



Hock Lian Seng Holdings Limited

Company Registration Number 200908903E

Unaudited Interim report

for the six months ended 31 December 2023 and full year ended 31 December 2023

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Consolidated statement of profit or loss

	Note	Group			Group		
		2H2023	2H2022	Change	31.12.23	31.12.22	Change
		S\$'000	S\$'000	%	\$'000	\$'000	%
Revenue	4	95,789	87,100	10.0%	201,961	142,707	41.5%
Cost of sales		(79,377)	(81,178)	-2.2%	(178,767)	(132,308)	35.1%
Gross profit		16,412	5,922	177.1%	23,194	10,399	123.0%
Other income		7,566	6,481	16.7%	14,950	11,450	30.6%
Distribution and selling costs		(372)	(19)	1857.9%	(777)	(83)	836.1%
Administrative costs		(2,404)	(1,716)	40.1%	(4,086)	(3,496)	16.9%
Other operating costs		(1,210)	(875)	38.3%	(1,955)	(1,881)	3.9%
Share of results of joint ventures, net of tax		(109)	816	nm	(440)	3,077	nm
Profit before taxation	6	19,883	10,609	87.4%	30,886	19,466	58.7%
Tax expenses	7	(2,161)	(1,860)	16.2%	(4,242)	(3,070)	38.2%
Profit after taxation		17,722	8,749	102.6%	26,644	16,396	62.5%
Attributable to:							
Equity holders of the Company		17,650	8,763	101.4%	26,564	16,506	60.9%
Non-controlling interests		72	(14)	nm	80	(110)	nm
		Cents	Cents		Cents	Cents	
Basic earnings per share		3.45	1.71		5.19	3.22	
Dilluted earnings per share		3.45	1.71		5.19	3.22	

The calculation of basic earnings per share at 31 Dec was based on profit attributing to owners of the Company and the weighted average number of ordinary shares outstanding.

Consolidated statement of other comprehensive income

	Group		Group	
	2H2023	2H2022	31.12.2023	31.12.2022
	<u>S\$'000</u>	<u>S\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit after taxation	17,722	8,749	26,644	16,396
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Financial instruments at FVOCI				
- Net change in fair value	139	(186)	(68)	(498)
Other comprehensive income	<u>139</u>	<u>(186)</u>	<u>(68)</u>	<u>(498)</u>
Total comprehensive income	<u>17,861</u>	<u>8,563</u>	<u>26,576</u>	<u>15,898</u>
Attributable to:				
Equity holders of the Company	17,789	8,577	26,496	16,008
Non-controlling interests	<u>72</u>	<u>(14)</u>	<u>80</u>	<u>(110)</u>

Statements of financial position

	Note	Group		Company	
		31.12.2023 \$'000	31.12.2022 \$'000	31.12.2023 \$'000	31.12.2022 \$'000
Non-current assets					
Property, plant and equipment	15	18,567	20,139	-	-
Subsidiary companies	18	-	-	38,294	37,814
Investment in joint ventures	13	14,049	52,065	-	-
Investment properties	11	3,200	3,000	-	-
Investment securities	10	12,822	13,140	-	-
Deferred tax assets		2,312	3,427	-	-
		50,950	91,771	38,294	37,814
Current assets					
Development properties	12	70,997	91,709	-	-
Contract assets		49,758	17,491	-	-
Trade receivables		17,258	16,255	-	-
Other receivables		2,307	3,765	64,570	74,751
Amounts due from joint ventures		27	684	-	-
Prepayments and deposits		711	2,900	-	-
Investment securities	10	16,524	11,924	-	-
Cash and short term deposits		132,464	108,839	15,670	556
		290,046	253,567	80,240	75,307
Current liabilities					
Trade and other payables		62,672	61,892	352	339
Lease liabilities	16	20	-	-	-
Contract liabilities		70	21,187	-	-
Provisions	14	15,265	21,390	-	-
Provision for taxation		3,246	2,216	32	16
		81,273	106,685	384	355
Net current assets		208,773	146,882	79,856	74,952
Non-current liabilities					
Deferred income		89	116	-	-
Other payables		494	1,387	-	-
Lease liabilities	16	65	-	-	-
		648	1,503	-	-
Net assets		259,075	237,150	118,150	112,766
Equity					
Share capital	17	59,954	59,954	59,954	59,954
Capital reserve		1,000	1,000	-	-
Fair value adjustment reserve		(225)	(157)	-	-
Accumulated profits		214,195	192,752	58,196	52,812
Merger deficit		(16,239)	(16,239)	-	-
Equity attributable to owners of the		258,685	237,310	118,150	112,766
Non-Controlling interests		390	(160)	-	-
Total Equity		259,075	237,150	118,150	112,766

