

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS**Issuer & Securities****Issuer/ Manager**

HAI LECK HOLDINGS LIMITED

Securities

HAI LECK HOLDINGS LIMITED - SG1CC4000004 - BLH

Stapled Security

No

Announcement Details**Announcement Title**

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Company Secretary

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Please refer to the attachment.

Additional Details**For Financial Period Ended**

31/03/2023

Attachments[HLH 3Q23 condensed interim financial statements.pdf](#)

Total size =217K MB

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the Third Quarter and Nine Months ended 31 March 2023

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group					
		3 months ended 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	Change %	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000	Change %
Revenue	4	16,156	20,261	(20.3)	48,916	54,842	(10.8)
Cost of sales		(7,901)	(7,056)	12.0	(22,427)	(20,397)	10.0
Gross profit		8,255	13,205	(37.5)	26,489	34,445	(23.1)
Other income	5	1,277	1,356	(5.8)	2,146	5,608	(61.7)
Distribution and selling expenses		(4,034)	(6,345)	(36.4)	(11,973)	(14,421)	(17.0)
Administrative expenses		(4,110)	(4,514)	(8.9)	(12,925)	(12,962)	(0.3)
Other expenses		(1,308)	(1,842)	(29.0)	(4,062)	(5,302)	(23.4)
Interest expense		(38)	(55)	(30.9)	(102)	(165)	(38.2)
Share of results of joint venture		153	448	(65.8)	1,237	96	1,188.5
Profit before taxation	6	195	2,253	(91.3)	810	7,299	(88.9)
Taxation	7	(92)	(354)	(74.0)	(92)	(1,102)	(91.7)
Profit for the year		103	1,899	(94.6)	718	6,197	(88.4)
Attributable to:							
Equity holders of the Company		103	1,899	(94.6)	718	6,197	(88.4)
Earnings per share							
Basic (cents)	8	0.05	0.8		0.3	2.7	
Fully diluted (cents)	8	0.05	0.8		0.3	2.7	

n.m. denotes not meaningful.

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

	Group			
	3 months ended 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Profit net of tax	103	1,899	718	6,197
Other comprehensive income, net of tax:				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	350	(302)	(44)	(252)
Total comprehensive income for the year	453	1,597	674	5,945
Total comprehensive income attributable to:				
Equity holders of the Company	453	1,597	674	5,945

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		31 March	30 June	31 March	30 June
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	29,738	30,757	313	95
Right-of-use assets		3,684	4,422	—	—
Investments in subsidiary companies	15	—	—	41,754	41,754
Investment in joint venture	16	8,868	7,664	—	—
Intangible assets		456	471	102	71
Other receivables and deposits		235	227	—	—
Deferred tax assets		53	53	—	—
		43,034	43,594	42,169	41,920
Current assets					
Inventories		1,759	1,302	—	—
Trade receivables		18,932	20,084	—	—
Other receivables and deposits		474	937	55	10,020
Prepayments and advances to suppliers		4,104	780	87	62
Customer retention monies		157	3,996	—	—
Amount due from a subsidiary company (trade)		—	—	864	531
Contract assets		624	484	—	—
Fixed deposits pledged		—	1,134	—	—
Cash and cash equivalents		63,031	73,624	41,213	36,458
		89,081	102,341	42,219	47,071

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		31 March	30 June	31 March	30 June
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Current liabilities					
Trade and other payables		11,889	16,923	357	778
Amounts due to subsidiary companies (trade)		—	—	27	11
Amount due to a subsidiary company (non-trade)		—	—	12,706	15,506
Contract liabilities		650	961	—	—
Provisions, current		974	1,497	—	—
Lease liabilities, current		733	888	—	—
Income tax payable		327	3,564	107	11
		14,573	23,833	13,197	16,306
Net current assets					
		74,508	78,508	29,022	30,765
Non-current liabilities					
Provisions, non-current		1,946	1,947	—	—
Lease liabilities, non-current		3,399	4,107	—	—
Deferred tax liabilities		534	534	14	14
		5,879	6,588	14	14
Net assets					
		111,663	115,514	71,177	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		46,895	50,702	5,934	7,428
Foreign currency translation reserve		(475)	(431)	—	—
Total equity					
		111,663	115,514	71,177	72,671

