



# Hock Lian Seng Holdings Limited

Company Registration Number 200908903E

## *Unaudited Interim report*

*For the first half year ended 30 June 2023*

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**Consolidated statement of profit or loss**

	Group		
	30.6.23	30.6.22	Change
	\$'000	\$'000	%
Revenue	106,172	55,607	90.9%
Cost of sales	(99,390)	(51,130)	94.4%
Gross profit	6,782	4,477	51.5%
Other income	7,384	4,969	48.6%
Distribution and selling costs	(405)	(64)	532.8%
Administrative costs	(1,682)	(1,780)	-5.5%
Other operating costs	(745)	(1,006)	-25.9%
Share of results of joint ventures, net of tax	(331)	2,261	nm
Profit before taxation	11,003	8,857	24.2%
Tax expenses	(2,081)	(1,210)	72.0%
Profit after taxation	8,922	7,647	16.7%
Attributable to:			
Equity holders of the Company	8,914	7,743	15.1%
Non-controlling interests	8	(96)	nm
	Cents	Cents	
Earnings per shares for profit attributable to the owners of the Company :			
Basic earnings per share	1.74	1.51	
Dilluted earnings per share	1.74	1.51	

The calculation of basic earnings per share at 30 June was based on profit attributing to owners of the Company and the weighted average number of ordinary shares outstanding.

**Consolidated statement of other comprehensive income**

	Group	
	30.6.2023	30.6.2022
	<u>\$'000</u>	<u>\$'000</u>
Profit after taxation	8,922	7,647
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Financial instruments at FVOCI		
- Net change in fair value	(207)	(312)
Other comprehensive income	<u>(207)</u>	<u>(312)</u>
Total comprehensive income	<u>8,715</u>	<u>7,335</u>
Attributable to:		
Equity holders of the Company	8,707	7,431
Non-controlling interests	<u>8</u>	<u>(96)</u>

**Statements of financial position**

	Note	Group		Company	
		30.6.2023 \$'000	31.12.2022 \$'000	30.6.2023 \$'000	31.12.2022 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	15	19,463	20,139	-	-
Subsidiary companies		-	-	37,814	37,814
Investment in joint ventures	13	25,171	52,065	-	-
Investment properties	11	3,000	3,000	-	-
Investment securities	10	13,685	13,140	-	-
Deferred tax assets		3,156	3,427	-	-
		<b>64,475</b>	<b>91,771</b>	<b>37,814</b>	<b>37,814</b>
<b>Current assets</b>					
Development properties	12	78,456	91,709	-	-
Contract assets		40,142	17,491	-	-
Trade receivables		10,925	16,255	-	-
Other receivables		3,186	3,765	75,713	74,751
Amounts due from joint ventures		251	684	-	-
Prepayments and deposits		1,250	2,900	-	-
Investment securities	10	12,553	11,924	-	-
Cash and short term deposits		129,498	108,839	3,790	556
		<b>276,261</b>	<b>253,567</b>	<b>79,503</b>	<b>75,307</b>
<b>Current liabilities</b>					
Trade and other payables		68,338	61,892	210	339
Lease liabilities	16	18	-	-	-
Contract liabilities		8,127	21,187	-	-
Provisions	14	19,394	21,390	-	-
Provision for taxation		2,934	2,216	19	16
		<b>98,811</b>	<b>106,685</b>	<b>229</b>	<b>355</b>
<b>Net current assets</b>		<b>177,450</b>	<b>146,882</b>	<b>79,274</b>	<b>74,952</b>
<b>Non-current liabilities</b>					
Deferred income		102	116	-	-
Other payables		1,003	1,387	-	-
Lease liabilities	16	76	-	-	-
		<b>1,181</b>	<b>1,503</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>240,744</b>	<b>237,150</b>	<b>117,088</b>	<b>112,766</b>
<b>Equity</b>					
Share capital	17	59,954	59,954	59,954	59,954
Capital reserve		1,000	1,000	-	-
Fair value adjustment reserve		(364)	(157)	-	-
Accumulated profits		196,545	192,752	57,134	52,812
Merger deficit		(16,239)	(16,239)	-	-
<b>Equity attributable to owners of the Company</b>		<b>240,896</b>	<b>237,310</b>	<b>117,088</b>	<b>112,766</b>
Non-Controlling interests		(152)	(160)	-	-
<b>Total Equity</b>		<b>240,744</b>	<b>237,150</b>	<b>117,088</b>	<b>112,766</b>