Statements of changes in equity
Group

	Share capital	Capital reserve	Accumulated profits	Fair value adjustment reserve	Merger deficit	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2023	59,954	1,000	192,752	(157)	(16,239)	(160)	237,150
Net Profit	-	-	26,564	-	-	80	26,644
Other comprehensive income	-	-	-	(68)	-	-	(68)
Total comprehensive income	-	-	26,564	(68)	-	80	26,576
Dividend on ordinary shares(note 8)	-	-	(5,121)	-	-	-	(5,121)
Proceeds from issue of shares to non-controlling shareholder	-	-	-	-	-	470	470
At 31 December 2023	59,954	1,000	214,195	(225)	(16,239)	390	259,075
At 1 January 2022	59,954	1,000	182,647	341	(16,239)	(50)	227,653
Net Profit	-	-	16,506	-	-	(110)	16,396
Other comprehensive income	-	-	-	(498)	-	-	(498)
Total comprehensive income	-	-	16,506	(498)	-	(110)	15,898
Dividend on ordinary shares(note 8)	-	-	(6,401)	-	-	-	(6,401)
At 31 December 2022	59,954	1,000	192,752	(157)	(16,239)	(160)	237,150

Company

	Share capital	Accumulated profits	Total Equity
	\$'000	\$'000	\$'000
At 1 January 2023	59,954	52,812	112,766
Profit, representing total comprehensive income	-	10,505	10,505
Dividend on ordinary shares (note 8)	-	(5,121)	(5,121)
At 31 Dec 2023	59,954	58,196	118,150
At 1 January 2022	59,954	50,237	110,191
Profit, representing total comprehensive income	-	8,976	8,979
Dividend on ordinary shares (note 8)	-	(6,401)	(6,401)
At 31 December 2022	59,954	52,812	112,766

Consolidated statement of cash flows

	< -----Group----- >	
	Financial year ended	
	31.12.2023	31.12.2022
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	30,886	19,466
Adjustments :		
Depreciation of property, plant and equipment	2,271	3,679
Bad debts written off	-	1
(Gain)/loss on disposal of property, plant and equipment	(649)	(325)
Fair value changes on investment properties	(200)	(100)
Fair value changes on investment securities	680	277
Share of results of joint venture	440	(3,077)
Interest income	(5,370)	(3,130)
Interest expense on lease	4	-
Unrealised foreign exchange (gain)/loss	(180)	(90)
Dividend income from investment securities	(109)	(79)
Operating cash flows before working capital changes	27,773	16,622
(Increase)/decrease in:		
Contract assets	(32,267)	24,083
Development properties	20,712	3,449
Trade receivables	(1,003)	13,455
Other receivables	2,323	1,816
Prepayments and deposits	2,189	(708)
Increase/(decrease) in:		
Trade and other payables and provisions	(6,238)	(5,482)
Contract liabilities	(21,117)	5,187
Advance payments received for construction project	-	(3,754)
Deferred income	(27)	(28)
Cash flows generated from / (used in) operations	(7,655)	54,640
Interest received	3,523	1,197
Income tax paid	(2,097)	(4,779)
Net cash flows generated from / (used in) operating activities	(6,229)	51,058
Cash flows from investing activities		
Purchases of property, plant and equipment (Note A)	(682)	(1,165)
Repayment /(advance) to joint venture	37,998	2,745
Purchases of investment securities	(8,177)	(9,040)
Proceeds from disposal of property, plant and equipment	732	407
Proceeds from maturity/redemption of investment securities	3,147	2,570
Interest received from investment securities	1,217	1,032
Dividend income received from investment securities	109	79
Net cash flows (used in) / generated from investing activities	34,344	(3,372)
Cash flows from financing activities		
Dividend paid	(5,121)	(6,401)
Proceeds from issue of shares to non-controlling interest	470	-
Repayment of lease liabilities	(19)	-
Net cash flows used in financing activities	(4,670)	(6,401)
Net increase/(decrease) in cash and cash equivalents	23,445	41,285
Effect of exchange differences on cash and cash equivalents	180	90
Cash and cash equivalents, Beginning balance	108,839	67,464
Cash and cash equivalents, Ending balance	132,464	108,839

Note A: During the financial year, the Group acquired property, plant and equipment totaling \$782,000 (FY 2022:1,165,000) of which \$100,000(FY2022: nil) were acquired by mean of finance lease.

