

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the Fourth Quarter and Full Year ended 30 June 2023

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

		Group					
	Note	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	Change %	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000	Change %
Revenue	4	19,701	27,697	(28.9)	68,617	82,539	(16.9)
Cost of sales		(8,632)	(7,234)	19.3	(31,059)	(27,631)	12.4
<hr/>							
Gross profit		11,069	20,463	(45.9)	37,558	54,908	(31.6)
Other income	5	1,037	1,637	(36.7)	3,183	7,245	(56.1)
Distribution and selling expenses		(2,710)	(5,586)	(51.5)	(14,683)	(20,007)	(26.6)
Administrative expenses		(5,256)	(5,362)	(2.0)	(18,181)	(18,324)	(0.8)
Other expenses		(1,603)	(5,330)	(69.9)	(5,665)	(10,632)	(46.7)
Interest expense		(46)	(45)	2.2	(148)	(210)	(29.5)
Share of results of joint venture		798	184	333.7	2,035	280	626.8
<hr/>							
Profit before taxation	6	3,289	5,961	(44.8)	4,099	13,260	(69.1)
Taxation	7	282	(2,225)	n.m.	190	(3,327)	n.m.
<hr/>							
Profit for the year		3,571	3,736	(4.4)	4,289	9,933	(56.8)
<hr/>							
Attributable to:							
Equity holders of the Company		3,571	3,736	(4.4)	4,289	9,933	(56.8)
<hr/>							
Earnings per share							
Basic (cents)	8	1.6	1.6		1.9	4.4	
Fully diluted (cents)	8	1.6	1.6		1.9	4.4	

n.m. denotes not meaningful

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

	Group			
	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Profit net of tax	3,571	3,736	4,289	9,933
Other comprehensive income, net of tax:				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	(136)	(249)	(180)	(501)
Total comprehensive income for the year	3,435	3,487	4,109	9,432
Total comprehensive income attributable to: Equity holders of the Company	3,435	3,487	4,109	9,432

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	32,390	30,757	289	95
Right-of-use assets		3,610	4,422	–	–
Investments in subsidiary companies	15	–	–	41,754	41,754
Investment in joint venture	16	9,506	7,664	817	–
Intangible assets		376	471	92	71
Other receivables and deposits		209	227	–	–
Deferred tax assets		250	53	–	–
		46,341	43,594	42,952	41,920
Current assets					
Inventories		1,483	1,302	–	–
Trade receivables		17,312	20,084	–	–
Other receivables and deposits		885	937	2,891	10,020
Prepayments and advances to suppliers		915	780	62	62
Customer retention monies		168	3,996	–	–
Amount due from a subsidiary company (trade)		–	–	433	531
Contract assets		3,211	484	–	–
Fixed deposits pledged		–	1,134	–	–
Cash and cash equivalents		63,592	73,624	41,764	36,458
		87,566	102,341	45,150	47,071

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Current liabilities					
Trade and other payables		11,265	16,923	932	778
Amounts due to subsidiary companies (trade)		–	–	43	11
Amount due to a subsidiary company (non-trade)		–	–	12,706	15,506
Contract liabilities		134	961	–	–
Provisions, current		646	1,497	–	–
Lease liabilities, current		652	888	–	–
Income tax payable		109	3,564	116	11
		12,806	23,833	13,797	16,306
Net current assets		74,760	78,508	31,353	30,765
Non-current liabilities					
Provisions, non-current		1,946	1,947	–	–
Lease liabilities, non-current		3,401	4,107	–	–
Deferred tax liabilities		656	534	139	14
		6,003	6,588	139	14
Net assets		115,098	115,514	74,166	72,671
Equity attributable to equity holders of the Company					
Share capital	10(a)	65,403	65,403	65,403	65,403
Treasury shares	10(b)	(160)	(160)	(160)	(160)
Accumulated profits		50,466	50,702	8,923	7,428
Foreign currency translation reserve		(611)	(431)	–	–
Total equity		115,098	115,514	74,166	72,671

