to the AC and assists the AC in overseeing the implementation of required improvements to internal control and risk management system.

The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the AC and the Management to perform their internal audit review, where necessary, and has the right to seek information and explanation.

The appointed IA reports directly to the AC and is responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls that are in place to protect the funds and assets of the Group, ensuring control procedures are complied with, assessing if the operations of the business processes under review are conducted efficiently and effectively, and identifying and recommending improvements to internal control procedures, where required.

The IA plans its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the IA, including overseeing and monitoring implementation of the improvements required for internal control weaknesses identified.

For FY2022, the AC met once with the IA without the presence of the Management. The AC is of the opinion that RSM is adequately resourced with qualified personnel to discharge its responsibilities. The AC has reviewed the internal audit reports based on the controls in place and is satisfied that the internal audit function has been (i) adequately resourced, (ii) staffed by suitably qualified and experienced professionals with the relevant experiences and has the appropriate standing within the Group; and (iii) conducted in accordance with the standards set by professional bodies.

## Whistle-Blowing Policy

The Group has designated and implemented an independent whistle-blowing policy which is overseen and monitored by the AC. Accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware of and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that the identity of staff of the Group and other persons making such reports will be kept confidential and that they will be treated fairly and, to the extent possible, protected from detrimental or unfair treatment. There was no whistle-blowing report received during FY2022.

# CORPORATE GOVERNANCE REPORT

## 4. SHAREHOLDERS' RIGHTS AND ENGAGEMENT

### 4.1 Shareholders' Rights and Conduct of General Meetings

**Principle 11:** *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous disclosure obligations of the Company pursuant to the Listing Rules of the SGX-ST and the Singapore Companies Act 1967. It is the Board's policy to ensure that all shareholders should equally and on timely basis be informed of all major developments that have impact on the Group. Quarterly financial results and news releases (if any) will be published through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The forthcoming AGM will be held physically, with the safe distancing measures in place to keep interactions and transmission risk to a minimum. All shareholders of the Company receive annual report together with the Notice of AGM via SGXNet within the mandatory period.

Notices for general meetings are announced via SGXNet within the mandatory period prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable), together with the explanatory notes or a circular on items of special business (if necessary) so as to enable shareholders to exercise their voting rights on an informed basis. The AGM is held within four months after the end of the financial year. In addition, all shareholders also receive relevant circulars together with the notice of Extraordinary General Meeting ("**EGM**") by post. A copy of the relevant circular is also available on SGXNet. The shareholders may download the Annual Report, notice of the general meetings and circulars from the Company's website at [www.haileck.com](http://www.haileck.com). To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings.

In accordance with the Constitution, a copy of the proxy form for the shareholders accompanies the notice of AGM and EGM, so that shareholders may appoint up to a maximum of two (2) proxies to attend, vote and question the Board and the Management, for and on behalf of the shareholders who are not able to attend the general meetings personally. The Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary<sup>1</sup> may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

In view of the above, all the shareholders are given an opportunity to participate effectively and vote at the general meetings.

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<sup>1</sup> A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

# CORPORATE GOVERNANCE REPORT

To promote greater transparency in the voting process and effective participation, the Company conducts electronic poll voting for all the resolutions proposed at general meetings. An independent external consultant is also appointed as scrutineer to validate the vote tabulation process. The outcome of the general meeting, including the total numbers and percentage of votes cast for, or against, or to abstain from voting each resolution tabled, is announced immediately at the general meeting and via SGXNet on the same day after the general meeting.

The Board and Chairman of each Board Committee are required to be present to address questions at the general meeting. External auditors are also invited to attend the general meeting to assist the Board in addressing shareholders' queries, if necessary.

The Company currently does not provide for voting in absentia by mail or electronic means. This is due to concerns with the authentication of the shareholder's identity and other related security and integrity issues. The Company will consider implementing the relevant amendments to the Constitution to permit absentia voting after it has carried out careful study and is satisfied with the highlighted concerns. Nevertheless, the Company is of the view that the shareholders have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

The Company Secretary and her representatives prepare minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. In line with the guidance on the conduct of general meetings issued jointly by ACRA, Monetary Authority of Singapore and Singapore Exchange Regulation, the Company will be publishing the minutes within one month after the AGM on SGXNet.

The Company does not have any dividend policy. The Board considers various factors when deliberating over payment of dividends annually, ie. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate. In compliance with Rule 704(24) of the Listing Rules of the SGX-ST, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements, in the event that the Board decides not to declare or recommend a dividend.

## 4.2 Engagement with Shareholders

**Principle 12:** *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company does not have a dedicated investor relations team to regularly convey pertinent information to the shareholders. However, the Company's CEO and CFO are responsible for the Company's communication with shareholders. The Board also acknowledges its obligation to furnish timely information to shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.



# CORPORATE GOVERNANCE REPORT

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- Financial results, annual reports and sustainability reports are announced or issued within the mandatory period;
- Material information are disclosed in a comprehensive, accurate and timely manner via SGXNet and/or the press;
- Updates on the Company's website – [www.haileck.com](http://www.haileck.com); and
- Company's general meetings.

The Company does not practice selective disclosure: price-sensitive information is first publicly released through SGXNet prior to meeting with any investors or analysts. All shareholders of the Company will receive the annual report with the notice of AGM.

## 5. MANAGING STAKEHOLDER RELATIONSHIPS

### 5.1 Engagement with Stakeholders

**Principle 13:** *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders. The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. These arrangements as well as strategies and key areas to focus in relation to the management of stakeholder relationships are set out in the Company's Sustainability Report. More information on the Company's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found in the Sustainability Report which will be uploaded to the Company's website.

The Company maintains a corporate website at [www.haileck.com](http://www.haileck.com) to communicate and engage with stakeholders such as customers and investors.

## ADDITIONAL INFORMATION

### 6. DEALING IN SECURITIES

The Company has adopted and ensured compliance with Rule 1207(19) of the Listing Manual of the SGX-ST with regards to dealings in the Company's securities by its Directors and officers. The Company, Directors and its officers are prohibited from dealing in the securities of the Company during the period commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding the announcement of the Company's full year financial results and ending on the date of the announcement of such results on SGXNet, or when they are in possession of any unpublished price-sensitive information of the Group.

In addition, the Company, Directors, key management personnel and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares based on short-term considerations.

# CORPORATE GOVERNANCE REPORT

## 7. MATERIAL CONTRACTS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, except that Mr Cheng Buck Poh @ Chng Bok Poh, Ms Cheng Wee Ling and Ms Christina Chow Poh Lin as they had employment relations with the subsidiary companies and had received remuneration in those capacities.

Save as disclosed in the Directors' Report and financial statements, there were no other material contracts entered into by the Company or any of its subsidiary companies, involving the interests of the CEO, any Director or the controlling shareholder subsisting at the end of FY2022.

## 8. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

The AC has reviewed the Interested Person Transactions ("IPTs") for FY2022 and noted that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions above \$100,000 for FY2022.

Prior to entering into an interested person transaction by the Group, the Board and the AC will review such a transaction to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with.

## 9. RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, to ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

Information relating to the significant risk management policies are set out on pages 93 to 97 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## 10. PROPERTIES OWNED BY THE GROUP

As at the date of this report, the Group owns the following properties:

Location	Use	Land area/ Built-in area (sq m) (approximately)	Tenure
12 Tuas Drive 1 Singapore 638679	Workshop and dormitory	5,742/5,409	30 years commencing 1 July 2012, subject to JTC terms and conditions
9 Tuas Avenue 1 Singapore 639494	Workshop and dormitory	4,703/5,836	30 years with an additional 30 years, commencing 1 August 1993
47 Tuas View Circuit Singapore 637357	Workshop and office premises	24,164/17,008	30 years commencing 15 December 2007, subject to terms and conditions of JTC building agreement between JTC and Hai Leck Engineering (Private) Limited dated 30 May 2008 being complied with

**Table A**

Name of Director	Cheng Buck Poh @ Chng Bok Poh	Chua Keng Woon
Date of first appointment	12 September 1998	25 October 2019
Date of last election	24 October 2019	29 October 2020
Age	79	50
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Cheng's performance as Executive Chairman and Chief Executive Officer	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Chua's performance as a Non-Executive and Independent Director of the Company, Chairman of Nominating Committee, a member of Audit Committee and Remuneration Committee
Whether appointment is executive, and if so, the area of responsibility	Responsible for charting and reviewing the Group's corporate directions and strategies.	Non-Executive and Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)	Executive Chairman and Chief Executive Officer	Chairman of Nominating Committee Member of Audit Committee and Remuneration Committee
Professional Qualification	N/A	Bachelor of Business from Nanyang Technological University Chartered Financial Analyst
Working experience and occupation(s) during the past 10 years	Executive Chairman of Hai Leck Holdings Limited and group of companies	2018 – 2019 Advisor, Secured Capital Singapore Pte Ltd  2008 – 2016 Senior Director, Equity Capital Market, Canaccord Genuity Singapore Pte Ltd

# CORPORATE GOVERNANCE REPORT

**Table A**

<b>Name of Director</b>	<b>Cheng Buck Poh @ Chng Bok Poh</b>	<b>Chua Keng Woon</b>
Shareholding interest in the listed issuer and its subsidiaries	Direct and deemed interest in 106,122,665 and 85,800,000 ordinary shares in the Company respectively.  Pursuant to Section 7 of the Companies Act 1967, Mr Cheng is deemed to have an interest in the shares of the Company's subsidiary companies in proportion to the Company's interest in the subsidiary companies by virtue of his interest in more than 20% of the issued share capital of the Company.	1,035,650 ordinary shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiary companies	Mr Cheng is father of the Executive Director, Ms Cheng Wee Ling, Non-Executive Director of the principal subsidiary companies of the Group, Ms Cheng Li Chen, and Chief Strategy Officer of the Group and a director of a subsidiary company, Mr Cheng Yao Tong.	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<b>Other Principal Commitments* Including Directorships #</b>		
* "Principal Commitments" has the same meaning as defined in the Code.		
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8).		
Past (for the last 5 years)	-	-
Present	Cheng Capital Holdings Pte. Ltd.	Asiamedic Limited

The Retiring Directors have responded negative to items (a) to (k) listed in Rule 720(6) of the Listing Rules of SGX-ST.