Selected Notes to the consolidated financial statements

1. Corporate information

Hock Lian Seng Holdings Limited (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements for the six months and financial year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group are provision of civil engineering; property development and investments.

2. Basis of Preparation

The interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The 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 30 June 2023.

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

The interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to standards have become effective for financial year beginning 1 January 2023. The application of these standards did not have a material effect on the interim consolidated financial statements.

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim financial statements requires management to make judgments, 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at end of year ended 31 December 2023.

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.

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into three main business segments – civil engineering, properties development, properties investment. No other operating segment constitutes a separate reportable segment. The segment information for the reportable segments is as follows:

	Civil Engineering \$'000	Properties Development \$'000	Properties Investment \$'000	Adjustments \$'000	Total \$'000
2H 2023					
Sales to external customers	80,028	15,654	107	-	95,789
	80,028	15,654	107	-	95,789
Results					
Depreciation	1,108	-	-	-	1,108
Fair value gain on investment properties	-	-	200	-	200
Dividend income from investment securities	-	-	-	55	55
Interest income	-	422	-	2,687	3,109
Share of results of joint venture	-	(109)	-	-	(109)
Segment profit	8,207	10,979	37	660	19,883
2H 2022					
Sales to external customers	86,299	730	71	-	87,100
	86,299	730	71	-	87,100
Results					
Depreciation	1,707	-	-	-	1,707
Fair value gain on investment properties	-	-	100	-	100
Dividend income from investment securities	-	-	-	39	39
Interest income	-	522	-	1,711	2,233
Share of results of joint venture	-	816	-	-	816
Segment profit	5,680	3,776	29	1,124	10,609

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	<i>Civil Engineering</i> \$'000	<i>Properties Development</i> \$'000	<i>Properties Investment</i> \$'000	<i>Adjustments</i> \$'000	<i>Total</i> \$'000
<u>FY 2023</u>					
Sales to external customers	169,376	32,405	180	-	201,961
	<u>169,376</u>	<u>32,405</u>	<u>180</u>	<u>-</u>	<u>201,961</u>
Results					
Depreciation	2,271	-	-	-	2,271
Fair value gain on investment properties	-	-	200	-	200
Dividend income from investment securities	-	-	-	109	109
Interest income	-	422	-	4,948	5,370
Share of results of joint venture	-	(440)	-	-	(440)
Segment profit	<u>11,435</u>	<u>16,658</u>	<u>71</u>	<u>2,722</u>	<u>30,886</u>
Assets					
Investment in joint ventures	-	14,049	-	-	14,049
Additions to non-current assets	682	-	-	-	682
Segment assets	<u>214,697</u>	<u>91,266</u>	<u>3,375</u>	<u>31,658</u>	<u>340,996</u>
Segment liabilities	<u>74,923</u>	<u>3,636</u>	<u>30</u>	<u>3,332</u>	<u>81,921</u>
<u>FY 2022</u>					
Sales to external customers	138,714	3,849	144	-	142,707
	<u>138,714</u>	<u>3,849</u>	<u>144</u>	<u>-</u>	<u>142,707</u>
Results					
Depreciation	3,679	-	-	-	3,679
Fair value gain on investment properties	-	-	100	-	100
Dividend income from investment securities	-	-	-	79	79
Interest income	-	1,108	-	2,022	3,130
Share of results of joint venture	-	3,077	-	-	3,077
Segment profit	<u>9,271</u>	<u>8,931</u>	<u>59</u>	<u>1,205</u>	<u>19,466</u>
Assets					
Investment in joint ventures	-	52,065	-	-	52,065
Additions to non-current assets	1,165	-	-	-	1,165
Segment assets	<u>167,753</u>	<u>143,868</u>	<u>3,876</u>	<u>29,841</u>	<u>345,338</u>
Segment liabilities	<u>103,335</u>	<u>2,606</u>	<u>31</u>	<u>2,216</u>	<u>108,188</u>

The Group's revenue from external customers was principally generated from Singapore. Accordingly, no geographical segment assets and revenue from customers' information are presented.

