英順
ENG SOON™

ES Group (Holdings) Limited

ANNUAL REPORT

"I think number one, the most important, is Xin Yong (trustworthiness). Be honest... never delay any ship works!"

-Low Chye Hin

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信

TRUST

In overcoming adversity

Transforming into a sustainable enterprise

Care for the wellbeing of Our People

CORPORATE PROFILE

Established in 1975, ES Group (Holdings) Limited (the "**Company**"), together with its subsidiaries ("**ES Group**" or the "**Group**"), is a Singapore headquartered offshore and marine ("**O&M**") group which offers a broad spectrum of services for O&M structures and vessels.

Listed on the Catalist board of the Singapore Exchange on 9 July 2010, ES Group has more than 40 years of experience in ship building and repair operations, working for prominent shipyard operators in Singapore. Upon its successful listing, it undertook a strategic shift to expand its revenue streams as the Group ventured into engineering, procurement and construction ("**EPC**") projects as well as vessel owning and chartering, which complement its core business. The EPC strategy will secure direct contracts to increase the Group's revenue and profitability. The vessel owning and chartering strategy will generate a stable stream of recurring revenue for the Group in the medium to long term.

A new chapter began in 2013 when ES Group completed and delivered its first pair of bunker vessels, affirming the Group's turnkey engineering, procurement and fabrication capabilities, uncompromising quality and safety standards. It has also created a new revenue stream from the chartering of a bunker vessel which provides stable recurring cash flow for the Group.

ES Group has on-site offices at the premises of its shipyard customers and operates out of its workshop and repair facilities within Singapore. The Company also owns a 70,000 square metre shipyard with fabrication grounds in Thailand (through its 50%-owned subsidiary in Thailand), providing new building and conversion services.

With continued efforts to propel growth, the Group set up its Loyang workshop in 2013 to design and fabricate a range of offshore structures, such as geotechnical drilling rigs. The workshop also provides mobilisation and demobilisation works, repair and maintenance works as well as other offshore support services. This addition further diversifies the competencies and capabilities of the Group's core business. Subsequently, the Group purchased its first vessel, ES Aspire, at the end of 2016, to strengthen its footprint in vessel chartering and set up its ship supplies division in 2017 to expand its customer and supplier base. In 2021, the Group acquired its third vessel – a 8kt coastal tanker and renamed it as ES Jewel.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("**Board**"), I am pleased to present our Annual Report for the financial year ended 31 December 2022 ("**FY2022**").

The past two years have been among the most challenging years for the Group as COVID-19 pandemic continued to make its presence felt during the year under review.

While COVID-19 continues to pose great challenges to the Group, it has given us the impetus to find novel solutions and new ways to approach issues and address each evolving challenge. We quickly adapted to market changes, worked in tighter cooperation with our customers and found a new rhythm to manage the pandemic and our operations.

With the ongoing Russia-Ukraine war, global inflation will persist on and we expect the broader market in the offshore and shipping industries to continue to face uncertainty due to elevated geopolitical risk and the probable emergence of new COVID-19 variants beyond Omicron.

Against this backdrop, we will continue to leverage our existing skillsets, marine assets and capabilities to refine our core business segments and strengthen our foothold in Singapore and abroad. The Group will continue to work closely with its partners, creditors and various stakeholders to navigate through this challenging business environment. We will also look to improve our financial position in the coming quarters so that we can capitalise on any business opportunities arising post economic recovery to pre-COVID-19 levels.

Acknowledgements

On behalf of my fellow Board members, I would like to thank all shareholders for your loyal support. My sincere appreciation goes to our customers, business associates and suppliers for your continued support and confidence in us. My sincere thanks also go to the management and staff of the Group for their dedication and diligence.

I also extend my appreciation to my fellow Board members for their guidance, wise counsel and support. As we look forward to the upcoming economic recovery, we are determined to remain resilient in the face of the structural changes brought about by COVID-19. I have faith that when the market eventually recovers, we will have a chance to thrive, again.

Your sincerely,

Ong Beng Chye
Non-Executive Chairman and Independent Director

CEO'S STATEMENT

Dear Shareholders,

In 2022, most countries adopted the COVID-19 endemic policy and life has gradually returned to normality. COVID-19 and Russia's invasion of Ukraine resulted in great disruption in supply chain logistics which brought about an inflationary environment. This geopolitical issue has caused the surge in energy prices, rising cost of raw materials and commodities, escalating labour cost due to labour shortage, as well as higher interest rates, have caused significant increase in the cost of doing business.

The Group has been sandwiched between a higher cost of operations and the need for competitive pricings that suppress operating margins.

As we gradually return to normality, the ongoing impact of global events on the maritime industry can be difficult to predict. The Group will continue its cost cutting and cost containment measures wherever and whenever possible with improved operating efficiency to better seize business opportunities in a competitive market.

The management, with the support of various stakeholders, will continue to navigate and manage foreseeable risks and long-run disruption that the current political, social and economic environment present.

Appreciation

In closing, I would like to take this opportunity to express my sincere appreciations to all stakeholders for their steadfast support and to our shareholders for their unwavering confidence in the Group.

I would also like to thank the Board, management team and colleagues for their collective commitment and dedication that have allowed us to tide through a multitude of market challenges. I am confident that with your support and trust, we will be able to emerge from this stronger.

Your sincerely,

Low Chee Wee
Executive Director, CEO and COO

OPERATIONAL AND FINANCIAL REVIEW

(a) Review of Financial Performance of the Group

The Group's revenue increased by S$11.5 million or 54.8%, from S$21.0 million in the financial year ended 31 December 2021 ("**FY2021**") to S$32.5 million in the financial year ended 31 December 2022 ("**FY2022**") as a result of the increase in revenue contributed by the two business segments of the Group.

Revenue from the Group's new building and repair segment increased by S$7.0 million, from S$13.8 million in FY2021 to S$20.8 million in FY2022. The increase in revenue was attributed to (i) the increase in orders as the industry gradually recovers from the COVID-19 pandemic; (ii) the Group being able to successfully bring back more workers from overseas to cope with and complete the increased orders; and (iii) the penetration to other smaller shipyards, which allowed the Group to work on more jobs from such shipyards during the year.

Revenue from the Group's shipping segment increased by S$4.5 million, from S$7.2 million in FY2021 to S$11.7 million in FY2022 as a result of (i) higher voyage revenue to pass on rising bunker cost to the charterer; and (ii) higher vessel utilisation and more voyages run in FY2022, as compared to FY2021.

Revenue contribution from Singapore amounted to 97.3% and 95.8% of the Group's total revenue in FY2022 and FY2021, respectively, with the balance contributed by revenue from the People's Republic of China (FY2022: 1.1% and FY2021: 1.5%), Myanmar (FY2022: 0.1% and FY2021: 2.2%), Malaysia (FY2022: 1.3% and FY2021: 0.5%) and Thailand (FY2022: 0.2%

OPERATIONAL AND FINANCIAL REVIEW

and FY2021: nil). The Group's two business segments, namely new building and repair segment and shipping segment made up majority of the revenue contribution from Singapore in both FY2022 and FY2021. Please refer to the reasons set out above for the increase in revenue contribution from Singapore in FY2022, as compared to FY2021. Revenue contribution from the People's Republic of China remains stable for both years. Revenue contribution from Myanmar decreased in FY2022 as no project is running amid the coup situation in the country. Revenue contribution from Malaysia increased in FY2022 as the team started to take on electrical jobs and delivered more jobs during the year as the COVID-19 situation in Malaysia gradually stabilizes. Revenue contribution from Thailand in FY2022 was from an ad-hoc project that was delivered in the year, and there was no project secured and completed in Thailand in FY2021.

Gross profit increased by S$5.0 million, from a gross loss of S$0.9 million in FY2021 to a gross profit of S$4.1 million in FY2022. Gross profit margin increased by 17.2 percentage points, from negative 4.5% in FY2021 to 12.7% in FY2022. The increase in gross profit and gross profit margin were mainly due to:

(i) the improvement in gross profit and gross profit margin from the new building and repair segment as a result of lesser down time, increased worker utilisation rate and the penetration to smaller shipyards that generated higher margin projects; and

(ii) partially offset by the higher gross loss and gross loss margin from the shipping segment as the Group's vessel, ES Jewel, suffered unexpected breakdown in the second half of FY2022, which resulted in significant repair and maintenance expense.

Other operating income decreased by S$0.7 million or 29.2%, from S$2.4 million in FY2021 to S$1.7 million in FY2022, mainly due to the decrease in government grants from Jobs Support Scheme and foreign worker levy rebate of S$0.8 million in FY2022. The decrease was partially offset by increased rental income of S$0.1 million collected from workers staying in dormitories due to (i) the rise in number of workers; and (ii) higher rental being back charged to workers.

Administrative expenses decreased by S$0.2 million or 3.4%, from S$5.8 million in FY2021 to S$5.6 million in FY2022, due to the gradual cost cutting on salary and manpower.

Other operating expenses increased by S$0.2 million or 11.1%, from S$1.8 million in FY2021 to S$2.0 million in FY2022, as the Group suffered unrealised foreign exchange loss from the weakening of Thai Baht, Myanmar Kyat and Malaysia Ringgit against Singapore Dollar in FY2022, for amounts owing from the foreign subsidiaries of the Group.

Finance costs remained largely stable at S$0.1 million for both FY2022 and FY2021.

The joint venture company recorded a share of profit of S$0.1 million in FY2022, as compared to a share of loss of approximately S$1,000 in FY2021, as the joint venture company completed and delivered higher value and better margin projects during the year.

As a result of the above, the Group recorded a net loss of S$2.1 million in FY2022, as compared to a net loss of S$6.3 million in FY2021. Net loss attributable to owners of the Company was S$2.0 million in FY2022, as compared to a net loss attributable to owners of the Company of S$6.0 million in FY2021.

OPERATIONAL AND FINANCIAL REVIEW

(b) Review of Financial Position of the Group

The Group recorded positive working capital (current assets less current liabilities) of S$8.8 million as at 31 December 2022, as compared to S$12.2 million as at 31 December 2021.

Assets

Current assets

The Group's current assets decreased by S$3.4 million, to S$16.2 million as at 31 December 2022 from S$19.6 million as at 31 December 2021, mainly due to:

a) a decline in cash and cash equivalents of S$2.4 million mainly as a result of the repayments of term loans and lease liabilities;
b) the absence of fixed deposit pledged of S$0.4 million as it was no longer required after the vessel loan was fully repaid in August 2022;
c) a decline in contract assets of S$0.3 million as there were lesser work-in-progress projects towards the end of the year;
d) a decline in other receivables of S$0.2 million due to reclassification of a security deposit paid to bank to non-current assets; and
e) a decline in inventories of S$0.2 million as lesser stock were kept.

Non-current assets

Non-current assets decreased by S$0.4 million, to S$18.6 million as at 31 December 2022 from S$19.0 million as at 31 December 2021, due mainly to the depreciation charges for property, plant and equipment of S$1.7 million during the year, partially offset by capitalisation of docking cost for the Group's vessel, ES Aspire, of S$1.2 million.

Liabilities

Current liabilities

Current liabilities remained largely stable at S$7.4 million as at 31 December 2022 and 31 December 2021. Significant movements of items included in current liabilities were as follows:

a) a decrease in trade payables of S$1.2 million. Trade payables as at 31 December 2021 was higher due to the increase in (i) invoices for repair and maintenance cost for the Group's vessel, ES Jewel, after its exit docking in September 2021; and (ii) orders for ship chandling job that came in towards the end of FY2021;
b) a decrease in bank loans of S$0.4 million due to repayments made in the year; and
c) an increase in other payables of S$1.1 million for accruals made for repair costs for the Group's vessel, ES Jewel, due to unexpected breakdown during the year.

Non-current liabilities

Non-current liabilities decreased by S$1.7 million, to S$4.0 million as at 31 December 2022 from S$5.7 million as at 31 December 2021, mainly due to repayments of bank loans and lease liabilities made during the year.

Equity

As a result of the above, total equity of the Group decreased by S$2.1 million, to S$23.4 million as at 31 December 2022 from S$25.5 million as at 31 December 2021. The Group's equity attributable to owners of the Company decreased by S$1.9 million, to S$23.7 million as at 31 December 2022 from S$25.6 million as at 31 December 2021.