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Profit for the year	–	–	718	–	718
Other comprehensive income for the year	–	–	–	(44)	(44)
Total comprehensive income for the year	–	–	718	(44)	674
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(4,525)	–	(4,525)
Balance at 31 March 2023	65,403	(160)	46,895	(475)	111,663
Balance at 1 July 2021	65,403	(160)	65,656	70	130,969
Profit for the year	–	–	6,197	–	6,197
Other comprehensive income for the year	–	–	–	(252)	(252)
Total comprehensive income for the year	–	–	6,197	(252)	5,945
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(24,887)	–	(24,887)
Balance at 31 March 2022	65,403	(160)	46,966	(182)	112,027

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Company	Attributable to equity holders of the Company			
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2022	65,403	(160)	7,428	72,671
Profit for the year	–	–	3,031	3,031
Total comprehensive income for the year	–	–	3,031	3,031
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(4,525)	(4,525)
Balance at 31 March 2023	65,403	(160)	5,934	71,177
Balance at 1 July 2021	65,403	(160)	13,698	78,941
Profit for the year	–	–	15,081	15,081
Total comprehensive income for the year	–	–	15,081	15,081
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(24,887)	(24,887)
Balance at 31 March 2022	65,403	(160)	3,892	69,135

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Cash flows from operating activities			
Profit before taxation		810	7,299
Adjustments:			
Depreciation of property, plant and equipment	6	3,066	3,967
Depreciation of right-of-use assets	6	626	859
Amortisation of intangible assets	6	234	298
Gain on disposal of property, plant and equipment	5	(245)	(2,277)
Share of results of joint venture		(1,237)	(96)
Write back of provision for warranty		(419)	–
Interest income	5	(304)	(101)
Interest expense		102	165
Unrealised exchange gain		(11)	(11)
Operating cash flows before working capital changes		2,622	10,103
Changes in working capital:			
Decrease/(increase) in customer retention monies, trade and other receivables, deposits and prepayments		2,157	(9,016)
Increase in inventories		(457)	(41)
(Increase)/decrease in contract assets/liabilities, net		(451)	7,090
(Decrease)/increase in trade and other payables		(5,139)	405
Cash (used in)/generated from operations		(1,268)	8,541
Tax paid		(3,329)	(2,059)
Net cash flows (used in)/generated from operating activities		(4,597)	6,482
Cash flows from investing activities			
Interest received		269	111
Purchase of property, plant and equipment		(2,054)	(1,885)
Purchase of intangible assets		(219)	(201)
Proceeds from disposal of property, plant and equipment		256	2,307
Net cash flows (used in)/generated from investing activities		(1,748)	332

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

		Group	
		9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Note			
	Cash flows from financing activities		
	Interest paid	(102)	(165)
	Payment of lease liabilities	(755)	(782)
	Decrease in fixed deposits pledged	1,134	1,134
11	Dividends paid	(4,525)	(24,887)
	Net cash flows used in financing activities	(4,248)	(24,700)
	Net decrease in cash and cash equivalents	(10,593)	(17,886)
	Cash and cash equivalents at the beginning of period	73,624	88,966
	Cash and cash equivalents at end of the period	63,031	71,080

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

1. Corporate information

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

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

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

2. Basis of preparation

The condensed interim consolidated financial statements of the Group have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 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, customer retention monies and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

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

Impairment of non-financial assets

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

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

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

The carrying amount of the Group's property, plant and equipment, right-of-use assets and Company's investments in subsidiary companies as at 31 March 2023 were \$29,738,000 (30 June 2022: \$30,757,000), \$3,684,000 (30 June 2022: \$4,422,000) and \$41,754,000 (30 June 2022: \$41,754,000) respectively.

Project revenue

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

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

2. Basis of preparation (cont'd)

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

Project revenue (cont'd)

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

Project revenue for the nine months ended 31 March 2023 was \$3,054,000 (31 March 2022: \$19,923,000) 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 31 March 2023 amounted to \$974,000 (30 June 2022: \$1,393,000).