4.2 Disaggregation of revenue

	Group		Group	
	2H 2023	2H 2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customer				
Contract revenue from construction projects - recognised over time	79,758	85,996	168,800	138,073
Supply of labour and services provided - recognised over time	117	160	240	374
Sales of development properties - recognised at a point of time	15,654	730	32,405	3,850
Other revenue				
Rental Income	260	214	516	410
Total revenue	<u>95,789</u>	<u>87,100</u>	<u>201,961</u>	<u>142,707</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022 :

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	\$'000	\$'000	\$'000	\$'000
Financial Assets at fair value				
Financial Assets at fair value through other comprehensive income (FVOCI)	12,822	13,140	-	-
Financial Assets at fair value through Profit or loss (FVTPL)	11,544	10,927	-	-
	<u>24,366</u>	<u>24,067</u>	<u>-</u>	<u>-</u>
Financial Assets at amortised cost				
Cash and bank balances and trade and other receivables	152,493	129,816	80,240	75,307
Credit linked note	4,980	997	-	-
	<u>157,473</u>	<u>130,813</u>	<u>80,240</u>	<u>75,307</u>
Financial Liabilities at amortised cost				
Trade and other payables	62,395	61,696	352	322
Lease liabilities	85	-	-	-
	<u>62,480</u>	<u>61,696</u>	<u>352</u>	<u>322</u>

Fair value measurement

The Group applied the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data unobservable inputs)

5. Financial asset and financial liabilities (cont'd)

	as at 31 December 2023			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at fair value through profit or loss				
- Debt instruments (quoted)	11,519	-	-	11,519
- Equity instruments (quoted)	25	-	-	25
Financial assets at fair value through comprehensive income				
- Equity instruments (quoted)	12,822	-	-	12,822
	<u>24,366</u>	<u>-</u>	<u>-</u>	<u>24,366</u>

	Group as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at fair value through profit or loss				
- Debt instruments (quoted)	10,902	-	-	10,902
- Equity instruments (quoted)	25	-	-	25
Financial assets at fair value through comprehensive income				
- Equity instruments (quoted)	13,140	-	-	13,140
	<u>24,067</u>	<u>-</u>	<u>-</u>	<u>24,067</u>

6. Profit before tax

6.1 Following items have been included in arriving at profit before taxation:

	Group		Group	
	2H 2023	2H 2022	FY2023	FY2022
	S\$'000	S\$'000	\$'000	\$'000
Income				
Dividend income	55	39	109	79
Foreign exchange gain	-	-	180	90
Interest income	3,388	2,233	5,370	3,130
Fair value gain on investment properties	200	100	200	100
Gain on disposal of property, plant and equipment	477	44	649	325
Government grants	178	764	271	1,164
Rental income from property development projects	3,400	3,542	7,041	6,476
Legal cost reimbursed by an arbitration award	-	-	1,091	-
Expenses				
Depreciation of property, plant and equipment	1,108	1,707	2,271	3,679
Foreign exchange loss	35	264	-	-
Bad debts written off	-	-	-	1
Fair value loss on investment securities	795	103	680	277
Interest expense	2	-	4	-

6. Profit before tax (cont'd)

6.2 Related parties transactions

Other than the remuneration paid to the key management personnel, there are no related party transactions apart from those disclosed elsewhere in the interim financial statement

7. Tax expense

	Group		Group	
	2H 2023	2H 2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
Current income tax expense				
- current income taxation	3,547	875	5,357	2,184
- over provision in respect of previous year	-	-	-	-
Deferred income tax expenses relating to origination and reversal of temporary differences	(1,386)	985	(1,115)	886
	<u>2,161</u>	<u>1,860</u>	<u>4,242</u>	<u>3,070</u>

8. Dividends

	Group and Company	
	FY 2023	FY 2022
	\$'000	\$'000
Ordinary dividends paid		
Final dividend approved for payment in annual general meeting		
1.0 cents (2022:1.25 cents) per ordinary share for previous financial year	<u>5,121</u>	<u>6,401</u>

The directors have proposed a final dividend for financial year 2023 of 1.5 cents per shares, amounting to approximately \$7,682,000. These financial statements do not reflect these proposed dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2024.