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				
	Share capital	Treasury shares	Accumulated profits	Foreign currency translation reserve	Total equity
	(Note 10(a)) \$'000	(Note 10(b)) \$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Profit for the year	–	–	4,289	–	4,289
Other comprehensive income for the year	–	–	–	(180)	(180)
Total comprehensive income for the year	–	–	4,289	(180)	4,109
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(4,525)	–	(4,525)
Balance at 30 June 2023	65,403	(160)	50,466	(611)	115,098
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 distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(24,887)	–	(24,887)
Balance at 30 June 2022	65,403	(160)	50,702	(431)	115,514

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Company	Attributable to equity holders of the Company			
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2022	65,403	(160)	7,428	72,671
Profit for the year	–	–	6,020	6,020
Total comprehensive income for the year	–	–	6,020	6,020
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(4,525)	(4,525)
Balance at 30 June 2023	65,403	(160)	8,923	74,166
Balance at 1 July 2021	65,403	(160)	13,698	78,941
Profit for the year	–	–	18,617	18,617
Total comprehensive income for the year	–	–	18,617	18,617
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(24,887)	(24,887)
Balance at 30 June 2022	65,403	(160)	7,428	72,671

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		12 months ended	12 months ended
		30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Profit before taxation		4,099	13,260
Adjustments:			
Depreciation of property, plant and equipment	6	4,182	4,983
Depreciation of right-of-use assets	6	826	1,162
Amortisation of intangible assets	6	410	381
Gain on disposal of property, plant and equipment	5	(426)	(3,108)
Impairment loss on property, plant and equipment		–	3,858
Share of results of joint venture		(2,035)	(280)
Write back of provision for warranty		(747)	(473)
Write back for expected credit losses, net		(76)	(177)
Provision for stock obsolescence		16	–
Interest income	5	(1,002)	(136)
Interest expense		148	210
Rent concession		–	(30)
Gain on lease modification		–	(46)
Loss on dilution on interest in joint venture		27	–
Unrealised exchange gain		(13)	(13)
Operating cash flows before working capital changes		5,409	19,591
Changes in working capital:			
Decrease/(increase) in customer retention monies, trade and other receivables, deposits and prepayments		6,995	(8,047)
(Increase)/decrease in inventories		(197)	308
(Increase)/decrease in contract assets/liabilities, net		(3,554)	517
(Decrease)/increase in trade and other payables		(5,763)	569
Cash generated from operations		2,890	12,938
Tax paid		(3,340)	(2,062)
Net cash flows (used in)/generated from operating activities		(450)	10,876
Cash flows from investing activities			
Interest received		617	135
Purchase of property, plant and equipment		(5,930)	(3,100)
Purchase of intangible assets		(315)	(329)
Proceeds from disposal of property, plant and equipment		541	3,261
Net cash flows used in investing activities		(5,087)	(33)

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

	Group	
	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Note		
Cash flows from financing activities		
Interest paid	(148)	(210)
Payment of lease liabilities	(956)	(1,088)
Decrease in fixed deposits pledged	1,134	–
Dividends paid	11 (4,525)	(24,887)
Net cash flows used in financing activities	(4,495)	(26,185)
Net decrease in cash and cash equivalents	(10,032)	(15,342)
Cash and cash equivalents at the beginning of period	73,624	88,966
Cash and cash equivalents at end of the period	63,592	73,624

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

1. Corporate information

Hai Leck Holdings Limited (the “Company”) is a limited liability company, domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of the subsidiary companies and joint venture are disclosed in Notes 15 and 16 to the financial statements respectively.

2. Basis of preparation

The condensed interim consolidated financial statements of the Group have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 March 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$) which is the Company’s functional currency. All values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.1. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (cont'd)

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

Key assumptions concerning the future and other key sources of estimation uncertainty are as follows:

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

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

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

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal assessment of non-financial assets is based on available market data from recent transactions of similar assets, recent acquisition prices or observable market prices less costs for disposing the asset.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Group's property, plant and equipment, right-of-use assets and Company's investments in subsidiary companies as at 30 June 2023 were \$32,390,000 (30 June 2022: \$30,757,000), \$3,610,000 (30 June 2022: \$4,422,000) and \$41,754,000 (30 June 2022: \$41,754,000) respectively.

Project revenue

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

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

2. Basis of preparation (cont'd)

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

Project revenue (cont'd)

The management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to-date relative to the total inputs expected to be incurred for the projects.

Project revenue for the 12 months ended 30 June 2023 was \$6,960,000 (30 June 2022: \$28,011,000) 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 2023 amounted to \$646,000 (30 June 2022: \$1,393,000).