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2022.

## Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are:

Cheng Buck Poh @ Chng Bok Poh  
Cheng Wee Ling  
Christina Chow Poh Lin  
Tan Sim Cheng  
Chua Keng Woon  
Lim Hui Kwan

## Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company, as stated below:

Name of director	Direct interest as at			Deemed interest as at		
	1 July 2021	30 June 2022	21 July 2022	1 July 2021	30 June 2022	21 July 2022
<b>The Company</b>						
<b>Ordinary shares</b>						
Cheng Buck Poh @ Chng Bok Poh	106,122,665	106,122,665	106,122,665	85,800,000	85,800,000	85,800,000
Christina Chow Poh Lin	102,960	102,960	102,960	-	-	-
Tan Sim Cheng	103,125	103,125	103,125	-	-	-
Chua Keng Woon	1,035,650	1,035,650	1,035,650	-	-	-



# DIRECTORS' STATEMENT

Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares of the Company's subsidiary companies in proportion to the Company's interest in the subsidiary companies by virtue of his interest in more than 20% of the issued share capital of the Company as provided by Section 7 of the Companies Act 1967.

Except as disclosed in this statement, no director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

## Share options

No share options have been granted by the Company since its incorporation.

## Audit Committee

The Audit Committee ("AC") comprises the following independent directors:

Tan Sim Cheng (Chairman)  
Chua Keng Woon  
Lim Hui Kwan

The AC performs the functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by Singapore Exchange Securities Trading Limited. In performing those functions, the AC reviewed the overall scope of the internal audit functions, external audit functions and the assistance given by the Company's officers to the auditors.

The AC met with the external auditors to discuss the results of their audit. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2022, as well as the external auditor's report thereon.

The AC held 4 meetings during the financial year ended 30 June 2022.

The AC, having reviewed all the non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Corporate Governance Report.

# DIRECTORS' STATEMENT

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## Auditor

The retiring auditors, Ernst & Young LLP will not be seeking re-appointment as auditor of the Company.

Baker Tilly TFW LLP have expressed their willingness to accept appointment as auditor of the Company for the financial year ending 30 June 2023.

On behalf of the Board of Directors,

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Cheng Buck Poh @ Chng Bok Poh  
Director

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Christina Chow Poh Lin  
Director

Singapore  
21 September 2022

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Accounting for projects – Revenue recognition and provision for warranty

The Group recognises revenue for projects over time by reference to the stage of completion of the contract activity at the end of each reporting period. The stage of completion is determined by proportion of total contract costs incurred to-date and the estimated costs to complete. The determination of the estimated costs to complete (including rectification works and post-completion warranties) requires significant management judgement, which could have a material impact on the amounts of contract assets/liabilities, project revenues, costs and profits recognised in the year. Accordingly, we have identified this as a key audit matter.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

## Key Audit Matters (Continued)

### Accounting for projects – Revenue recognition and provision for warranty (Continued)

We obtained an understanding of internal controls with respect to project management, project cost and revenue estimation process, and the accounting for such contracts. We obtained an understanding of the terms and conditions of key contracts. We performed procedures with respect to estimated costs to complete, and management's assessment thereof. In connection with this, we discussed a range of financial and other risks, any ongoing disputes and related estimation uncertainties with the Group's finance and operational management and assessed whether these have been adequately addressed in the project costing. We reviewed project files and discussed with management the progress of significant contracts to determine if there are any delays, penalties, or overruns that it is probable that total contract costs could exceed total contract revenue that require provision for onerous contracts. We also tested the mathematical accuracy of contract revenues and profits based on the stage of completion calculations. In addition, we reviewed the historical trends of warranty claims and the warranty periods for certain projects for which management had used to estimate the expected warranty claims post completion. We tested, on a sample basis, the warranty costs recorded in respect of certain completed projects by comparing the actual warranty claims incurred to-date against the provision made.

We also assessed the adequacy of the relevant disclosures in Note 2.21 *Revenue* and Note 20 *Contract assets/liabilities* to the financial statements.

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

Trade receivables, customer retention monies and contract assets balances are significant to the Group as they represent 16.8% of the consolidated total assets. In addition, the expected credit loss assessment of trade receivables, customer retention monies and contract assets requires significant management judgement in assessing the financial conditions of the customer and make estimates with respect to the loss given default and probability of default. In addition, management also needs to consider the forward-looking adjustment required to the probability of default rate taking into consideration impact arising from the current market conditions. As such, we determined that this is a key audit matter.

We assessed the Group's processes and controls relating to the monitoring of trade receivables, customer retention monies and contract assets and considered aging to identify collection risks. On a sample basis, we obtained trade receivable confirmations and evidence of receipts from the customers subsequent to the year end. We evaluated the assumptions used by management in determining the expected credit loss amount through analysis of aging of receivables and assessment of significant overdue trade receivables taking into consideration their specific profiles and risks. We reviewed data and information that management has used to make forward-looking adjustments such as macroeconomic information that may affect the recoverability of trade receivables and contract assets. We reviewed the customers' payment history and correspondences between the Group and the customers on expected settlement dates, where applicable. We discussed with management on the collectability of trade receivables and inquired management if there are any known customers which are more impacted by the current market conditions which may then affect their ability to repay their debts. We also assessed the adequacy of the Group's disclosures on the trade receivables and contract assets and the related risks such as liquidity risk, credit risk and the aging of receivables in Note 16 *Trade receivables*, Note 20 *Contract assets*, Note 32 *Financial risk management objectives and policies* (a) *Liquidity risk* and Note 32(b) *Credit risk* to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

## Key Audit Matters (Continued)

### Impairment of Group's property, plant and equipment and Company's investment in a subsidiary company

The Group has significant property, plant and equipment ("PPE") which represents 21.1% of the Group's total assets. The Company's investment in subsidiary companies represents 46.9% of the Company's total assets. Management has identified impairment indicators at the reporting date for certain of the Group's PPE, and the Company's cost of investment in a subsidiary company in the project and maintenance services segment. Management has estimated their recoverable amounts based on the higher of their fair value less costs of disposal ("FVLCD") and value in use ("VIU"). As these assessments involved significant management judgement, we have considered this to be a key audit matter.

As part of our audit, we reviewed and obtained an understanding of management's identification of impairment indicators and their basis of determining the recoverable amounts of PPE. In respect of FVLCD of the PPE, we evaluated the appropriateness of the valuation approaches and methodologies applied by management, and reviewed the reasonableness of the key assumptions and inputs used with the assistance of our internal valuation specialist. The latter included relevant market data, recent transacted prices for comparable or similar assets, and adjustments for relevant characteristics such as the assets' age and conditions. We also evaluated whether costs of disposal of the aforementioned assets are material.

In respect of the VIU of the PPE, we obtained the relevant business units' cash flow forecasts approved by management and evaluated the reasonableness of the key assumptions and inputs used, including revenues and earnings before interest, depreciation, and taxes. We compared revenue growth rates and operational assumptions to historical and market information or data to assess the reasonableness of management's forecasts. We also assessed the appropriateness of the discount rates and terminal growth rate used by management with the assistance of our internal valuation specialist. We reviewed management's conclusion that the assets' FVLCD exceed their VIU.

The PPE subjected to impairment assessment above were held by a subsidiary company in the project and maintenance services segment. Accordingly, management has estimated the recoverable amount of the Company's investment in this subsidiary company using the adjusted net asset approach premised on the FVLCD of the subsidiary company's assets and book values of other net assets that approximate fair value. We assessed whether the book value of the other net assets used in determining the adjusted net assets method are reasonable proxy of their fair value. The impairment assessments resulted in an additional impairment loss of \$6,419,000 on the Company's cost of investment in this subsidiary company for the year ended 30 June 2022 based on its FVLCD.

We also assessed the adequacy of the disclosures in relation to the impairment assessments of the Group's PPE and the Company's investment in a subsidiary company included in Note 11 *Property, plant and equipment* and Note 12 *Investments in subsidiary companies* to the financial statements, respectively.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Alvin Phua Chun Yen.