9. Net Asset Value

	Group		Company	
	As at		As at	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	50.6	46.3	23.1	22.0

10. Investment securities

	Group	
	31.12.2023	31.12.2022
	\$'000	\$'000
Non-current		
At fair value through other comprehensive income		
- Equity instruments (quoted)	12,822	13,140
	<u>12,822</u>	<u>13,140</u>
Current		
At fair value through profit or loss		
- Debt instruments (quoted)	11,519	10,902
- Equity instruments (quoted)	25	25
At amortised cost		
- Credit linked note	4,980	997
	<u>16,524</u>	<u>11,924</u>

Investments in debt instrument at fair value through profit or loss

Debt investment in quoted corporate bonds were made for varying coupon rates ranging from 3.0% to 7.5% per annum (2022: 2.5% to 6.9%), with maturity dates ranging from 2024 to 2034.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of investments in quoted equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group	
	31.12.2023	31.12.2022
	\$'000	\$'000
At fair value through other comprehensive income		
- Equity instruments (quoted) breakdown by industry		
Bank and financial institutions	4,937	5,656
Real Estate	6,758	6,567
Telecommunications and infrastructure	742	471
Commodities	385	446
	<u>12,822</u>	<u>13,140</u>

No disposal of investment securities held at FVOCI for the year ended 31 December 2023.

The fair value of the Group's investment securities is based on the quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date and is categorized under Level 1 of the fair value measurement hierarchy.

11. Investment properties

The investment properties held by the Group consist of a leasehold office unit and a leasehold industry workshop.

	Group	
	31.12.2023	31.12.2022
	\$'000	\$'000
Balance as at 1 January	3,000	2,900
Fair value gain	200	100
Balance as at end of period	<u>3,200</u>	<u>3,000</u>

No addition for the year ended 31 December 2023. Fair value gain was \$200,000 for the year ended 31 December 2023 (fair value for FY2022 was \$100,000).

Fair value measurement of investment properties

The leasehold office premises and light industry workshop in Singapore are stated at fair value, which has been determined annually by independent valuer at the end of every financial year based on the properties' highest and best use.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. The fair value has been derived based on the Direct Comparison Method that makes reference to market evidence of transaction prices for similar properties in the open market.

12. Development properties

	Group	
	31.12.23	31.12.2022
	\$'000	\$'000
Completed properties, at cost	<u>70,997</u>	<u>91,709</u>
At 1 January	91,709	95,158
Construction costs written-back	(428)	(560)
Disposals (recognised in cost of sales)	<u>(20,284)</u>	<u>(2,889)</u>
At end of reporting	<u>70,997</u>	<u>91,709</u>

The development properties comprised of two completed industrial property projects at Tuas and Gambas.

13. Investment in joint venture

The Group's investment in joint venture is summarized below:

	Group	
	31.12.23	31.12.2022
	\$'000	\$'000
FSKH Development Pte Ltd		
- Equity interest	1,350	1,350
- Amount due from joint venture	8,131	45,707
- Share of profit	4,569	5,009
- Deferred interest	(1)	(1)
	<u>14,049</u>	<u>52,065</u>

FSKH Development Pte Ltd is 45% owned joint venture.

A dormant joint venture company (50% owned), Nobilis Investments Ltd was strike off the register of Company on 10 October 2023. The strike-off has no material impact on the net tangible assets of earnings per share of the Company and the Group.

14. Provisions

	Group	
	31.12.2023	31.12.2022
	\$'000	\$'000
At 1 January	21,390	28,116
Utilised	(4,460)	(3,486)
Current period provision	-	-
Write-back	(1,665)	(3,240)
At end of reporting	<u>15,265</u>	<u>21,390</u>

15. Property, plant and equipment

During the financial year ended 31 December 2023, the Group acquired assets amounting to \$782,000(31 December 2022: \$1,165,000) , of which \$100,000(FY2022: nil) were acquired by mean of finance lease. Disposed of assets amounting to \$2,828,000 (31 December 2022: \$1,464,000).

