

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**

30/09/2022

Attachments[Hai Leck Holdings Limited - 1QFY2023 condensed interim financial statements.pdf](#)

Total size =347K MB

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the First Quarter ended 30 September 2022

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group		Change %
		3 months ended 30 September	3 months ended 30 September	
		2022 \$'000	2021 \$'000	
Revenue	4	15,335	16,589	(7.6)
Cost of sales		(7,353)	(7,102)	3.5
Gross profit		7,982	9,487	(15.9)
Other income	5	582	2,732	(78.7)
Distribution and selling expenses		(3,984)	(3,200)	24.5
Administrative expenses		(4,492)	(4,261)	5.4
Other expenses		(1,441)	(1,731)	(16.8)
Interest expense		(34)	(54)	(37.0)
Share of results of joint venture		327	(370)	n.m.
(Loss)/profit before taxation	6	(1,060)	2,603	n.m.
Taxation	7	162	(544)	n.m.
(Loss)/profit for the year		(898)	2,059	n.m.
Attributable to:				
Equity holders of the Company		(898)	2,059	n.m.
Earnings per share				
Basic (cents)	8	(0.4)	0.9	
Fully diluted (cents)	8	(0.4)	0.9	

n.m. denotes not meaningful

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

	Group	
	3 months ended 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000
(Loss)/profit net of tax	(898)	2,059
Other comprehensive income, net of tax:		
<u>Items that may be reclassified to profit and loss</u>		
Foreign currency translation	(318)	2
Total comprehensive income for the year	(1,216)	2,061
Total comprehensive income attributable to:		
Equity holders of the Company	(1,216)	2,061

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

		Group		Company	
		30 September 2022 \$'000	30 June 2022 \$'000	30 September 2022 \$'000	30 June 2022 \$'000
	Note				
Non-current assets					
Property, plant and equipment	9	30,782	30,757	369	95
Right-of-use assets		4,237	4,422	–	–
Investments in subsidiary companies	15	–	–	41,754	41,754
Investment in joint venture	16	7,685	7,664	–	–
Intangible assets		455	471	65	71
Other receivables and deposits		233	227	–	–
Deferred tax assets		53	53	–	–
		43,445	43,594	42,188	41,920
Current assets					
Inventories		1,149	1,302	–	–
Trade receivables		17,991	20,084	–	–
Other receivables and deposits		474	937	26	10,020
Prepayments		743	780	71	62
Customer retention monies		4,443	3,996	–	–
Amount due from a subsidiary company (trade)		–	–	140	531
Contract assets		548	484	–	–
Fixed deposits pledged		–	1,134	–	–
Cash and cash equivalents		71,110	73,624	46,102	36,458
		96,458	102,341	46,339	47,071

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		30 September 2022 \$'000	30 June 2022 \$'000	30 September 2022 \$'000	30 June 2022 \$'000
Current liabilities					
Trade and other payables		11,761	16,923	234	778
Amounts due to subsidiary companies (trade)		—	—	27	11
Amount due to a subsidiary company (non-trade)		—	—	15,506	15,506
Contract liabilities		1,849	961	—	—
Provisions, current		1,393	1,497	—	—
Lease liabilities, current		799	888	—	—
Income tax payable		3,399	3,564	22	11
		19,201	23,833	15,789	16,306
Net current assets					
		77,257	78,508	30,550	30,765
Non-current liabilities					
Provisions, non-current		1,947	1,947	—	—
Lease liabilities, non-current		3,923	4,107	—	—
Deferred tax liabilities		534	534	14	14
		6,404	6,588	14	14
Net assets					
		114,298	115,514	72,724	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		49,804	50,702	7,481	7,428
Foreign currency translation reserve		(749)	(431)	—	—
Total equity					
		114,298	115,514	72,724	72,671

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/ (loss) \$'000	Foreign currency translation reserve \$'000	
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Loss for the period	–	–	(898)	–	(898)
Other comprehensive income for the period	–	–	–	(318)	(318)
Total comprehensive income for the period	–	–	(898)	(318)	(1,216)
Balance at 30 September 2022	65,403	(160)	49,804	(749)	114,298
Balance at 1 July 2021	65,403	(160)	65,656	70	130,969
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