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Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

21 September 2022

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2022

	Note	Group	
		2022 \$'000	2021 \$'000
Revenue	4	82,539	88,506
Cost of sales		(27,631)	(46,940)
Gross profit		54,908	41,566
Other income	5	7,245	9,265
Distribution and selling expenses		(20,007)	(12,828)
Administrative expenses		(18,324)	(16,433)
Other expenses		(10,632)	(6,546)
Interest expense	8	(210)	(235)
Share of results of joint venture		280	(35)
<b>Profit before taxation</b>	6	13,260	14,754
Taxation	9	(3,327)	(2,692)
<b>Profit for the year</b>		9,933	12,062
<b>Attributable to:</b>			
Equity holders of the Company		9,933	12,062
<b>Earnings per share</b>			
Basic (cents)	10	4.4	5.3
Fully diluted (cents)	10	4.4	5.3

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2022

	Group	
	2022	2021
	\$'000	\$'000
<b>Profit net of tax</b>	<b>9,933</b>	12,062
<b>Other comprehensive income, net of tax:</b>		
<u>Items that may be reclassified to profit and loss</u>		
Foreign currency translation	<b>(501)</b>	(644)
<b>Total comprehensive income for the year</b>	<b>9,432</b>	11,418
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<b>9,432</b>	11,418

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# BALANCE SHEETS

As at 30 June 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	30,757	36,761	95	150
Right-of-use assets	24	4,422	6,346	-	-
Investments in subsidiary companies	12	-	-	41,754	37,350
Investment in joint venture	13	7,664	7,868	-	-
Intangible assets	14	471	528	71	-
Other receivables and deposits	17	227	141	-	-
Deferred tax assets	25	53	174	-	-
		<b>43,594</b>	51,818	<b>41,920</b>	37,500
<b>Current assets</b>					
Inventories	15	1,302	1,610	-	-
Trade receivables	16	20,084	14,432	-	-
Other receivables and deposits	17	937	511	10,020	9,019
Prepayments and advances to suppliers	18	780	997	62	136
Customer retention monies		3,996	1,712	-	-
Amount due from a subsidiary company (trade)	19	-	-	531	809
Contract assets	20	484	3,016	-	-
Fixed deposits pledged	21	1,134	1,134	-	-
Cash and cash equivalents	21	73,624	88,966	36,458	48,120
		<b>102,341</b>	112,378	<b>47,071</b>	58,084
<b>Current liabilities</b>					
Trade and other payables	22	16,923	16,290	778	1,048
Amounts due to subsidiary companies (trade)	19	-	-	11	14
Amount due to a subsidiary company (non-trade)	19	-	-	15,506	15,506
Contract liabilities	20	961	2,970	-	-
Provisions	23	1,497	1,866	-	-
Lease liabilities	24	888	1,006	-	-
Income tax payable		3,564	2,407	11	72
		<b>23,833</b>	24,539	<b>16,306</b>	16,640
<b>Net current assets</b>		<b>78,508</b>	87,839	<b>30,765</b>	41,444
<b>Non-current liabilities</b>					
Provisions	23	1,947	2,334	-	-
Lease liabilities	24	4,107	5,807	-	-
Deferred tax liabilities	25	534	547	14	3
		<b>6,588</b>	8,688	<b>14</b>	3
<b>Net assets</b>		<b>115,514</b>	130,969	<b>72,671</b>	78,941
<b>Equity attributable to equity holders of the Company</b>					
Share capital	26(a)	65,403	65,403	65,403	65,403
Treasury shares	26(b)	(160)	(160)	(160)	(160)
Accumulated profits		50,702	65,656	7,428	13,698
Foreign currency translation reserve	27	(431)	70	-	-
<b>Total equity</b>		<b>115,514</b>	130,969	<b>72,671</b>	78,941

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

Group	Attributable to equity holders of the Company				
	Share capital	Treasury shares	Accumulated profits	Foreign currency translation reserve	Total equity
	(Note 26(a)) \$'000	(Note 26(b)) \$'000	\$'000	(Note 27) \$'000	\$'000
Balance at 1 July 2021	65,403	(160)	65,656	70	130,969
Profit for the year	-	-	9,933	-	9,933
Other comprehensive income for the year	-	-	-	(501)	(501)
Total comprehensive income for the year	-	-	9,933	(501)	9,432
<u>Contributions by and distribution to owners</u>					
Dividends on ordinary shares (Note 28)	-	-	(24,887)	-	(24,887)
Balance at 30 June 2022	65,403	(160)	50,702	(431)	115,514
Balance at 1 July 2020	65,403	(160)	53,594	714	119,551
Profit for the year	-	-	12,062	-	12,062
Other comprehensive income for the year	-	-	-	(644)	(644)
Total comprehensive income for the year	-	-	12,062	(644)	11,418
Balance at 30 June 2021	65,403	(160)	65,656	70	130,969

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

Company	Attributable to equity holders of the Company			
	Share capital (Note 26(a)) \$'000	Treasury shares (Note 26(b)) \$'000	Accumulated profits \$'000	Total equity \$'000
	Balance at 1 July 2021	65,403	(160)	13,698
Profit for the year	-	-	18,617	18,617
Total comprehensive income for the year	-	-	18,617	18,617
<u>Contributions by and distribution to owners</u>				
Dividends on ordinary shares (Note 28)	-	-	(24,887)	(24,887)
Balance at 30 June 2022	65,403	(160)	7,428	72,671
Balance at 1 July 2020	65,403	(160)	10,028	75,271
Profit for the year	-	-	3,670	3,670
Total comprehensive income for the year	-	-	3,670	3,670
Balance at 30 June 2021	65,403	(160)	13,698	78,941

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2022

	Note	Group	
		2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		13,260	14,754
Adjustments:			
Depreciation of property, plant and equipment	11	4,983	4,872
Depreciation of right-of-use assets	24	1,162	1,036
Amortisation of intangible assets	14	381	424
Gain on disposal of property, plant and equipment	5	(3,108)	(253)
Impairment loss/(write-back of impairment loss) on property, plant and equipment	11,5	3,858	(1,592)
Share of results of joint venture		(280)	35
Write-back of provision for warranty, net	23	(473)	(1,109)
(Write-back)/allowance for expected credit losses, net	16	(177)	163
Interest income	5	(136)	(274)
Interest expense	8	210	235
Rent concession	5	(30)	(25)
Gain on lease modification	5	(46)	-
Unrealised exchange gain		(13)	(17)
<b>Operating cash flows before working capital changes</b>		<b>19,591</b>	<b>18,249</b>
Changes in working capital:			
(Increase)/decrease in customer retention monies, trade and other receivables, deposits, prepayments and advances to suppliers		(8,047)	25,201
Decrease in inventories		308	681
Decrease in contract assets/liabilities, net		517	392
Increase/(decrease) in trade and other payables		569	(23,950)
<b>Cash generated from operations</b>		<b>12,938</b>	<b>20,573</b>
Tax paid		(2,062)	(1,542)
<b>Net cash flows generated from operating activities</b>		<b>10,876</b>	<b>19,031</b>
<b>Cash flows from investing activities</b>			
Interest received		135	311
Purchase of property, plant and equipment	11	(3,100)	(1,151)
Purchase of intangible assets	14	(329)	-
Proceeds from disposal of property, plant and equipment		3,261	483
<b>Net cash flows used in investing activities</b>		<b>(33)</b>	<b>(357)</b>
<b>Cash flows from financing activities</b>			
Interest paid	24	(210)	(235)
Payment of principal portion of lease liabilities	24	(1,088)	(889)
Dividends paid	28	(24,887)	-
<b>Net cash flows used in financing activities</b>		<b>(26,185)</b>	<b>(1,124)</b>
Net (decrease)/increase in cash and cash equivalents		(15,342)	17,550
Cash and cash equivalents at the beginning of year		88,966	71,416
<b>Cash and cash equivalents at end of the year</b>	21	<b>73,624</b>	<b>88,966</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 its subsidiary companies. The principal activities of the subsidiary companies and joint venture are disclosed in Notes 12 and 13 to the financial statements respectively.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$). All values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2021. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.4 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD or \$ at the rate of exchange ruling at the end of each reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.5 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.5 Basis of consolidation and business combinations (Continued)

#### (a) Basis of consolidation (Continued)

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### (b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.6 Subsidiary companies

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

### 2.7 Joint arrangement

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture is prepared at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold premises	-	25 to 33 years
Machineries and equipment	-	5 to 10 years
Motor vehicles	-	5 years
Office equipment	-	10 years
Workshop tools and equipment	-	3 to 5 years
Trucks, cranes and forklifts	-	5 years
Computers	-	1 to 3 years
Electrical appliances, air-conditioners, furniture and fittings and renovation	-	3 to 10 years

Improvements to leasehold premises are depreciated over the remaining life of the lease. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.9 Intangible assets (Continued)

- **Club memberships**

Club memberships are amortised on a straight-line basis over 7 to 30 years.

- **Customer contracts**

Customer contracts were acquired in a business combination and measured at fair value as at the date of acquisition. Subsequently, customer contracts are amortised over their estimated useful lives of 1 to 2 years.

- **Intellectual property**

Intellectual property is amortised on a straight-line basis over 3 years.

- **Computer software**

Computer software that is integral to the computer is included in property, plant and equipment. Computer software that is used on a computer and is not an integral part of the related hardware is accounted for as an intangible asset.

Computer software that is accounted for as an intangible asset is amortised on a straight-line basis over 3 years.

### 2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal of an impairment loss is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.11 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Subsequent measurement

###### *Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.11 Financial instruments (Continued)

#### (b) Financial liabilities (Continued)

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, customer retention monies and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for using purchase costs on a first-in, first-out basis.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.15 Provisions

#### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Provision for warranty

Provision for warranty is recognised when service is provided. Initial recognition is based on historical experience. The initial estimate of warranty costs is revised annually and any change is charged or credited to profit or loss.

#### Provision for onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation of penalties arising from failure to fulfil it.

#### Provision for reinstatement cost

Provision for reinstatement cost is recognised for the cost expected to be incurred to dismantle, remove and restate the asset upon expiry of the lease agreement and are recognised as part of the cost of that particular asset. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.16 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.12 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

#### Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

### 2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.19 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.20 Leases – as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the leases (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Leasehold land	-	28 to 60 years
Office premises	-	3 to 6 years
Office equipment	-	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Accounting policies on impairment of non-financial assets are disclosed in Note 2.10 to the financial statements.

#### (b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.20 Leases – as lessee (Continued)

#### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease of dormitory premises (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) Project revenue

Revenue from project whereby the Group has an enforceable right to payment for performance completed to-date is recognised over time, based on proportion of total contract costs incurred to-date and the estimated costs to complete.

Progress billings to the customers are based on a payment schedule in the contract which may be triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received consideration from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate less the costs that relate directly to providing the goods and that have not been recognised as expenses.

