



## **ES GROUP (HOLDINGS) LIMITED**

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### **ES GROUP (HOLDINGS) LIMITED**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

*This announcement has been prepared by ES Group (Holdings) Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.*



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### ES GROUP (HOLDINGS) LIMITED

### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### TABLE OF CONTENTS

Section		Page
A	Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B	Condensed interim statements of financial position	4
C	Condensed interim statements of changes in equity	5-6
D	Condensed interim consolidated statement of cash flows	7
E	Notes to the condensed interim consolidated financial statements	8-20
F	Other information required pursuant to Appendix 7C of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“ <b>Catalist Rules</b> ”)	21-27



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		
	Note	Unaudited HY2023 S\$'000	Unaudited HY2022 S\$'000	Increase/ (Decrease) %
<b>Revenue</b>	4	13,675	16,200	(15.6)
Cost of services		<u>(13,113)</u>	<u>(14,121)</u>	(7.1)
<b>Gross profit</b>		562	2,079	(73.0)
Other operating income		956	1,075	(11.1)
Administrative expenses		(2,574)	(2,837)	(9.3)
Other operating expenses		(1,214)	(924)	31.4
Finance costs		<u>(76)</u>	<u>(74)</u>	2.7
<b>Loss before share of results of a joint venture</b>	6	(2,346)	(681)	>100
Share of results of a joint venture		<u>1</u>	<u>134</u>	(99.3)
<b>Loss before income tax</b>		(2,345)	(547)	>100
Income tax credit/(expense)	17	<u>43</u>	<u>(6)</u>	n/m
<b>Loss for the period</b>		(2,302)	(553)	>100
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operation		<u>26</u>	<u>4</u>	>100
<b>Total comprehensive loss for the period</b>		<u>(2,276)</u>	<u>(549)</u>	>100
<b>Loss attributable to:</b>				
Owners of the Company		(2,208)	(467)	>100
Non-controlling interests		<u>(94)</u>	<u>(86)</u>	9.3
		(2,302)	(553)	>100
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company		(2,197)	(464)	>100
Non-controlling interests		<u>(79)</u>	<u>(85)</u>	(7.1)
		(2,276)	(549)	>100
<b>Loss per share<sup>1</sup> attributable to owners of the Company during the period:</b>				
Basic <sup>2</sup> (SGD in cent)		(1.56)	(0.33)	
Diluted <sup>2</sup> (SGD in cent)		(1.56)	(0.33)	

n/m: not meaningful

<sup>1</sup> Computed based on loss attributable to owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

<sup>2</sup> As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted loss per share is the same as the basic loss per share.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		Unaudited 30/6/2023 S\$'000	Audited 31/12/2022 S\$'000	Unaudited 30/6/2023 S\$'000	Audited 31/12/2022 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		4,188	6,101	114	75
Trade receivables	12	6,789	6,357	4	-
Contract assets		2,304	2,868	-	-
Other receivables		896	465	36	25
Amount due from subsidiaries		-	-	11,242	11,659
Inventories		437	402	-	-
Total current assets		<u>14,614</u>	<u>16,193</u>	<u>11,396</u>	<u>11,759</u>
<b>Non-current assets</b>					
Deposits		301	231	-	-
Investments in subsidiaries		-	-	18,057	18,803
Investment in a joint venture	15	334	333	-	-
Club membership		50	49	-	-
Property, plant and equipment	9	17,977	17,942	-	-
Total non-current assets		<u>18,662</u>	<u>18,555</u>	<u>18,057</u>	<u>18,803</u>
<b>Total assets</b>		<u>33,276</u>	<u>34,748</u>	<u>29,453</u>	<u>30,562</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans	10	1,635	1,527	-	-
Trade payables	13	1,878	808	1	1
Contract liabilities		58	188	-	-
Other payables		4,034	4,387	126	85
Amount due to subsidiaries		-	-	12,640	12,469
Lease liabilities	16	174	190	-	-
Income tax payable		134	271	8	16
Total current liabilities		<u>7,913</u>	<u>7,371</u>	<u>12,775</u>	<u>12,571</u>
<b>Non-current liabilities</b>					
Bank loans	10	3,790	3,462	-	-
Lease liabilities	16	382	451	-	-
Deposits		40	40	-	-
Total non-current liabilities		<u>4,212</u>	<u>3,953</u>	<u>-</u>	<u>-</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	11	23,698	23,698	23,698	23,698
Retained earnings		16,091	18,299	(7,020)	(5,707)
Statutory surplus reserve		442	442	-	-
Currency translation reserve		(207)	(218)	-	-
Merger reserve		(18,570)	(18,570)	-	-
Equity attributable to owners of the Company		<u>21,454</u>	<u>23,651</u>	<u>16,678</u>	<u>17,991</u>
Non-controlling interests		(303)	(227)	-	-
Total equity		<u>21,151</u>	<u>23,424</u>	<u>16,678</u>	<u>17,991</u>
<b>Total liabilities and equity</b>		<u>33,276</u>	<u>34,748</u>	<u>29,453</u>	<u>30,562</u>