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

In FY2022, net cash generated from operating activities amounted to S$0.9 million, due to:

(i) operating cash inflows before changes in working capital of S$0.2 million;

(ii) changes in working capital of S$0.7 million; and

(iii) income tax paid of S$0.1 million.

The net cash generated from operations of S$0.9 million in FY2022 was mainly pertaining to:

(a) the increase in other payables of S$1.4 million; and

(b) the decrease in contract assets of S$0.3 million,

partially offset by the reduction in trade payables of S$1.1 million.

Net cash used in investing activities of S$1.1 million in FY2022 was related to docking expenses of the Group's vessel, ES Aspire, of S$1.2 million, which was capitalised, partially offset by the proceeds from disposal of property, plant and equipment of S$0.1 million.

Net cash used in financing activities of S$2.0 million in FY2022 was due to repayments of term loans and finance leases of an aggregate of S$2.1 million, interest paid of S$0.3 million and decrease in pledged fixed deposit of S$0.4 million.

As a result of the above and after the effects of exchange rate changes on the balance of cash held in foreign currencies, there was a net decrease in the Group's cash and cash equivalents of S$2.4 million, to S$6.1 million as at 31 December 2022 from S$8.5 million as at 1 January 2022.

BOARD OF DIRECTORS

ONG BENG CHYE

Non-Executive Chairman and Independent Director

LOW CHEE WEE

Executive Director, Chief Executive Officer and Chief Operating Officer

EDDY NEO CHIANG SWEE

Executive Director (Development)

JOANNE KHOO SU NEE

Independent Non-Executive Director

JENS RASMUSSEN

Non-Independent Non-Executive Director

BOARD OF DIRECTORS

ONG BENG CHYE

Non-Executive Chairman and Independent Director

Ong Beng Chye is our Non-Executive Chairman and Independent Director. He was appointed to our Board on 23 November 2018 as our Independent Director and was re-designated as our Non-Executive Chairman on 26 April 2019. Mr Ong is currently the Chairman of the Audit and Risk Committee and the Nominating Committee of the Company. Mr Ong has more than 30 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. Mr Ong is a Director of Appleton Global Private Limited, a business management and consultancy services firm. He is also an Independent Non-Executive Director of five other companies listed on the Singapore Exchange (namely Hafary Holdings Limited, Geo Energy Resources Limited, IPS Securex Holdings Limited, Alpina Holdings Limited and LMS Compliance Ltd.). In addition, from January 2016 to April 2018, Mr Ong served as the Non-Executive Chairman and Independent Director of Heatec Jietong Holdings Ltd., an offshore marine company listed on the Catalist board of the Singapore Exchange. Mr Ong is a Fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst conferred by The Institute of Chartered Financial Analysts and a Fellow Chartered Accountant of Singapore. Mr Ong obtained a Bachelor of Science with Honours from City, University of London in 1990.

LOW CHEE WEE

Executive Director, Chief Executive Officer and Chief Operating Officer

Low Chee Wee is our Executive Director and was appointed to our Board on 25 November 2009. He was re-designated as Chief Executive Officer on 18 August 2015 and expanded his scope of duty to assume Chief Operating Officer role on 27 April 2016. His primary function is to formulate and oversee the operations and strategic development of our Group. Prior to this, Mr Low was our Chief Financial Officer from 2001 to 2009 and from 2014 to 2015. He started his career in 1995 as an Audit Assistant at Deloitte & Touche (now known as Deloitte & Touche LLP) and left in 1999 as an Audit Supervisor. From 1999 to 2001, he was the Finance Manager for Harringale International Pte Ltd, a project management company, where he was in charge of the finance and accounting matters of the company. Mr Low obtained a Bachelor of Accountancy from the Nanyang Technological University, Singapore in 1994 and is a non-practising member of the Institute of Singapore Chartered Accountants.

EDDY NEO CHIANG SWEE

Executive Director (Development)

Eddy Neo Chiang Swee is our Executive Director (Development) and was appointed to our Board on 25 November 2009. He is responsible for overseeing and managing our Group's information technology, business development and receivables departments. Mr Neo joined our Group in 2000 as a Commercial Executive at Wang Fatt Oil and Gas Construction Pte Ltd, where he was in charge of preparation of sales quotation and invoicing matters. In 2001, he became a Commercial Executive of Eng Soon Engineering (1999) Pte Ltd where he was responsible for manpower and recruitment functions until 2004. He was promoted to Business Development Manager in 2005 and assumed responsibility for our Group's receivables functions. Mr Neo obtained a Diploma in Electrical Engineering from the Ngee Ann Polytechnic, Singapore in 1997.

BOARD OF DIRECTORS

JOANNE KHOO SU NEE

Independent Non-Executive Director

Joanne Khoo Su Nee is our Independent Non-Executive Director and was appointed to our Board on 6 June 2020. She is currently the Chairman of the Remuneration and Compensation Committee of the Company. Ms Khoo has more than 26 years of experience in investment banking, corporate finance, capital markets and corporate advisory services. Ms Khoo is currently a Director of Bowmen Capital Private Limited, a mergers and acquisition advisory firm. She also serves as an Independent Non-Executive Director of Teho International Inc Ltd and was formerly an Independent Non-Executive Director of Excelpoint Technology Ltd and Kitchen Culture Holdings Ltd., companies listed on the Singapore Exchange during her tenure. She also serves as an Independent Non-Executive Director of Netccentric Limited, a company listed on the Australian Securities Exchange Ltd and JE Cleantech Holdings Ltd, a company listed on NASDAQ. She was formerly an Independent Non-Executive Director of PayLinks Pte Ltd, wholly-owned by iPayLinks Limited. Prior to this, she was involved in a wide range of investment banking and corporate finance activities as a director at Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) as well as Phillip Securities Pte Ltd and Hong Leong Finance Limited. She started her career at PricewaterhouseCoopers in 1997. Ms Khoo graduated with a Bachelor of Business in Accountancy from Royal Melbourne Institute of Technology University in 1996. She was admitted as a Certified Public Accountant by the CPA Australia in 1999 and a Chartered Accountant under the Malaysian Institute of Accountants in 2000. She was also a member of the Women Corporate Directors, the world's largest membership organization and community of women corporate board directors.

JENS RASMUSSEN

Non-Independent Non-Executive Director

Jens Rasmussen is our Non-Independent Non-Executive Director and was appointed to our Board on 1 January 2010. Since 2008, he has been Project Manager for new building projects of accommodation and drilling vessels at Keppel FELS Ltd yard in Singapore and Yiulian Dockyard in China. He was previously involved, on a personal profession basis, in certain projects that the Group was involved. Mr Rasmussen is also the owner of Raza Service, a consultancy firm, since 2006. Mr Rasmussen has more than 35 years of professional experience in the marine and offshore industry, having been involved in the management, engineering, certification and construction of various types of new building and conversion projects associated with offshore oil and gas exploration and development, as well as shipbuilding. From 1984 to 2006, he was a General Manager with GVA Consultants AB, where he was responsible for sales, concept development of new oil and gas fields, deep-water drilling semisubmersibles, commercial and technical feasibility evaluation for floating offshore platforms. During the period between 2000 and 2004, he also held the position of Engineering Manager and Construction Manager (Korea) and Engineering Coordination Manager (Houston) at BP Exploration Company Inc. In 2006, he was a Project Manager with Frontier Drilling Inc., where he was responsible for overseeing the upgrade and refurbishment of a drillship in Keppel FELS Ltd. Mr Rasmussen obtained a Master of Science in Engineering from the Technical University of Denmark, Copenhagen in 1980.

KEY MANAGEMENT

KOAY SWEE HENG

Koay Swee Heng is our General Manager (Commercial), reporting directly to our Chief Executive Officer and Chief Operating Officer, Low Chee Wee. Mr Koay is in charge of overseeing our projects with Sembcorp Marine Integrated Yard (SMIY) @ Tuas (Megayard), Sembcorp Marine Repairs & Upgrades Pte. Ltd. and Singapore Technologies Marine Ltd, with overall responsibility of project tenders, reports and billings, project management, budget estimation, supervision of workers and manpower allocation. Mr Koay also oversees the quality assurance and safety assessment teams. Prior to joining our Group, Mr Koay was an Accommodation Design Draughtsman at Keppel FELS Ltd from 1989 to 1995, before he went on to become a Senior Draughtsman / Project Coordinator at Ho & Associates Chartered Architects in Malaysia. Mr Koay joined our Group in 1998 as a Commercial Executive and was responsible for project coordination and tenders. In 2004, he was promoted to Commercial Manager, in charge of project tendering, project management, budget planning and manpower planning. Mr Koay was subsequently appointed as Assistant General Manager in 2007, a position he held until January 2010. Mr Koay obtained his Certificate for Architectural Course conducted by the Ministry of Education (Malaysia) in 1988, Certificate in Introduction to Prime Medusa 2D Basic Drafting conducted by Singapore Polytechnic in 1989, Certificate in Basic Shipbuilding from Ngee Ann Polytechnic in 1990, Certificate of Quality Work Group Training conducted by FELS (now known as Keppel FELS Ltd) in 1991 and Certificate in Shipyard Supervisors Safety Course conducted by the Ministry of Manpower in 1999.

KELVIN CHUM HONG WAI

Kelvin Chum Hong Wai is our Business Development Director at ES Offshore Engineering Pte Ltd, our major subsidiary. He oversees the group clientele of large marine service providers and the Group's ship and marine supplies with logistics business division. Mr Chum started his career with several notable ship agencies and companies handling ship supplies and logistics in the Middle East, Far East and close to the regions where the Group is operating in, notably Malaysia, Indonesia, Thailand and Brunei. Prior to joining us, Mr Chum held a position as Marketing and Business Development director with Sinwa Singapore Pte Ltd.

PARCHALAR RAMARAJU SANKAR

Parchalar Ramaraju Sankar is our General Manager (Operations), reporting directly to our General Manager (Commercial), Koay Swee Heng. As our General Manager (Operations), Mr Sankar is largely responsible for daily operations on project management, manpower and jobs assignment planning, as well as quality functions at the shipyard. He joined our Group since 2002 and diligently worked from a junior position to the current General Manager (Operations) position. Mr Sankar holds a Bachelor of Technology in Mechanical Engineering and certification as Senior Welding Inspector.

LOU TIN BOANG

Lou Tin Boang is our General Manager (Thailand) and has been in charge of overseeing the day-to-day operations of our Thailand operations since 2007. Mr Lou joined our Group in 1995 as a Commercial Executive and was promoted to Commercial Manager in 1997. In 2000, he became our General Manager and took on greater responsibility for project tenders, billings, project management, budget estimation and manpower supervision and planning. Mr Lou obtained his Certificate in Architectural conducted by the Institut Teknik Jasa Pusat Vocational, Malaysia in 1986, Certificate in Introduction to Prime Medusa 2D Basic Drafting conducted by Singapore Polytechnic in 1990 and Certificate in Basic Shipbuilding conducted by Ngee Ann Polytechnic Singapore in 1991.

TAN SOOK TENG

Tan Sook Teng is our Finance Manager. She joined our Group in February 2020 as Group Accountant and was promoted to Finance Manager in November 2021. Ms Tan is responsible for our Group's accounting and financial functions, including financial reporting, taxation, treasury matters and internal controls, management of the finance team as well as ensuring compliance with listing and regulatory requirements. Ms Tan has close to eight years of experience working for Singapore and Malaysia professional accounting firms. Prior to joining our Group, Ms Tan worked as external auditor at a Chartered Public Accounting firm in Singapore for more than three years. She started her career in 2012 as a tax associate with Crowe Horwath in Malaysia. She then joined Ernst & Young, Malaysia as external auditor in 2014. Ms Tan was involved in auditing and providing consultancy to clients from various industries such as manufacturing, trading, construction, property development, non-profit organisation and many more. Ms Tan holds a Bachelor of Commerce (Honours) Accounting degree from Universiti Tunku Abdul Rahman and is a member of the Association of Chartered Certified Accountants (ACCA).