#### (b) Maintenance revenue

Revenue from maintenance services is recognised over time as the customer simultaneously receives and consumes the benefits of the services as they are provided. The Group applies the practical expedient to recognise revenue for these services as invoiced as the Group's right to payment is for an amount that corresponds directly with the value to the customer of the services provided by the Group.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.21 Revenue (Continued)

#### (c) Contact centre services

The Group recognises revenue for its contact centre services over time as the customer simultaneously receives and consumes the benefits of the services as they are provided. The Group applies the practical expedient to recognise revenue for these services as invoiced as the Group's right to payment is for an amount that corresponds directly with the value to the customer of the services provided by the Group.

For contracts with variable considerations (such as billing deductions and discounts), the variable consideration is typically estimated using the expected value method and constrained based on the Group's experience with similar types of contracts and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

#### (d) Interest income

Interest income is recognised using the effective interest method.

### 2.22 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies and interest in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.22 Taxes (Continued)

#### (b) Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiary companies and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 2. Summary of significant accounting policies (Continued)

### 2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

### 2.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **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. The information about the ECLs on the Group's trade receivables, customer retention monies and contract assets is disclosed in Note 32(b).

- **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 the Company's investments in subsidiary companies as at 30 June 2022 were \$30,757,000 (2021: \$36,761,000), \$4,422,000 (2021: \$6,346,000) and \$41,754,000 (2021: \$37,350,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 3. Significant accounting estimates and judgements (Continued)

### 3.1 Key sources of estimation uncertainty (Continued)

- **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 to complete. In making these estimations, management relies on past experience and knowledge of project specialists.

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 year ended 30 June 2022 was \$28,011,000 (2021: \$23,231,000) 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 June 2022 amounted to \$1,393,000 (2021: \$1,866,000).

- **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. The information about the trade receivables is disclosed in Note 32(b).

### 3.2 Judgements made in applying accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 4. Revenue

	Group	
	2022 \$'000	2021 \$'000
<b>Disaggregation of revenue:</b>		
Project revenue	28,011	23,231
Maintenance revenue	19,947	15,858
Contact centre services	34,581	49,417
	<b>82,539</b>	<b>88,506</b>

## 5. Other income

	Group	
	2022 \$'000	2021 \$'000
Interest income from:		
- fixed deposits	136	192
- others	-	82
Gain on disposal of property, plant and equipment	3,108	253
Write-back of impairment loss on property, plant and equipment (Note 11)	-	1,592
Government grant income	3,105	6,440
Rent concession	30	25
Gain on lease modification	46	-
Others	820	681
	<b>7,245</b>	<b>9,265</b>

## 6. Profit before taxation

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

	Group	
	2022 \$'000	2021 \$'000
Audit fees:		
- Auditors of the Company	152	145
- Other auditors	1	1
Depreciation of property, plant and equipment (Note 11)	4,983	4,872
Depreciation of right-of-use assets (Note 24)	1,162	1,036
Amortisation of intangible assets (Note 14)	381	424
Impairment loss/(write-back of impairment loss) on property, plant and equipment (Note 11)	3,858	(1,592)
Employee benefits expenses (Note 7)	38,306	33,604
Foreign exchange loss, net	5	29
(Write-back of)/allowance for expected credit losses, net (Note 16)	(177)	163
Write-back of provision for warranty, net (Note 23)	(473)	(1,109)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 7. Employee benefits expenses

	Group	
	2022	2021
	\$'000	\$'000
<i>Employee benefits expenses (including Executive Directors)</i>		
Wages, salaries, bonuses	30,649	28,083
Central Provident Fund contributions	1,847	1,669
Others	5,810	3,852
	<b>38,306</b>	<b>33,604</b>

Employee benefits include the amount of Directors' remuneration as disclosed in Note 29(b).

Employee benefits costs are charged into cost of sales and administrative expenses according to where the employees are deployed.

## 8. Interest expense

	Group	
	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities	210	235

## 9. Taxation

	Group	
	2022	2021
	\$'000	\$'000
Current taxation		
- Current year	3,182	2,292
- Under/(over) provision in respect of prior years	37	(7)
Deferred taxation		
- Origination and reversal of temporary differences	52	500
- Under/(over) provision in respect of prior years	56	(93)
Tax expense	<b>3,327</b>	<b>2,692</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 9. Taxation (Continued)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group	
	2022 \$'000	2021 \$'000
Profit before income tax	13,260	14,754
Tax at Singapore statutory tax rate of 17% (2021: 17%)	2,254	2,508
Adjustments:		
- Effect of partial tax exemption and tax incentives	(99)	(119)
- Non-deductible expenses	1,175	993
- Non-taxable income	(46)	(585)
- Under/(over) provision in respect of prior years, net	93	(100)
- Tax on undistributed earnings of joint venture	(2)	(11)
- Share of results of joint venture	(48)	6
	<b>3,327</b>	<b>2,692</b>

## 10. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Group	
	2022 \$'000	2021 \$'000
Profit for the year attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	9,933	12,062
	Number of shares	
	2022 '000	2021 '000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	226,241	205,674
Effect of bonus share issue	-	20,567
Adjusted weighted average number of ordinary shares for basic and diluted earnings per share computation	<b>226,241</b>	<b>226,241</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 11. Property, plant and equipment

Group	Leasehold premises \$'000	Machineries and equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Workshop tools and equipment \$'000	Trucks, cranes and forklifts \$'000	Computers \$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation \$'000	Assets under construction \$'000	Total \$'000
<b>Cost</b>										
At 1 July 2020	48,026	40,983	3,988	976	5,529	7,839	3,205	2,080	1,736	114,362
Additions	-	360	-	25	322	103	140	94	127	1,171
Disposals	-	(633)	(399)	(87)	-	(69)	-	-	-	(1,188)
Reclassification	1,858	-	-	-	-	-	-	-	(1,858)	-
At 30 June 2021 and 1 July 2021	49,884	40,710	3,589	914	5,851	7,873	3,345	2,174	5	114,345
Additions	648	631	349	39	373	214	492	1,058	216	4,020
Disposals	-	(12,594)	(204)	(85)	(196)	(2,324)	-	-	-	(15,403)
At 30 June 2022	<b>50,532</b>	<b>28,747</b>	<b>3,734</b>	<b>868</b>	<b>6,028</b>	<b>5,763</b>	<b>3,837</b>	<b>3,232</b>	<b>221</b>	<b>102,962</b>
<b>Accumulated depreciation and impairment loss</b>										
At 1 July 2020	18,269	37,680	2,246	690	5,083	7,371	2,705	1,218	-	75,262
Depreciation charge for the year	2,281	955	550	50	207	291	285	253	-	4,872
Disposals	-	(632)	(206)	(51)	-	(69)	-	-	-	(958)
Write-back of impairment loss	(1,592)	-	-	-	-	-	-	-	-	(1,592)
At 30 June 2021 and 1 July 2021	18,958	38,003	2,590	689	5,290	7,593	2,990	1,471	-	77,584
Depreciation charge for the year	2,440	897	459	57	256	202	351	321	-	4,983
Disposals	-	(12,460)	(204)	(69)	(193)	(2,324)	-	-	-	(15,250)
Impairment loss	4,846	-	-	-	-	-	-	42	-	4,888
At 30 June 2022	<b>26,244</b>	<b>26,440</b>	<b>2,845</b>	<b>677</b>	<b>5,353</b>	<b>5,471</b>	<b>3,341</b>	<b>1,834</b>	<b>-</b>	<b>72,205</b>
<b>Net carrying amount</b>										
At 30 June 2022	<b>24,288</b>	<b>2,307</b>	<b>889</b>	<b>191</b>	<b>675</b>	<b>292</b>	<b>496</b>	<b>1,398</b>	<b>221</b>	<b>30,757</b>
At 30 June 2021	30,926	2,707	999	225	561	280	355	703	5	36,761

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 11. Property, plant and equipment (Continued)

Company	Computers \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>			
At 1 July 2020	319	616	935
Additions	18	–	18
Disposals	–	(399)	(399)
At 30 June 2021, 1 July 2021 and 30 June 2022	<b>337</b>	<b>217</b>	<b>554</b>
<b>Accumulated depreciation</b>			
At 1 July 2020	304	250	554
Depreciation charge for the year	13	43	56
Disposals	–	(206)	(206)
At 30 June 2021 and 1 July 2021	317	87	404
Depreciation charge for the year	12	43	55
At 30 June 2022	<b>329</b>	<b>130</b>	<b>459</b>
<b>Net carrying amount</b>			
At 30 June 2022	<b>8</b>	<b>87</b>	<b>95</b>
At 30 June 2021	20	130	150

The cash outflow on acquisition of property, plant and equipment for the Group amounted to \$3,100,000 (2021: \$1,151,000). The significant non-cash additions to property, plant and equipment include provision for reinstatement cost amounting to \$812,000 (2021: \$20,000) and a motor vehicle purchased under hire purchase arrangement amounting to \$108,000 (2021: \$Nil).

### Impairment of property, plant and equipment

During the financial year, a subsidiary company of the Group within the project and maintenance services segment performed an impairment assessment and carried out a review of the recoverable amounts of its property, plant and equipment. The recoverable amounts were assessed based on their fair value less cost of disposal ("FVLCD").

During the financial year, the subsidiary company successfully applied to Jurong Town Corporation ("JTC") to early terminate its lease at 40 Tuas West Road, Singapore 638389 ("the Premises"). The Premises was returned to JTC on 31 August 2022. Pursuant to the early termination of the abovementioned lease, the Group made full impairment allowance in respect of the net carrying value of the Premises and related renovations. The FVLCD of the remaining property, plant and equipment of the subsidiary company have been estimated by the Group using both market and cost approaches by making reference to market data and recent transacted prices for similar type of assets. The fair values determined are within level 3 of the fair value hierarchy.