16. Lease liabilities

	Group		Company	
	31.12.2023	31.12.2022	30.12.2023	31.12.2022
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Lease liabilities- secured	20	-	-	-
Unsecured	-	-	-	-
<u>Amount repayable after one year</u>				
Lease liabilities- secured	65	-	-	-
Unsecured	-	-	-	-

17. Share capital

	Group and Company	
	No. of shares	
	'000	\$'000
Issued and fully paid ordinary shares		
At 1 January and 31 December 2023	<u>512,104</u>	<u>59,954</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2022.

There were no outstanding convertibles as at 31 December 2023 (31/12/2022: Nil).

The Company did not hold any treasury shares as at 31 December 2023 (31/12/2022: Nil). There was no sales, transfer, disposal, cancellation and use of treasury shares for the financial year ended 31 December 2023.

18. Subsidiary companies

	Company	
	31.12.2023	31.12.2022
	\$'000	\$'000
Equity investment at cost	38,324	37,844
Less : Accumulated impairment of investment in a subsidiary	(30)	(30)
	<u>38,294</u>	<u>37,814</u>

On 10 July 2023, the Group acquired an additional 480,000 shares in First Shine Enterprise Pte Ltd ("FSE") at issued price of \$480,000. The Group holds 51% of the equity share capital of FSE as at 31 December 2023 (31 December 2022: 60%).

Other information Required by Listing Rule Appendix 7.2

I. Aggregate amount of group's borrowings and debt securities.

Refer to note 16 of interim financial statement.

II. Audit or review

The consolidated statement of financial position as at 31 December 2023 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended 31 December 2023 and selected explanatory notes have not been audited or reviewed by the Company's auditors.

III. Review of performance

Revenue

In \$' million	FY 2023	%	FY 2022	%
Civil Engineering	169.4	83.9	138.8	97.2
Property Development	32.4	16.0	3.8	2.7
Investment Properties	0.2	0.1	0.1	0.1
	202.0	100.0	142.7	100.0

Group revenue for the financial year 2023 (FY2023) was \$202.0 million, increase of \$59.3 million(+41.6%) as compared to the previous financial year(FY2022). Both Civil Engineering and Property Development segment recorded higher revenue. Construction activities picking up for Aviation Park and Serangoon MRT station was the key contributors for the \$30.6 mil increase revenue for Civil engineering segment. Sales of industrial building units at Shine@Tuas south was the key factor for \$28.6 mil jump in revenue for FY2023 for Property Development segment.

Gross Profit

In \$' million	FY 2023	FY 2022
Civil Engineering	11.5	9.4
Property Development	11.7	0.9
Investment Properties	0.1	0.1
	23.3	10.4

Gross profit increased by \$12.8 million (+123%) to \$23.2 million mainly due to higher revenue and improve gross margin in property development segment. The gross profit for Property development increased significantly with more units sold with improve market conditions. Civil Engineering segment was higher mainly due to finalisation of accounts with subcontractors for completed projects.

Other Income

Other income amount to \$15.0 mil, increase of \$3.6 million (+30.6%). The key contributors was higher interest income of \$2.3 million the legal cost award of \$1.1 million for the GS HLS JV arbitration case, and higher rental income from Shine@TuasSouth.

In \$' mil	FY 2023	FY 2022
Interest income from bank	3.7	0.9
Interest income from investment securities	1.3	1.1
Interest income from joint venture	0.4	1.1
Dividend	0.1	0.1
Rental - Development properties	7.0	6.5
Government grants	0.3	1.2
Arbitration legal fee awarded	1.1	0.0
Gain on fair value changes of investment property	0.2	0.1
Gain on disposal of fixed assets	0.7	0.3
Gain on foreign currency exchange	0.2	0.1
	15.0	11.4