CORPORATE MILESTONES

1969/70
Inception of Eng Soon, traded as sole proprietor

1975
Eng Soon Engineering Pte Ltd was first established by Low Chye Hin

1977
Registered as a resident subcontractor of Sembawang Shipyard Pte Ltd

1992
Eng Soon Investment Pte Ltd was formed

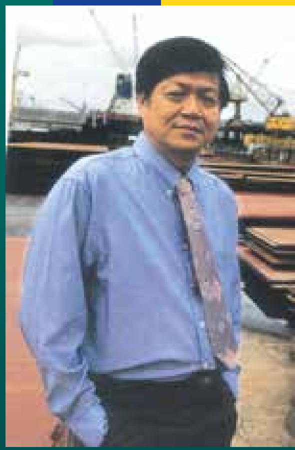
1997
Wang Fatt Oil & Gas Construction Pte Ltd was established to serve the marine industry of Singapore Technologies Marine Ltd

1999
Eng Soon Engineering (1999) Pte Ltd was formed to provide marine piping work and mechanical installation catering for all major shipyards in Singapore

2001
ISO 9001 was awarded to Eng Soon Investment Pte Ltd and Wang Fatt Oil & Gas Construction Pte Ltd for excellent commitment to quality

2003
ES Offshore Engineering Pte. Ltd. was formed to provide oil rigs and semi submersible new building and repair services for Keppel FELS Ltd

2006
ES Offshore and Marine Engineering (Thailand) Co., Ltd. was formed and acquired a piece of land in Thapsakae, Thailand covering 70,000 square-meters of land space to undertake EPC projects and provide new building services such as offshore modules and oil rigs structures



Low Chye Hin
Founder of Eng Soon

2007
Built a 2-storey building at No. 10 Kwong Min Road having 4,700 square-feet of office space and 43,000 square-feet of workshop space, which also accommodates 383 of our marine skilled workers

2009
Eng Soon Investment Pte Ltd, Wang Fatt Oil & Gas Construction Pte Ltd, ES Offshore Engineering Pte. Ltd. and Eng Soon Engineering (1999) Pte Ltd each attained OHSAS 18001 in Workplace Safety and Health management and Bizsafe Star Certification

2010
July, IPO listing on the Catalist board of the Singapore Exchange as ES Group (Holdings) Limited

August, secured first direct order from an international offshore engineering and construction contractor and vessel owner – Subsea 7 S.A.

October, acquired Dalian ES Marine & Offshore Engineering Co., Ltd. – a company incorporated in Dalian, People's Republic of China

CORPORATE MILESTONES

2011
Delivered an offshore barge to its first direct customer, Subsea 7 S.A.

2012
Successfully launched two bunker vessels – Sea Tanker I and Sea Tanker II

2013
Successfully delivered the two bunker vessels

Incorporated a new subsidiary – ES Energy Pte. Ltd.

Set-up Loyang workshop which designs and fabricates a range of offshore structures, such as geotechnical drilling rigs, as well as provides mobilisation and demobilisation works, repair and maintenance works and other offshore support services

2014
Incorporated a new subsidiary – ES Oil & Gas Pte. Ltd.

Entered into a joint venture with Heatec Jietong Pte. Ltd. and Mr. Stuart Edmund Cox to form Karnot Technology Pte. Ltd. – to develop a heating and cooling system for marine and other industries

2015
Entered into a joint venture with Mr. Tang Wei to establish ESW Automation Pte. Ltd. – to provide marine and offshore electrical installation and automation services

2017
Incorporated 2 new subsidiaries - ES Chartering Pte. Ltd. and ES Aspire Pte. Ltd.

Purchase of vessel, ES Aspire, in end 2016

Created ship and marine supplies division to broaden customer and supplier base

2020
Disposal of vessel, ES Bristol, completed in February 2020

Acquisition of 51% interest in joint venture business, ProXess Engineering Pte Ltd, in October 2020

2021
Acquisition of vessel, ES Jewel, completed in March 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Beng Chye
Non-Executive Chairman and Independent Director

Low Chee Wee
Executive Director, Chief Executive Officer and Chief Operating Officer

Eddy Neo Chiang Swee
Executive Director (Development)

Joanne Khoo Su Nee
Independent Non-Executive Director

Jens Rasmussen
Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Ong Beng Chye
Chairman

Jens Rasmussen
Joanne Khoo Su Nee

NOMINATING COMMITTEE

Ong Beng Chye
Chairman

Joanne Khoo Su Nee
Jens Rasmussen

REMUNERATION AND COMPENSATION COMMITTEE

Joanne Khoo Su Nee
Chairman

Jens Rasmussen
Ong Beng Chye

COMPANY SECRETARY

Shirley Tan Sey Liy (FCS, FCG)

REGISTERED OFFICE

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Fax: +65 6284 3005
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Email: eng_soon@esgroup.com.sg

COMPANY REGISTRATION NUMBER

200410497Z

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

SPONSOR

ZICO Capital Pte. Ltd.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

INDEPENDENT AUDITORS

Mazars LLP (Unique Entity Number: T07LL0916H)
135 Cecil Street
#10-01 Philippine Airlines Building
Singapore 069536
Partner-in-charge: Ooi Chee Keong
Date of Appointment: Since financial year ended 31 December 2022
(Public Accountants and Chartered Accountants)

BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation, Limited
Singapura Finance Limited
CIMB Bank Berhad, Singapore branch

FINANCIAL HIGHLIGHTS

Financial Performance	FY2022 $'000	FY2021 $'000	FY2020 $'000
Revenue	**32,460**	**20,949**	**17,533**
Cost of services	(28,355)	(21,889)	(14,523)
Gross profit/(loss)	**4,105**	**(940)**	**3,010**
Other operating income	1,696	2,374	5,696
(Provision)/Reversal of loss allowance for trade receivables, net	(221)	36	(256)
Administrative expenses	(5,364)	(5,839)	(5,785)
Other operating expenses	(2,031)	(1,785)	(2,041)
Finance costs	(138)	(163)	(146)
(Loss)/Profit before share of results of a joint venture	**(1,953)**	**(6,317)**	**478**
Share of results of a joint venture, net of tax	114	(1)	(17)
(Loss)/Profit before income tax	**(1,839)**	**(6,318)**	**461**
Income tax expense	(278)	(19)	(125)
(Loss)/Profit for the year	**(2,117)**	**(6,337)**	**336**
(Loss)/Profit attributable to owners of the parent	**(1,966)**	**(6,019)**	**981**

Financial Position	As at 31 December 2022 $'000	As at 31 December 2021 $'000	As at 31 December 2020 $'000
Shareholder's equity (excluding non-controlling interests)	23,651	25,595	32,008
Total assets	34,749	38,609	43,415
Total liabilities	11,325	13,098	11,143

Financial Ratios (per share)	FY2022	FY2021	FY2020
Net asset value (cents)	16.75	18.13	22.67
Basic and diluted (loss)/earnings (cents)	(1.39)	(4.26)	0.69
Gearing	0.24	0.30	0.19
Interest coverage	N.M	N.M	4.15
Current ratio	2.20	2.66	4.88

N.M – not meaningful

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

ES Group (Holdings) Limited (the "**Company**" and together with its subsidiaries, the "**Group**") believes that it is important to establish good corporate governance within the Group as this provides the foundation for a well-managed and efficient organisation that can in turn focus on sustaining good business performance and safeguarding the interests of the shareholders of the Company ("**Shareholders**"). The board of directors of the Company (the "**Board**" or the "**Directors**") is committed to continually develop and uphold high standards of corporate governance, guided by the principles and provisions of the Singapore Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore.

This report sets out the Group's corporate governance practices with specific reference to each of the principles and provisions in the Code. The Board confirms that, for the financial year ended 31 December ("**FY**") 2022, the Group has complied with the principles of the Code and generally adhered as closely as possible to the provisions of the Code (except where otherwise explained). Where the Group's practices vary from any provisions of the Code, this is stated with an explanation of the reason for the variation and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. The Group will continue to assess its needs and implement appropriate practices accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

The Board is responsible for the overall management of the Group and is collectively responsible for the Group's long- term success. All Directors are tasked to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. The Directors recuse themselves and refrain from participating in discussions and decisions in which the Director has an interest or is conflicted. Apart from its statutory responsibilities, the role of the Board is to, among other things:-

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- review the Group's investments and divestments and the performance of the business;
- review the performance of the Group's management ("**Management**");
- hold Management accountable for performance;
- review and approve the release of the Group's half year and full year financial results;
- identify the key stakeholder groups and recognize that their perceptions affect the Group's reputation;
- consider corporate governance matters;
- review internal policies and procedures and establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding Shareholders' interests and the Group's assets;
- put in place a code of conduct and ethics, which sets an appropriate tone-from-the-top and desired organisational culture and ensures proper accountability within the Company;
- ensure that obligations to Shareholders and other stakeholders are understood and met;

- consider sustainability issues, for example, environmental and social factors, as part of its strategic formulation; and

- deliberate on other transactions and matters that require its direction or approval.

The Board holds meetings at least twice annually to coincide with the announcement of the Group's half year and full year financial results and for the Management to update the Board on the significant business activities and overall business environment of the Group. Ad-hoc meetings will be held as and when warranted by particular circumstances and as deemed appropriate by the Board. The Directors are continually updated on the Group's affairs by the Management via e-mails. The Company's constitution ("**Constitution**") is sufficiently flexible and allows meetings of the Board and Board Committees (as defined herein) to be conducted by way of telephone or video conference.

The Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Upon the appointment of a new Director, the Company will provide a formal letter to the Director, setting out his or her duties and obligations. The Board will ensure that all incoming Directors receive relevant induction on joining the Board, including briefing on their duties as Directors and how to discharge those duties, and a comprehensive orientation programme to ensure that they are familiar with the business activities of the Group, its strategic plans and direction and corporate governance practices. The orientation programme will also allow the new Directors to get acquainted with the Management which aims to facilitate interaction and ensures that all Directors have independent access to the Management. The Company will also arrange for any new first-time Director to attend the relevant training in relation to roles and responsibilities of a director of a listed company, organised by the Singapore Institute of Directors as required under Rule 406(3)(a) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), as well as other courses relating to areas such as accounting, legal and industry-specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company. Directors may request to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and corporate governance practices. No new Director was appointed during FY2022.

Trainings will be arranged and funded by the Company for all Directors as and when required to keep them up to date on relevant new laws, regulations and changing commercial risks, as well as to provide Directors with opportunities to develop and maintain their skills and knowledge. During FY2022, the Directors were briefed and updated in areas such as their duties and responsibilities and particularly on risk management (taking into account, the changing commercial risks), corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Directors. In addition, all Directors have attended the prescribed sustainability training courses organised by the relevant training providers as required under the enhanced sustainability reporting rules announced by the SGX-ST in December 2021.

The Directors have separate and independent access to, and are provided with the names and contact details of, the Key Management and the company secretary at all times. The Board has established a procedure for Directors, either individually or as a group, in the furtherance of their duties, to obtain professional advice and assistance from the company secretary or independent professionals, if necessary, and the cost of such advice and assistance will be borne by the Company.

The Board has adopted internal guidelines setting out the matters which are specifically reserved for its approval and clear directions have also been given to the Management that the following matters must be approved by the Board:-

- material acquisitions and disposals of assets;

- corporate or financial restructuring;

- corporate strategies;

- share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to Shareholders;
- approval of annual audited financial statements for the Group and the Directors' Statement thereto;
- any public report or press release reporting the results of operations and all other announcements to be made on the SGXNet; and
- matters involving a conflict or potential conflict of interest involving a substantial Shareholder or a Director or any interested person transaction.

The Board has, without abdicating its responsibility, delegated the authority to the Audit and Risk Committee, the Nominating Committee and the Remuneration and Compensation Committee (collectively, the "**Board Committees**") to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. Each Board Committee is regulated by a set of written terms of reference endorsed by the Board setting out their compositions, authorities and duties, including reporting back to the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or executive to attend their meetings. The Board Committees report their activities regularly to the Board and minutes of the Board Committees are also regularly provided to the Board. The Board Committees will also review their terms of reference on a regular basis to ensure their continued relevance. The composition and description of each Board Committee are set out in this corporate governance report. The Board accepts that while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The names of the Board Committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities are disclosed in this corporate governance report.

During FY2022, the number of Board and Board Committee meetings held and the attendance of each Board member at the meetings are as follows:-

Board / Board Committees	**Board**	**Audit and Risk Committee**	**Nominating Committee**	**Remuneration and Compensation Committee**
Number of meetings held	2	2	1	1
Name of Director				
Mr. Ong Beng Chye	2	2	1	1
Mr. Low Chee Wee	2	2*	1*	1*
Mr. Eddy Neo Chiang Swee	2	2*	1*	1*
Ms. Joanne Khoo Su Nee	2	2	1	1
Mr. Jens Rasmussen	2	2	1	1

* Attendance by invitation.