Revenue recognition – Estimating variable consideration for call centre services

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

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

3. Seasonal operations

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information

4.1. Segment information

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

- Project and maintenance services
- Contact centre services

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

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended		3 months ended	3 months ended
	31 March	31 March	31 March	31 March	31 March	31 March		31 March	31 March
	2023	2022	2023	2022	2023	2022		2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	11,553	9,660	4,603	10,601	–	–		16,156	20,261
Results:									
Interest income	170	33	13	1	–	–		183	34
Interest expenses	28	45	10	10	–	–		38	55
Depreciation and amortisation	930	1,435	353	345	–	–		1,283	1,780
Segment (loss)/profit before tax	(378)	(1,288)	573	3,541	–	–		195	2,253
Assets:									
Additions to non-current assets	505	432	43	785	–	–	A	548	1,217
Segment assets	115,001	126,267	17,964	25,683	(850)	(599)	B	132,115	151,351
Segment liabilities	13,546	24,868	6,948	13,234	(42)	1,222	C	20,452	39,324

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.1. Segment information (cont'd)

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	9 months ended 31 March 2023	9 months ended 31 March 2022	9 months ended 31 March 2023	9 months ended 31 March 2022	9 months ended 31 March 2023	9 months ended 31 March 2022		9 months ended 31 March 2023	9 months ended 31 March 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	34,200	30,517	14,716	24,325	—	—		48,916	54,842
Results:									
Interest income	290	95	14	6	—	—		304	101
Interest expenses	72	134	30	31	—	—		102	165
Depreciation and amortisation	2,755	4,127	1,171	997	—	—		3,926	5,124
Segment (loss)/profit before tax	(865)	(205)	1,675	7,504	—	—		810	7,299
Assets:									
Additions to non-current assets	1,826	1,665	531	1,310	—	—	A	2,357	2,975
Segment assets	115,001	126,267	17,964	25,683	(850)	(599)	B	132,115	151,351
Segment liabilities	13,546	24,868	6,948	13,234	(42)	1,222	C	20,452	39,324

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 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Inter-segment assets	(903)	(773)	(903)	(773)
Deferred tax assets	53	174	53	174
	(850)	(599)	(850)	(599)

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 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Inter-segment liabilities	(903)	(773)	(903)	(773)
Income tax payable	327	1,448	327	1,448
Deferred tax liabilities	534	547	534	547
	(42)	1,222	(42)	1,222

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 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Singapore	16,156	20,221	48,916	54,802
Others	–	40	–	40
Total	16,156	20,261	48,916	54,842
Major service lines:				
Project revenue	701	5,095	3,054	19,923
Maintenance revenue	10,852	4,565	31,146	10,594
Contact centre services	4,603	10,601	14,716	24,325
	16,156	20,261	48,916	54,842

5. Other income

	Group			
	3 months ended 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Interest income from:				
- bank deposits	183	34	304	101
Gain on disposal of property, plant and equipment	64	226	245	2,277
Government grant income	865	844	1,278	2,443
Rent concession	–	–	–	30
Others	165	252	319	757
	1,277	1,356	2,146	5,608

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

6. Profit before taxation

6.1 Significant items

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

	Group			
	3 months ended 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Depreciation of property, plant and equipment	(1,027)	(1,388)	(3,066)	(3,967)
Depreciation of right-of-use assets	(207)	(296)	(626)	(859)
Amortisation of intangible assets	(49)	(96)	(234)	(298)
Foreign exchange gain/(loss), net	22	(17)	16	(8)

6.2 Related party transactions

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

7. Taxation

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

	Group			
	3 months ended 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Current taxation				
- Current year	92	580	92	1,328
- Overprovision in respect of prior years	—	(226)	—	(226)
Tax expense	92	354	92	1,102

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

8. Earnings per share

	Group			
	3 months ended 31 March 2023 \$'000	3 months ended 31 March 2022 \$'000	9 months ended 31 March 2023 \$'000	9 months ended 31 March 2022 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	103	1,899	718	6,197
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241

9. Property, plant and equipment

During the nine months ended 31 March 2023, the Group acquired assets amounting to \$2,139,000 (31 March 2022: \$2,774,000) and disposed of assets amounting to \$11,000 (31 March 2022: \$30,000).