**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Statutory surplus reserve	Retained earnings	Currency translation reserve	Merger reserve	Attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>								
Balance at 1 January 2023 (audited)	23,698	442	18,299	(218)	(18,570)	23,651	(227)	23,424
<u>Total comprehensive income for the period:</u>								
- Loss for the period	-	-	(2,208)	-	-	(2,208)	(94)	(2,302)
- Other comprehensive income for the period	-	-	-	11	-	11	15	26
Total	-	-	(2,208)	11	-	(2,197)	(79)	(2,276)
<u>Transactions with owners, recognised directly in equity:</u>								
- NCI arising from acquisition of subsidiary	-	-	-	-	-	-	3	3
Balance at 30 June 2023 (unaudited)	23,698	442	16,091	(207)	(18,570)	21,454	(303)	21,151
Balance at 1 January 2022 (audited)	23,698	442	20,265	(239)	(18,570)	25,596	(84)	25,512
<u>Total comprehensive income for the period:</u>								
- Loss for the period	-	-	(467)	-	-	(467)	(86)	(553)
- Other comprehensive income for the period	-	-	-	3	-	3	1	4
Total	-	-	(467)	3	-	(464)	(85)	(549)
Balance at 30 June 2022 (unaudited)	23,698	442	19,798	(236)	(18,570)	25,132	(169)	24,963



**ES GROUP (HOLDINGS) LIMITED**  
 (Company Registration No. 200410497Z)  
 (Incorporated in the Republic of Singapore)

	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total S\$'000</b>
<b><u>Company</u></b>			
Balance at 1 January 2023 (audited)	23,698	(5,707)	17,991
Loss for the period, representing total comprehensive loss for the period	-	(1,313)	(1,313)
Balance at 30 June 2023 (unaudited)	<u>23,698</u>	<u>(7,020)</u>	<u>16,678</u>
Balance at 1 January 2022 (audited)	23,698	(3,871)	19,827
Loss for the period, representing total comprehensive loss for the period	-	(414)	(414)
Balance at 30 June 2022 (unaudited)	<u>23,698</u>	<u>(4,285)</u>	<u>19,413</u>



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Unaudited HY2023 S\$'000	Unaudited HY2022 S\$'000
<b>Operating activities</b>		
Loss before income tax	(2,345)	(547)
Adjustments for:		
Interest income	(11)	(10)
Interest expense	164	74
Share of results of a joint venture	(1)	(134)
Depreciation of property, plant and equipment	944	830
Recovery of doubtful debts	(214)	(44)
Loss allowance made for third party trade receivables	7	32
Gain on disposal of property, plant and equipment	(81)	(46)
Operating cash flows before movements in working capital	(1,537)	155
Trade receivables	(207)	(1,688)
Contract assets	559	552
Other receivables	(522)	(288)
Inventories	(37)	145
Trade payables	1,052	(175)
Contract liabilities	(131)	1
Other payables	(197)	96
Cash used in operations	(1,020)	(1,202)
Interest received	11	10
Income tax paid	(93)	(43)
Net cash used in operating activities	(1,102)	(1,235)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	112	46
Purchases of property, plant and equipment	(1,099)	(1,257)
Proceeds from disposal of Investments in subsidiaries	3	-
Net cash used in investing activities	(984)	(1,211)
<b>Financing activities</b>		
Interest paid	(164)	(74)
Proceeds from term loans	1,200	-
Repayment of term loans	(764)	(976)
Repayment of lease liabilities	(85)	(95)
Net cash generated from/(used in) financing activities	187	(1,145)
Net decrease in cash and bank balances	(1,899)	(3,591)
Cash and bank balances at the beginning of the period	6,101	8,496
Effects of exchange rate changes on the balance of cash held in foreign currencies	(14)	(16)
<b>Cash and bank balances at the end of the period</b>	<b>4,188</b>	<b>4,889</b>



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 1 Corporate information

ES Group (Holdings) Limited (the “**Company**”) is a public company limited by shares, incorporated and domiciled in the Republic of Singapore with its registered office at 8 Ubi Road 2 #06-26 Zervex Singapore 408538. The Company’s registration number is 200410497Z.

The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

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 Company are those of an investment holding company and provider of management and technical services.

The principal activities of the Company’s subsidiaries are:

- (a) New building and repair of vessel; and
- (b) Shipping, which includes ship chartering and ship chandling.

#### 2 Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2023 (“**HY2023**”, and for the corresponding six months ended 30 June 2022, “**HY2022**”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statement. 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 audited consolidated financial statements for the year ended 31 December 2022.

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2022, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out below in Note 2.1 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements are presented in Singapore dollar (“**S\$**” or “**\$**”) which is the Company’s functional currency.

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

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for the annual period beginning on 1 January 2023. The adoption of these new and revised SFRS(I)s and SFRS(I) Interpretations has no material effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.