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company. The Nominating Committee is satisfied that all Directors gave sufficient time and attention to the affairs of the Company and were able to and have adequately carried out their duties as a Director of the Company for FY2022.

The Company Secretary provides secretarial support to the Board and Board Committees and his/her role includes:-

(a) assisting the respective chairman of the Board and Board Committees and the Management in the preparation of the agendas for the Board and Board Committee meetings;

(b) attending all Board and Board Committee meetings and preparing minutes of the meetings;

(c) ensuring that all meetings are properly convened and Board procedures are followed;

(d) advising the Board and the Management on the Company's compliance with the requirements of the Companies Act 1967 of Singapore ("**Companies Act**"), the Catalist Rules and all other rules, regulations and governance matters which are applicable to the Group;

(e) under the direction of the Chairman of the Board (the "**Chairman**"), ensuring good information flows within the Board and Board Committees and between Management and the Non-Executive Directors; and

(f) facilitating the orientation of incoming Directors and assisting with professional development as required.

The appointment and the removal of the Company Secretary is a decision of the Board as a whole.

To enable the Directors to make informed decisions and discharge their duties and responsibilities, the Management provides all Directors with the appropriate financial accounts and complete, adequate and timely information detailing the Group's performance, financial position and prospects prior to meetings and on an ongoing basis.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently consists of five members, as set out below:-

Directors[1]	Board Membership	Date of First Appointment	Date of Last Re-Appointment	Audit and Risk Committee[2]	Nominating Committee[2]	Remuneration and Compensation Committee[2]
Mr. Ong Beng Chye	Non-Executive Chairman and Independent Director	23 November 2018	29 April 2022	Chairman	Chairman	Member
Mr. Low Chee Wee	Executive Director, Chief Executive Officer ("**CEO**") and Chief Operating Officer ("**COO**")	25 November 2009	27 April 2021	-	-	-
Mr. Eddy Neo Chiang Swee	Executive Director (Development)	25 November 2009	27 April 2021 (to be re-elected at the forthcoming AGM)	-	-	-
Ms. Joanne Khoo Su Nee	Independent Non-Executive Director	6 June 2020	27 April 2021 (to be re-elected at the forthcoming AGM)	Member	Member	Chairman
Mr. Jens Rasmussen	Non-Independent Non-Executive Director	1 January 2010	29 April 2022	Member	Member	Member

Notes:-

(1) Please refer to pages 8 to 10 of this annual report for information regarding the Directors' profiles, present directorships or chairmanships in other listed companies and other principal commitments. Please refer to page 46 of this annual report for information regarding the Directors' shareholdings in the Company and its related corporations.

(2) Please refer to Principles 4, 6 and 10 on pages 24, 27 and 32 respectively of this corporate governance report for information regarding the composition of the Board Committees, names of the respective Board Committee chairman and members and their primary responsibilities.

All Directors have exercised due diligence and independent judgement and demonstrated objectivity in their deliberations in the interests of the Company.

The respective chairman of the Board Committees are Independent Directors and are considered by the Board to be well qualified to chair the Board Committees with their many years of relevant experience and expertise. The independence of each Independent Director is reviewed annually, and as and when circumstances require, by the Nominating Committee based on the definition of independence as set out in the Code, the guidelines and examples of relationships as set out in the accompanying Practice Guidance to the Code, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. Under Rule 406(3)(d) of the Catalist Rules, a director will not be independent under any of the following circumstances: (i) if he is employed by the company or any of its related corporations for the current or any of the past three financial years; or (ii) if he has an immediate family member who is employed or has been employed by the company or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the company; or (iii) [deleted]; or (iv) if he has been a director of the company for an aggregate period of more than nine years (whether before or after listing), and such director may continue to be considered independent until the conclusion of the next annual general meeting of the company.

The Independent Directors, who are members of the Nominating Committee, have abstained from voting on any resolution and making any recommendation and/or participating in any deliberation of the Nominating Committee in respect of the evaluation of his or her independence. There is no policy to prohibit or require the Non-Executive and Independent Directors to hold shares in the Company. Mr. Ong Beng Chye holds 1,925,000 shares in the Company amounting to 1.4% of the total issued shares in the Company. The Nominating Committee and the Board are of the view that the holding of shares by Non-Executive and Independent Directors of less than 5.0% of the total issued shares in the Company encourages the alignment of their interests with the interests of Shareholders without compromising their independence.

Taking into account the views of the Nominating Committee, the Board is satisfied as to the independence of Ms. Joanne Khoo Su Nee and Mr. Ong Beng Chye. Ms. Joanne Khoo Su Nee and Mr. Ong Beng Chye are independent in conduct, character and judgment, and do not have any relationship with the Company, its related corporations, its Shareholders who have an interest of at least 5% of the Company's voting shares or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company, and do not fall under any of the relationships as set out in the accompanying Practice Guidance to the Code and circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. None of the Independent Directors has served on the Board beyond nine years from the date of his or her first appointment.

During FY2022, out of the five Directors, three were Non-Executive Directors, including the Chairman who is independent and non-executive. As such, the Non-Executive Directors make up a majority of the Board.

The Nominating Committee and the Board have considered and are of the view that the current size and composition of the Board and the Board Committees are appropriate for effective debate and decision-making, based on the Group's present circumstances and taking into account the scope and nature of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

The Company has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives appropriate to the Group's business to promote the inclusion of different perspectives and ideas, mitigate against groupthink and foster constructive debate. Diversity enhances the Board's decision-making capability and ensures that the Group has the opportunity to benefit from all available talent and perspectives. The Board Diversity Policy provides for the Board to comprise directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds who as a group provide an appropriate balance, and have diversity from a number of aspects, including but not limited to diversity in gender, age, business or professional experience, skills and knowledge.

The Nominating Committee, in carrying out its duties of reviewing the size and composition of the Board, reviewing succession planning, identifying possible candidates and making recommendations of board appointments to the Board, considers a combination of diversity factors such as skills, core competencies, knowledge, business and professional experience, educational background, gender, age, and length of service. Core competencies, which are taken into account, include but not limited to accounting, finance, business and management experience, industry knowledge, and knowledge of risk management, audit and internal controls.

The Nominating Committee and the Board have reviewed and are satisfied that the current Board comprises five Directors, who as a group provide an appropriate balance and mix of skills, experience, knowledge of the Group and its business operations and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and thus the current Board composition reflects the Company's commitment to Board diversity. The Directors as a group provide a wide spectrum of core competencies such as accounting, finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience, and knowledge to lead and govern the Group effectively. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has one female Director currently, representing 20% of the total Board membership. Ms. Joanne Khoo Su Nee has been a member of the Board since June 2020 and she is the Chairman of the Remuneration and Compensation Committee as well as a member of the Audit and Risk Committee and the Nominating Committee. In addition, the Board consists of Directors with ages ranging from mid-40s to mid-60s, who have served on the Board for different tenures.

The Nominating Committee and the Board believe that there being an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, age and gender on the Board, allows for diverse and objective perspectives on the Group's business and direction to support the long-term success of the Group, and are satisfied that the objectives of the Board Diversity Policy are met. The Nominating Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. The Nominating Committee will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

An effective and robust board is fundamental to good corporate governance. All Directors are continually encouraged to engage actively in open and constructive debate and challenge the Management on its assumptions and proposals. The Board comprises at least one-third Independent Directors who provide different perspectives on the Group's business and corporate activities. This ensures that no individual or small group of individuals dominates the Board's decision-making. To facilitate a more effective check on the Executive Directors and the Management, the Non-Executive Directors, who constitute a majority of the Board, meet at least once annually without the presence of the Management to discuss matters that they wish to raise privately. The Non-Executive Directors also constructively challenge the Executive Directors and the Management and help develop proposals on strategy and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and the CEO are separate persons in order to ensure an appropriate balance of power and authority, increase accountability and greater capacity of the Board for independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the Chairman and the CEO. The Chairman, Mr. Ong Beng Chye, an Independent Director, and the CEO, Mr. Low Chee Wee, are not related to each other.

The responsibilities of the Chairman include:-

- assuming the formal role of an independent leader and chairing all Board meetings;
- leading the Board to ensure its effectiveness on all aspects of its role, in particular its oversight of the Management;
- in consultation with the CEO, approving meeting schedules of the Board, setting the agenda for Board and Board Committee meetings and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- ensuring effective communication by the Board and the Management with Shareholders;
- encouraging constructive relations within the Board and between the Board and the Management and between the Executive Directors and the Non-Executive Directors;
- facilitating the effective contribution of the Non-Executive Directors in particular; and
- promoting high standards of corporate governance for the Group.

The CEO has full executive responsibilities in the business directions and operational efficiency of the Group. He oversees the execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business.

No Lead Independent Director has been appointed as the Chairman is independent and not related to the CEO and there is no business relationship between them. In respect of Provision 3.3 of the Code, the Chairman, who is an Independent Director, functions as a Lead Independent Director and provides a channel of communication through which Shareholders may raise any concerns in situations where the normal channels of communication with the CEO or Management are inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

In accordance with the terms of reference of the Nominating Committee, the duties and responsibilities of the Nominating Committee include, among others:-

(a) making recommendations to the Board on relevant matters relating to:

  (i) the review of succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;

  (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;

  (iii) the review of training and professional development programmes for the Board and its Directors; and

  (iv) the appointment and re-appointment of Directors (including alternate directors, if any);

(b) determining annually, and as and when circumstances require, if a Director is independent, having regard to the circumstances set forth in Provision 2.1 of the Code and any other salient factor;

(c) ensuring that new Directors are aware of their duties and obligations;

(d) deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, and where a Director holds a significant number of listed company directorships and principal commitments[1], assessing the ability of such a Director to diligently discharge his or her duties; and

(e) without limiting the effect of sub-paragraph (a)(ii) above, recommending for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board, in order for the Board to undertake a formal annual assessment of the performance of the Board as a whole, each Board Committee and each individual Director.

The Nominating Committee comprises three Non-Executive Directors, namely, Mr. Ong Beng Chye ("**NC Chairman**"), Ms. Joanne Khoo Su Nee and Mr. Jens Rasmussen, the majority of whom, including the NC Chairman, are independent.

The Nominating Committee ensures that new Directors are aware of their duties and obligations. Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Group and its major business processes. On the appointment of a new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.

The Nominating Committee also determines if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company and whether each Director has adequate time and attention to devote to the Company, in the case of Directors with multiple listed board representations and other principal commitments.

[1] The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

The listed company directorships and principal commitments of each Director are disclosed in this annual report. In the event a Director holds a significant number of such directorships and commitments, the Company provides the Nominating Committee and the Board an assessment of the ability of the Director to diligently discharge his or her duties. Although some of the Directors have other listed company directorships and other principal commitments, the Nominating Committee is satisfied that all Directors are able to devote adequate time and attention to the affairs of the Company to fulfil his or her duties effectively as a Director. The Nominating Committee monitors and determines annually whether Directors who have multiple listed company directorships and other principal commitments are able to devote sufficient time and attention to the affairs of the Company and adequately carry out his or her duties as a Director. The Nominating Committee assesses the contribution by each Director to the effectiveness of the Board and takes into account his or her actual conduct on the Board in making this determination. There is no alternate Director on the Board.

The Nominating Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole as well as its individual members based on attributes of the existing Board and the requirements of the Group. The Board is of the view that the Directors as a group should provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The Board takes steps to achieve the diversity necessary with the aim of maximizing its effectiveness. The Directors are respectively experienced in business management, human capital development, strategies planning and possess industry experience that the Company operates in.

The Nominating Committee also considers the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, a Director's independence as part of the process for selection, appointment and re-appointment of Directors. The search for new Directors, if any, will be via contacts and recommendations so as to cast its net as wide as possible for the right candidate. Executive recruitment agencies will also be engaged to assist in the search process where necessary. The Nominating Committee will arrange for interviews with the shortlisted candidates for its assessment before arriving at a decision. During the interviews, the Nominating Committee will take into consideration whether the candidate has sufficient time available to devote himself or herself to the position, the skill sets of the candidate and how he or she will complement the current Board. In addition, the Nominating Committee will take into consideration whether a candidate had previously served on the board of a company with an adverse track record or a history of irregularities, or whether the candidate is or was under investigation by professional associations or regulatory authorities. The Nominating Committee will also assess whether a candidate's resignation from the board of any such company would cast any doubt on the candidate's qualification and ability to act as a Director of the Company. Upon the Nominating Committee's review and recommendation to the Board, the new Directors will be appointed by way of a board resolution.