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

	Group and Company			
	As at 31 March 2023		As at 31 March 2022	
	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 31 March 2023 and 30 June 2022.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

(b) Treasury shares

	Group and Company			
	As at 31 March 2023		As at 31 March 2022	
	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

Group and Company	
9 months ended 31 March 2023	9 months ended 31 March 2022
\$'000	\$'000

Declared and paid during the year:

Dividends on ordinary shares:

- Final tax exempt (one-tier) dividend of \$0.02 in respect of financial year ended 30 June 2022 ("FY22") (31 March 2022: \$0.02 in respect of financial year ended 30 June 2021 ("FY21") per ordinary share	4,525	4,525
- Special tax exempt (one-tier) dividend of \$Nil (31 March 2022: \$0.04 in respect of FY21) per ordinary share	—	9,050
- Final tax exempt (one-tier) dividend of \$Nil (31 March 2022: \$0.02 in respect of FY22) per ordinary share	—	4,525
- Special tax exempt (one-tier) dividend of \$Nil (31 March 2022: \$0.03 in respect of FY22) per ordinary share	—	6,787
	4,525	24,887

No dividends were proposed and recognised as a liability as at 31 March 2023.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

12. Financial assets and liabilities

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

	31 March 2023 \$'000	30 June 2022 \$'000
Group		
<i>Financial assets measured at amortised cost</i>		
Customer retention monies	157	3,996
Trade receivables (excluding GST receivable)	18,062	19,951
Other receivables and deposits (excluding tax recoverable and government grant receivables)	709	964
Fixed deposits pledged	—	1,134
Cash and cash equivalents	63,031	73,624
Total financial assets measured at amortised cost	81,959	99,669
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable, deferred government income, deferred income and advances from customers)	11,060	15,743
Lease liabilities	4,132	4,995
Total financial liabilities measured at amortised cost	15,192	20,738
	31 March 2023 \$'000	30 June 2022 \$'000
Company		
<i>Financial assets measured at amortised cost</i>		
Other receivables and deposits	55	10,020
Amount due from a subsidiary company (trade)	864	531
Cash and cash equivalents	41,213	36,458
Total financial assets measured at amortised cost	42,132	47,009
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable)	344	774
Amounts due to subsidiary companies (trade)	27	11
Amount due to a subsidiary company (non-trade)	12,706	15,506
Total financial liabilities measured at amortised cost	13,077	16,291

13. Net asset value

	Group		Company	
	As at 31 March 2023 \$	As at 30 June 2022 \$	As at 31 March 2023 \$	As at 30 June 2022 \$
Net asset value per ordinary share (cents)	49.4	51.1	31.5	32.1

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

14. Borrowings

	Group		Company	
	As at 31 March 2023 \$'000	As at 30 June 2022 \$'000	As at 31 March 2023 \$'000	As at 30 June 2022 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	733	888	—	—
Unsecured	—	—	—	—
<u>Amount repayable after one year</u>				
Secured	3,399	4,107	—	—
Unsecured	—	—	—	—

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

15. Subsidiary companies

Details of subsidiary companies are as follows:

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

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

15. Subsidiary companies (cont'd)

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

[^] The Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. during the financial year ended 30 June 2021. As at 31 March 2023, the voluntary winding up procedures are still ongoing.

16. Joint venture

Details of the joint venture are as follows:

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

Hai Leck Holdings Limited And Subsidiary Companies

Other Information

For the Third Quarter and Nine Months ended 31 March 2023

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the nine months then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for third quarter and nine months ended 31 March 2023

Revenue

Revenue for the financial period ended 31 March 2023 ("9M23") decreased by \$5.9 million to \$48.9 million compared to \$54.8 million recorded in the nine months ended 31 March 2022 ("9M22") due to lower project and contact centre services revenue, partially offset by higher maintenance services revenue.