##### 2.2 Use of judgements and estimates

In preparing the condensed interim consolidated 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.





## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

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 last annual audited consolidated financial statements as at and for the 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.

Information about critical judgements made by the management in applying the Group's accounting policies that have a significant effect on the amounts recognised in the condensed interim consolidated financial statements are as follows:

a) Control over ES Offshore and Marine Engineering (Thailand) Co., Ltd.

ES Offshore and Marine Engineering (Thailand) Co., Ltd. is a subsidiary of the Group, although the Group only owns 50% ownership interest in ES Offshore and Marine Engineering (Thailand) Co., Ltd.. Based on the contractual arrangements between the Group and other investors, the Group holds 51% of voting power that gives it the ability to direct the relevant activities of ES Offshore and Marine Engineering (Thailand) Co., Ltd. based on simple majority votes. Hence, the directors of the Company assessed and determined that the Group has control over ES Offshore and Marine Engineering (Thailand) Co., Ltd..

b) Joint control over Proxess Engineering Pte. Ltd.

The Group and a third-party partner hold 51% and 49% of the equity interest in Proxess Engineering Pte. Ltd. ("**Proxess**") respectively. The management has carried out an assessment to determine whether the Group has control over Proxess. Based on the shareholders' agreement entered with the third-party partner, unanimous consent is required for major decisions over the relevant activities of Proxess. Accordingly, the directors of the Company assessed and determined that joint control exists and Proxess is classified as a joint venture of the Group.

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

a) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets are determined by the management based on their highest and best use using its fair value less costs of disposal.

In previous year, the recoverable amounts of these assets were determined by the management based on fair value less costs of disposal. The fair value of the vessel was determined by an independent professional valuer.

The carrying amounts of property, plant and equipment of the Group as at 30 June 2023 were S\$17,977,325 (31 December 2022: S\$17,941,950). During HY2023, no impairment loss was recognised (HY2022: S\$Nil).

b) Revenue recognition

Revenue from rendering of services is recognised over time, using the input method to measure progress towards complete satisfaction of each performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group. The measure of progress is determined based on percentage of completion, which is measured by reference to the proportion of costs incurred to date to the estimated total



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

costs for the contract. Consideration with customers is subject to negotiation when performance obligation is satisfied. The Group estimates the amount of variable consideration using the expected value method based on the historical profit margin earned in similar contracts and cumulative revenue is recognised to the extent that it is highly probable a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In deriving the expected value method for each contract, management has performed the cost studies, the actual rates for other contracts and taking into account historical profit margin earned in similar contracts. The budget is regularly reviewed and revised, as appropriate.

Where the actual contract costs is different from the original budget, such difference will impact revenue, contract assets and contract liabilities in the period in which such budget has been changed.

c) Loss allowance for trade receivables and contract assets

The Group determines expected credit losses on trade receivables and contract assets from third parties by making individual assessment of expected credit loss for long overdue trade receivables and contract assets and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of the trade receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

d) Impairment of investments in subsidiaries and joint venture

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and the Company's investments are impaired. Where applicable, the Group's and the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 30 June 2023 was S\$18,057,267 (31 December 2022: S\$18,802,614). The Group's carrying amount of investments in joint venture as at 30 June 2023 was S\$333,734 (31 December 2022: S\$332,973).

e) Loss allowance for amount due from subsidiaries

The Company is required to assess and recognise a loss allowance for expected credit losses on amount due from subsidiaries in accordance with three-stage impairment model. Management has made the assessment based on whether there has been a significant increase in the credit risk of the amount due from subsidiaries since its initial recognition. Subsequently, determine the amount of allowance to be recognised either based on 12-month expected credit loss or lifetime expected credit loss as well as the amount of interest revenue, if any, to be recognised in future periods.

The assessment has led to the recognition of impairment loss of S\$607,650 during HY2023 (HY2022: impairment loss of S\$nil).

### 3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during HY2023.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### 4 Segment and revenue information

The Group is organised into the following main operating segments:

<u>Segments</u>	<u>Principal activities</u>
New building and repair	New building, conversion and repair of offshore and marine structures and vessels, and labour supply
Shipping	Ship chartering, marine supplies and related activities

These operating segments are reported in a manner consistent with internal reporting provided to management for allocating resources and assessing performance of the operating segments.