HOCK LIAN SENG HOLDINGS LIMITED
Company registration No: 200908903E

Distribution and selling costs

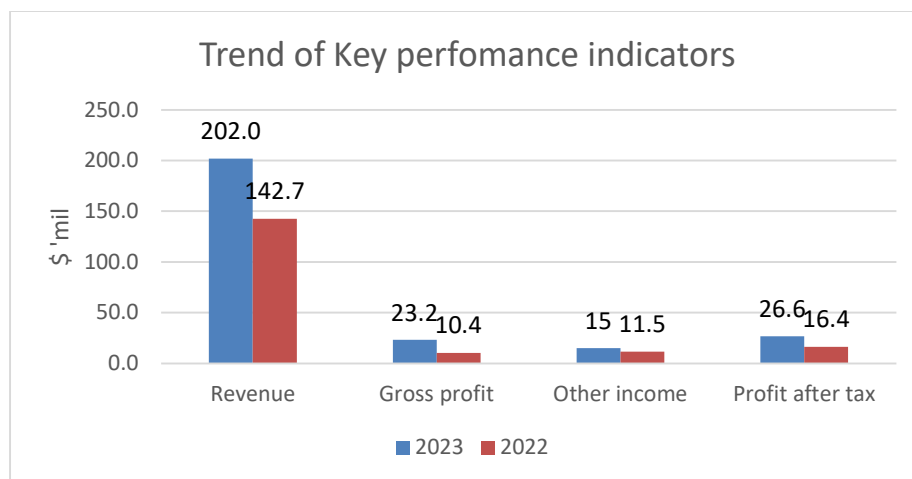
Higher distribution cost was related to the commission expenses for sales of development properties.

Share of profits of joint venture

Share of loss of joint venture was 0.4 million for FY2023 compare a profit of \$3.1 million in FY2022. As the joint venture residential project obtained TOP status in December 2022, majority of the revenue was recognised in the prior years.

Profit before tax and tax expenses

In summary, the higher FY2023 profit before tax was contributed by the higher sales and gross profit, other income offset by the share of loss from joint venture. Effective tax rate is lower in FY2023 (13.7%) vs FY 2022 (15.8%) mainly due to the deferred tax asset in previous year for some entities not recognised due to uncertainties in realisation. Earning per share improved from 3.22 cents to 5.19 cents.



Financial position and cash flow review

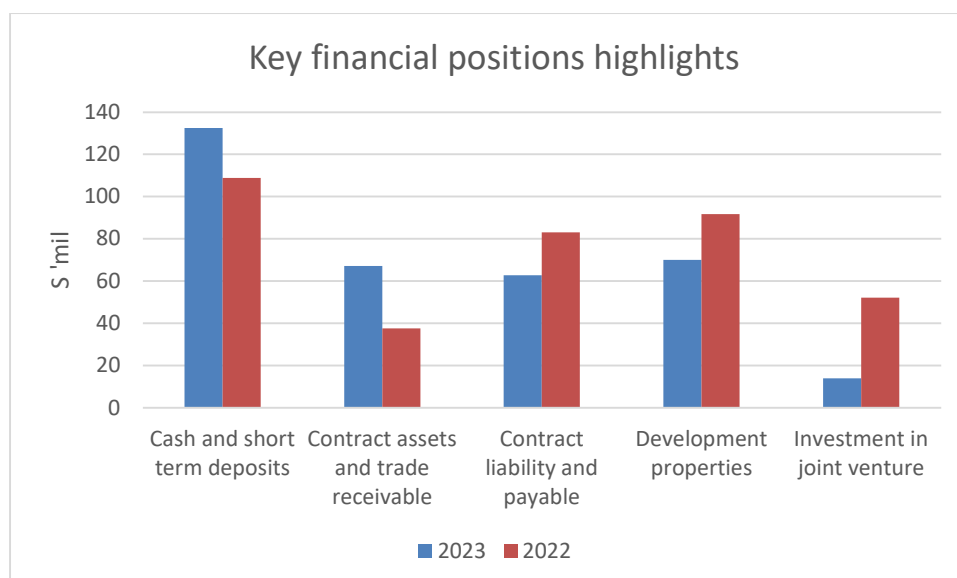
Total assets of the group as at 31 December 2023 was \$341.0 million, reduce by \$4.3 million from \$345.3 million as at 31 December 2022. Mainly due to the lower investment in joint venture due to shareholder loan repayment and sales of development properties, offset by the higher cash balance and contract assets.

Increase in of cash and short term deposits of \$23.4 million mainly due to the loan repayment of \$38.0 million from joint venture, offset by the net cash outflow for the addition and redemption of investment securities of \$5.1 million, dividend payment of \$5.1 million and cash used in operations of \$7.7 million. Net cash used in operations was mainly due to increase in contract asset and reduction in contract liabilities for the civil engineering projects, offset the proceed from the sales of development units.

Much higher contract asset of \$32.3 million as the contract activities picked up for the new projects pending for progress certification by customers. Development properties was \$20.7 million lower with the cost of sales recognised for the units sold for in FY2023.