In accordance with Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three years. In addition, in accordance with the Constitution, all Directors, including the CEO, are subject to re-nomination and re-appointment at regular intervals of at least once every three years. At each annual general meeting of the Company ("**AGM**"), at least one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, are required to retire and to submit themselves for re-election. The Constitution also provides that a newly appointed Director must retire and submit himself or herself for re-election at the AGM following his or her appointment. In making the recommendation, the Nominating Committee has considered each of the said Directors' qualifications, experiences, skills and expertise, as well as overall contributions and performances. Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the Nominating Committee in respect of the assessment of his or her performance or re-nomination as a Director.

Pursuant to Regulation 98 of the Constitution on the one-third rotation rule, Mr. Eddy Neo Chiang Swee and Ms. Joanne Khoo Su Nee shall retire at the forthcoming AGM and shall be eligible for re-election. Mr. Eddy Neo Chiang Swee and Ms. Joanne Khoo Su Nee will be offering themselves for re-election at the forthcoming AGM.

The Nominating Committee has recommended to the Board that Mr. Eddy Neo Chiang Swee and Ms. Joanne Khoo Su Nee be nominated for re-election at the forthcoming AGM. The Board has accepted the Nominating Committee's recommendation. As Ms. Joanne Khoo Su Nee is a member of the Nominating Committee, she has abstained from voting on the resolution relating to her retirement and re-election, including making any recommendation and participating in any deliberation of the Nominating Committee in respect of the assessment of her re-nomination as Director.

Mr. Eddy Neo Chiang Swee will, upon re-election as a Director at the forthcoming AGM, remain as an Executive Director.

Ms. Joanne Khoo Su Nee will, upon re-election as a Director at the forthcoming AGM, remain as an Independent Non-Executive Director, and continue to serve as Chairman of the Remuneration and Compensation Committee as well as a member of the Audit and Risk Committee and the Nominating Committee. Ms. Joanne Khoo Su Nee is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to pages 40 to 44 of this annual report for the additional information regarding Mr. Eddy Neo Chiang Swee and Ms. Joanne Khoo Su Nee, pursuant to Rule 720(5) of the Catalist Rules.

The Board recognises the importance of good succession planning to facilitate better corporate governance processes and practices. The Nominating Committee is tasked to review the succession plans for Directors progressively and identify the potential successors to key positions. Succession and leadership development plans for the key Management personnel will be implemented to ensure a smooth transition. The review, if any, will be presented to the Board for its approval.

The Nominating Committee is also tasked to review annually the independence of a Director bearing in mind the Code's definition of an 'independent' Director, as well as the accompanying Practice Guidance to the Code and the Catalist Rules as to relationships the existence of which would deem a Director not to be independent. The Nominating Committee will consider in its review, the confirmation on the independence of each Director which each Independent Director provides to the Board annually.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The Board has approved the objective performance criteria and process recommended by the Nominating Committee for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board. Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the Nominating Committee in respect of the assessment of his or her performance as a Director.

For FY2022, an annual evaluation of the performance of the Board as a whole, and of each Board Committee was conducted to assess and identify areas for continuous improvement to the Board's and the Board Committees' performance and effectiveness. The evaluation of the Board was carried out by way of a Board assessment checklist through which each Director was required to complete and assess individually the Board as a whole on several parameters including, among others, the Board's conduct of affairs, Board composition and guidance as well performance, remuneration matters, risk management and internal controls, measuring and monitoring performance, recruitment and evaluation, succession planning, financial reporting and communication with Shareholders. Contribution by the Chairman to the effectiveness of the Board was also evaluated in the Board assessment checklist. The evaluation of each Board Committee was carried out by way of an evaluation form for each Board Committee through which each Director was required to complete and evaluate individually each Board Committee as a whole on several parameters, namely committee composition, information to the committee and committee procedures. For FY2022, an annual evaluation of each individual Director on whether each individual Director continues to contribute effectively and demonstrate commitment to the role, was carried out by way of a self-assessment checklist through which each Director was required to complete and evaluate their own performance and contribution to the effectiveness to the Board on several parameters, namely attendance at the meetings of the Board and Board Committees, discharge of the Director's duties at the meetings of the Board and Board Committees, know-how of the Director and the Director's interactions with fellow Directors, key Management personnel, Shareholders and auditors.

The consolidated findings from such assessment checklists and evaluation forms were then reported and recommendations were made to the Board for consideration for further improvements to assist the Board, each Board Committee and each individual Director in discharging their duties more effectively. The performance criteria, which allows for comparison with industry peers, are approved by the Board and they address how the Board has enhanced long-term Shareholders' value by allowing the Board and the Directors to further improve on discharging their duties more effectively. The performance criteria are not changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such decision. The performance criteria has been amended since FY2019 to reflect the amendments made to the Code.

Based on the aforementioned assessment conducted, the Nominating Committee is of the view that, for FY2022, the performance and effectiveness of the Board as a whole, and of each Board Committee as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board were satisfactory.

The Board has not engaged any external consultant to conduct an assessment of the performance and effectiveness of the Board as a whole, and of each Board Committee as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board. Where relevant, the Nominating Committee will consider such an engagement.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

In accordance with the terms of reference of the Remuneration and Compensation Committee, the duties and responsibilities of the Remuneration and Compensation Committee include, among others:-

(a) reviewing and recommending to the Board:

- (i) a framework of remuneration for the Board and key Management personnel; and
- (ii) the specific remuneration packages for each Director as well as for the key Management personnel,

and in doing so, the Remuneration and Compensation Committee considers all aspects of remuneration, including termination terms, to ensure they are fair;

(b) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key Management personnel's contracts of service to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous;

(c) reviewing working environments and succession planning for the key Management personnel;

(d) reviewing the terms of the employment arrangements with the key Management personnel so as to develop consistent group-wide employment practices subject to regional differences; and

(e) reviewing whether the Executive Directors and key Management personnel should be eligible for benefits under long-term incentive schemes, including share schemes.

The Remuneration and Compensation Committee comprises three Non-Executive Directors, namely, Ms. Joanne Khoo Su Nee ("**RC Chairman**"), Mr. Jens Rasmussen and Mr. Ong Beng Chye, the majority of whom, including the RC Chairman, are independent.

The Remuneration and Compensation Committee aims to motivate and retain Directors and key Management personnel without making excessive payments to them, and to ensure that the Company is able to attract and retain the best talent in the market to drive the Group's businesses forward in order to maximise long-term Shareholders' value. The Remuneration and Compensation Committee aims to be fair and to avoid rewarding poor performance.

The Remuneration and Compensation Committee's recommendations are submitted for endorsement by the entire Board. The recommendations include all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

The Remuneration and Compensation Committee will, from time to time, and where necessary, seek advice from external remuneration consultant(s) in structuring the remuneration policy and determine the level and mix of remuneration for the Directors and key Management personnel. No external remuneration consultant has been engaged for FY2022.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

An appropriate proportion of the Executive Directors' and key Management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with Shareholders' interests and other stakeholders and promotes the long-term success of the Company. The Remuneration and Compensation Committee also takes into account the risk policies of the Company, and ensures that remuneration is symmetric with risk outcomes and is sensitive to the time horizon of risks and the industry practices and norms in compensation. These measures are appropriate and meaningful for the purpose of assessing the Executive Directors' and key Management personnel's performance.

The Company adopts and uses contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key Management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

The Remuneration and Compensation Committee ensures that both the total remuneration and individual pay components, in particular, the annual fixed cash, annual performance incentives and long-term incentives, are market competitive and performance-driven. The annual fixed cash component consists of the annual basic salary and fixed allowances which the Company benchmarks with the relevant industry market data, where available. The annual performance incentive component refers to variable bonus that is tied to the performance of the Group, business unit and individual employee. Performance conditions to which entitlement to such annual and short-term incentives include benchmarking performance to industry business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Group's financial performance vis-à-vis industry performance and individual performance.

The Company had entered into a fixed-period service agreement with each of Mr. Low Chee Wee and Mr. Eddy Neo Chiang Swee on 1 January 2021, governing the terms and conditions of their employment with the Company. The service agreement with each of Mr. Low Chee Wee and Mr. Eddy Neo Chiang Swee is renewable on an annual basis after the first three years. Their service agreements have been updated with the latest corporate governance requirements as and when required. The remuneration packages for the Executive Directors are based on terms stipulated in their respective service agreement. The remuneration package of Mr. Low Chee Wee includes a profit sharing scheme that is performance-related to align his interests with those of Shareholders.

The Non-Executive Directors do not have service agreements with the Company. They are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort, time spent, and their responsibilities on the Board and Board Committees. The Non-Executive Directors, who are also independent, have not been over-compensated to the extent that their independence is compromised.

In setting remuneration packages, the Remuneration and Compensation Committee aligns the level and structure of remuneration with the long-term interest and risk policies of the Company and considers what is appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company; and (b) the key Management personnel to successfully manage the Company for the long term.

No Director is involved in deciding his or her own remuneration. The recommendations made by the Remuneration and Compensation Committee in respect of the Non-Executive Directors' fees are subject to Shareholders' approval at the AGM. Executive Directors do not receive any Directors' fee. At the last AGM held on 29 April 2022, Shareholders had approved the payment of the Non-Executive Directors' fees of up to S$128,500 for FY2022. At the forthcoming AGM, Shareholders' approval will be sought for the payment of the Non-Executive Directors' fees of up to S$128,500 for the financial year ending 31 December 2023.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Group sets the remuneration policy for (i) each individual Director and the CEO; and (ii) the key Management personnel (who are not Directors or the CEO) in bands no wider than S$250,000.

A breakdown, showing the level and mix of the remuneration of each individual Director in bands no wider than S$250,000 for FY2022, is as follows:-

	Directors' Fees (%)	Fixed Salary[1] (%)	Bonus (%)	Benefits (%)	Total (%)
Executive Directors Below S$250,000					
Mr. Low Chee Wee	-	88	-	12	100
Mr. Eddy Neo Chiang Swee	-	84	6	10	100
Non-Executive Directors Below S$250,000					
Mr. Ong Beng Chye	100	-	-	-	100
Ms. Joanne Khoo Su Nee	100	-	-	-	100
Mr. Jens Rasmussen	100	-	-	-	100

Note:-

(1) Includes employers' contributions to the Central Provident Fund and allowances.

A breakdown, showing the level and mix of the remuneration of each of the top five key Management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 for FY2022, is as follows:-

	Fixed Salary[1] (%)	Bonus (%)	Benefits (%)	Total (%)
Key Management Personnel Below S$250,000				
Mr. Christopher Low Chee Leng	82	6	12	100
Ms. Tan Sook Teng	92	8	-	100
Mr. Koay Swee Heng	86	14	-	100
Mr. Lou Tin Boang	96	4	-	100
Mr. Chum Hong Wai	83	17	-	100

Note:-

(1) Includes employers' contributions to the Central Provident Fund and allowances.

The total remuneration, in aggregate, paid to the above top five key Management personnel (who are not Directors or the CEO) for FY2022 was approximately S$644,000.

Mr. Christopher Low Chee Leng is a substantial Shareholder (with total 38.09% shareholding interest (both direct and deemed) of the Company as at 20 March 2023) and the brother of Mr. Low Chee Wee (Executive Director, CEO and COO, as well as a substantial Shareholder) and Ms. Yvonne Low-Triomphe (a substantial Shareholder), son of Mdm Neo Peck Keow @ Ng Siang Keng (a substantial Shareholder) as well as cousin of Mr. Eddy Neo Chiang Swee (Executive Director and a substantial Shareholder). The remuneration paid to Mr. Christopher Low Chee Leng for FY2022 was between S$150,000 and S$250,000.

Save as disclosed above and other than the Executive Directors, no employee of the Company and its subsidiaries, whose remuneration exceeded S$100,000 during FY2022, was a substantial Shareholder, an immediate family member of a Director, the CEO or a substantial Shareholder.

The Board has, on review, decided not to disclose the remuneration of the Directors to the nearest thousand dollars and the remuneration of the top five key Management personnel (who are not Directors or the CEO) to the nearest thousand dollars given the competitive pressure and disadvantages that this might bring. After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this corporate governance report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

There were no termination, retirement and post-employment benefits granted to the Directors, the CEO and key Management personnel pursuant to the terms of their employment agreements.

The Company does not have any share schemes, such as an employee share option scheme or performance share plan, in place in FY2022.