#### 4.1 Reportable segments

<b>Segments</b>	<b>New building and repair S\$'000</b>	<b>Shipping S\$'000</b>	<b>Total S\$'000</b>
<b><u>HY2023</u></b>			
<b>Revenue</b>			
Segment revenue	9,593	4,082	13,675
Gross profit/(loss)	2,398	(1,836)	562
Other operating income			956
Administrative expenses			(2,574)
Other operating expenses			(1,214)
Finance costs			(76)
Loss before share of results of a joint venture			(2,346)
Share of results of a joint venture			1
Loss before income tax			(2,345)
Income tax credit			43
Loss for the period			(2,302)
<b>Other information</b>			
Additions to property, plant and equipment			1,099
Depreciation of property, plant and equipment	-	(a)666	944
<b>Assets and Liabilities</b>			
Segment assets	11,845	12,517	24,362
Unallocated corporate assets			8,914
Total assets			33,276
Segment liabilities	1,904	3,158	5,062
Unallocated corporate liabilities			7,063
Total liabilities			12,125

(a) The difference between the depreciation of shipping segment and the total depreciation of property, plant and equipment is attributable to property, plant and equipment for general purpose that are used for all segments.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

<b>Segments</b>	<b>New building and repair S\$'000</b>	<b>Shipping S\$'000</b>	<b>Total S\$'000</b>
<b><u>HY2022</u></b>			
<b>Revenue</b>			
Segment revenue	11,196	5,004	16,200
Gross profit/(loss)	4,164	(2,085)	2,079
Other operating income			1,075
Administrative expenses			(2,837)
Other operating expenses			(924)
Finance costs			(74)
Loss before share of results of a joint venture			(681)
Share of results of a joint venture			134
Loss before income tax			(547)
Income tax expense			(6)
Loss for the period			(553)
<b>Other information</b>			
Additions to property, plant and equipment			1,257
Depreciation of property, plant and equipment	-	(a)533	830
<b>Assets and Liabilities</b>			
Segment assets	14,493	12,410	26,903
Unallocated corporate assets			9,823
Total assets			36,726
Segment liabilities	1,606	3,603	5,209
Unallocated corporate liabilities			6,554
Total liabilities			11,763

(a) The difference between the depreciation of shipping segment and the total depreciation of property, plant and equipment is attributable to property, plant and equipment for general purpose that are used for all segments.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### 4.2 Disaggregation of Revenue

	<b>Group HY2023</b>		
	<b>New building and repair</b>	<b>Shipping</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<u>Type of goods and services</u>			
Service Revenue	9,593	-	9,593
Marine Supplies	-	535	535
Ship Charter	-	3,547	3,547
Total Revenue	9,593	4,082	13,675
<u>Timing of transfer of goods and services</u>			
At a point in time	2	4,082	4,084
Over time	9,591	-	9,591
Total Revenue	9,593	4,082	13,675
<u>Geographical information</u>			
Singapore	9,466	4,082	13,548
People's Republic of China	-	-	-
Malaysia	124	-	124
Myanmar	3	-	3
Thailand	-	-	-
Total Revenue	9,593	4,082	13,675

	<b>Group HY2022</b>		
	<b>New building and repair</b>	<b>Shipping</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<u>Type of goods and services</u>			
Service Revenue	11,196	-	11,196
Marine Supplies	-	381	381
Ship Charter	-	4,623	4,623
Total Revenue	11,196	5,004	16,200
<u>Timing of transfer of goods and services</u>			
At a point in time	13	5,004	5,017
Over time	11,183	-	11,183
Total Revenue	11,196	5,004	16,200
<u>Geographical information</u>			
Singapore	10,781	5,004	15,785
People's Republic of China	160	-	160
Malaysia	181	-	181
Myanmar	16	-	16
Thailand	58	-	58
Total Revenue	11,196	5,004	16,200



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### 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
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets</b>				
Financial assets carried at amortised cost (Note 12)	11,566	13,045	11,392	11,734
<b>Financial liabilities</b>				
Financial liabilities carried at amortised cost (Note 13)	11,933	10,865	12,765	12,553

### 6 Loss before income tax

#### 6.1 Significant items

	Group		Increase/ (Decrease) %
	HY2023	HY2022	
	S\$'000	S\$'000	
Depreciation of property, plant and equipment <sup>(a)</sup> :			
- cost of services	861	729	18.1
- administrative expenses	41	38	7.9
- other operating expenses	42	63	(33.3)
	944	830	13.7
Audit fee:			
- paid/payable to auditors of the Company	47	47	-
- paid/payable to other auditors	4	3	33.3
Employee benefits expense (including directors' remuneration)	6,062	6,727	(9.9)
Costs of defined contribution plans (included in employee benefits expense)	239	232	3.0
Cost of inventories recognised as expense <sup>(b)</sup>	2,026	1,490	36.0
Loss allowance made for third party trade receivables <sup>(c)</sup>	7	32	(78.1)
Recovery of doubtful debts <sup>(d)</sup>	(214)	(44)	>100
Interest expense	77	74	4.1
Interest expense (included in COGS) <sup>(e)</sup>	87	57	52.6
Gain on disposal of property, plant and equipment <sup>(f)</sup>	(81)	(46)	76.1
Interest income	(11)	(10)	10.0
Net foreign exchange loss <sup>(g)</sup>	112	77	45.5

#### Notes:-

- The increase in depreciation of property, plant and equipment was mainly due to increase in depreciation charges for the Group's vessel, namely ES Jewel, for docking expenses incurred and capitalised during the period under review.
- The increase in cost of inventories recognised as expense was related to material consumed for jobs in other yards as well as rig building and engineering projects.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