The impairment assessments resulted in a net impairment loss of \$3,858,000 (2021: write-back of impairment loss of \$1,592,000) (Note 6), after offsetting with the write-back of provision for reinstatement costs of \$1,030,000 (Note 23). The net impairment loss of \$3,858,000 was recognised in "Other expenses" (2021: "Other income") line item of profit or loss for the financial year ended 30 June 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 12. Investments in subsidiary companies

	Company	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	45,751	38,928
Capital contributions	44,029	40,029
Less: Impairment losses	(48,026)	(41,607)
	<b>41,754</b>	<b>37,350</b>

Capital contributions are unsecured, interest-free loans provided to subsidiary companies. The loans are repayable at the sole discretion of the respective subsidiary companies.

The Company's investment in a subsidiary company included additional capital contribution made by the Company during the financial year amounting to \$4,000,000 (2021: \$19,245,000).

Subsequent to the end of the financial year, a subsidiary company, Hai Leck Engineering & Construction Pte. Ltd. increased its issued and paid-up share capital from \$4,000,000 comprising 4,000,000 ordinary shares to \$24,000,000 comprising 24,000,000 ordinary shares via allotment of 20,000,000 new ordinary shares for a consideration of \$20,000,000 which was satisfied via capitalisation of the loans to the subsidiary company.

### Impairment losses

The movement in impairment losses on investment in subsidiary companies are as follows:

	Company	
	2022	2021
	\$'000	\$'000
Movement in allowance account		
At beginning of year	41,607	24,781
Charge for the year	6,419	16,826
At end of year	<b>48,026</b>	<b>41,607</b>

As mentioned in Note 11 to the financial statements, the property, plant and equipment held by a subsidiary company in the project and maintenance services segment were subjected to impairment assessment. Accordingly, management has estimated the recoverable amount using the adjusted net asset approach premised on the FVLCD of that subsidiary company's assets and book values of other net assets that approximate fair value. The impairment assessment resulted in an additional impairment loss of \$6,419,000 (2021: \$16,826,000) on the Company's cost of investment in this subsidiary company for the financial year ended 30 June 2022 based on the FVLCD.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 12. Investments in subsidiary companies (Continued)

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			2022 %	2021 %
<b>Held by the Company</b>				
Hai Leck Engineering (Private) Limited*	Oil & gas and chemical industries related construction and maintenance services	Singapore	100	100
Hai Leck Engineering & Construction Pte. Ltd.*	Engineered solutions and mechanical works	Singapore	100	100
Hai Leck Industrial Services Pte. Ltd.*^	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	-
Hai Leck Overseas Investments Pte. Ltd.*	Investment holding	Singapore	100	100
United Holding (1975) Pte. Ltd.*	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.*	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
<b>Held by subsidiary companies</b>				
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

\* Audited by Ernst & Young LLP, Singapore

\*\* Audited by SC Consulting Co., Ltd., Thailand

\*\*\* Not required to be audited. 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 June 2022, the voluntary winding up procedures are still ongoing.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 13. Investment in joint venture

The Group has a joint venture agreement with the other party in Thailand that provides both parties with joint control over the financial and operating policies of Logthai – Hai Leck Engineering Co., Ltd.

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			2022 %	2021 %
<b>Held by a subsidiary company</b>				
Logthai – Hai Leck Engineering Co., Ltd*	Oil & gas and chemical industries related construction and maintenance services	Thailand	49	49

\* Audited by Audit Teams, Thailand

Summarised financial information in respect of Logthai – Hai Leck Engineering Co., Ltd is as follows:

	2022 \$'000	2021 \$'000
<b>Summarised balance sheet</b>		
Cash and cash equivalents	2,672	4,320
Other current assets	6,648	5,981
Current assets	9,320	10,301
Non-current assets	7,827	8,312
Total assets	17,147	18,613
Current liabilities	1,116	2,233
Non-current liabilities	390	323
Total liabilities	1,506	2,556
Net assets	15,641	16,057
Proportion of the Group's ownership	49%	49%
Group's share of net assets, representing carrying amount of the investment	7,664	7,868
<b>Summarised statement of comprehensive income</b>		
Revenue	18,505	20,368
Depreciation and amortisation	297	458
Taxation	191	52
Profit/(loss) for the year, representing total comprehensive income for the year	571	(71)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 14. Intangible assets

Group	Club memberships \$'000	Customer contracts \$'000	Intellectual property \$'000	Computer software \$'000	Total \$'000
<b>Cost</b>					
At 1 July 2020, 30 June 2021 and 1 July 2021	188	271	190	1,590	2,239
Additions	22	-	-	307	329
Disposals	(11)	-	-	-	(11)
At 30 June 2022	<b>199</b>	<b>271</b>	<b>190</b>	<b>1,897</b>	<b>2,557</b>
<b>Accumulated amortisation</b>					
At 1 July 2020	124	271	181	711	1,287
Amortisation for the year	11	-	9	404	424
At 30 June 2021 and 1 July 2021	135	271	190	1,115	1,711
Amortisation for the year	11	-	-	370	381
Disposals	(6)	-	-	-	(6)
At 30 June 2022	<b>140</b>	<b>271</b>	<b>190</b>	<b>1,485</b>	<b>2,086</b>
<b>Net carrying amount</b>					
At 30 June 2022	<b>59</b>	-	-	<b>412</b>	<b>471</b>
At 30 June 2021	53	-	-	475	528



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 14. Intangible assets (Continued)

Company	Computer software \$'000	Total \$'000
<b>Cost</b>		
At 1 July 2020, 30 June 2021 and 1 July 2021	–	–
Additions	71	71
At 30 June 2022	<b>71</b>	<b>71</b>
<b>Accumulated amortisation</b>		
At 1 July 2020, 30 June 2021 and 1 July 2021	–	–
Amortisation for the year	–*	–*
At 30 June 2022	<b>–*</b>	<b>–*</b>
<b>Net carrying amount</b>		
At 30 June 2022	<b>71</b>	<b>71</b>
At 30 June 2021	–	–

\* Amount is less than \$1,000.

## 15. Inventories

	Group	
	2022 \$'000	2021 \$'000
Raw materials, supplies and consumables	<b>1,302</b>	1,610

During the financial year, inventories recognised as an expense in the income statement under cost of sales amounted to \$3,073,000 (2021: \$3,775,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 16. Trade receivables

	Group	
	2022	2021
	\$'000	\$'000
Trade receivables – external	20,311	14,891
Less: Allowance for expected credit losses	(227)	(459)
	<b>20,084</b>	14,432
Less: GST receivable	(133)	–
Net trade receivables excluding GST receivable	<b>19,951</b>	14,432

### Trade receivables

Trade receivables pertain to receivables from contracts with customers, are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

### Expected credit losses (“ECL”)

The movement in allowance for ECL computed based on lifetime ECL are as follows:

Group	Trade receivables	Customer retention monies	Contract assets	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 July 2020	296	–	–	296
Charge for the year	231	–	–	231
Written back	(68)	–	–	(68)
At 30 June 2020 and 1 July 2021	459	–	–	459
Charge for the year	–	49	6	55
Written back	(232)	–	–	(232)
At 30 June 2022	<b>227</b>	<b>49</b>	<b>6</b>	<b>282</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 17. Other receivables and deposits

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current:</b>				
Other receivables	575	149	20	19
Deposits	162	62	-	-
Tax recoverable	-	2	-	-
Government grant receivables (Note 22)	200	298	-	-
Dividend receivable	-	-	10,000	9,000
	<b>937</b>	<b>511</b>	<b>10,020</b>	<b>9,019</b>
<b>Non-current:</b>				
Other receivables	17	24	-	-
Deposits	210	117	-	-
	<b>227</b>	<b>141</b>	<b>-</b>	<b>-</b>
Total	<b>1,164</b>	<b>652</b>	<b>10,020</b>	<b>9,019</b>

## 18. Prepayments and advances to suppliers

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Prepaid expenses	371	283	62	136
Advances to suppliers	409	714	-	-
	<b>780</b>	<b>997</b>	<b>62</b>	<b>136</b>

## 19. Amount due from a subsidiary company (trade)

**Amounts due to subsidiary companies (trade)**  
**Amount due to a subsidiary company (non-trade)**

These amounts are unsecured, interest-free, repayable on demand and to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 20. Contract assets/liabilities

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	2022	2021	2020
	\$'000	\$'000	\$'000
Contract assets	484	3,016	2,171
Contract liabilities	961	2,970	1,733

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for projects. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received considerations from customers for projects. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2022	2021
	\$'000	\$'000
Contract assets reclassified to receivables	3,016	2,171

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2022	2021
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	2,970	1,733

The Group applies the practical expedient not to disclose information about its remaining performance obligations as they form part of contracts that have an original expected duration for one year or less.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 21. Fixed deposits pledged Cash and cash equivalents

Fixed deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Fixed deposit of \$1,134,000 (2021: \$1,134,000) is pledged by a subsidiary company to secure banker's guarantees. Interest rates on fixed deposits range from 0.10% to 1.10% (2021: 0.10% to 0.70%) per annum.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances	51,343	53,816	14,179	13,397
Fixed deposits	23,415	36,284	22,279	34,723
	<b>74,758</b>	90,100	<b>36,458</b>	48,120
Fixed deposits pledged with bank	(1,134)	(1,134)	-	-
Cash and cash equivalents presented in the statement of cash flow	<b>73,624</b>	88,966	<b>36,458</b>	48,120

## 22. Trade and other payables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables	2,567	2,983	-	-
Amount due to a joint venture (trade)	289	252	-	-
GST payable	1,071	694	4	14
Other payables	1,055	1,046	-	45
Accrued operating expenses	11,633	10,770	774	989
Deferred income	109	-	-	-
Deferred government grant income	-	312	-	-
Supplier retention monies	199	27	-	-
Advances from customers	-	206	-	-
	<b>16,923</b>	16,290	<b>778</b>	1,048

### Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

### Other payables

Other payables are non-interest bearing and have an average term of 60 days.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 22. Trade and other payables (Continued)

### Deferred government grant income

The Group received several government grants as part of the COVID-19 Government Relief Measures which were implemented during the year ended 30 June 2020. These grants include property tax rebate, foreign worker levy rebates as well as Jobs Support Scheme ("JSS"). The Group has recognised these government grants as other income.