**Statements of changes in equity**  
**Group**

	Share capital	Capital reserve	Accumulated profits	Fair value adjustment reserve	Merger deficit	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2023</b>	59,954	1,000	192,752	(157)	(16,239)	(160)	237,150
Net Profit	-	-	8,914	-	-	8	8,922
Other comprehensive income	-	-	-	(207)	-	-	(207)
<b>Total comprehensive income</b>	-	-	<b>8,914</b>	<b>(207)</b>	-	<b>8</b>	<b>8,715</b>
Dividend on ordinary shares	-	-	(5,121)	-	-	-	(5,121)
<b>At 30 June 2023</b>	<b>59,954</b>	<b>1,000</b>	<b>196,545</b>	<b>(364)</b>	<b>(16,239)</b>	<b>(152)</b>	<b>240,744</b>
<b>At 1 January 2022</b>	59,954	1,000	182,647	341	(16,239)	(50)	227,653
Net Profit	-	-	7,743	-	-	(96)	7,647
Other comprehensive income	-	-	-	(312)	-	-	(312)
<b>Total comprehensive income</b>	-	-	<b>7,743</b>	<b>(312)</b>	-	<b>(96)</b>	<b>7,335</b>
Dividend on ordinary shares	-	-	(6,401)	-	-	-	(6,401)
<b>At 30 June 2022</b>	<b>59,954</b>	<b>1,000</b>	<b>183,989</b>	<b>29</b>	<b>(16,239)</b>	<b>(146)</b>	<b>228,587</b>

**Company**

	Share capital	Accumulated profits	Total Equity
	\$'000	\$'000	\$'000
<b>At 1 January 2023</b>	59,954	52,812	112,766
Profit, representing total comprehensive income	-	9,443	9,443
Dividend on ordinary shares	-	(5,121)	(5,121)
<b>At 30 June 2023</b>	<b>59,954</b>	<b>57,134</b>	<b>117,088</b>
<b>At 1 January 2022</b>	59,954	50,237	110,191
Profit, representing total comprehensive income	-	9,119	9,119
Dividend on ordinary shares	-	(6,401)	(6,401)
<b>At 30 June 2022</b>	<b>59,954</b>	<b>52,955</b>	<b>112,909</b>

**Consolidated statement of cash flows**

	< -----Group----- >	
	Half year ended	
	30.6.2023	30.6.2022
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	11,003	8,857
Adjustments :		
Depreciation of property, plant and equipment	1,163	1,972
Bad debts written off	-	1
(Gain)/loss on disposal of property, plant and equipment	(172)	(281)
Fair value changes on investment securities	(115)	174
Share of results of joint venture	331	(2,261)
Interest income	(1,982)	(897)
Unrealised foreign exchange (gain)/loss	(215)	(354)
Dividend income from investment securities	(54)	(40)
<b>Operating cash flows before working capital changes</b>	<b>9,959</b>	<b>7,171</b>
(Increase)/decrease in:		
Contract assets	(22,651)	3,031
Development properties	13,253	2,295
Trade receivables	5,330	17,932
Other receivables	750	2,951
Prepayments and deposits	1,649	671
Increase/(decrease) in:		
Trade and other payables and provisions	4,066	(10,680)
Contract liabilities	(13,060)	17,656
Advance payments received for construction project	-	(443)
Deferred income	(14)	(15)
<b>Cash flows generated from / (used in) operations</b>	<b>(718)</b>	<b>40,569</b>
Interest received	1,622	90
Income tax paid	(1,092)	(2,391)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>(188)</b>	<b>38,268</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment (Note A)	(396)	(802)
Repayment /(advance) to joint venture	26,563	2,745
Purchases of investment securities	(3,901)	(5,004)
Proceeds from disposal of property, plant and equipment	182	340
Proceeds from maturity/redemption of investment securities	2,635	1,505
Proceeds from disposal of investment securities	-	-
Interest received from investment securities	622	433
Dividend income received from investment securities	54	40
<b>Net cash flows (used in) / generated from investing activities</b>	<b>25,759</b>	<b>(743)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(5,121)	(6,401)
Repayment of lease liabilities	(6)	-
<b>Net cash flows used in financing activities</b>	<b>(5,127)</b>	<b>(6,401)</b>
Net increase/(decrease) in cash and cash equivalents	20,444	31,124
Effect of exchange differences on cash and cash equivalents	215	354
Cash and cash equivalents, Beginning balance	108,839	67,464
<b>Cash and cash equivalents, Ending balance</b>	<b>129,498</b>	<b>98,942</b>