- c) Loss allowance made for third party trade receivables in HY2023 and HY2022 was provided for customers from the Group's new building and repair segment where the management has assessed based on the probability of collection of the outstanding trade receivables. Management categorises trade receivables based on potential risk of default and adjusts the loss allowance made for third party trade receivables based on a given percentage. Loss allowance made for third party trade receivables decreased in HY2023 mainly due to probability of default is low as most of the debts were newly past due.
- d) Recovery of doubtful debts in HY2023 pertained to outstanding trade receivables recovered from customers from the Group's new building and repair segment and shipping segment. While in HY2022, the recovery of doubtful debts pertained to outstanding trade receivables recovered from customers from the Group's new building and repair segment.
- e) Interest expense (included in COGS) increased as a result of the rise in interest rate charged to the Group's vessel loan during the period under review.
- f) Gain on disposal of property, plant and equipment in HY2023 and HY2022 arose mainly from the sale of machinery and equipment from one of the Company's subsidiaries, namely, ES Offshore and Marine Engineering (Thailand) Co., Ltd..
- g) Net foreign exchange gain or loss relates to changes in the relative value of assets denominated in foreign currencies. Net foreign exchange loss increased in HY2023, as compared to HY2022, due to the weakening of both Thai Baht (THB) and Malaysia Ringgit (MYR) against Singapore Dollar (SGD) in HY2023.

### 6.2 Related party transactions

During HY2023, in addition to the information disclosed elsewhere in these condensed interim consolidated financial statements, the Group entities and the Company entered into the following transaction with a related party at rates and terms agreed between the parties:

	Group	
	HY2023 S\$'000	HY2022 S\$'000
Professional fee paid to immediate family member of directors/shareholders	78	78

### 7 Net asset value

	Group		Company	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Net asset value per ordinary share based on the number of issued ordinary shares	15.20 cents (a)	16.75 cents (b)	11.81 cents (a)	12.74 cents (b)
Number of issued ordinary shares	141,200,000	141,200,000	141,200,000	141,200,000

#### Notes:-

- a) Net asset value per ordinary share as at 30 June 2023 have been computed based on equity attributable to owners of the Company as at 30 June 2023 divided by the number of issued ordinary shares as at 30 June 2023.
- b) Net asset value per ordinary share as at 31 December 2022 have been computed based on equity attributable to owners of the Company as at 31 December 2022 divided by the number of issued ordinary shares as at 31 December 2022.





## 8 Fair value of financial assets and financial liabilities

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

- Level 1 - quoted prices (unadjusted) 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; and
- Level 3 – unobservable inputs for the asset or liability.

The classification of an item into above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. There were no transfers between Levels 1 and 2 during HY2023.

### Fair value of financial instruments that are not carried at fair value

The Group has no financial assets and financial liabilities carried at fair value as at end of HY2023.

### Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, classified as current assets and current liabilities on the statements of financial position, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of non-current financial assets and liabilities are disclosed in Note 5 to the condensed interim consolidated financial statements.

## 9 Property, plant and equipment

During HY2023, the Group acquired assets amounting to S\$1,098,957 (HY2022: S\$1,256,986) and disposed of assets amounting to S\$409,850 (HY2022: S\$319,808).

## 10 Bank loans

	<b>Group</b>	
	<b>30/6/2023</b>	<b>31/12/2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Bank loans (secured)		
- Term loan 1	1,181	-
- Term loan 2	2,391	2,882
- Term loan 3	1,853	2,107
Total bank loans	5,425	4,989
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,635)	(1,527)
Amount due for settlement after 12 months (shown under non-current liabilities)	3,790	3,462





## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

At the end of HY2023, the Group's bank loans are secured by:

- (i) legal mortgage over the Group's leasehold land and property;
- (ii) a pledge over one of the Group's vessels;
- (iii) corporate guarantees by the Company for all the monies owing;
- (iv) a first priority pledge over the earnings account maintained with a financial institution;
- (v) a pledge over a deposit; and
- (vi) a pledge over 100% shares of a subsidiary of the Company.

### 11 Share capital

	Group and Company			
	30/6/2023 Number of Ordinary Shares ('000)	30/6/2023 S\$'000	31/12/2022 Number of Ordinary Shares ('000)	31/12/2022 S\$'000
<b>Issued and fully paid, with no par value:</b>				
At beginning and at end of period/year	141,200	23,698	141,200	23,698

The Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the Company.

There were no changes in the Company's issued and paid-up share capital during HY2023.

As at 30 June 2023, 31 December 2022 and 30 June 2022, the Company has no outstanding options, convertibles, treasury shares and subsidiary holdings.