Revenue recognition – Estimating variable consideration for call centre services

Certain call centre services contracts include billing deductions when minimum service requirements are not met in the course of performing the services. This gives rise to variable consideration and the Group estimates variable considerations to be included in the transaction price for these call centre services.

In estimating the variable consideration, the Group uses an expected value approach and updates its assessment of the variable consideration based on the latest available information at the end of each reporting period. The variable consideration is included in trade receivables.

3. Seasonal operations

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information

4.1. Segment information

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

- Project and maintenance services
- Contact centre services

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

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended		3 months ended	3 months ended
	30 June	30 June	30 June	30 June	30 June	30 June		30 June	30 June
	2023	2022	2023	2022	2023	2022		2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	14,741	17,441	4,960	10,256	–	–		19,701	27,697
Results:									
Interest income	652	33	46	2	–	–		698	35
Interest expenses	37	31	9	14	–	–		46	45
Depreciation and amortisation	1,018	1,001	474	401	–	–		1,492	1,402
Impairment loss on property, plant and equipment	–	(3,858)	–	–	–	–		–	(3,858)
Share of results of joint venture	798	184	–	–	–	–		798	184
Segment profit before tax	1,683	1,800	1,606	4,161	–	–		3,289	5,961
Assets:									
Additions to non-current assets	3,815	1,520	379	687	–	–	A	4,194	2,207
Segment assets	118,062	119,116	18,777	27,388	(2,932)	(569)	B	133,907	145,935
Segment liabilities	13,608	16,328	7,618	10,617	(2,417)	3,476	C	18,809	30,421

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.1. Segment information (cont'd)

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000		12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Revenue:									
External customers	48,941	47,958	19,676	34,581	–	–		68,617	82,539
Results:									
Interest income	942	128	60	8	–	–		1,002	136
Interest expenses	109	165	39	45	–	–		148	210
Depreciation and amortisation	3,773	5,128	1,645	1,398	–	–		5,418	6,526
Impairment loss of impairment loss on property, plant and equipment	–	(3,858)	–	–	–	–		–	(3,858)
Share of results of joint venture	2,035	280	–	–	–	–		2,035	280
Segment profit before tax	818	1,595	3,281	11,665	–	–		4,099	13,260
Assets:									
Additions to non-current assets	5,641	3,184	910	1,997	–	–	A	6,551	5,181
Segment assets	118,062	119,116	18,777	27,388	(2,932)	(569)	B	133,907	145,935
Segment liabilities	13,608	16,328	7,618	10,617	(2,417)	3,476	C	18,809	30,421

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.1. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

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

	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Inter-segment assets	(3,182)	(622)	(3,182)	(622)
Deferred tax assets	250	53	250	53
	<u>(2,932)</u>	<u>(569)</u>	<u>(2,932)</u>	<u>(569)</u>

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

	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Inter-segment liabilities	(3,182)	(622)	(3,182)	(622)
Income tax payable	109	3,564	109	3,564
Deferred tax liabilities	656	534	656	534
	<u>(2,417)</u>	<u>3,476</u>	<u>(2,417)</u>	<u>3,476</u>

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

Revenue information based on the geographical location of customers are as follows:

	Group			
	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Singapore	19,701	27,697	68,617	82,499
Others	–	–	–	40
Total	19,701	27,697	68,617	82,539
Major service lines:				
Project revenue	3,906	8,088	6,960	28,011
Maintenance revenue	10,835	9,353	41,981	19,947
Contact centre services	4,960	10,256	19,676	34,581
	19,701	27,697	68,617	82,539

5. Other income

	Group			
	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Interest income from:				
- bank deposits	698	35	1,002	136
Gain on disposal of property, plant and equipment	181	831	426	3,108
Government grant income	119	662	1,397	3,105
Rent concession	–	–	–	30
Others	39	109	358	866
	1,037	1,637	3,183	7,245

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

6. Profit before taxation

6.1 Significant items

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

	Group			
	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Depreciation of property, plant and equipment	(1,116)	(1,016)	(4,182)	(4,983)
Depreciation of right-of-use assets	(200)	(303)	(826)	(1,162)
Amortisation of intangible assets	(176)	(83)	(410)	(381)
Impairment loss on property, plant and equipment	–	(3,858)	–	(3,858)
Foreign exchange (loss)/gain, net	(30)	3	(14)	(5)
Write-back of provision for warranty, net	747	473	747	473
Write-back of expected credit losses, net	76	178	76	177