The Group is entitled to \$2,496,000 (2021: \$4,917,000) of these government grants for the financial year ended 30 June 2022. The Group has recognised \$2,808,000 (2021: \$6,126,000) as part of government grant income in the profit or loss for the year ended 30 June 2022 and a balance of \$Nil (2021: \$312,000) is recognised as deferred government grant income. The Group has \$200,000 (2021: \$298,000) of government grant receivable as at 30 June 2022 (Note 17).

## 23. Provisions

	Group		
	Reinstatement		
	Warranty \$'000	cost \$'000	Total \$'000
At 1 July 2020	2,975	2,314	5,289
Provided during the year	124	20	144
Written-back during the year	(1,233)	-	(1,233)
At 30 June 2021 and 1 July 2021	1,866	2,334	4,200
Utilisation during the year	-	(65)	(65)
Provided during the year	149	812	961
Written-back during the year	(622)	(1,030)	(1,652)
At 30 June 2022	<b>1,393</b>	<b>2,051</b>	<b>3,444</b>

	Group	
	2022	2021
	\$'000	\$'000
Current	1,497	1,866
Non-current	1,947	2,334
Total	<b>3,444</b>	4,200

The Group typically provides a 5-year warranty to its customers for painting works. The amount of the provision for warranty is estimated based on past experience of operations management. The provision for reinstatement costs pertain to costs to be incurred for the restoration of the Group's property, plant and equipment. The estimation basis for the provisions is reviewed on an ongoing basis and revised where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 24. Leases – as lessee

The Group has lease contracts for various items of land, office premises and office equipment used in its operations. The Group also has lease contract for apartment to house its workers. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

The Group also has leases of office equipment with low value. The Group applies the "lease of low-value assets" recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Leasehold land \$'000	Office premises \$'000	Office equipment \$'000	Staff accommodation \$'000	Total \$'000
At 1 July 2020	5,390	1,902	54	–	7,346
Additions	–	81	–	58	139
Lease modification	(103)	–	–	–	(103)
Depreciation charge for the year	(620)	(399)	(12)	(5)	(1,036)
At 30 June 2021 and 1 July 2021	4,667	1,584	42	53	6,346
Additions	–	821	11	–	832
Lease modification	(1,594)	–	–	–	(1,594)
Depreciation charge for the year	(575)	(544)	(14)	(29)	(1,162)
At 30 June 2022	<b>2,498</b>	<b>1,861</b>	<b>39</b>	<b>24</b>	<b>4,422</b>

The following are the amounts recognised in profit or loss:

	Group	
	2022 \$'000	2021 \$'000
Depreciation expense of right-of-use assets	1,162	1,036
Interest expense on lease liabilities	210	235
Expense relating to leases of low-value assets (included in administrative expenses)	145	59
Total amount recognised in profit and loss	<b>1,517</b>	<b>1,330</b>

The Group's total cash outflows relating to leases amounted to \$1,443,000 (2021: \$1,183,000). The Group also had non-cash additions to right-of-use assets, motor vehicles and lease liabilities of \$832,000 (2021: \$139,000), \$108,000 (2021: \$Nil) and \$940,000 (2021: \$139,000) respectively in the financial year ended 30 June 2022.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 24. Leases – as lessee (Continued)

A reconciliation of liabilities arising from financing activities is as follows:

	Group Non-cash changes							30 June 2022
	1 July 2021	Cash flows	Additions	Accretion			Other	
				Lease modification	of interest	Rent concession		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities								
- current	1,006	(1,298)	324	-	210	(30)	676	888
- non-current	5,807	-	616	(1,640)	-	-	(676)	4,107
<b>Total</b>	<b>6,813</b>	<b>(1,298)</b>	<b>940</b>	<b>(1,640)</b>	<b>210</b>	<b>(30)</b>	<b>-</b>	<b>4,995</b>

	Group Non-cash changes							30 June 2021
	1 July 2020	Cash flows	Additions	Accretion			Other	
				Lease modification	of interest	Rent concession		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities								
- current	900	(1,124)	22	-	235	(25)	998	1,006
- non-current	6,791	-	117	(103)	-	-	(998)	5,807
<b>Total</b>	<b>7,691</b>	<b>(1,124)</b>	<b>139</b>	<b>(103)</b>	<b>235</b>	<b>(25)</b>	<b>-</b>	<b>6,813</b>

The 'other' column relates to reclassification of non-current portion of obligations due to passage of time and adjustments to lease liabilities pursuant to changes in expected future cash flows.

During the financial year, payments of \$1,298,000 (2021: \$1,124,000) included principal repayments of \$1,088,000 (2021: \$889,000). The maturity analysis of lease liabilities is disclosed in Note 32.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 25. Deferred taxation

Deferred tax relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax liabilities</b>						
Differences in depreciation for tax purposes	975	1,095	(120)	(139)	14	3
Undistributed earnings of joint venture	108	110	(2)	(11)	-	-
<b>Deferred tax assets</b>						
Provisions	(602)	(832)	230	557	-	-
Net deferred tax liabilities	481	373			14	3
Deferred income tax expense			108	407		
Presented as:						
Deferred tax assets	(53)	(174)			-	-
Deferred tax liabilities	534	547			14	3
Net deferred liabilities	481	373			14	3

### Unrecognised temporary differences relating to investment in joint venture

The joint venture cannot distribute its earnings until it obtains the consent of both of the venture partners. As at the end of the reporting period, the Group has recognised deferred tax liability on 15% of the undistributed earnings of the joint venture that has been determined to be distributable in the foreseeable future.

The temporary difference arising from the Group's share of remaining undistributed earnings for which no deferred tax liability has been recognised amounted to \$5,975,000 (2021: \$6,114,000). The deferred tax liability is estimated to be approximately \$598,000 (2021: \$611,000).

### Tax consequence of proposed dividends

There are no income tax consequences (2021: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 26. Share capital and treasury shares

### (a) Share capital

	Group and Company			
	2022		2021	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning of the year	226,593	65,403	205,994	65,403
Bonus issue	-	-	20,599	-
At end of the year	226,593	65,403	226,593	65,403

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the financial year ended 30 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.

### (b) Treasury shares

	Group and Company			
	2022		2021	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning of the year	352	160	320	160
Bonus issue	-	-	32	-
At end of the year	352	160	352	160

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

## 27. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 28. Dividend

	Group and Company	
	2022	2021
	\$'000	\$'000
Declared and paid during the year:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2021: \$0.02 (2020: \$Nil) per ordinary share	4,525	-
- Special tax exempt (one-tier) dividend for 2021: \$0.04 (2020: \$Nil) per ordinary share	9,050	-
- Interim tax exempt (one-tier) dividend for 2022: \$0.02 (2021: \$Nil) per ordinary share	4,525	-
- Special tax exempt (one-tier) dividend for 2022: \$0.03 (2021: \$Nil) per ordinary share	6,787	-
	<b>24,887</b>	-
<b>Proposed but not recognised as a liability as at 30 June</b>		
<i>Dividends on ordinary shares, subject to shareholder's approval at the AGM:</i>		
- Final tax exempt (one-tier) dividend for 2022: \$0.02 (2021: \$0.02) per ordinary share	4,525	4,525
- Special tax exempt (one-tier) dividend for 2022: \$Nil (2021: \$0.04) per ordinary share	-	9,050
	<b>4,525</b>	<b>13,575</b>

## 29. Related party information

### (a) Sales and purchases of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the financial year on terms agreed between the parties:

	2022	2021
	\$'000	\$'000
Services rendered to a director	-	16

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 29. Related party information (Continued)

### (b) Compensation of key management personnel

	Group	
	2022	2021
	\$'000	\$'000
Central Provident Fund contributions	88	91
Short-term employee benefits	2,885	2,926
<b>Total compensation paid to key management personnel</b>	<b>2,973</b>	<b>3,017</b>
Comprise amounts paid to:		
- Directors of the Company	2,517	2,833
- Other key management personnel	456	184
	<b>2,973</b>	<b>3,017</b>

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

## 30. Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Capital commitment in respect of intangible assets	<b>275</b>	165
Capital commitment in respect of property, plant and equipment	<b>310</b>	198
	<b>585</b>	363

## 31. Contingent liabilities

The Company has provided corporate guarantees amounting to approximately \$42,640,000 (2021: \$42,640,000) in favour of certain financial institutions for banking facilities granted to subsidiary companies.

The Company has undertaken to provide continuing financial support to Hai Leck Engineering & Construction Pte. Ltd. and Hai Leck Overseas Investments Pte. Ltd. for the financial year ended 30 June 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments.

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures the risks.

