

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

HAI LECK HOLDINGS LIMITED

Securities

HAI LECK HOLDINGS LIMITED - SG1CC4000004 - BLH

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

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Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attachment.

Additional Details

For Financial Period Ended

30/09/2021

Attachments

[Hai Leck Holdings Limited - 1QFY2022 condensed interim financial statements.pdf](#)

Total size =337K MB

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the First Quarter ended 30 September 2021

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group		Change %
		3 months ended	3 months ended	
		30 September 2021 \$'000	30 September 2020 \$'000	
Revenue	4	16,589	30,795	(46.1)
Cost of sales		(7,102)	(19,967)	(64.4)
<hr/>				
Gross profit		9,487	10,828	(12.4)
Other income	5	2,732	3,149	(13.2)
Distribution and selling expenses		(65)	(71)	(8.5)
Administrative expenses		(7,396)	(7,844)	(5.7)
Other expenses		(1,731)	(1,529)	13.2
Interest expense		(54)	(61)	(11.5)
Share of results of joint venture		(370)	336	n.m.
<hr/>				
Profit before taxation	6	2,603	4,808	(45.9)
Taxation	7	(544)	(948)	(42.6)
<hr/>				
Profit for the year		2,059	3,860	(46.7)
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Attributable to:				
Equity holders of the Company		2,059	3,860	(46.7)
<hr/>				
Earnings per share				
Basic (cents)	8	0.9	1.7 ⁽¹⁾	
<hr/>				
Fully diluted (cents)	8	0.9	1.7 ⁽¹⁾	
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n.m. denotes not meaningful.

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

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

	Group	
	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Profit net of tax	2,059	3,860
Other comprehensive income, net of tax:		
<u>Items that may be reclassified to profit and loss</u>		
Foreign currency translation	2	23
Total comprehensive income for the year	<u>2,061</u>	<u>3,883</u>
Total comprehensive income attributable to:		
Equity holders of the Company	<u>2,061</u>	<u>3,883</u>

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30	30	30	30
		September	June	September	June
		2021	2021	2021	2021
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	35,903	36,761	136	150
Right-of-use assets		6,119	6,346	–	–
Investments in subsidiary companies	15	–	–	39,350	37,350
Investment in joint venture	16	7,502	7,868	–	–
Intangible assets		434	528	–	–
Other receivables and deposits		141	141	–	–
Deferred tax assets		174	174	–	–
		50,273	51,818	39,486	37,500
Current assets					
Inventories		1,597	1,610	–	–
Trade receivables		19,337	16,143	–	–
Other receivables and deposits		1,050	511	12	9,019
Prepayments		1,040	997	93	136
Customer retention monies		2,772	1,712	–	–
Amount due from a subsidiary company (trade)		–	–	961	809
Contract assets		1,326	3,016	–	–
Fixed deposits pledged		1,136	1,134	–	–
Cash and cash equivalents		91,340	88,966	55,270	48,120
		119,598	114,089	56,336	58,084

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 September 2021 \$'000	30 June 2021 \$'000	30 September 2021 \$'000	30 June 2021 \$'000
Current liabilities					
Trade and other payables		17,622	18,001	1,224	1,048
Amounts due to subsidiary companies (trade)		–	–	30	14
Amount due to a subsidiary company (non-trade)		–	–	15,506	15,506
Contract liabilities		4,876	2,970	–	–
Provisions, current		1,866	1,866	–	–
Lease liabilities, current		1,129	1,006	–	–
Income tax payable		2,949	2,407	83	72
		28,442	26,250	16,843	16,640
Net current assets		91,156	87,839	39,493	41,444
Non-current liabilities					
Provisions, non-current		2,334	2,334	–	–
Lease liabilities, non-current		5,518	5,807	–	–
Deferred tax liabilities		547	547	3	3
		8,399	8,688	3	3
Net assets		133,030	130,969	78,976	78,941
Equity attributable to equity holders of the Company					
Share capital	10(a)	65,403	65,403	65,403	65,403
Treasury shares	10(b)	(160)	(160)	(160)	(160)
Accumulated profits		67,715	65,656	13,733	13,698
Foreign currency translation reserve		72	70	–	–
Total equity		133,030	130,969	78,976	78,941

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				Total equity \$'000
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	
	Balance at 1 July 2021	65,403	(160)	65,656	
Profit for the year	–	–	2,059	–	2,059
Other comprehensive income for the year	–	–	–	2	2
Total comprehensive income for the year	–	–	2,059	2	2,061
Balance at 30 September 2021	65,403	(160)	67,715	72	133,030
Balance at 1 July 2020	65,403	(160)	53,594	714	119,551
Profit for the year	–	–	3,860	–	3,860
Other comprehensive income for the year	–	–	–	23	23
Total comprehensive income for the year	–	–	3,860	23	3,883
Balance at 30 September 2020	65,403	(160)	57,454	737	123,434