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Current taxation				
- Current year	6	1,854	98	3,182
- (Over)/under provision in respect of prior years	(292)	263	(292)	37
Deferred taxation				
- Current year	515	52	515	52
- (Over)/under provision in respect of prior years	(511)	56	(511)	56
Tax (credit)/expense	(282)	2,225	(190)	3,327

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

8. Earnings per share

	Group			
	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	12 months ended 30 June 2023 \$'000	12 months ended 30 June 2022 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	3,571	3,736	4,289	9,933
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241

9. Property, plant and equipment

During the 12 months ended 30 June 2023, the Group acquired assets amounting to \$5,930,000 (30 June 2022: \$4,020,000) and disposed of assets amounting to \$115,000 (30 June 2022: \$153,000).

10. Share capital and treasury shares

There were no changes in the Company's share capital arising from right issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on.

There are no shares that may be issued on conversion of outstanding convertibles.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the financial period reported on.

As at 30 June 2023, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (30 June 2022: 226,241,195).

	Group and Company			
	As at 30 June 2023		As at 30 June 2022	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of period	226,593	65,403	226,593	65,403

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 30 June 2022.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

(b) Treasury shares

	Group and Company			
	As at 30 June 2023		As at 30 June 2022	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of period	352	160	352	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of the period	226,241		226,241	

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

11. Dividend

	Group and Company	
	12 months ended 30 June 2023	12 months ended 30 June 2022
	\$'000	\$'000

Declared and paid during the year:

Dividends on ordinary shares:

- Final tax exempt (one-tier) dividend of \$0.02 in respect of financial year ended 30 June 2022 ("FY22") (2022: \$0.02 in respect of financial year ended 30 June 2021 ("FY21") per ordinary share	4,525	4,525
- Special tax exempt (one-tier) dividend of \$Nil (2022: \$0.04 in respect of FY21) per ordinary share	–	9,050
- Interim tax exempt (one-tier) dividend of \$Nil (2022: \$0.02 in respect of FY22) per ordinary share	–	4,525
- Special tax exempt (one-tier) dividend of \$Nil (2022: \$0.03 in respect of FY22) per ordinary share	–	6,787
	4,525	24,887

No dividends were proposed and recognised as a liability as at 30 June 2023.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

12. Financial assets and liabilities

Set out below is the carrying amount of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

	30 June 2023	30 June 2022
Group	\$'000	\$'000
Financial assets measured at amortised cost		
Customer retention monies	168	3,996
Trade receivables (excluding GST receivable)	17,005	19,951
Other receivables and deposits (excluding tax recoverable and government grant receivables)	1,089	964
Fixed deposits pledged	–	1,134
Cash and cash equivalents	63,592	73,624
Total financial assets measured at amortised cost	<u>81,854</u>	<u>99,669</u>
Financial liabilities measured at amortised cost		
Trade and other payables (excluding net GST payable and deferred income)	10,474	15,743
Lease liabilities	4,053	4,995
Total financial liabilities measured at amortised cost	<u>14,527</u>	<u>20,738</u>
	30 June 2023	30 June 2022
Company	\$'000	\$'000
Financial assets measured at amortised cost		
Other receivables and deposits	2,891	10,020
Amount due from a subsidiary company (trade)	433	531
Cash and cash equivalents	41,764	36,458
Total financial assets measured at amortised cost	<u>45,088</u>	<u>47,009</u>
Financial liabilities measured at amortised cost		
Trade and other payables (excluding net GST payable)	924	774
Amounts due to subsidiary companies (trade)	43	11
Amount due to a subsidiary company (non-trade)	12,706	15,506
Total financial liabilities measured at amortised cost	<u>13,673</u>	<u>16,291</u>

13. Net asset value

	Group		Company	
	As at 30 June 2023	As at 30 June 2022	As at 30 June 2023	As at 30 June 2022
	\$	\$	\$	\$
Net asset value per ordinary share (cents)	50.9	51.1	32.8	32.1

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

14. Borrowings

	Group		Company	
	As at 30 June 2023 \$'000	As at 30 June 2022 \$'000	As at 30 June 2023 \$'000	As at 30 June 2022 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	652	888	–	–
Unsecured	–	–	–	–
<u>Amount repayable after one year</u>				
Secured	3,401	4,107	–	–
Unsecured	–	–	–	–

The borrowings relate to lease liabilities relating to right-of-use assets.