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

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 2022	65,403	(160)	7,428	72,671
Profit for the period, representing total comprehensive income for the period	—	—	53	53
Balance at 30 September 2022	65,403	(160)	7,481	72,724
Balance at 1 July 2021	65,403	(160)	13,698	78,941
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

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		3 months ended 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000
Cash flows from operating activities			
(Loss)/profit before taxation		(1,060)	2,603
Adjustments:			
Depreciation of property, plant and equipment	6	1,006	1,302
Depreciation of right-of-use assets	6	219	268
Amortisation of intangible assets	6	147	111
Gain on disposal of property, plant and equipment		(112)	(1,315)
Share of results of joint venture		(327)	370
Interest income		(48)	(39)
Interest expense		34	54
Unrealised exchange (gain)/loss		(12)	3
Operating cash flows before working capital changes		(153)	3,357
Changes in working capital:			
Decrease/(increase) in customer retention monies, trade and other receivables, deposits and prepayments		2,146	(4,843)
Decrease in inventories		153	13
Decrease in contract assets/liabilities, net		824	3,596
Decrease in trade and other payables		(5,266)	(379)
Cash (used in)/generated from operations		(2,296)	1,744
Tax paid		(3)	(2)
Net cash flows (used in)/generated from operating activities		(2,299)	1,742
Cash flows from investing activities			
Interest received		42	46
Purchase of property, plant and equipment		(1,038)	(472)
Purchase of intangible asset		(131)	(22)
Proceeds from disposal of property, plant and equipment		119	1,342
Net cash flows (used in)/generated from investing activities		(1,008)	894

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Group	
	3 months ended 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000
Note		
Cash flows from financing activities		
Interest paid	(34)	(54)
Payment of lease liabilities	(307)	(206)
Decrease/(increase) in bank deposits pledged	1,134	(2)
Net cash flows generated from/(used in) financing activities	793	(262)
Net (decrease)/increase in cash and cash equivalents	(2,514)	2,374
Cash and cash equivalents at the beginning of period	73,624	88,966
Cash and cash equivalents at end of the period	71,110	91,340

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 2022.

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 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 and recent transactions of similar assets less costs for disposing the asset.

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

The carrying amount of the Group's property, plant and equipment, right-of-use assets and Company's investments in subsidiary companies as at 30 September 2022 were \$30,782,000 (30 June 2022: \$30,757,000), \$4,237,000 (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 to complete. In making these estimations, management relies on past experience and knowledge of project specialists.

2. Basis of preparation (cont'd)

2.1. 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 3 months ended 30 September 2022 was \$3,313,000 (30 September 2021: \$8,842,000) 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 September 2022 amounted to \$1,393,000 (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 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000	3 months ended 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000		3 months ended 30 September 2022 \$'000	3 months ended 30 September 2021 \$'000
Revenue:									
External customers	9,990	10,624	5,345	5,965	—	—		15,335	16,589
Results:									
Interest income	48	37	—	2	—	—		48	39
Interest expenses	24	44	10	10	—	—		34	54
Depreciation and amortisation	903	1,361	469	320	—	—		1,372	1,681
Segment (loss)/profit before tax	(1,913)	820	853	1,783	—	—		(1,060)	2,603
Assets:									
Additions to non-current asset	866	470	337	2	—	—	A	1,203	472
Segment assets	121,407	147,021	19,597	21,740	(1,101)	(932)	B	139,903	167,829
Segment liabilities	15,319	23,565	7,507	8,846	2,779	2,388	C	25,605	34,799

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 September 2022 \$'000	3 months ended 30 September 2021 \$'000
Inter-segment assets	(1,154)	(1,108)
Tax recoverable	—	2
Deferred tax assets	53	174
	<hr/>	<hr/>
	(1,101)	(932)

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 2022 \$'000	3 months ended 30 September 2021 \$'000
Inter-segment liabilities	(1,154)	(1,108)
Income tax payable	3,399	2,949
Deferred tax liabilities	534	547
	<hr/>	<hr/>
	2,779	2,388

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 September 2022	3 months ended 30 September 2021
	\$'000	\$'000
Singapore	15,335	16,589
Others	—	—
Total	15,335	16,589
Major service lines:		
Project revenue	3,313	8,842
Maintenance revenue	6,677	1,782
Contact centre services	5,345	5,965
	15,335	16,589