Company	Attributable to equity holders of the Company			Total equity \$'000
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	
	Balance at 1 July 2021	65,403	(160)	
Profit for the year, representing total comprehensive income for the year	–	–	35	35
Balance at 30 September 2021	65,403	(160)	13,733	78,976
Balance at 1 July 2020	65,403	(160)	10,028	75,271
Loss for the year, representing total comprehensive income for the year	–	–	(56)	(56)
Balance at 30 September 2020	65,403	(160)	9,972	75,215

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Cash flows from operating activities			
Profit before taxation		2,603	4,808
Adjustments:			
Depreciation of property, plant and equipment	6	1,302	1,140
Depreciation of right-of-use assets	6	268	243
Amortisation of intangible assets	6	111	109
(Gain)/loss on disposal of property, plant and equipment		(1,315)	24
Provision for onerous contract, net		(77)	–
Share of results of joint venture		370	(336)
Interest income		(39)	(110)
Interest expense		54	61
Unrealised exchange gain		3	(4)
Operating cash flows before working capital changes		3,280	5,935
Changes in working capital:			
(Increase)/decrease in customer retention monies, trade and other receivables, deposits and prepayments		(4,843)	17,589
Decrease in inventories		13	127
Decrease/(increase) in contract assets/liabilities, net		3,596	(839)
Increase in suppliers retention monies, trade and other payables, provision for warranty and advances from customers		(302)	(5,066)
Cash generated from operations		1,744	17,746
Tax paid		(2)	–
Net cash flows generated from operating activities		1,742	17,746
Cash flows from investing activities			
Interest received		46	230
Purchase of property, plant and equipment		(472)	(234)
Purchase of intangible asset		(22)	–
Proceeds from disposal of property, plant and equipment		1,342	209
Net cash flows generated from investing activities		894	205

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Group	
	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Cash flows from financing activities		
Interest paid	(54)	(61)
Payment of lease liabilities	(206)	(218)
Increase in bank deposits pledged	(2)	–
Net cash flows used in financing activities	(262)	(279)
Net increase in cash and cash equivalents	2,374	17,672
Cash and cash equivalents at the beginning of period	88,966	71,416
Cash and cash equivalents at end of the period	91,340	89,088

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 30 June 2021.

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

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

2.1. Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

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

2. Basis of preparation (cont'd)

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 30 September 2021 were \$2,949,000 (30 June 2021: \$2,407,000), \$174,000 (30 June 2021: \$174,000) and \$547,000 (30 June 2021: \$547,000) respectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Allowance for expected credit losses of trade receivables and contract assets

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

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

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

Impairment of non-financial assets

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

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

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

2. Basis of preparation (cont'd)

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

Impairment of non-financial assets (cont'd)

The carrying amount of the Group's property, plant and equipment, right-of-use assets and Company's investments in subsidiary companies as at 30 September 2021 were \$35,903,000 (30 June 2021: \$36,761,000), \$6,119,000 (30 June 2021: \$6,346,000) and \$39,350,000 (30 June 2021: \$37,350,000) respectively.

Project revenue

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

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

Project revenue for the 3 months ended 30 September 2021 was \$8,842,000 (30 September 2020: \$2,160,000) for the Group.

Provision for warranty

Provision for warranty is recognised for expected warranty claims from painting works. Management has estimated the amount of provision based on their past experience and understanding of the historical trends of warranty claims and the warranty periods. It is expected that the provision will be utilised within the respective warranty periods. The Group provided \$1,866,000 (30 June 2021: \$1,866,000) of provisions for warranty as at 30 September 2021.

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 30 September 2021	3 months ended 30 September 2020	3 months ended 30 September 2021	3 months ended 30 September 2020	3 months ended 30 September 2021	3 months ended 30 September 2020		3 months ended 30 September 2021	3 months ended 30 September 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	10,624	4,626	5,965	26,169	–	–		16,589	30,795
Results:									
Interest income	37	105	2	5	–	–		39	110
Interest expenses	44	48	10	13	–	–		54	61
Depreciation and amortisation	1,361	1,182	320	310	–	–		1,681	1,492
Segment profit/(loss) before tax	820	(20)	1,783	4,828	–	–		2,603	4,808
Assets:									
Additions to non-current asset	470	234	2	–	–	–	A	472	234
Segment assets	145,913	130,998	23,782	44,707	176	478	B	169,871	176,183
Segment liabilities	23,565	21,143	10,888	29,518	2,388	2,088	C	36,841	52,749