Note A: During the financial year, the Group acquired property, plant and equipment totaling \$496,000 (1H 2022:802,000) of which \$100,000(1H2022: nil) were acquired by mean of finance lease.

## **Selected Notes to the consolidated financial statements**

### **1. Corporate information**

Hock Lian Seng Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

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

### **2. Basis of Preparation**

The interim financial statements for the six months ended 30 June 2023 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 annual financial statements for the year 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, except for the adoption of new and amended standards as set out in Note 2.1.

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

#### **2.1 New and amended standards adopted by the Group**

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

#### **2.2 Use of judgements and estimates**

The preparation of the Group’s condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

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

### **3. Seasonal operations**

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

**4. Segment and revenue information**

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

	<i>Civil Engineering</i> \$'000	<i>Properties Development</i> \$'000	<i>Properties Investment</i> \$'000	<i>Adjustments</i> \$'000	<i>Total</i> \$'000
<b>1H 2023</b>					
Sales to external customers	89,348	16,751	73	-	106,172
	<u>89,348</u>	<u>16,751</u>	<u>73</u>	<u>-</u>	<u>106,172</u>
<b>Results</b>					
Depreciation	1,163	-	-	-	1,163
Fair value loss on investment properties	-	-	-	-	-
Dividend income from investment securities	-	-	-	54	54
Interest income	-	-	-	1,982	1,982
Share of results of joint venture	-	(331)	-	-	(331)
Segment profit	<u>3,228</u>	<u>5,679</u>	<u>34</u>	<u>2,062</u>	<u>11,003</u>
<b>Assets</b>					
Investment in joint ventures	-	25,171	-	-	25,172
Additions to non-current assets	496	-	-	-	496
Segment assets	<u>198,118</u>	<u>109,233</u>	<u>3,991</u>	<u>29,394</u>	<u>340,736</u>
<b>Segment liabilities</b>	<u>94,454</u>	<u>2,574</u>	<u>24</u>	<u>2,940</u>	<u>99,992</u>
<b>1H 2022</b>					
Sales to external customers	52,415	3,119	73	-	55,607
	<u>52,415</u>	<u>3,119</u>	<u>73</u>	<u>-</u>	<u>55,607</u>
<b>Results</b>					
Depreciation	1,972	-	-	-	1,972
Fair value loss on investment properties	-	-	-	-	-
Dividend income from investment securities	-	-	-	40	40
Interest income	-	-	-	897	897
Share of results of joint venture	-	2,261	-	-	2,261
Segment profit	<u>3,591</u>	<u>5,155</u>	<u>30</u>	<u>81</u>	<u>8,857</u>
<b>Assets</b>					
Investment in joint ventures	-	50,726	-	-	50,726
Additions to non-current assets	802	-	-	-	802
Segment assets	<u>173,558</u>	<u>144,882</u>	<u>3,649</u>	<u>26,596</u>	<u>348,685</u>
<b>Segment liabilities</b>	<u>114,049</u>	<u>2,484</u>	<u>29</u>	<u>3,536</u>	<u>120,098</u>

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



#### 4.2 Disaggregation of revenue

	Half year ended	
	30.6.2023	30.6.2022
	\$'000	\$'000
Revenue from contracts with customer		
Contract revenue from construction projects - recognised over time	89,042	52,077
Supply of labour and services provided - recognised over time	123	214
Sales of development properties - recognised at a point of time	16,751	3,120
Other revenue		
Rental Income	256	196
<b>Total revenue</b>	<b>106,172</b>	<b>55,607</b>

#### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022 :

	Group		Company	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets at fair value</b>				
Financial Assets at fair value through other comprehensive income (FVOCI)	13,685	13,140	-	-
Financial Assets at fair value through Profit or loss (FVTPL)	12,553	10,927	-	-
	<u>26,238</u>	<u>24,067</u>	<u>-</u>	<u>-</u>
<b>Financial Assets at amortised cost</b>				
Cash and bank balances and trade and other receivables	143,727	129,816	79,503	75,307
Credit linked note	-	997	-	-
	<u>143,727</u>	<u>130,813</u>	<u>79,503</u>	<u>75,307</u>
<b>Financial Liabilities at amortised cost</b>				
Trade and other payables	69,341	61,696	188	322
Lease liabilities	94	-	-	-
	<u>69,435</u>	<u>61,696</u>	<u>188</u>	<u>322</u>

#### *Fair value measurement*

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

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

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

	Group			
	as at 30 June 2023			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Debt instruments (quoted)	12,553	-	-	12,553
Financial assets at fair value through comprehensive income				
- Equity instruments (quoted)	13,685	-	-	13,685
	<u>26,238</u>	<u>-</u>	<u>-</u>	<u>26,238</u>

	Group			
	as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Debt instruments (quoted)	10,927	-	-	10,927
Financial assets at fair value through comprehensive income				
- Equity instruments (quoted)	13,140	-	-	13,140
	<u>24,067</u>	<u>-</u>	<u>-</u>	<u>24,067</u>

**6. Profit before tax**

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

	Half year ended	
	30.6.2023	30.6.2022
	\$'000	\$'000
<b>Income</b>		
Dividend income	54	40
Foreign exchange gain	215	354
Interest income	1,982	897
Fair value gain on investment securities	115	-
Gain on disposal of property, plant and equipment	172	281
Government grants	93	400
Rental income from property development projects	3,641	2,934
Legal cost reimbursed by an arbitration award	1,091	-
<b>Expenses</b>		
Depreciation of property, plant and equipment	1,163	1,972
Fair value loss on investment securities	-	174

**HOCK LIAN SENG HOLDINGS LIMITED**  
**Company registration No: 200908903E**

6.2 *Related parties transactions*

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

**7. Taxation**

	Half year ended	
	<u>30.6.2023</u>	<u>30.6.2022</u>
	\$'000	\$'000
Current income tax expense		
- current income taxation	1,810	1,309
- over provision in respect of previous year		
Deferred income tax expenses relating to origination and reversal of temporary differences	<u>271</u>	<u>(99)</u>
	<u>2,081</u>	<u>1,210</u>

**8. Dividends**

	Group and Company	
	<u>1H 2023</u>	<u>1H 2022</u>
	\$'000	\$'000
Ordinary dividends paid		
Final dividend approved for payment in annual general meeting 1.0 cents ( 2022:1.25 cents) per ordinary share for previous financial year	<u>5,121</u>	<u>6,401</u>

No interim dividend for the half year ended 30 June 2023 (30/6/2022: Nil) is declared. It is the Group's practice to recommend dividend payment annually with its full-year results.

**9. Net Asset Value**

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	<u>30.6.2023</u>	<u>31.12.2022</u>	<u>30.6.2023</u>	<u>31.12.2022</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	47.0	46.3	22.9	22.0

**10. Investment securities**

	Group	
	30.6.2023	31.12.2022
	\$'000	\$'000
<b>Non-current</b>		
At fair value through other comprehensive income		
- Equity instruments (quoted)	13,685	13,140
	<u>13,685</u>	<u>13,140</u>
<b>Current</b>		
At fair value through profit or loss		
- Debt instruments (quoted)	12,553	10,927
At amortised cost		
- Credit linked note	-	997
	<u>12,553</u>	<u>11,924</u>

*Investments in debt instrument at fair value through profit or loss*

Debt investment in quoted corporate bonds were made for varying coupon rates ranging from 2.5% to 7.0% per annum (2022: 2.5% to 6.9%), with maturity dates ranging from 2023 to 2033.