The Board will evaluate as and when there is a need for a long-term incentive and reward scheme to ensure employees focus on generating Shareholders' value over a longer term. Entitlement to such long-term incentives will include assessment and recognition of potential progressive performance and enhancement to asset value and Shareholders' value over time, taking into consideration current and future plans of the Company.

A separate annual remuneration report has not been included in this annual report as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this annual report and in the financial statements of the Company.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company has put in place risk management framework and internal control systems to manage different risk aspects of the Group including financial, operational, compliance and information technology risks, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. Some examples of the internal controls in place are policies and procedures that are established in relation to the safeguarding of assets, maintenance of proper accounting records, maintenance of reliable financial information, compliance with appropriate legislation, regulation and best practice and the identification and management of business risks.

The Board, who is responsible for the governance of risk, ensures that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The Board determines the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board monitors the Group's risks through the Audit and Risk Committee as well as the external and internal auditors. The Audit and Risk Committee reviews the audit plans of the external and internal auditors at least once annually, including the results of the external and internal auditors' review and evaluation of the system of internal controls. During FY2022, the Group's external and internal auditors have conducted their annual review respectively on the adequacy and effectiveness of the Group's material internal controls procedures, including financial, operational, compliance and information technology controls as well as risk management system and these were reported to the Audit and Risk Committee. On behalf of the Board, the Audit and Risk Committee has also reviewed the adequacy and effectiveness of the Group's system of risk management and internal controls in light of the key business and financial risks affecting its business.

The Board has received assurance from:

(a) the CEO (who is also the COO) and the Finance Manager ("**FM**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the CEO (who is also the COO), the FM and other key Management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Commentaries are provided to Shareholders in the Company's annual reports to enable them to make an informed assessment of the Group's risk management framework and internal control systems.

The Group has established its enterprise risk management framework to manage its exposure to risks that it is exposed to in the conduct of its business. The Group has engaged an external risk management consultant, NLA Risk Pte. Ltd. ("**NLA**"), to undertake the enterprise strategy and risk assessment exercise. In accordance with the internal audit plan approved and adopted by the Audit and Risk Committee, internal audit reports have been prepared for review by the Audit and Risk Committee. The objectives of the audit were to review the adequacy and appropriateness of the internal policies and procedures in deriving a sound system of risk management and internal controls, including financial, operational, compliance and information technology controls, within the subsidiaries under review and the Group, in deriving the Group's strategies. From the internal audit review exercise conducted by NLA, there was no material control weakness that would hamper the operations or control breakdowns that would lead to major financial impact to the subsidiaries under review and the Group. In conclusion, the systems of internal controls in place on major processes covered under audits are adequate and effective in meeting the needs of the subsidiaries under review and the Group to address the financial, operational, compliance and information technology control risks. Nonetheless, NLA has recommended certain actions and additional controls to further enhance the operational and control efficiencies for the subsidiaries under review and the Group, which have been/ will be implemented by the Group.

Based on the work carried out by the internal auditors, the review undertaken by the external auditors, the existing management controls in place and the assurance received from the CEO (who is also the COO), the FM and other key Management personnel, the Audit and Risk Committee and the Board are of the opinion that, for the financial year under review, the internal controls (including financial, operational, compliance and information technology controls) in place in the Group, and the Group's risk management systems are effective and adequate.

The likelihood of achieving the internal control objectives is affected by limitations inherent in all internal control and risk management systems. While no system can provide absolute assurance against the occurrence of material errors, financial misstatement, poor judgement in decision-making, human error, losses, fraud and other irregularities, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, the Company has had regard to the risks to which the business is exposed to, the likelihood of such risks occurring and the costs of protecting against them. The Board, together with the Audit and Risk Committee and the Management, will continue to enhance and improve the existing risk management framework and internal control systems to identify and mitigate these risks.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

In line with the recommendation of the Code, the Audit and Risk Committee assists the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

In accordance with the terms of reference of the Audit and Risk Committee, the duties and responsibilities of the Audit and Risk Committee include, among others:-

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing the half year and full year financial statements of the Company before submission to the Board for approval, focusing in particular, on:-

  (i) changes in accounting policies and practices;

  (ii) major risk areas;

  (iii) significant adjustments resulting from the audit;

(iv) going concern statement;

(v) compliance with accounting standards; and

(vi) compliance with stock exchange and statutory / regulatory / requirements;

(c) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(d) reviewing the assurance from the CEO and the FM on the financial records and financial statements;

(e) making recommendations to the Board on: (i) the proposals to Shareholders on the appointment and removal of the external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(f) reviewing the adequacy, effectiveness, independence, scope and results of the external audit;

(g) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;

(h) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

(i) reviewing and advising the Board on any interested person transaction;

(j) reviewing with the external auditors:-

(i) the audit plan, including the nature and scope of the audit before the audit commences;

(ii) their evaluation of the system of internal accounting controls;

(iii) their audit report; and

(iv) their management letter and the Management's response;

(k) reviewing the assistance given by the Management to the external and internal auditors; and

(l) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response.

The Audit and Risk Committee comprises three Non-Executive Directors, namely Mr. Ong Beng Chye ("**AC Chairman**"), Mr. Jens Rasmussen and Ms. Joanne Khoo Su Nee, the majority of whom, including the AC Chairman, are independent. Members of the Audit and Risk Committee are appropriately qualified and have recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the Audit and Risk Committee:-

(a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and

(b) in any case, for as long as they have any financial interest in the auditing firm or auditing corporation.

As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Group has therefore appointed a professional internal audit firm to undertake the functions of its internal audit. For the financial year under review, the Group's internal auditor is NLA. The internal auditors' primary line of reporting is to the Audit and Risk Committee. The Audit and Risk Committee also decides on the appointment, termination and remuneration of the professional firm to which the internal audit function is outsourced. On a yearly basis, the Audit and Risk Committee reviews whether the internal audit function is independent, objective and free from undue influence, effective and demonstrates competence and due professional care, and is adequately resourced and has appropriate standing within the Group.

For FY2022, the Audit and Risk Committee has reviewed and ensured that the internal auditors are adequately resourced with persons with the relevant qualifications and experience and have appropriate standing within the Group, and the internal audit function is independent, objective, free from undue influence and effective. The internal auditors have carried out their function taking guidance from the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Group's internal audits are conducted with the following objectives:-

- to review the effectiveness of the Group's system of internal controls to address key business and operational risks;
- to review compliance to the system of internal controls; and
- to assess whether operations are conducted in an effective and efficient manner.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the Audit and Risk Committee. The internal auditors discuss and agree on the annual internal audit plan with the Audit and Risk Committee at the beginning of each financial year. Subsequent internal audit findings and corresponding Management responses to address these findings are reported at the meetings of the Audit and Risk Committee. The Audit and Risk Committee is continually working with the internal auditors to improve on the existing internal control and risk management systems.

The Audit and Risk Committee's primary role includes investigating any matter within its terms of reference. It has full access to, and the co-operation of, the Management and full discretion to invite any Director or executive to attend its meetings. The Audit and Risk Committee has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly. In performing its functions, the Audit and Risk Committee and the Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audit. The Audit and Risk Committee also meets regularly with the Management, the FM and external auditors to keep abreast of any change to the accounting standards and issues which could have an impact on the Group's financial statements. At least once a year and as and when required, the Audit and Risk Committee meets with the external and internal auditors without the presence of the Management, to review any matter that might be raised privately.

The external auditors are responsible for performing an independent audit of the Group's financial statements in accordance with the financial reporting standards, and for issuing a report thereon. The Audit and Risk Committee's responsibility is to monitor these processes, as well as to review the audit plan and scope of examination of the external auditors and the assistance given by the Group's officers to the external auditors. In relation to the key audit matters raised in the Independent Auditors' Report, the Audit and Risk Committee noted the external auditors' independent opinion on the Management's accounting, treatment and estimates and concluded that they are appropriate and the Audit and Risk Committee is satisfied that the key audit matters, after taking into consideration, *inter alia*, the approach and methodology used, have been properly dealt with.

The Audit and Risk Committee has also conducted an annual review of the independence of the external auditors of the Company, and has satisfied itself on the independence and objectivity of the external auditors of the Company. The total amount of audit fees paid to the external auditors of the Company for audit services rendered for FY2022 was S$124,439. No non-audit services were rendered by the external auditors of the Company for FY2022, and accordingly no non-audit fees were paid to the external auditors of the Company for FY2022.

In proposing to Shareholders on the re-appointment of Mazars LLP as the Company's external auditors and in line with Rule 712 of the Catalist Rules, the Board and the Audit and Risk Committee have considered and are satisfied with the adequacy of the resources and experience of Mazars LLP and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. Mazars LLP has also confirmed its independence and that it is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore.

The Board and the Audit and Risk Committee are satisfied that the Company is in compliance with Rule 715 of the Catalist Rules. The external auditors appointed for the Company's significant subsidiaries for FY2022 are set out in the notes to financial statements at pages 101 to 105 of this annual report. For FY2022, the Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of auditing firms for the Group.

To achieve a high standard of corporate governance for the operations of the Group, the Group has put in place a whistle-blowing policy which encourages and provides a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the chairman of the Audit and Risk Committee. The objective of such policy is to provide for procedures to validate concerns on misconduct or wrongdoing relating to the Company and its officers and to ensure independent investigation of such matters and for appropriate follow-up action. The Company has designated an independent function to investigate whistle-blowing reports made in good faith. The Audit and Risk Committee is responsible for oversighting and monitoring of whistleblowing. The Audit and Risk Committee will treat all information received confidentially and protect the identity and the interest of all whistle-blowers against detrimental or unfair treatment. Anonymous disclosures will be accepted and anonymity honoured. The whistle-blowing policy is published in the Company's corporate website and has been circulated to all employees. No whistle-blowing reports were received in FY2022.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company The Company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.

In recognition of the importance of treating all Shareholders fairly and equitably, the Company aims to protect and facilitate the exercise of ownership rights by all Shareholders, and continually review and update such governance arrangements. The Company also notes that Shareholders have the right to be sufficiently informed of changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares. The Company will ensure that Shareholders have equal opportunity to participate effectively in and vote at general meetings of Shareholders, and will brief Shareholders on the rules, including voting procedures, that govern the general meetings.

Information on general meetings is disseminated through notices in the annual report or circulars sent to all Shareholders. The notices are also released via the SGXNet and published in local newspapers.

The Constitution allows Shareholders to appoint proxies to attend, speak and vote in their stead at general meetings. Pursuant to Regulation 77 of the Constitution, Shareholders may appoint not more than two proxies to attend, speak and vote at the same general meeting. However, the Company allows Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) to appoint more than two proxies to attend, speak and vote at general meetings.

The Company tables separate resolutions at general meetings of Shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. The Company will put all resolutions to vote by poll and make an announcement on the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

General meetings of the Company represent the principal forum for dialogue and interaction with all Shareholders. Resolutions at general meetings of the Company are on each substantially separate issue. All Directors endeavour to attend the general meetings of Shareholders to address any questions that the Shareholders may have. At each AGM, the Board presents the progress and performance of the Group's businesses and invites all Shareholders to participate in the questions and answers session. The Directors, including the respective chairman of the Board Committees, and the Management are in attendance at the AGMs to allow Shareholders the opportunity to air their views and ask the Directors or the Management questions regarding the Group. The external auditors of the Company are also present at the AGMs to address Shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Directors' attendance at the last AGM held on 29 April 2022 is as follows:-

Name of Director	AGM held on 29 April 2022
Mr. Ong Beng Chye	Present
Mr. Low Chee Wee	Present
Mr. Eddy Neo Chiang Swee	Present
Ms. Joanne Khoo Su Nee	Present
Mr. Jens Rasmussen	Present

Save for the last AGM in respect of FY2021 held on 29 April 2022, there were no other general meetings of the Company held during FY2022.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of Shareholders' identities through the web are not compromised.

The Company publishes minutes of general meetings of Shareholders on its corporate website, and such minutes are also readily provided to Shareholders upon request. The minutes of general meetings record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meetings, and responses from the Board and the Management.

For FY2022, due to the COVID-19 pandemic, the Company's last AGM held on 29 April 2022 ("**2022 AGM**") was held by way of electronic means, through "live" audio-visual webcast and "live" audio-only stream. The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2022 AGM. Shareholders participated in the 2022 AGM via electronic means, voting by appointing the Chairman of the 2022 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2022 AGM, and responses to substantial and relevant questions were provided via an announcement on SGXNet and the Company's corporate website. The Company did not receive any question from Shareholders before the 2022 AGM. In respect of the 2022 AGM, the Company published the minutes of the 2022 AGM on SGXNet and the Company's corporate website within one month from the date of the 2022 AGM.