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. Deferred tax assets and tax recoverable are added to segment assets to arrive at total assets reported in the consolidated balance sheet.
- 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 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Inter-segment liabilities	(1,108)	(965)
Income tax payable	2,949	2,616
Deferred tax liabilities	547	437
	<hr/>	<hr/>
	2,388	2,088
	<hr/> <hr/>	<hr/> <hr/>

4.2 Disaggregation of revenue

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

	Group	
	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Singapore	16,589	30,795
Others	—	—
Total	<hr/>	<hr/>
	16,589	30,795
	<hr/> <hr/>	<hr/> <hr/>
<u>Major service lines:</u>		
Project revenue	8,842	2,160
Maintenance revenue	1,782	2,466
Contact centre services	5,965	26,169
	<hr/>	<hr/>
	16,589	30,795
	<hr/> <hr/>	<hr/> <hr/>

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

5. Other income

	Group	
	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Interest income from:		
- bank deposits	39	101
- others	–	9
Gain on disposal of property, plant and equipment	1,315	–
Government grant income	967	2,935
Others	411	104
	<hr/>	<hr/>
	2,732	3,149
	<hr/>	<hr/>

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 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Depreciation of property, plant and equipment	(1,302)	(1,140)
Depreciation of right-of-use assets	(268)	(243)
Amortisation of intangible assets	(111)	(109)
Foreign exchange gain/(loss), net	12	(15)
	<hr/>	<hr/>

6.2 Related party transactions

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim 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:

	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Current taxation - Current year	544	948
Tax expense	544	948

8. Earnings per share

	Group	
	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2020 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	2,059	3,860
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	205,674
Effect of bonus share issue	–	20,567 ⁽¹⁾
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241 ⁽¹⁾

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

9. Property, plant and equipment

During the 3 months ended 30 September 2021, the Group acquired assets amounting to \$472,000 (30 September 2020: \$234,000) and disposed of assets amounting to \$27,000 (30 September 2020: \$233,000).

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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 September 2021, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (30 June 2021: 226,241,195).

(a) Share capital

	Group and Company			
	As at 30 September 2021		As at 30 September 2020	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of interim period	226,593	65,403	205,994	65,403

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 30 June 2021.

(b) Treasury shares

	Group and Company			
	As at 30 September 2021		As at 30 September 2020	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of interim period	352	160	320	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of the period	226,241		205,674	

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

11. Dividend

No dividends were declared and paid during the financial periods ended 30 September 2021 and 2020.

During the financial period ended 30 September 2021, tax-exempt (one-tier) final dividend of \$0.02 per ordinary share and tax-exempt (one-tier) special dividend of \$0.04 per ordinary share were declared in respect of the financial year ended 30 June 2021 but were not recognised as a liability as at 30 September 2021 as the dividends were subject to shareholder's approval which was obtained at the annual general meeting held on 28 October 2021.

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 September 2021	30 June 2021
Group	\$'000	\$'000
<i>Financial assets measured at amortised cost</i>		
Customer retention monies	2,772	1,712
Trade receivables	19,337	16,143
Other receivables and deposits (excluding tax recoverable and government grant receivable)	951	352
Fixed deposits pledged	1,136	1,134
Cash and cash equivalents	91,340	88,966
Total financial assets measured at amortised cost	<u>115,536</u>	<u>108,307</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable and deferred income)	16,629	16,789
Lease liabilities	6,647	6,813
Total financial liabilities measured at amortised cost	<u>23,276</u>	<u>23,602</u>

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

12. Financial assets and liabilities (cont'd)

Company	30 September 2021 \$'000	30 June 2021 \$'000
Financial assets measured at amortised cost		
Other receivables and deposits	12	9,019
Amount due from a subsidiary company (trade)	961	809
Cash and cash equivalents	55,270	48,120
	<hr/>	<hr/>
Total financial assets measured at amortised cost	56,243	57,948
	<hr/>	<hr/>
Financial liabilities measured at amortised cost		
Trade and other payables (excluding net GST payable)	1,142	1,034
Amounts due to subsidiary companies (trade)	30	14
Amount due to a subsidiary company (non-trade)	15,506	15,506
	<hr/>	<hr/>
Total financial liabilities measured at amortised cost	16,678	16,554
	<hr/> <hr/>	<hr/> <hr/>

13. Net asset value

	Group		Company	
	As at 30 September 2021 \$	As at 30 June 2021 \$	As at 30 September 2021 \$	As at 30 June 2021 \$
Net asset value per ordinary share (cents)	58.8	57.9	34.9	34.9
	<hr/>	<hr/>	<hr/>	<hr/>