15. Subsidiary companies

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			30 June 2023 %	30 June 2022 %
Held by the Company				
Hai Leck Engineering (Private) Limited	Oil & gas and chemical industries related construction and maintenance services	Singapore	100	100
Hai Leck Engineering & Construction Pte. Ltd.	Engineered solutions and mechanical works	Singapore	100	100
Hai Leck Industrial Services Pte. Ltd.	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
Hai Leck Overseas Investments Pte. Ltd.	Investment holding	Singapore	100	100
United Holding (1975) Pte. Ltd.	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.	Asset, business and management consultancy services	Singapore	100	100
Hai Leck Services Pte. Ltd.	Asset management and consultancy services	Singapore	100	100

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

15. Subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 March 2023	30 June 2022
			%	%
Held by the Company				
Hai Leck Engineering (Thailand) Co., Ltd.	Oil & gas and chemical industries related construction and maintenance services	Thailand	100	100
Held by subsidiary companies				
Tele-centre Services Pte Ltd	Providing call centre services, telecommunications and information technology	Singapore	100	100
Hai Leck Corporation Sdn. Bhd. [^]	Oil & gas and chemical industries related construction and maintenance services	Malaysia	100	100

[^] The Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. during the financial year ended 30 June 2021. As at 30 June 2023, the voluntary winding up procedures are still ongoing.

16. Joint venture

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			30 June 2023	30 June 2022
			%	%
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	44.66	49

Hai Leck Holdings Limited And Subsidiary Companies

Other Information

For the Fourth Quarter and Full Year ended 30 June 2023

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the financial year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for financial year and fourth quarter ended 30 June 2023

Revenue

Revenue for the financial year ended 30 June 2023 ("FY23") decreased by \$13.9 million to \$68.6 million compared to \$82.5 million recorded in the financial year ended 30 June 2022 ("FY22") due to lower project and contact centre services revenue, partially offset by higher maintenance services revenue.

Quarter-on-quarter, the revenue decreased by \$8.0 million to \$19.7 million for the fourth quarter ended 30 June 2023 ("4Q23") compared to \$27.7 million recorded in the fourth quarter ended 30 June 2022 ("4Q22") due to the same reasons as above.

Cost of sales

For FY23, cost of sales increased by \$3.5 million to \$31.1 million compared to \$27.6 million recorded in FY22. The increase is mainly due to higher materials, consumables and manpower related costs.

Quarter-on-quarter, cost of sales increased by 19.3% to \$8.6 million due to the same reasons as above.

Other income

Other income decreased from \$7.2 million in FY22 to \$3.2 million in FY23 mainly due to lower government grant income recognised and lower gain on disposal of property, plant and equipment, partially offset by higher interest income.

Other income decreased from \$1.6 million in 4Q22 to \$1.0 million in 4Q23 due to the same reasons as above.

Operating expenses

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

For FY23, total operating expenses decreased from \$49.0 million in FY22 to \$38.5 million mainly due to lower manpower related and depreciation costs and absence of impairment loss on property, plant and equipment.

For 4Q23, operating expenses decreased from \$16.3 million in 4Q22 to \$9.6 million mainly due to lower manpower related costs and absence of impairment loss on property, plant and equipment.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

Taxation

The effective tax rate for FY23 is higher than the statutory tax rate mainly due to the effect of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for FY23 decreased by \$5.6 million to \$4.3 million compared to \$9.9 million in FY22.

Quarter-on-quarter, the profit attributable to equity holders for 4Q23 decreased by \$0.1 million to \$3.6 million compared to \$3.7 million in 4Q22.

Review of Financial Position

Non-current assets

Non-current assets increased by \$2.7 million from \$43.6 million as at 30 June 2022 to \$46.3 million as at 30 June 2023. The increase is mainly due to increase in property, plant and equipment and investment in joint venture partially offset by decrease in right-of-use assets.