### 12 Trade receivables

	Group		Company	
	30/6/2023 S\$'000	31/12/2022 S\$'000	30/6/2023 S\$'000	31/12/2022 S\$'000
Third parties	7,592	7,387	4	-
Related parties	-	38	-	-
Less: Loss allowance for trade receivables	(803)	(1,068)	-	-
Net trade receivables	6,789	6,357	4	-
Add: Cash and bank balances	4,188	6,101	114	75
Add: Other receivables	1,197	696	36	25
Add: Amount due from subsidiaries	-	-	11,242	11,659
Less: Prepayments *	(579)	(99)	-	(25)
Less: GST receivables *	(29)	(10)	(4)	-
Total financial assets carried at amortised cost	11,566	13,045	11,392	11,734

\* These are part of other receivables.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### 13 Trade payables

	Group		Company	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Third parties	1,878	808	1	1
Total trade payables	1,878	808	1	1
Add: Bank loans	5,425	4,989	-	-
Add: Other payables	4,034	4,387	126	85
Add: Amount due to subsidiaries	-	-	12,640	12,469
Add: Lease liabilities	556	641	-	-
Less: Withholding tax	-	-	(2)	(2)
Add: Deposits (Classified as non-current liability)	40	40	-	-
Total financial liabilities carried at amortised cost	11,933	10,865	12,765	12,553

### 14 Income tax expense

	Group	
	HY2023	HY2022
	S\$'000	S\$'000
Income tax:		
- (Over)/Under provision in respect of prior periods	(43)	6
	(43)	6

Domestic income tax is calculated at 17% (HY2022: 17%) of the estimated assessable profit for the period under review. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

### 15 Investment in a joint venture

	Group	
	30/06/2023	31/12/2022
	S\$'000	S\$'000
Unquoted equity investment, at cost	333	219
Share of post-acquisition results	1	114
	334	333



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

Details of the Group's joint venture are as follows:

Name of joint venture	Country of incorporation and principal place of business	Principal activities	Proportion of equity interest	
			30/06/2023 %	31/12/2022 %
Proxess Engineering Pte. Ltd.	Singapore	Provides wholesale trade of variety of goods and manufacture and repair of valves	51	51

There are no commitments to provide funding or contingent liabilities relating to the Group's interest in the joint venture.

### 16 Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	30/6/2023 S\$'000	31/12/2022 S\$'000	30/6/2023 S\$'000	31/12/2022 S\$'000
<b>Group</b>				
Contractual undiscounted cash flows:				
- Within one year	195	216	174	190
- In the second to fifth years inclusive	414	491	382	451
	609	707	556	641
Less: Future interest expense	(53)	(66)	-	-
Present value of lease liabilities	556	641	556	641
Presented in consolidated statement of financial position				
- Current			174	190
- Non-current			382	451
			556	641

The Group's obligations under lease liabilities are secured by the leased assets and corporate guarantees by the Company.



## **ES GROUP (HOLDINGS) LIMITED**

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### **18 Contingent liabilities**

The Company has given corporate guarantees to certain banks and insurers in respect of banking facilities and foreign worker bonds granted to certain subsidiaries. The maximum amount the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee, as at 30 June 2023 is S\$5,024,198 (31 December 2022: S\$5,125,411). The earliest period that the guarantee could be called is within 1 year (31 December 2022: 1 year) from the end of the reporting period.

Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed will suffer credit losses.

### **19 Subsequent events**

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.



**ES GROUP (HOLDINGS) LIMITED**

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

**OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULES OF CATALIST (“CATALIST RULES”)**



**F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES**

**1 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The condensed interim consolidated statement of financial position of ES Group (Holdings) Limited and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated profit of loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for HY2023 and explanatory notes have not been audited or reviewed by the Company's auditors.

**2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

**3 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

**(a) Review of Financial Performance of the Group**

Revenue decreased by S\$2.5 million or 15.6%, from S\$16.2 million in HY2022 to S\$13.7 million in HY2023 as a result of the decrease in revenue contributed by both business segments of the Group.

Revenue from the Group's new building and repair segment decreased by S\$1.6 million, from S\$11.2 million in HY2022 to S\$9.6 million in HY2023. The significant decrease in revenue was caused by the project engineering division due to absence in surge of orders from wind farm projects, which resulted in a drop of S\$1.6 million revenue, as compared to HY2022.

Revenue from the Group's shipping segment decreased by S\$0.9 million, from S\$5.0 million in HY2022 to S\$4.1 million in HY2023 due mainly to an unexpected breakdown of the Group's vessel, ES Jewel, during the fourth quarter of 2022. The vessel had to undergo various repairs as well as scheduled docking during HY2023. This resulted in a decrease in revenue as the said vessel was not able to operate and generate any revenue during HY2023.