14. Borrowings

	Group		Company	
	As at 30 September 2021 \$'000	As at 30 June 2021 \$'000	As at 30 September 2021 \$'000	As at 30 June 2021 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	1,129	1,006	–	–
Unsecured	–	–	–	–
<u>Amount repayable after one year</u>				
Secured	5,518	5,807	–	–
Unsecured	–	–	–	–

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

15. Subsidiary companies

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the	
			2021 [^] %	2020 %
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 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.	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	Thailand	100	100
Held by subsidiary companies				
Hai Leck Industrial Services Pte. Ltd.	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
Tele-centre Services Pte Ltd	Providing call centre services, telecommunications and information technology	Singapore	100	100
Hai Leck Corporation Sdn. Bhd. [^]	Oil & gas and chemical industries related construction and maintenance services	Malaysia	100	100

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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	
			2021 %	2020 %
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	49	49

Hai Leck Holdings Limited And Subsidiary Companies

Other Information
For the First Quarter ended 30 September 2021

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 September 2021 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 3-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for the first quarter ended 30 September 2021

Revenue

Revenue for the first quarter ended 30 September 2021 ("1Q22") decreased by \$14.2 million to \$16.6 million compared to \$30.8 million recorded in the first quarter ended 30 September 2020 ("1Q21") due to lower contact centre services revenue, partially offset by increase in project and maintenance services revenue.

Cost of sales

For 1Q22, cost of sales decreased by 64.4% to \$7.1 million. The decrease is in line with lower level of activities.

Other income

Other income decreased from \$3.1 million in 1Q21 to \$2.7 million in 1Q22 mainly due to lower amount of government grants recognised, partially offset by higher gain on disposal of property, plant and equipment.

Operating expenses

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

For 1Q22, total operating expenses remained comparable at approximately \$9 million compared to 1Q21.

Taxation

The effective tax rate for 1Q22 is higher than the statutory tax rate mainly due to effects of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 1Q22 decreased by \$1.8 million to \$2.1 million compared to \$3.9 million in 1Q21.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased from \$51.8 million as at 30 June 2021 to \$50.3 million as at 30 September 2021 mainly due to depreciation of property, plant and equipment and right-of-use assets.

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Notes to the condensed interim financial statements

Current assets

Current assets increased by \$5.5 million from \$114.1 million as at 30 June 2021 to \$119.6 million as at 30 September 2021. The increase is mainly due to increase in trade and other receivables, cash and cash equivalents and customer retention monies.

Current liabilities

Current liabilities increased by \$2.2 million from \$26.2 million as at 30 June 2021 to \$28.4 million as at 30 September 2021 mainly due to increase in contract liabilities and income tax payable.

Non-current liabilities

Non-current liabilities decreased from \$8.7 million as at 30 June 2021 to \$8.4 million as at 30 September 2021 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows generated from operating activities decreased from \$17.7 million in 1Q21 to \$1.7 million in 1Q22 mainly due to relatively higher amount of working capital used in 1Q22.

Cash flows from investing activities

Net cash flows used in investing activities increased from \$0.2 million in 1Q21 to \$0.9 million in 1Q22 mainly due to higher proceeds from disposal of property, plant and equipment.

Cash flows from financing activities

Net cash flows used in financing activities was comparable in 1Q22 at \$0.3 million compared to 1Q21.

Cash and cash equivalents as at 30 September 2021 was higher at \$91.3 million compared to \$89.1 million as at 30 June 2021.

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

Not applicable

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The duration and impact of the current global health situation remains unpredictable. Our project and maintenance services continues to proceed at a cautious pace and are contingent upon safe management measures implemented to contain and control the pandemic.

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Notes to the condensed interim financial statements

5. Dividend information

5.1 Current financial period reported on

Any dividend recommended for the current financial period reported on?

Nil

5.2 Corresponding period of the immediate preceding financial year

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

Nil

5.3 Date payable

Not applicable

5.4 Record date

Not applicable

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

No dividend has been declared/recommended in view of the recent tax-exempt (one-tier) final dividend of \$0.02 per ordinary share and tax-exempt (one-tier) special dividend of \$0.04 per ordinary share in respect of the financial year ended 30 June 2021 which were approved by the shareholders at the annual general meeting held on 28 October 2021.

6. Interested person transactions

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

7. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Cheng Buck Poh @ Chng Bok Poh, Cheng Wee Ling and Christina Chow Poh Lin, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first quarter ended 30 September 2021 to be false or misleading in any material aspect.

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

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

During 1Q22 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.

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
9 November 2021