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

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

	Group	
	30.6.2023	31.12.2022
	\$'000	\$'000
At fair value through other comprehensive income		
- Equity instruments (quoted) breakdown by industry		
Bank and financial institutions	6,025	5,656
Real Estate	6,690	6,567
Telecommunications and infrastructure	491	471
Commodities	479	446
	<u>13,685</u>	<u>13,140</u>

No disposal of investment securities held at FVOCI for the half year ended 30 June 2023.

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

## 11. Investment properties

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

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
Balance as at 1 January	3,000	2,900
Fair value gain	-	100
Balance as at end of period	<u>3,000</u>	<u>3,000</u>

No addition or fair value adjustments for the half year ended 30 June 2023.

### Fair value measurement of investment properties

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

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

For interim reporting, the management will determine any changes in fair value depending on market conditions.

## 12. Development properties

	Group	
	30.6.2023	31.12.2022
	\$'000	\$'000
Completed properties, at cost	<u>78,456</u>	<u>91,709</u>
At 1 January	91,709	95,158
Construction costs written-back	-	(560)
Disposals (recognised in cost of sales)	<u>(13,253)</u>	<u>(2,889)</u>
At end of reporting	<u>78,456</u>	<u>91,709</u>

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

**13. Investment in joint venture**

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

	Group	
	30.6.2023	31.12.2022
	\$'000	\$'000
FSKH Development Pte Ltd		
- Equity interest	1,350	1,350
- Amount due from joint venture	19,144	45,707
- Share of profit	4,678	5,009
- Deferred interest	(1)	(1)
	<u>25,171</u>	<u>52,065</u>

FSKH Development Pte Ltd is 45% owned joint venture.

**14. Provisions**

	Group	
	30.6.2023	31.12.2022
	\$'000	\$'000
At 1 January	21,390	28,116
Utilised	(1,909)	(3,486)
Current period provision	-	0
Write-back	(87)	(3,240)
At end of reporting	<u>19,394</u>	<u>21,390</u>

**15. Property, plant and equipment**

During the six months ended 30 June 2022, the Group acquired assets amounting to \$496,000( 30 June 2022: \$345,000) and disposed of assets amounting to \$541,000 (30 June 2022: \$921,000).

**16. Loan and borrowings**

	Group		Company	
	30.6.2023	31.12.202	30.6.2023	31.12.202
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Lease liabilities- secured	18	-	-	-
Unsecured	-	-	-	-
<u>Amount repayable after one year</u>				
Lease liabilities- secured	76	-	-	-
Unsecured	-	-	-	-

**17. Share capital**

	Group and Company	
	No. of shares	
	'000	\$'000
<b>Issued and fully paid ordinary shares</b>		
At 1 January 2023 and 30 June 2023	<u>512,104</u>	<u>59,954</u>

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

There were no outstanding convertibles as at 30 June 2023 (30/6/2022: Nil).

The Company did not hold any treasury shares as at 30 June 2023 (30/6/2022:Nil). There was no sales, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2023.

**Other information Required by Listing Rule Appendix 7.2**

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

Refer to note 16 of interim financial statement.

**II. Audit or review**

The consolidated statement of financial position as at 30 June 2023 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and selected explanatory notes have not been audited or reviewed by the Company's auditors.

**III. Review of performance**

Revenue

In \$' million	1H 2023	%	1H 2022	%
Civil Engineering	89.3	84.1	52.4	94.2
Property Development	16.8	15.8	3.1	5.6
Investment Properties	0.1	0.1	0.1	0.2
	106.2	100.0	55.6	100.0

Group revenue for the half year ended 30 June 2023 (1H2023) was \$106.2 million, increase of \$50.6 million(+91%) as compared to the previous corresponding period year(1H2022). Both Civil Engineering and Property Development segment recorded significant higher revenue. Construction activities picking up for the 3 new projects was the key contributors for the \$36.9 mil increase revenue for Civil engineering segment. Sales of industrial building units at Shine@Tuas south was the key factor for \$13.7 mil jump in revenue for 1H2023 for Property Development segment.