Gross profit decreased by S\$1.5 million or 73.0%, from S\$2.1 million in HY2022 to S\$0.6 million in HY2023. Gross profit margin decreased by 8.7 percentage points, from 12.8% in HY2022 to 4.1% in HY2023. The decreases in gross profit and gross profit margin were the result of:

- a) the drop in gross profit from the new building and repair segment as lesser vessels came to the yard for repair jobs, which resulted in stiff competition among subcontractors to drop their bid price tremendously to secure the job; and



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

- b) a temporarily gross loss from the shipping segment. As mentioned earlier, the Group's vessel, ES Jewel, had to undergo various repairs as well as scheduled docking during HY2023. As such, the gross loss was attributable to a significant higher repair and maintenance expenses and holding costs, and lost of revenue due to the said vessel not being able to operate and generate any revenue in HY2023. The Group is in the process of submitting insurance claims for repair expenses incurred on ES Jewel.

Administrative expenses decreased by S\$0.2 million or 9.3%, from S\$2.8 million in HY2022 to S\$2.6 million in HY2023 as a result of the management's cost control measures.

Other operating expenses increased by S\$0.3 million, from S\$0.9 million in HY2022 to S\$1.2 million in HY2023 mainly due to the following reasons:

- a) increase in rental for workers' dormitory;
- b) increase in repair and maintenance expenses for maintenance of workers' dormitory, workshop and personal protective equipment for new workers;
- c) increase in unrealised net foreign exchange loss due to weakening of both THB and MYR against SGD in HY2023; and
- d) increase in recruitment costs for hiring new foreign workers.

Finance costs and other operating income remained largely stable at S\$0.1 million and S\$1.0 million, respectively, for both HY2023 and HY2022.

Share of results of a joint venture decreased by S\$0.1 million, from approximately S\$134,000 in HY2022 to approximately S\$1,000 in HY2023 as the joint venture entity received lesser orders during HY2023.

As a result of the above, the Group recorded a net loss of S\$2.3 million in HY2023, as compared to a net loss of S\$0.6 million in HY2022. Net loss attributable to owners of the Company was S\$2.2 million in HY2023, as compared to a net loss attributable to owners of the Company of S\$0.5 million in HY2022.

### (b) Review of Financial Position of the Group

The Group recorded positive working capital (current assets less current liabilities) of S\$6.7 million as at 30 June 2023, as compared to S\$8.8 million as at 31 December 2022.

#### Assets

##### Current assets

The Group's current assets decreased by S\$1.6 million, to S\$14.6 million as at 30 June 2023 from S\$16.2 million as at 31 December 2022, mainly due to:

- (a) a decline in cash and bank balances of S\$1.9 million as a result of:
- S\$1.1 million used in the Group's business operations;
  - S\$1.1 million incurred for repair and maintenance and dry docking of the vessel, ES Jewel, which was completed in May 2023;
  - S\$0.2 million for interest paid; and
  - S\$0.8 million for repayment of term loans and obligations under finance leases;

partially offset by

- S\$1.2 million of proceeds from term loans; and
  - S\$0.1 million of proceeds from disposal of property, plant and equipment; and
- (b) a decrease in contract assets of S\$0.6 million due to reduction of incompleting projects in HY2023.



## ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

The decrease in cash and bank balances and contract assets was partially offset by an increase in other receivables of S\$0.4 million due to prepayment made for a portion of the dry docking expenses incurred for ES Jewel.

### Non-current assets

Non-current assets increased by S\$0.1 million, to S\$18.7 million as at 30 June 2023 from S\$18.6 million as at 31 December 2022, mainly due to capitalisation of vessel docking cost of S\$1.1 million, partially offset by depreciation charges for property, plant and equipment.

### **Liabilities**

#### Current liabilities

Current liabilities increased by S\$0.5 million, to S\$7.9 million as at 30 June 2023 from S\$7.4 million as at 31 December 2022. This was mainly attributable to the increase in trade payables of S\$1.1 million due to the delay in payment for ship management fee, dry docking expense for ES Jewel and bunker cost, partially offset by the decrease in (i) other payables of S\$0.4 million; and (ii) income tax payable of S\$0.1 million.

#### Non-current liabilities

Non-current liabilities increased by S\$0.2 million, to S\$4.2 million as at 30 June 2023 from S\$4.0 million as at 31 December 2022, mainly due to proceeds from bank loans drawn down during the period under review of S\$1.2 million, partially offset by the repayment of bank loans and lease liabilities of S\$1.0 million.

### **Equity**

As a result of the above, total equity of the Group decreased by S\$2.2 million, to S\$21.2 million as at 30 June 2023 from S\$23.4 million as at 31 December 2022. The Group's equity attributable to owners of the Company decreased similarly by S\$2.2 million, to S\$21.5 million as at 30 June 2023 from S\$23.7 million as at 31 December 2022.

### **(c) Review of Statement of Cash Flows of the Group**

In HY2023, net cash used in operating activities amounted to S\$1.1 million, due to (i) operating cash outflows before changes in working capital of S\$1.5 million; (ii) net cash generated from operations of S\$0.5 million; and (iii) income tax paid of S\$0.1 million.

The operating cash outflows before changes in working capital of S\$1.5 million in HY2023 was mainly due to operating loss incurred for the period under review. The net cash generated from operations of S\$0.5 million in HY2023 was mainly due to delay in payment of trade payables of S\$0.7 million, partially offset by increase in other receivables for prepayment made for dry docking expenses of S\$0.2 million incurred for ES Jewel.