Quarter-on-quarter, the revenue decreased by \$4.1 million to \$16.2 million for the third quarter ended 31 March 2023 ("3Q23") compared to \$20.3 million recorded in the third quarter ended 31 March 2022 ("3Q22") due to the same reasons as above.

Cost of sales

For 9M23, cost of sales increased by \$2.0 million to \$22.4 million compared to \$20.4 million recorded in 9M22. The increase is mainly due to higher manpower related costs.

Quarter-on-quarter, cost of sales increased by 12.0% to \$7.9 million due to the same reason as above.

Other income

Other income decreased from \$5.6 million in 9M22 to \$2.1 million in 9M23 mainly due to lower government grant income recognised and lower gain on disposal of property, plant and equipment.

Other income decreased from \$1.4 million in 3Q22 to \$1.3 million in 3Q23 due lower 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 9M23, total operating expenses decreased from \$32.7 million in 9M22 to \$29.0 million mainly due to lower manpower related and depreciation costs in 9M23.

For 3Q23, operating expenses decreased from \$12.7 million in 3Q22 to \$9.5 million mainly due to the same reasons as above.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

Taxation

The effective tax rate for 9M23 is higher than the statutory tax rate mainly due to the effect of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 9M23 decreased by \$6.5 million to \$0.8 million compared to \$6.2 million in 9M22.

Quarter-on-quarter, the profit attributable to equity holders for 3Q23 decreased by \$1.8 million to \$0.1 million compared to \$1.9 million in 3Q22.

Review of Financial Position

Non-current assets

Non-current assets remained comparable at approximately \$43 million as at 31 March 2023 and 30 June 2022.

Current assets

Current assets decreased by \$13.3 million from \$102.3 million as at 30 June 2022 to \$89.1 million as at 31 March 2023. The decrease is mainly due to decrease in cash and cash equivalents and customer retention monies, partially offset by increase in prepayments and advances to suppliers.

Current liabilities

Current liabilities decreased by \$9.3 million from \$23.8 million as at 30 June 2022 to \$14.6 million as at 31 March 2023, mainly due to decrease in trade and other payables, provisions and income tax payable.

Non-current liabilities

Non-current liabilities decreased from \$6.6 million as at 30 June 2022 to \$5.9 million as at 31 March 2023 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows used in operating activities was \$4.6 million in 9M23 compared to net cash flows generated from operating activities of \$6.5 million in 9M22, mainly due to lower profit before taxation and relatively higher amount of working capital used in 9M23.

Cash flows from investing activities

Net cash flows used in investing activities was \$1.7 million in 9M23 compared to net cash flows generated from investing activities of \$0.3 million in 9M22, mainly due to lower proceeds from disposal of property, plant and equipment in 9M23.

Cash flows from financing activities

Net cash flows used in financing activities was lower in 9M23 by \$20.5 million mainly due to lower dividends paid in 9M23.

Cash and cash equivalents as at 31 March 2023 was lower at \$63.0 million compared to \$71.1 million as at 31 March 2022.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

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

Not applicable

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

There are signs of improvement in the oil and gas industry, although keen competition remains. Nonetheless, uncertainties in the global politics and economy may have its follow-on impact on the local economy and the sectors that the Group operates in. Bearing such uncertainties in mind, the Group will continue to manage its operations and control costs judiciously.

5. Dividend information

5.1 Current financial period reported on

Any dividend recommended for the current financial period reported on?

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 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 third quarter ended 31 March 2023 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

The Company acquired the Group's equity interest in its joint venture, Logthai-Hai Leck Engineering Co., Ltd ("Logthai") from its subsidiary company, Hai Leck Engineering (Private) Limited. There is no change in the Group's effective interest in Logthai pursuant to this acquisition.

Logthai issued 32,000 new ordinary shares with par value of THB100 to its managing director for a cash consideration of approximately \$0.2 million. Consequently, the Group's interest in Logthai reduced from 49% to 44.66%.

During 3Q23 and as at the date of this announcement, there were no other 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
11 May 2023