Gross Profit

In \$' million	1H 2023	1H 2022
Civil Engineering	3.3	3.7
Property Development	3.5	0.8
	6.8	4.5

Gross profit increased by \$2.3 million (+51%) to \$6.8 million with higher revenue. Property development was key contributor in the gross profit for 1H2023, in tandem with higher turnover. Despite of higher revenue, gross profit for civil engineering segment were lower than 1H 2022, as the gross margin for the on-going projects was squeezed by escalating labour, staff and material cost.

Other Income

Other income was \$7.4 mil, increase of \$2.4 million (+48%). The key contributors was the legal cost award of \$1.1 million for the GS HLS JV arbitration case, higher interest income of \$1.1 million and higher rental income from Shine@TuasSouth.

\$ in million	1H 2023	1H 2022
Interest income from bank	1.4	0.1
Interest income from investment securities	0.4	0.2
Interest income from joint venture	0.2	0.6
Dividend	0.1	0.0
Rental - Development properties	3.6	2.9
Government grants	0.1	0.4
Arbitration legal fee awarded	1.1	0.0
Gain on disposal of fixed assets	0.2	0.3
Gain on fair value changes of investment securities (FVTPL)	0.1	0.0
Gain on foreign currency exchange	0.2	0.4
Miscellaneous	0.0	0.1
	7.4	5.0



**HOCK LIAN SENG HOLDINGS LIMITED**  
**Company registration No: 200908903E**

Distribution and selling costs

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

Share of profits of joint venture

Share of loss of joint venture was 0.3 million for 1H2023 compare a profit of \$2.3 million in 1H2022. As the joint venture residential project obtained TOP status in December 2022, majority of the revenue was recognised in the prior years.

Profit before tax and tax expenses

In summary, the higher 1H2023 profit before tax was contributed by the higher sales and gross profit of property development segment, higher other income offset by the share of loss from joint venture.

**Financial position and cash flow review**

Total assets of the group as at 30 June 2023 were \$340.7 million, reduce by \$4.6 million from \$345.3 million as at 31 December 2022. Mainly due to the lower investment in joint venture and development properties, offset by the higher cash balance and contract assets.

Increase in of cash and short term deposits of \$20.4 million mainly due to the loan repayment of \$26.6 million from joint venture, offset by the net cash outflow for the purchase and redemption of investment securities of \$1.3 million, dividend payment of \$5.1 million and cash used in operations of \$0.2 million. Net cash used in operations was mainly due to net increase in contract asset over contract liabilities for the civil engineering projects.

Increase in contract asset of \$22.7 million as the contract activities picked up for the new projects pending for progress certification by customers. Development properties was \$13.3 million lower with the cost of sales recognised for the units sold for in 1H2023.

Total liabilities of the group as at 30 June 2023 were \$100.0 million, decreased by \$8.2 million from \$108.2 million as at 31 December 2022, mainly due to the lower contract liabilities as the advance payment for new projects was progressively utilised, offset by the higher trade and other payables in line with higher sales.

Shareholders equity was \$240.7 million, about \$3.6 million higher than 31 December 2022. Mainly due to the current period net profit after tax of \$8.9 million offset by the dividend payment of \$5.1 million and fair value loss for investment securities recognised in comprehensive income of \$0.2 million.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the financial year ended 31 December 2022.

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

The order book for civil engineering segment stands at approximately \$789 million as at 30 June 2023 which include mainly the Aviation park station project and Serangoon North Station project. The joint venture CAG project is expected to be substantially completed by end 2023.

The Group's industrial building project, Shine@TuasSouth, has sold 21% and leased 77% of the total units to date. The interest for industrial building units has picked up since early 2023.

The outlook of construction industry remains challenging on the back of competitive environment, labour shortage, rising material and labour cost. The management will continue to tender for infrastructure projects competitively and explore other business opportunities in property related segment to enhance the shareholders' value.

**VI. Dividend**

- (a) **Current Financial Period Reported On**  
Any dividend declared for the current financial period reported on ?  
Nil.
- (b) **Any dividend declared for the corresponding period of the immediately preceding financial year ?**  
Nil.
- (c) **Date payable**  
Not applicable.
- (d) **Books closure date**  
Not applicable

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

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

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

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

**IX. Confirmation By The Board Pursuant To Rule 705(5) Of The Listing Manual**

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the period ended 30 June 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHUA LEONG HAI

Executive Director and CEO

3 August 2023