Current assets

Current assets decreased by \$14.7 million from \$102.3 million as at 30 June 2022 to \$87.6 million as at 30 June 2023. The decrease is mainly due to decrease in cash and cash equivalents, trade receivables and customer retention monies, partially offset by increase in contract assets and prepayments and advances to suppliers.

Current liabilities

Current liabilities decreased by \$11.0 million from \$23.8 million as at 30 June 2022 to \$12.8 million as at 30 June 2023, mainly due to decrease in trade and other payables, provisions, income tax payable and contract liabilities.

Non-current liabilities

Non-current liabilities decreased from \$6.6 million as at 30 June 2022 to \$6.0 million as at 30 June 2023 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows used in operating activities was less than \$0.1 million in FY23 compared to net cash flows generated from operating activities of \$10.9 million in FY22, mainly due to lower profit before taxation in FY23.

Cash flows from investing activities

Net cash flows used in investing activities was \$5.1 million in FY23 compared to less than \$0.1 million in FY22, mainly due to lower proceeds from disposal of property, plant and equipment and higher purchase of property, plant and equipment in FY23.

Cash flows from financing activities

Net cash flows used in financing activities was lower in FY23 by \$21.7 million mainly due to lower dividends paid in FY23.

Cash and cash equivalents as at 30 June 2023 was lower at \$63.6 million compared to \$73.6 million as at 30 June 2022.

Review of Segment Information

Project and Maintenance Services segment turnover remained comparable at \$48.0 million in FY22 and \$48.9 million in FY23. Turnover for Contact Centre Services segment decreased from \$34.6 million in FY22 to \$19.7 million in FY23 due to lower customer demand.

Profit before tax for Project and Maintenance Services segment decreased from \$1.6 million in FY22 to \$0.8 million in FY23 mainly due to higher materials, consumables and manpower related costs and lower gain on disposal of property, plant and equipment and government grant income recognised, partially offset by absence of impairment loss on property, plant and equipment. Profit before tax for Contact Centre Services segment decreased from \$11.7 million in FY22 to \$3.3 million in FY23 mainly due to lower level of activities in FY23.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next half year

Although there are signs of improvement in the oil and gas industry, the industry is sensitive to strategic decisions made by key market players and keen competition remains. In addition, uncertainties in the global politics and economy may have its follow-on impact on the local economy and the sectors that the Group operates in. Bearing such uncertainties in mind, the Group will continue to manage its operations and control costs judiciously.

5. Dividend information

5.1 Current financial period reported on

Any dividend recommended for the current financial period reported on?

Final dividends

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	2 cents per ordinary share (one-tier tax exempt)

5.2 Corresponding period of the immediate preceding financial year

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

Final dividends

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	2 cents per ordinary share (one-tier tax exempt)

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

5.3 Date payable

To be advised

5.4 Record date

To be advised

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

Not applicable

6. Interested person transactions

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

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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

During 4Q23 and as at the date of this announcement, there were no changes to the Company's and the Group's shareholding percentages in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

Name	Age	Family relationship with any director and/or chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Cheng Buck Poh @ Chng Bok Poh	80	Ms Cheng Wee Ling is the daughter of Mr Cheng Buck Poh @ Chng Bok Poh, Executive Chairman, Chief Executive Officer and Substantial Shareholder of the Company.	Executive Chairman 1998 Responsible for charting and reviewing corporate directions and strategies for the Group and subsidiaries. Chief Executive Officer 2020 Responsible for overseeing management and development of the Group's businesses, locally and overseas, and is also responsible for sales and marketing for the Group's businesses.	Not applicable
Cheng Wee Ling	44	Daughter of Mr Cheng Buck Poh @ Chng Bok Poh, Executive Chairman, Chief Executive Officer and Substantial Shareholder of the Company and Mdm Goo Guik Bing @ Goh Guik Bing, Substantial Shareholder of the Company.	Chief Executive Officer of Tele-centre Services Pte. Ltd. ("Tele-centre") 2022 Responsible for overseeing management and development, as well as the daily operations of Tele-centre.	Not applicable
Colin Chow Kong Sang	31	Brother of Ms Christina Chow Poh Lin, Executive Director of the Company	Site Manager 2021 Responsible for management of project construction site and team, as well as acting as liaison with clients	Not applicable

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
28 August 2023