The forthcoming AGM in respect of FY2022 will be convened in a wholly physical format and there will be no option for Shareholders to participate virtually. Please refer to the notice of AGM dated 5 April 2023 as set out in this annual report for more information on how Shareholders may participate in the forthcoming AGM.

The Company currently does not have a formal policy on payment of dividends. The Company may declare dividends by way of an ordinary resolution of Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of Shareholders. The Directors may also declare an interim dividend without the approval of Shareholders. No dividend was declared/recommended for FY2022 in view of the net loss position of the Group for FY2022.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

The Company facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company. The Company provides avenues for communication between the Board and all Shareholders. To allow the Board to solicit and understand the views of Shareholders, Shareholders are encouraged to attend the AGMs and extraordinary general meetings of the Company to ensure high level of accountability and to stay appraised of the Group. Shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group.

In line with continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Board's policy is for Shareholders to be informed promptly of all major developments that would, or are likely to, impact the Group. The Company does not practice selective disclosure of material information. Information is communicated to Shareholders on a timely basis through the SGXNet. Communication is also made through the half year and full year financial statements, sustainability reports and annual reports issued to all Shareholders, within the mandatory period. The Company maintains a corporate website at http://www.esgroup.com.sg/ through which Shareholders are able to access up-to-date information on the Group. The corporate website provides corporate announcements, annual reports, sustainability reports and profiles of the Group, the Board and the Board Committees.

To actively engage and promote regular, effective and fair communication with Shareholders, the Company actively engages Shareholders and has put in place an effective investor relations policy which allows for an ongoing exchange of views. The investor relations policy sets out a mechanism through which Shareholders may contact the Company with questions and through which the Company may respond to such questions.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Group regularly engages its stakeholders through various medium and channels to ensure that the Group's business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The Group has also undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders.

Detailed approach to the stakeholder engagement and materiality assessment has been disclosed in the Group's sustainability report for FY2022. Please refer to the section entitled "Sustainability Report" as set out in this annual report for more information in respect of how the Group keeps stakeholders informed on its business and operations.

To promote regular, effective and fair communication with stakeholders, the Company maintains a corporate website at http://www.esgroup.com.sg/ which provides corporate announcements, annual reports, sustainability reports, press releases and other information pertaining to the Group, through which stakeholders are able to access up-to-date information on the Group.

MATERIAL CONTRACTS

Save for the service agreements entered into between each of the Executive Directors of the Company (namely, Mr. Low Chee Wee and Mr. Eddy Neo Chiang Swee) and the Company, and as disclosed below in the section entitled "Interested Person Transactions", there were no material contracts or loans entered into by or taken up by the Group involving the interests of the CEO or any Director or controlling Shareholder either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of FY2021.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees payable or paid to ZICO Capital Pte. Ltd. for FY2022.

DEALINGS IN SECURITIES

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities. The Company has devised and adopted its own internal compliance code to provide guidance to the Directors and all employees with regard to dealing in the Company's securities. The Company prohibits the Directors and all employees from dealing in the Company's securities on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial results and ending on the date of announcement of the results. The Board is kept informed when a Director trades in the Company's securities. The Directors and all employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit and Risk Committee and that the transactions are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. All interested person transactions are subject to review by the Audit and Risk Committee to ensure compliance with established procedures.

The Company does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. The aggregate value of interested person transactions entered into during FY2022 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules is 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$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Mr. Low Chye Hin - Professional fee	Mr. Low Chye Hin, the Group's consultant, is the father of Mr. Low Chee Wee (Executive Director, CEO and COO of the Company, and a controlling Shareholder), Mr. Christopher Low Chee Leng (a controlling Shareholder) and Ms. Yvonne Low-Triomphe (a controlling Shareholder), as well as the spouse of Mdm Neo Peck Keow @ Ng Siang Keng (a controlling Shareholder).	156	-
Total		**156**	**-**

The Board confirms that the above interested person transaction was entered into on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX

Additional Information on Directors nominated for re-election – Appendix 7F to the Catalist Rules

The following table sets out the additional information on Mr. Eddy Neo Chiang Swee and Ms. Joanne Khoo Su Nee, being the Directors who are retiring in accordance with the Constitution and are seeking for re-appointment at the forthcoming AGM, pursuant to Rule 720(5) of the Catalist Rules.

Name of Director	Eddy Neo Chiang Swee	Joanne Khoo Su Nee
Date of first appointment	25 November 2009	6 June 2020
Date of last re-appointment (if applicable)	27 April 2021	27 April 2021
Age	45	48
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-elections of Mr. Eddy Neo Chiang Swee ("**Mr. Neo**") and Ms. Joanne Khoo Su Nee ("**Ms. Khoo**") as Directors of the Company were recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration their respective qualifications, experiences, skills and expertise, as well as overall contributions and performances since their respective appointment as a Director of the Company, and the diversity of the Board with regards to the objectives of the Board Diversity Policy of the Company.	
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Neo is responsible for overseeing and managing the Group's information technology, business development and receivables departments.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director (Development)	Independent Non-Executive Director, Chairman of the Remuneration and Compensation Committee, member of the Nominating Committee and the Audit and Risk Committee
Professional qualifications	Diploma in Electrical Engineering, Ngee Ann Polytechnic, Singapore	Bachelor of Business in Accountancy, Royal Melbourne Institute of Technology University Certified Public Accountant by the CPA Australia Chartered Accountant under the Malaysian Institute of Accountants

Name of Director	Eddy Neo Chiang Swee	Joanne Khoo Su Nee
Working experience and occupation(s) during the past 10 years	November 2009 to Present: Executive Director (Development) of the Company 2005 to November 2009: Business Development Manager of the Company 2001 to 2004: Commercial Executive of Eng Soon Engineering (1999) Pte Ltd (a subsidiary of the Company) 2000 to 2001: Commercial Executive of Wang Fatt Oil and Gas Construction Pte Ltd (a subsidiary of the Company)	As set out in Ms. Khoo's profile write up on page 10 of this annual report.
Shareholding interest in the listed issuer and its subsidiaries	As at 20 March 2023, Mr. Neo holds a direct interest in 6,000,000 shares of the Company ("**Shares**"), (representing 4.25% of the issued share capital of the Company) held under his own name. In addition, as at 20 March 2023, Mr. Neo is deemed interested in 3,600,000 Shares (representing 2.55% of the issued share capital of the Company) held by his mother, Mdm Leow Mei Lee, by virtue of Section 7 of the Companies Act. As such, as at 20 March 2023, Mr. Neo has an aggregate interest, direct and deemed, in 6.80% of the issued share capital of the Company.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Neo is a shareholder of the Company, details as set out above. Mr. Neo is also related to other substantial shareholders of the Company, namely Mr. Low Chee Wee, Mr. Low Chee Leng Christopher, Ms. Yvonne Low-Triomphe and Mdm Neo Peck Keow @ Ng Siang Kiang. Mr. Low Chee Wee, Mr. Low Chee Leng Christopher and Ms. Yvonne Low-Triomphe are cousins of Mr. Neo and their mother, Mdm Neo Peck Keow @ Ng Siang Keng, is Mr. Neo's aunty.	Nil

APPENDIX

Name of Director	Eddy Neo Chiang Swee	Joanne Khoo Su Nee
	As at the date of this annual report, Mr. Neo is a director on majority of the subsidiaries of the Company, details as set out below.	
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 702(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	Directorships: ● District 20 Pte. Ltd. ● ES Energy Pte. Ltd. Other Principal Commitment: Nil	Directorships: ● Kitchen Culture Holdings Ltd. ● PayLinks Pte. Ltd. ● Excelpoint Technology Pte. Ltd. Other Principal Commitment: Nil
Present	Directorships: Group of Companies ● ES Oil & Gas Pte. Ltd. ● ES Offshore Engineering Pte. Ltd. ● ES Shipping Pte. Ltd. ● Eng Soon Marine Pte Ltd ● ES Aspire Pte. Ltd. ● ES Chartering Pte. Ltd. ● ES Offshore and Engineering (Myanmar) Company Limited ● ES Jewel Pte. Ltd. Other Companies ● R E N Supplies & Services Pte. Ltd. ● The Fridge ● Hawkers N Co Pte. Ltd. ● JSMHK Pte. Ltd. Other Principal Commitment: Nil	Directorships: ● Bowmen Capital Private Limited ● Netccentric Limited ● Teho International Inc Ltd. ● JE Cleantech Holdings Ltd Other Principal Commitment: Nil

Name of Director		Eddy Neo Chiang Swee	Joanne Khoo Su Nee
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

APPENDIX

Name of Director		Eddy Neo Chiang Swee	Joanne Khoo Su Nee
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of ES Group (Holdings) Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2022, the statement of financial position of the Company as at 31 December 2022 and statement of changes in equity of the Company for the financial year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Executive directors
Low Chee Wee
Eddy Neo Ching Swee

Independent non-executive directors
Ong Beng Chye
Joanne Khoo Su Nee

Non-independent non-executive director
Jens Rasmussen

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

	Direct interest		Deemed interest	
	As at 1 January 2022	As at 31 December 2022	As at 1 January 2022	As at 31 December 2022
The Company				
Ordinary shares				
Low Chee Wee	33,780,000	33,780,000	53,540,000	53,540,000
Eddy Neo Chiang Swee	6,000,000	6,000,000	3,600,000	3,600,000
Ong Beng Chye	1,925,000	1,925,000	-	-

By virtue of Section 7 of the Act, Mr Low Chee Wee is deemed to have an interest in all wholly owned subsidiaries of the Company.

The directors' interests in the shares and options of the Company on 21 January 2023 were the same as at 31 December 2022.

5. Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

6. Audit and Risk Committee

The Audit and Risk Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Ong Beng Chye	Non-Executive Chairman and Independent Director
Jens Rasmussen	Non-Independent Non-Executive Director
Joanne Khoo Su Nee	Independent Non-Executive Director

The Audit and Risk Committee has convened two meetings during the year with key management and the internal and external auditors of the Company.

The Audit and Risk Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit and Risk Committee:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;

(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

(iv) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) reviewed and assessed the adequacy of the Group's risk management processes;

(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) reviewed interested person transactions in accordance with SGX listing rules;

(viii) reviewed the nomination of external auditors and recommend to the board of directors for approval of their compensation; and

(ix) submitted of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Low Chee Wee	**Eddy Neo Chiang Swee**
Director	Director

Singapore
27 March 2023

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of ES Group (Holdings) Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statements of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I) s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 6 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Report on the Audit of Financial Statements (Continued)

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition arising from new building and repair operating segment **Refer to Note 4 to the financial statements**	
Key audit matter	**Our audit response**
The Group's revenue streams are mainly from new building and repair of vessels, which accounted for 64% of the Group's total revenue. Consideration with customers is subject to negotiation when performance obligation is satisfied. In estimating the amount of variable consideration, the Group uses 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. The stage of completion is measured using the input method by actual costs incurred to-date. Significant management judgements and estimation are required in determining the expected value method which take into account various factors, including the historical profit margin earned in similar contracts. We focused on this area as a key audit matter due to the significant judgements and estimation involved.	Our audit procedures include, and are not limited to, the following: ● Obtained an understanding of the Group's consideration of SFRS(I) 15 in their application of the corresponding requirements of the standard and assessed the appropriateness thereof; ● Understood and evaluated the Group's design and implementation of its system of internal controls relating to revenue recognition, with focus on key controls; ● Tested the operating effectiveness of the key controls relevant to our audit over revenue recognition; ● Evaluated the accuracy and existence of the revenue recognised by checking against customer acknowledged documents and final billings; ● Evaluated the reasonableness of management's estimated project margins, by checking against costing sheets, payroll information, historical rates of other projects and credit notes issued after the year end; ● Assessed the appropriateness of the Group's assessment of provision for onerous contracts, if any, for uncompleted projects at year end; and ● Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><td colspan="2">Impairment assessment of vessels
Refer to Notes 3.2 and 17 to the financial statements</td></tr>
<tr><td>Key audit matter</td><td>Our audit response</td></tr>
<tr><td>As at 31 December 2022, property, plant and equipment ("PPE") represented a significant portion of the statement of financial position and PPE mainly consist of vessels amounting to $9,736,531 (2021: $10,069,774).