Total liabilities of the group as at 31 December 2023 was \$81.9 million, decreased by \$26.3 million from \$108.2 million as at 31 December 2022, mainly due to the lower contract liabilities as the advance payment for civil engineering projects was progressively utilised with progress payment certified by customer, the provisions for maintenance cost for completed projects was also much lower as the cost utilised during the year.

Shareholders equity was \$259.1 million, about \$21.9 million higher than 31 December 2022. Mainly due to the current period net profit after tax of \$26.6 million, additional capital injection of minority shareholder for a subsidiary of \$0.5mil, offset by the dividend payment of \$5.1 million and fair value loss for investment securities recognised in comprehensive income of \$0.1 million. Net tangible assets per share was 50.6 cents as at 31 December 2023 compared to 46.3 cents as at 31 December 2022.



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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the financial period ended 30 June 2023.

V. 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 reporting period and the next 12 months.

According to the projection by the Building and Construction Authority Singapore ("BCA") on 15 January 2024, the total construction demand in 2024 is projected to be between S\$32 billion and S\$38 billion. The public sector is expected to drive total construction demand in 2024, reaching between S\$18 billion and S\$21 billion, mainly from public housing and infrastructure projects. Some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board's (HDB) new Built-To-Order (BTO) developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works. BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028.

The order book for civil engineering segment stands at approximately \$708 million as at 31 December 2023 which include mainly the Aviation park station project and Serangoon North Station project. The joint venture CAG project is expected to be substantially completed by end 2023. Against the backdrop of rising business cost, the Management have to manage the on going project prudently and will continue to bid for upcoming infrastructure projects which the group has expertise and competitive edge,

The Group's industrial building project, Shine@TuasSouth, has sold 34% and leased 63% of the total units to date. The interest for industrial building units has picked up since early 2023. The management will continue to promote the sales of units. The Management has to adopt a pragmatic approach in undertaking new development project, after assessing financial and market risk against returns.

VI. Dividend

- (a) **Current Financial Period Reported On**
Any dividend declared for the current financial period reported on ?

Yes.

Name of dividend	First and final
Dividend type	Cash
Dividend amount per share (in cents)	1.50
Tax rate	Tax exempt (one tier)

- (b) **Any dividend declared for the corresponding period of the immediately preceding financial year ?**

Yes.

Name of dividend	First and final
Dividend type	Cash
Dividend amount per share (in cents)	1.00
Tax rate	Tax exempt (one tier)

- (c) **Date payable**

The proposed dividend, if approved at the next Annual General Meeting to be held on 24 April 2024, will be paid on 17 May 2024.

- (d) **Books closure date**

The Share Transfer Books and Register of Members of the Company will be closed on 7 May 2024 at 5.00 p.m. for the preparation of dividend warrants

VII. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT to be report for the current financial period. There is no general mandate from shareholders for IPTs.

VIII. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and the executive officers under Rule 720(1) of the Listing Manual.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

IX. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Refer to note 4 of the interim financial statement.

In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to section III – review of performance.

X. A breakdown of sales as follows:-

	< ----- Group ----- >		Increase/ (Decrease)
	Financial Year ended 31 Dec		(%)
	2023	2022	
	\$'000	\$'000	
(a) Sales reported for first half year	106,172	55,607	+90.9%
(b) Operating profit after tax before deduction non-controlling interests reported for first half year	8,922	7,647	+16.7%
(c) Sales reported for second half year	95,789	87,100	+10.0%
(d) Operating profit after tax before deduction non-controlling interests reported for second half year	17,722	8,749	+102.3%

XI. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year	Previous Full Year
	FY2023*	FY2022
	\$'000	\$'000
Proposed first and final dividend (Tax exempt 1-tier)	7,682	5,121

*subject to shareholders' approval at the forthcoming Annual General Meeting

XII. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held , if any, during the year
Chua Chee Yong	56	Nephew of Mr Chua Leong Hai, substantial shareholder, Executive director and CEO of the Company and cousin of Ms Chua Siok Peng and Chua Sher Kiong, Executive Director of the Company.	Joined the Group since 1986. Mr Chua Chee Yong is the Senior Manager-, Logistic , responsible for fleet management, deployment and maintenance of plant and equipments.	In charge of the Logistic Department with effect from 2017.

BY ORDER OF THE BOARD

CHUA LEONG HAI

Executive Director and CEO

22 February 2024