Net cash used in investing activities of S\$1.0 million in HY2023 was related to increase in property, plant and equipment from capitalisation of dry docking cost incurred for the Group's vessel, ES Jewel of S\$1.1 million, during the period under review, partially offset by the proceeds received from disposal of machinery and equipment from one of the Company's subsidiaries, namely, ES Offshore and Marine Engineering (Thailand) Co., Ltd. of S\$0.1 million.

Net cash generated from financing activities of S\$0.2 million in HY2023 was mainly due to proceeds from term loans of S\$1.2 million, partially offset by the repayment of term loans and finance leases of S\$0.8 million and interest paid of S\$0.2 million.

As a result of the above, there was a net decrease in the Group's cash and cash equivalents of S\$1.9 million, to S\$4.2 million as at 30 June 2023 from S\$6.1 million as at 1 January 2023.





## **ES GROUP (HOLDINGS) LIMITED**

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

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

The unaudited consolidated financial results of the Group for HY2023 as set out in this announcement, are in line with the profit guidance announcement for HY2023 released by the Company on 1 August 2023.

**5 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 year and the next 12 months.**

Barring unforeseen circumstances, the Company remains cautious of the financial performance of the Group for the financial year ending 31 December 2023 in view of the challenging operating conditions of the Group.

The global market is expecting to remain volatile and challenging amid elevated interest rate and inflationary pressures. The evolving situation will continue to affect the Group's business and operations.

In order to maintain competitiveness in the challenging operating conditions, the Group continues to carry out its efforts on lean cost management and will be focusing on executing projects successfully and delivering value to customers. At the same time, the Group is also exploring opportunities for strategic alliances to generate new revenue sources to enhance shareholders' value.

**6 Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

No dividend has been declared or recommended for HY2023.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

None.

**(c) Date payable**

Not applicable.

**(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

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

No dividend has been declared or recommended for HY2023 in view of the net loss position of the Group for HY2023 and in order to conserve cash for the Group's operations.

**8 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.**

The Company has not obtained a general mandate from shareholders in respect of interested person transactions.

The aggregate value of interested person transactions entered into during HY2023 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		<b>S\$'000</b>	<b>S\$'000</b>
Low Chye Hin - Professional fee	Low Chye Hin, the Group's consultant, is the father of Low Chee Wee (Executive Director, Chief Executive Officer cum Chief Operating Officer of the Company, and a controlling shareholder of the Company), Christopher Low Chee Leng (a controlling shareholder of the Company) and Yvonne Low-Triomphe (a controlling shareholder of the Company), as well as the spouse of Neo Peck Keow @ Ng Siang Keng (a controlling shareholder of the Company).	78	-
<b>Total</b>		<b>78</b>	<b>-</b>



## **ES GROUP (HOLDINGS) LIMITED**

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### **9 Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules.**

In March 2023, the Company's wholly-owned subsidiary, Eng Soon Marine Pte Ltd, disposed of 19% equity shares ("Disposal") held in ES Nautilus (M) Sdn. Bhd. ("**ESN**") to one of the existing shareholders of ESN for a cash consideration of approximately RM9,500, which was received in full by the Group upon completion of the Disposal.

The consideration for the Disposal was arrived at on a willing-buyer, willing-seller basis, after arm's length negotiation between the Group and the buyer, and taking into consideration, the issued share capital value of ESN of RM50,000 and the net liability position of ESN.

The audited net liabilities value of ESN was RM2,181,458, based on the audited accounts of ESN as at 31 December 2022.

The Disposal constituted a non-disclosable transaction under Chapter 10 of the Catalist Rules. Following the completion of the Disposal, the Group's ownership interest in ESN decreases from 49% to 30%. However, based on contractual agreements between the Group and other shareholders of ESN, the Group continues to hold 51% of the voting power that gives it the ability to direct the relevant activities of ESN based on simple majority votes. Therefore, the directors of the Company determine that the Group continues to have control over ESN and accordingly ESN will continue to be consolidated in the Group's financial statements.

None of the directors and controlling shareholders of the Company or their respective associates has any interest, direct or indirect (other than through their respective shareholdings (if any) in the Company), in the Disposal.

Save as disclosed above, the Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period, up to 30 June 2023.

### **10 Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.**

We, Low Chee Wee and Eddy Neo Chiang Swee, being two directors of the Company, confirm on behalf of the board of directors of the Company ("**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the condensed interim consolidated financial statements of the Group for HY2023 to be false or misleading in any material aspect.

### **11 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.**

The Company confirms that it has procured the required undertakings under Rule 720(1) of the Catalist Rules from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

## **ON BEHALF OF THE BOARD OF DIRECTORS**

**Low Chee Wee**  
Executive Director and Chief Executive Officer

**Eddy Neo Chiang Swee**  
Executive Director

**14 August 2023**