5. Other income

	Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021
	\$'000	\$'000
Interest income from:		
- bank deposits	48	39
Gain on disposal of property, plant and equipment	112	1,315
Government grant income	327	967
Others	95	411
	582	2,732

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

6. (Loss)/profit before taxation

6.1 Significant items

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021
	\$'000	\$'000
Depreciation of property, plant and equipment	(1,006)	(1,302)
Depreciation of right-of-use assets	(219)	(268)
Amortisation of intangible assets	(147)	(111)
Foreign exchange gain, net	19	12

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:

	3 months ended 30 September 2022	3 months ended 30 September 2021
	\$'000	\$'000
Current taxation		
- Current year	(162)	544
Tax (credit)/expense	(162)	544

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

8. Earnings per share

	Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021
	\$'000	\$'000
(Loss)/profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	(898)	2,059
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	226,241
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241

9. Property, plant and equipment

During the 3 months ended 30 September 2022, the Group acquired assets amounting to \$1,038,000 (30 September 2021: \$472,000) and disposed of assets amounting to \$7,000 (30 September 2021: \$27,000).

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

(a) Share capital

	Group and Company			
	As at 30 September 2022		As at 30 September 2021	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of interim period	226,593	65,403	226,593	65,403

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2022 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 September 2022		As at 30 September 2021	
	No. of shares (‘000)	\$'000	No. of shares (‘000)	\$'000
At beginning and end of interim 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

No dividends were declared and paid during the financial periods ended 30 September 2022 and 2021.

During the financial period ended 30 September 2022, tax-exempt (one-tier) final dividend of \$0.02 per ordinary share was declared in respect of the financial year ended 30 June 2022 but were not recognised as a liability as at 30 September 2022 as the dividends were subject to shareholder's approval which was obtained at the annual general meeting held on 21 October 2022.

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 September 2022 \$'000	30 June 2022 \$'000
Group		
<i>Financial assets measured at amortised cost</i>		
Customer retention monies	4,443	3,996
Trade receivables (excluding GST receivable)	17,984	19,951
Other receivables and deposits (excluding tax recoverable and government grant receivables)	707	964
Fixed deposits pledged	–	1,134
Cash and cash equivalents	71,110	73,624
Total financial assets measured at amortised cost	94,244	99,669
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding GST payable, deferred government grant income, deferred income and advances from customers)	10,594	15,743
Lease liabilities	4,722	4,995
Total financial liabilities measured at amortised cost	15,316	20,738
Company		
<i>Financial assets measured at amortised cost</i>		
Other receivables and deposits	26	10,020
Amount due from a subsidiary company (trade)	140	531
Cash and cash equivalents	46,102	36,458
Total financial assets measured at amortised cost	46,268	47,009
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable)	192	774
Amounts due to subsidiary companies (trade)	27	11
Amount due to a subsidiary company (non-trade)	15,506	15,506
Total financial liabilities measured at amortised cost	15,725	16,291

13. Net asset value

	Group		Company	
	As at 30 September 2022 \$	As at 30 June 2022 \$	As at 30 September 2022 \$	As at 30 June 2022 \$
Net asset value per ordinary share (cents)	50.5	51.1	32.1	32.1

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

14. Borrowings

	Group		Company	
	As at 30 September 2022 \$'000	As at 30 June 2022 \$'000	As at 30 September 2022 \$'000	As at 30 June 2022 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	799	888	—	—
Unsecured	—	—	—	—
<u>Amount repayable after one year</u>				
Secured	3,923	4,107	—	—
Unsecured	—	—	—	—

The borrowings relate to lease liabilities relating to right-of-use assets and hire purchase of vehicle.

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	
			2022 %	2021 %
Held by the Company				
Hai Leck Engineering (Private) Limited	Oil & gas and chemical industries related construction and maintenance services	Singapore	100	100
Hai Leck Engineering & Construction Pte. Ltd.	Engineered solutions and mechanical works	Singapore	100	100
Hai Leck Industrial Services Pte. Ltd. [#]	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	–
Hai Leck Overseas Investments Pte. Ltd.	Investment holding	Singapore	100	100
United Holding (1975) Pte. Ltd.	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.	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 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	
			2022 %	2021 %
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				
Hai Leck Industrial Services Pte. Ltd.	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	–	100
Tele-centre Services Pte Ltd	Providing call centre services, telecommunications and information technology	Singapore	100	100
Hai Leck Corporation Sdn. Bhd.^	Oil & gas and chemical industries related construction and maintenance services	Malaysia	100	100

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

[^] 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 September 2022, the voluntary winding up procedures are still ongoing.