### (a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 32. Financial risk management objectives and policies (Continued)

### (a) Liquidity risk (Continued)

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

	2022				2021			
	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>Group</b>								
<b>Financial assets:</b>								
Customer retention monies	3,996	-	-	3,996	1,712	-	-	1,712
Trade and other receivables and deposits (excluding GST receivable, tax recoverable and government grant receivables)	20,688	227	-	20,915	14,643	141	-	14,784
Fixed deposits pledged	1,134	-	-	1,134	1,134	-	-	1,134
Cash and cash equivalents	73,624	-	-	73,624	88,966	-	-	88,966
Total undiscounted financial assets	99,442	227	-	99,669	106,455	141	-	106,596
<b>Financial liabilities:</b>								
Trade and other payables (excluding GST payable, deferred government grant income, deferred income and advances from customers)	15,743	-	-	15,743	15,078	-	-	15,078
Lease liabilities	1,058	2,092	3,577	6,727	1,203	3,838	3,623	8,664
Total undiscounted financial liabilities	16,801	2,092	3,577	22,470	16,281	3,838	3,623	23,742
Total net undiscounted financial assets/ (liabilities)	82,641	(1,865)	(3,577)	77,199	90,174	(3,697)	(3,623)	82,854

As at the balance sheet date, the Company's total financial assets and liabilities have a maturity profile of less than a year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 32. Financial risk management objectives and policies (Continued)

### (b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the credit control team.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which is derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the counterparty;
- Significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the Group.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and qualitative information about amount arising from expected credit losses for each class of financial assets.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 32. Financial risk management objectives and policies (Continued)

### (b) Credit risk (Continued)

*Trade receivables, customer retention monies and contract assets*

The Group provides for lifetime expected credit losses for all trade receivables, customer retention monies and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on business segment. The loss allowance provision as at year-end is determined as follows. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure with respect to the Group's trade receivables, customer retention monies and contract assets using provision matrix, grouped by operating segments:

*Project and maintenance services*

30 June 2022	Trade receivables (Days past due)							Total
	Contract assets	Customer retention monies					Total	
			Current	1 to 30	More than 30	More than 60		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Gross carrying amount	490	4,045	8,436	553	137	-	223	9,349
Loss allowance provision	6	49	56	7	1	-	163	227

30 June 2021	Trade receivables (Days past due)							Total
	Contract assets	Customer retention monies					Total	
			Current	1 to 30	More than 30	More than 60		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Gross carrying amount	3,016	1,712	6,778	701	212	803	164	8,658
Loss allowance provision	-	-	247	32	10	36	134	459

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 32. Financial risk management objectives and policies (Continued)

### (b) Credit risk (Continued)

Contact centre services

30 June 2022	Trade receivables (Days past due)					Total
	Current	1 to 30	More than 30	More than 60	More than 90	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	10,496	303	89	67	7	10,962
Loss allowance provision	-	-	-	-	-	-

30 June 2021	Trade receivables (Days past due)					Total
	Current	1 to 30	More than 30	More than 60	More than 90	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	6,010	38	60	125	-	6,233
Loss allowance provision	-	-	-	-	-	-

Information regarding loss allowance movement for trade receivables, customer retention monies and contract assets are disclosed in Note 16.

#### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of trade and other receivables, customer retention monies, contract assets, fixed deposits pledged and cash and cash equivalents. Fixed deposits pledged and cash and cash equivalents are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for expected credit losses based upon expected collectability of all trade debts.

#### Credit risk concentration profile

At the end of the reporting period, approximately 78% (2021: 73%) of the Group's trade receivables were due from 5 major customers who are multi-national corporations located in Singapore or Singapore government agencies.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 33. Fair value of assets and liabilities

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

*Trade receivables, other receivables and deposits, customer retention monies, trade and other payables and amounts due from/(to) subsidiary companies*

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values mainly due to their short-term nature.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 33. Fair value of assets and liabilities (Continued)

### (c) Categories of financial instruments

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:

	2022 \$'000	2021 \$'000
<b>Group</b>		
<b>Financial assets measured at amortised cost</b>		
Customer retention monies	3,996	1,712
Trade receivables (excluding GST receivable)	19,951	14,432
Other receivables and deposits (excluding tax recoverable and government grant receivables)	964	352
Fixed deposits pledged	1,134	1,134
Cash and cash equivalents	73,624	88,966
Total financial assets measured at amortised cost	<b>99,669</b>	106,596
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables (excluding GST payable, deferred government grant income, deferred income and advances from customers)	15,743	15,078
Lease liabilities	4,995	6,813
Total financial liabilities measured at amortised cost	<b>20,738</b>	21,891
<b>Company</b>		
<b>Financial assets measured at amortised cost</b>		
Other receivables and deposits	10,020	9,019
Amount due from a subsidiary company (trade)	531	809
Cash and cash equivalents	36,458	48,120
Total financial assets measured at amortised cost	<b>47,009</b>	57,948
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables (excluding net GST payable)	774	1,034
Amounts due to subsidiary companies (trade)	11	14
Amount due to a subsidiary company (non-trade)	15,506	15,506
Total financial liabilities measured at amortised cost	<b>16,291</b>	16,554

## 34. Capital management

Capital includes debt and equity items.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 2021. The Group is not subjected to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

### (a) Project and maintenance services

Project and maintenance services comprise mechanical engineering services, scaffolding, corrosion protection services, thermal insulation services, refractory and passive fireproofing and complemented by general civil engineering services.

Maintenance services pertain to routine and/or turnaround maintenance service for the abovementioned specialist engineering services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

Mechanical services refer to engineered solutions in structural steel and piping fabrication and installation, plant and equipment installation, maintenance, modifications and repairs to oil refinery, petrochemical, chemical and power plants.

Scaffolding services pertain to erection of scaffolds which are temporary frameworks used to support workmen in the construction or repair of buildings and other large structures.

Corrosion protection involves using high pressure blasting equipment and cleaning processes to remove surface contaminants before the application of a coat of paint onto clean surfaces of metal structures.

Thermal protection and insulation refers to methods and processes used to reduce heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

### (b) Contact centre services

Contact centre services pertain to call centre services, telecommunications and information technology services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 35. Segment information (Continued)

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes		Consolidated financial statements	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue:</b>										
External customers	47,958	39,089	34,581	49,417	-	-	-	-	82,539	88,506
<b>Results:</b>										
Interest income	128	256	8	18	-	-	-	-	136	274
Interest expenses	165	183	45	52	-	-	-	-	210	235
Depreciation and amortisation	5,128	5,072	1,398	1,260	-	-	-	-	6,526	6,332
(Impairment loss)/write-back of impairment loss on property, plant and equipment	(3,858)	1,592	-	-	-	-	-	-	(3,858)	1,592
Share of results of joint venture	280	(35)	-	-	-	-	-	-	280	(35)
Segment profit before tax	1,595	3,970	11,665	10,784	-	-	-	-	13,260	14,754
<b>Assets:</b>										
Additions to non-current assets	3,184	1,166	1,997	144	-	-	-	-	5,181	1,310
Segment assets	119,116	140,862	27,388	23,445	(569)	(111)	(111)	(111)	145,935	164,196
<b>Segment liabilities</b>	<b>16,328</b>	<b>23,045</b>	<b>10,617</b>	<b>7,515</b>	<b>3,476</b>	<b>2,667</b>	<b>2,667</b>	<b>C</b>	<b>30,421</b>	<b>33,227</b>

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:

	2022	2021
	\$'000	\$'000
Inter-segment assets	(622)	(287)
Tax recoverable	-	2
Deferred tax assets	53	174
	(569)	(111)

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

	2022	2021
	\$'000	\$'000
Inter-segment liabilities	(622)	(287)
Income tax payable	3,564	2,407
Deferred tax liabilities	534	547
	3,476	2,667

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 35. Segment information (Continued)

### Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	82,499	88,506	35,650	43,635
Others	40	-	-	-
<b>Total</b>	<b>82,539</b>	<b>88,506</b>	<b>35,650</b>	<b>43,635</b>

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

### Information about major customers

The Group derives revenue from two (2021: one) major customers arising from the project and maintenance services segment and two (2021: one) major customers arising from the contact centre services segment as follows:

	Project and maintenance services		Contact centre services	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Customer A	15,721	14,405	-	-
Customer B	14,669	6,669*	-	-
Customer C	-	-	13,754	32,781
Customer D	-	-	8,277	6,068

\* This figure has been shown for comparative purposes.

## 36. Comparative information

Certain comparative information has been reclassified in the consolidated statement of comprehensive income and balance sheet to conform with the current year presentation.

## 37. Authorisation of financial statements

The financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 21 September 2022.

# STATISTICS OF SHAREHOLDINGS

As at 16 September 2022

## SHAREHOLDERS' INFORMATION

Total number of shares excluding treasury shares	: 226,241,195
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share (excluding treasury shares)

## TREASURY SHARES

Total number of shares held as treasury shares	: 352,000
Voting rights	: None
Percentage of holding against the total number of issued shares excluding treasury shares	: 0.16%

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	370	30.63	2,935	0.00
100 - 1,000	246	20.36	132,983	0.06
1,001 - 10,000	263	21.77	1,240,246	0.55
10,001 - 1,000,000	322	26.66	16,643,795	7.36
1,000,001 AND ABOVE	7	0.58	208,221,236	92.03
<b>TOTAL</b>	<b>1,208</b>	<b>100.00</b>	<b>226,241,195</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHENG BUCK POH @ CHNG BOK POH	106,122,665	46.91
2	CHENG CAPITAL HOLDINGS PTE LTD	85,800,000	37.92
3	WING HUAT LOONG PTE LTD	4,855,015	2.15
4	CITIBANK NOMINEES SINGAPORE PTE LTD	4,489,410	1.98
5	IFAST FINANCIAL PTE. LTD.	3,440,210	1.52
6	DBS NOMINEES (PRIVATE) LIMITED	1,933,681	0.85
7	RAFFLES NOMINEES (PTE) LIMITED	1,580,255	0.70
8	CHENG HWEE PEOW @ CHONG HUI PING	770,000	0.34
9	TAN WEI YI (CHEN WEIYI)	694,870	0.31
10	THOMAS DENNIS WILLIAM	567,050	0.25
11	PHILLIP SECURITIES PTE LTD	492,568	0.22
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	424,393	0.19
13	TEO SOON SENG	357,500	0.16
14	KOH SOON CHUANG	285,950	0.13
15	LOW SEOW CHAY	278,850	0.12
16	UOB KAY HIAN PRIVATE LIMITED	271,800	0.12
17	LIM TONG KWANG (LIN ZHONGGUANG)	236,225	0.10
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	221,367	0.10
19	CHONG KIM LIAN	198,550	0.09
20	ANG BOON SIANG	195,250	0.09
		<b>213,215,609</b>	<b>94.25</b>



# STATISTICS OF SHAREHOLDINGS

As at 16 September 2022

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Cheng Capital Holdings Pte Ltd	85,800,000	37.92	–	–
Cheng Buck Poh @ Chng Bok Poh	106,122,665	46.91	85,800,000	37.92
Goo Guik Bing @ Goh Guik Bing	–	–	191,922,665	84.83

The percentage of shareholding above is computed based on the total issued shares of 226,241,195 excluding treasury shares.

### Notes:

1. Cheng Capital Holdings Pte Ltd ("Cheng Capital Holdings") is held by Messrs Cheng Buck Poh @ Chng Bok Poh (32 shares (31.68%)), Goo Guik Bing @ Goh Guik Bing (10 shares (9.90%)), Cheng Li Peng (7 shares (6.93%)), Cheng Li Chen (15 shares (14.85%)), Cheng Li Hui (7 shares (6.93%)), Cheng Wee Ling (15 shares (14.85%)) and Cheng Yao Tong (15 shares (14.85%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing @ Goh Guik Bing are husband and wife and our Executive Director, Ms Cheng Wee Ling, as well as Ms Cheng Li Peng, Ms Cheng Li Chen, Ms Cheng Li Hui and Mr Cheng Yao Tong are their children.
2. Mr Cheng Buck Poh @ Chng Bok Poh is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of his 31.68% shareholdings in Cheng Capital Holdings.
3. Mdm Goo Guik Bing @ Goh Guik Bing is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of her husband's 31.68% shareholdings in Cheng Capital Holdings and 106,122,665 shares held by her husband.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

14.62% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM” or “Meeting”) of Hai Leck Holdings Limited (the “Company”) will be held at 47 Tuas View Circuit, Singapore 637357 on Friday, 21 October 2022 at 10.00 a.m. (Singapore time) for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2022 together with the Auditor's Report thereon. **(Resolution 1)**
2. To declare a final dividend of 2.00 Singapore cents (S\$0.02) per ordinary share (one-tier, tax-exempt) for the financial year ended 30 June 2022. **(Resolution 2)**
3. To re-elect the following Directors who will be retiring pursuant to Regulation 93 of the Constitution of the Company and who being eligible, offer themselves for re-election as Directors of the Company:
  - (i) Mr Cheng Buck Poh @ Chng Bok Poh **(Resolution 3)**  
[See Explanatory Note (i)]
  - (ii) Mr Chua Keng Woon **(Resolution 4)**  
[See Explanatory Note (ii)]
4. To approve the payment of Directors' fees amounting to S\$125,000 for the financial year ending 30 June 2023 to be paid quarterly in arrears (FY2022: S\$125,000). **(Resolution 5)**
5. To appoint Messrs Baker Tilly TFW LLP as the Auditors of the Company in place of Messrs Ernst & Young LLP, to hold office until the conclusion of the next AGM of the Company, and that the Directors be authorised to fix their remuneration. [See Explanatory Note (iii)] **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at the AGM.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as ordinary resolution, with or without modifications:

### 7. Authority to Issue Shares

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the “Share Issue Mandate”)

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustment in accordance with 7(2)(a) or 7(2)(b) above are only to be made in respect of new share arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a General Meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

**(Resolution 7)**

[See Explanatory Note (iv)]

By Order of the Board

Siau Kuei Lian  
Company Secretary  
Singapore  
5 October 2022

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Mr Cheng Buck Poh @ Chng Bok Poh will, upon re-election as a Director, remain as Executive Chairman and Chief Executive Officer of the Company. Please refer to Table A of the Corporate Governance Report from page 39 to page 40 of the Annual Report 2022 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (ii) Mr Chua Keng Woon will, upon re-election as a Director, remain as a Non-Executive and Independent Director of the Company, Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee. The Board considers Mr Chua Keng Woon to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Table A of the Corporate Governance Report from page 39 to page 40 of the Annual Report 2022 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (iii) Ordinary Resolution 6 in item 5 above, relates to the appointment of Messrs Baker Tilly TFW LLP as the Auditors of the Company, in place of the retiring Auditors, Messrs Ernst & Young LLP, and to hold office until the conclusion of the next AGM of the Company.

In accordance with Rules 712 and 715 of the Listing Manual of the SGX-ST:

- (a) There were no disagreements with Messrs Ernst & Young LLP on accounting treatments within the last twelve (12) months;
- (b) Messrs Ernst & Young LLP has confirmed by way of a letter dated 22 September 2022 that they are not aware of any professional reasons why Messrs Baker Tilly TFW LLP, being the successor Auditors, should not accept appointment as Auditors;
- (c) The Company is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of the shareholders of the Company; and
- (d) The change of Auditors has been proposed as part of corporate governance initiatives and management of overall business costs amidst challenging business climate.

For further information in relation to the proposed change of Auditors, please refer to the Letter to Shareholders dated 5 October 2022 which is published on the SGXNet together with the Company's annual report for the financial year ended 30 June 2022.

- (iv) Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

## Notes:

1. A member of the Company (other than a Relevant Intermediary as defined in Section 181 of the Companies Act 1967\*), entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares should be specified).
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy in the proxy form. If no such proportion or number is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

6. The instrument appointing a proxy or proxies must be submitted through any one of the following manners:

- a) By depositing at the Registered Office of the Company at 47 Tuas View Circuit, Singapore 637357; or
- b) By sending a scanned PDF copy via email to [agm@haileck.com](mailto:agm@haileck.com)

in each case, not less than seventy-two (72) hours before the time appointed for the AGM.

## Submission of Questions Prior to the AGM

7. Shareholders may submit questions related to the resolutions to be tabled at the AGM via email to [agm@haileck.com](mailto:agm@haileck.com) or by post to 47 Tuas View Circuit, Singapore 637357. Questions must be submitted no later than 10.00 a.m. on 12 October 2022 so that relevant and substantial queries may be addressed during the AGM proceedings. The responses would be published on SGXNet and, if available, the Company's corporate website on 14 October 2022.

8. Any relevant and subsequent queries received after 10.00 a.m. on 12 October 2022 will be addressed at the AGM through the publication of the minutes of the AGM on SGXNet and the Company's corporate website.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## **Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxy(ies) and representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## **NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE**

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of Hai Leck Holdings Limited (the "Company") will be closed on 2 November 2022 for the purpose of determining the entitlements to the proposed final dividend of 2.00 Singapore cents (S\$0.02) per ordinary share (one-tier, tax-exempt) for the financial year ended 30 June 2022.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. of 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, up to 5.00 p.m. on 2 November 2022 will be registered to determine members' entitlements to the proposed final dividend.

Members whose Securities Account with The Central Depository (Pte) Limited are credited with shares up to 5.00 p.m. on 2 November 2022 will be entitled to the proposed final dividend.

The proposed payment of the final dividend, if approved by the members at the forthcoming AGM to be held on 21 October 2022, will be paid on 18 November 2022.

**Please note that transportation to the AGM is available at Boon Lay MRT at 9.00 a.m. Pick-up point is near the UOB taxi stand. Please call (65) 6862 2211 for any enquiries or further details.**

**HAI LECK HOLDINGS LIMITED**

(Company Registration No. 199804461D)

(Incorporated in the Republic of Singapore)

**PROXY FORM***(Please see notes overleaf before completing this Form)***IMPORTANT:**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than two (2) proxies to attend, speak and vote at the Meeting.

I/We, (Name) \_\_\_\_\_ (NRIC/PassportNo.) \_\_\_\_\_

of (Address) \_\_\_\_\_

being \*a member/members of **HAI LECK HOLDINGS LIMITED** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

\*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing \*him/her, the Chairman of the Annual General Meeting (the "Meeting") as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the Meeting of the Company to be held at 47 Tuas View Circuit, Singapore 637357 on Friday, 21 October 2022 at 10.00 a.m. and at any adjournment thereof. I/We\* direct my/our\* proxy/proxies\* to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies\* will vote or abstain from voting at his/her\* discretion.

No.	Resolutions relating to	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
<b>Ordinary Business</b>				
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022			
2	Declaration of final dividend for the financial year ended 30 June 2022			
3	Re-election of Mr Cheng Buck Poh @ Chng Bok Poh as a Director			
4	Re-election of Mr Chua Keng Woon as a Director			
5	Approval of Directors' fees amounting to S\$125,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears			
6	Appointment of Messrs Baker Tilly TFW LLP as the Auditors of the Company in place of Messrs Ernst & Young LLP			
<b>Special Business</b>				
7	Authority to allot and issue new shares			

\*\* If you wish your proxy/proxies\* to exercise all your votes 'For', 'Against' or to 'Abstain' from voting, please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy/proxies\* not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

<b>Total number of shares held</b>

Signature of Member and / or,

Common Seal of Corporate Shareholder

\* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
  2. A member of the Company (other than a Relevant Intermediary as defined in Section 181 of the Companies Act 1967\*), entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
  3. Where a member (other than a Relevant Intermediary as defined in Section 181 of the Companies Act 1967\*) appoints two (2) proxies, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the form of proxy.
  4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
  5. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy in the proxy form. If no such proportion or number is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
  6. Subject to note 10, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  7. The instrument appointing a proxy or proxies must be submitted through any one of the following manners:
    - a) By depositing at the Registered Office of the Company at 47 Tuas View Circuit, Singapore 637357; or
    - b) By sending a scanned PDF copy via email to [agm@haileck.com](mailto:agm@haileck.com)in each case, not less than seventy-two (72) hours before the time appointed for the Meeting.
  8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
  10. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
- \* A Relevant Intermediary is:
- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 October 2022.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.





**HAI LECK  
HOLDINGS LIMITED**

(Company Registration Number 199804461D)

47 Tuas View Circuit

Singapore 637357