16. Joint venture

Details of the joint venture are as follows:

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

Hai Leck Holdings Limited And Subsidiary Companies

Other Information
For the First Quarter ended 30 September 2022

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 30 September 2022 and the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the 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 2022

Revenue

Revenue for the first quarter ended 30 September 2022 ("1Q23") decreased by \$1.3 million to \$15.3 million compared to \$16.6 million for the first quarter ended 30 September 2021 ("1Q22") mainly due to lower revenue in both the project and maintenance services and contact centre services business segments.

Cost of sales

Cost of sales increased by 3.5% to \$7.4 million mainly due to higher manpower related costs arising from additional headcount.

Other income

Other income decreased from \$2.7 million in 1Q22 to \$0.6 million in 1Q23 mainly due to lower gain on disposal of property, plant and equipment and government grant income in 1Q23 compared to 1Q22.

Operating expenses

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

Total operating expenses increased by \$0.7 million to \$9.9 million in 1Q23 compared to \$9.2 million in 1Q22 mainly due to higher manpower related costs in 1Q23.

Taxation

The tax credit recognised in 1Q23 is lower than the statutory tax rate applied to loss before taxation for 1Q23 mainly due to effects of non-tax deductible expenses.

Review of Financial Position

Non-current assets

Non-current assets remained comparable at approximately \$43.5 million as at 30 September 2022 and 30 June 2022.

Current assets

Current assets decreased by \$5.9 million from \$102.3 million as at 30 June 2022 to \$96.5 million as at 30 September 2022. The decrease is mainly due to decrease in trade receivables, fixed deposits pledged and cash and cash equivalents.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

Current liabilities

Current liabilities decreased by \$4.6 million from \$23.8 million as at 30 June 2022 to \$19.2 million as at 30 September 2022 mainly due to decrease in trade and other payables, partially offset by increase in contract liabilities.

Non-current liabilities

Non-current liabilities decreased from \$6.6 million as at 30 June 2022 to \$6.4 million as at 30 September 2022 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows used in operating activities was \$2.3 million in 1Q23 compared to net cash flows generated from operating activities of \$1.7 million in 1Q22, mainly due to loss before taxation and relatively higher amount of working capital used in 1Q23.

Cash flows from investing activities

Net cash flows used in investing activities was \$1.0 million in 1Q23 compared to net cash flows generated from investing activities of \$0.9 million in 1Q22, mainly due to higher cash outflow used to purchase of property, plant and equipment and lower proceeds from disposal of property, plant and equipment in 1Q23.

Cash flows from financing activities

Net cash flows generated from financing activities was \$0.8 million in 1Q23 compared to net cash flows used in financing activities of \$0.3 million in 1Q22, mainly due to withdrawal of bank deposits pledged in 1Q23.

Cash and cash equivalents as at 30 September 2022 was lower at \$71.1 million compared to \$73.6 million as at 30 June 2022.

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

Revenue from contact centre services business segment reduced from \$10.3 million in the fourth quarter ended 30 June 2022 to \$5.3 million in 1Q23 as demand was affected by increasingly keen competition and as the pandemic situation stabilises, consistent with the Group's announcement on 14 October 2022.

The actual results are also in line with the profit guidance announcement made on 4 November 2022.

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 outlook in the global economy is uncertain with speculations of impending global recession. Developments in the global economy will have its follow-on impact on the project and maintenance services business segment. The Group will continue to manage its operations and control costs judiciously.

Hai Leck Holdings Limited and Subsidiary Companies

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 in respect of the financial year ended 30 June 2022 which was approved by the shareholders at the annual general meeting held on 21 October 2022.

6. Interested person transactions

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

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

We, Cheng Buck Poh @ Chng Bok Poh, Cheng Wee Ling and Christina Chow Poh Lin, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first quarter ended 30 September 2022 to be false or misleading in any material aspect.

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

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

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

During 1Q23 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
10 November 2022