Indicators of impairment on vessels exist in the form of the market downturn in the global marine and offshore industry, decrease in demand and overall results of the Group. Determination of the recoverable value of vessels involves significant estimation uncertainty and management judgement.

The Group has appointed independent professional valuers to perform valuation on the vessels.

In preparing the valuation reports, some of the factors considered by the professional valuers include the current market conditions in which the vessels operate, the impact of Russia-Ukraine Conflict, review of recent market sales of similar vessels and consideration of the specification of vessels. Key assumptions used also include the consideration of whether the vessel is operational or laid up, the current reported market sales and known offers for comparative vessels.</td><td>Our audit procedures include, and are not limited to, the following:

● Obtained the Certificate of Ownership for each vessel from The Maritime and Port Authority ("MPA") and checked the physical existence of the vessels by reviewing on independent website (http://www.marinetraffic.com), which is an online service showing the actual location of the vessel at sea;

● Evaluated the competence, capabilities and objectivity of the external valuers engaged by management;

● Assessed the appropriateness of the methodologies and the reasonableness of the key inputs and assumptions used by the valuers in the valuation;

● Evaluated the relevance source of data used by the valuers in the valuation; and

● Assessed the adequacy of the disclosures on the impairment of vessels in the financial statements.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ES GROUP (HOLDINGS) LIMITED

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ooi Chee Keong.

Other matter

The financial statements of the Group and the Company for the financial year ended 31 December 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 28 March 2022.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $	Group 2021 $
Revenue	4	32,460,345	20,949,020
Cost of services	5	(28,355,113)	(21,888,572)
Gross profit/(loss)		4,105,232	(939,552)
Other operating income	6	1,695,798	2,373,570
(Provision)/Reversal of loss allowance for trade receivables, net		(221,128)	36,348
Administrative expenses		(5,364,526)	(5,839,246)
Other operating expenses	7	(2,030,851)	(1,784,581)
Finance costs	8	(137,664)	(162,754)
Loss before share of results of a joint venture		(1,953,139)	(6,316,215)
Share of results of joint ventures, net of tax	19	113,780	(1,476)
Loss before income tax	9	(1,839,359)	(6,317,691)
Income tax expense	10	(277,946)	(19,036)
Loss for the year		(2,117,305)	(6,336,727)
Other comprehensive income:			
Components of other comprehensive income that will be reclassified to profit or loss, net of taxation			
Exchange differences on translating foreign operations		30,779	(71,302)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,086,526)	(6,408,029)
Loss for the financial year attributable to:			
Owners of the Company		(1,965,586)	(6,018,674)
Non-controlling interests		(151,719)	(318,053)
Loss for the financial year		(2,117,305)	(6,336,727)
Total comprehensive loss attributable to:			
Owners of the Company		(1,944,328)	(6,059,564)
Non-controlling interests		(142,198)	(348,465)
Total comprehensive loss for the financial year		(2,086,526)	(6,408,029)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	11	(1.39)	(4.26)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
ASSETS					
Current assets					
Cash and bank balances	12	6,100,690	8,846,643	75,172	39,363
Trade receivables	13	6,357,171	6,374,945	-	59
Other receivables	14	465,489	670,171	11,683,931	12,817,056
Contract assets	15	2,867,694	3,137,003	-	-
Inventories	16	402,145	616,804	-	-
Total current assets		16,193,189	19,645,566	11,759,103	12,856,478
Non-current assets					
Deposits	14	231,438	96,981	-	-
Property, plant and equipment	17	17,941,950	18,597,600	-	-
Club membership	18	49,500	49,500	-	-
Investment in joint venture	19	332,973	219,193	-	-
Investments in subsidiaries	20	-	-	18,802,614	19,283,128
Total non-current assets		18,555,861	18,963,274	18,802,614	19,283,128
Total assets		34,749,050	38,608,840	30,561,717	32,139,606
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	21	1,526,921	1,901,060	-	-
Trade payables	22	808,243	1,958,203	1,176	-
Other payables	23	4,387,659	3,285,842	12,553,561	12,292,985
Lease liabilities	24	190,228	170,117	-	-
Contract liabilities	15	188,009	42,920	-	-
Income tax liabilities		270,519	38,145	15,695	19,104
Total current liabilities		7,371,579	7,396,287	12,570,432	12,312,089

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Non-current liabilities					
Bank borrowings	21	3,461,837	4,999,901	-	-
Deposits		40,000	40,000	-	-
Lease liabilities	24	451,176	661,668	-	-
Total non-current liabilities		3,953,013	5,701,569	-	-
Capital and reserves attributable to owners of the Company					
Share capital	25	23,698,348	23,698,348	23,698,348	23,698,348
Accumulated profits/(losses)		18,299,735	20,265,321	(5,707,063)	(3,870,831)
Merger reserve	26	(18,570,468)	(18,570,468)	-	-
Statutory surplus reserve	26	441,710	441,710	-	-
Currency translation reserve	26	(218,215)	(239,473)	-	-
Total equity attributable to owners of the Company		23,651,110	25,595,438	17,991,285	19,827,517
Non-controlling interests		(226,652)	(84,454)	-	-
Total equity		23,424,458	25,510,984	17,991,285	19,827,517
Total liabilities and equity		34,749,050	38,608,840	30,561,717	32,139,606

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company							
2022	Note	Share capital	Accumulated profits	Merger reserve	Statutory surplus reserve	Currency translation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total
Group		$	$	$	$	$	$	$	$
Balance at 1 January 2021		23,698,348	26,636,995	(18,570,468)	441,710	(198,583)	32,008,002	264,011	32,272,013
Loss for the year		-	(6,018,674)	-	-	-	(6,018,674)	(318,053)	(6,336,727)
Other comprehensive loss for the year		-	-	-	-	(40,890)	(40,890)	(30,412)	(71,302)
Total comprehensive loss for the year		-	(6,018,674)	-	-	(40,890)	(6,059,564)	(348,465)	(6,408,029)
Transactions with owners, recognised directly in equity									
Dividend	27	-	(353,000)	-	-	-	(353,000)	-	(353,000)
Balance at 31 December 2021		23,698,348	20,265,321	(18,570,468)	441,710	(239,473)	25,595,438	(84,454)	25,510,984
Loss for the year		-	(1,965,586)	-	-	-	(1,965,586)	(151,719)	(2,117,305)
Other comprehensive income for the year		-	-	-	-	21,258	21,258	9,521	30,779
Total comprehensive income for the year		-	(1,965,586)	-	-	21,258	(1,944,328)	(142,198)	(2,086,526)
Balance at 31 December 2022		23,698,348	18,299,735	(18,570,468)	441,710	(218,215)	23,651,110	(226,652)	23,424,458

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	Note	Share capital $	Accumulated profits/ (losses) $	Total $
Balance at 1 January 2021		23,698,348	2,878,111	26,576,459
Loss for the year, representing total comprehensive loss for the year		-	(6,395,942)	(6,395,942)
Transactions with owners, recognized directly in equity				
- Dividends	27	-	(353,000)	(353,000)
Balance at 31 December 2021		23,698,348	(3,870,831)	19,827,517
Loss for the year, representing total comprehensive loss for the year		-	(1,836,232)	(1,836,232)
Balance at 31 December 2022		23,698,348	(5,707,063)	17,991,285

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $	Group 2021 $
Operating activities			
Loss before income tax		(1,839,359)	(6,317,691)
Adjustments for:			
Bad debts written off		-	10
Interest income	6	(21,044)	(6,120)
Interest expense	8	282,022	198,148
Share of results of joint ventures	19	(113,780)	1,476
Reversal of impairment of property, plant and equipment	17	-	(264,707)
Impairment on investment in joint venture	19	-	12,031
Provision/(reversal) of loss allowance for trade receivables, net	13	221,128	(36,348)
Depreciation of property, plant and equipment	17	1,749,464	1,261,716
Gain on disposal of property, plant and equipment	6	(115,704)	(83,126)
Operating cash flows before movements in working capital		162,727	(5,234,611)
Changes in working capital:			
Trade receivables		(222,347)	(485,398)
Other receivables		30,208	56,193
Contract assets		267,491	(509,677)
Inventories		210,530	(183,779)
Trade payables		(1,132,825)	1,036,168
Other payables		1,435,609	(127,969)
Contract liabilities		152,000	(30,820)
Cash generated from/(used in) operations		903,393	(5,479,893)
Interest received		21,044	6,120
Income tax paid		(51,285)	(342,886)
Net cash generated from/(used in) operating activities		873,152	(5,816,659)
Investing activities			
Proceeds from disposal of property, plant and equipment		120,367	83,394
Purchases of property, plant and equipment	17	(1,267,894)	(6,712,892)
Net cash used in investing activities		(1,147,527)	(6,629,498)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $	Group 2021 $
Financing activities			
Interest paid		(279,994)	(196,897)
Dividends paid		-	(353,000)
Proceeds from term loans		-	2,741,800
Repayments of:			
- Terms loans		(1,912,203)	(802,682)
- Principal portion of lease liabilities		(190,381)	(172,385)
Decrease in pledged fixed deposit		351,488	-
Net cash (used in)/generated from financing activities		(2,031,090)	1,216,836
Net decrease in cash and bank balances		(2,305,465)	(11,229,321)
Cash and bank balances at beginning of financial year		8,495,155	19,807,066
Effect of exchange rate changes on the balance of cash held in foreign currencies		(89,000)	(82,590)
Cash and bank balances at end of financial year	12	6,100,690	8,495,155

Reconciliation of liabilities arising from financing activities:

	At beginning of financial year $	Net cashflows $	Non-cash movement: Interest expense $	Non-cash movement: Additions of lease $	Non-cash movement: Foreign exchange differences $	At end of financial year $
2022						
Liabilities						
Bank borrowings (Note 21)	6,900,961	(2,158,636)	246,433	-	-	4,988,758
Lease liabilities (Note 24)	831,785	(225,970)	35,589	-	-	641,404
Loan from a director of a subsidiary (Note 23)	1,907,448	-	-	-	(77,550)	1,829,898
2021						
Liabilities						
Bank borrowings (Note 21)	5,000,000	1,783,918	155,200	-	(38,157)	6,900,961
Lease liabilities (Note 24)	924,170	(215,333)	42,948	80,000	-	831,785
Loan from a director of a subsidiary (Note 23)	2,076,037	-	-	-	(168,589)	1,907,448

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

ES Group (Holdings) Limited (the "Company") (Registration Number 200410497Z) is listed on the Catalist of the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore with its principal place of business and registered office at 8 Ubi Road 2, #06-26 Zervex, Singapore 408538.

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 subsidiaries are disclosed in Note 20 to the financial statements.

The Company's ultimate controlling parties are Ms Neo Peck Keow @ Ng Siang Keng and close family members.

The financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue by the Board of Directors on 27 March 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I) INTs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022. With the exception of the amendments made to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*, the adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

The adoption of SFRS(I) 1-37 from 1 January 2022 resulted in a change in accounting policy in the assessment of onerous contracts. Before the amendment, the Group only included incremental costs to fulfil a contract when determining whether a contract is onerous. With the amendment, the Group includes both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts when determining whether a contract is onerous.

The amendments are applied on a retrospective basis on contracts for which the Group has not yet fulfilled all its obligations on 1 January 2022. Based on the Group's assessment, there is no onerous contract identified with the revision of the accounting policy.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I)s INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I)s INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non- current	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries and they incorporate its post-acquisition share of the results of joint ventures using the equity method of accounting. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to the one or more of the three elements of control.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2. Summary of significant accounting policies (Continued)

2.4 Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition under common control.

2.5 Revenue recognition

The Group is principally in the business of ship repairing services, shipbuilding, charter hiring and sales of goods. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time.

Rendering of services

Rendering of services relates to services on new building, conversion and repair of offshore and marine structures and vessels as well as provision of labour supply. Each promise to deliver services to the customer relates to a single performance obligation, and therefore each transaction price negotiated relates to the performance obligation's standalone price.

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 costs for the contract. Contract costs are mainly driven by labour costs. Costs that relate directly to a specific contract comprise the site labour costs and costs of materials used. Costs incurred that are not related to the contract or that do not contribute towards satisfying the performance obligation are excluded from the measure of progress and instead are expensed as incurred. Accordingly, in view of the nature of the services, management considers that this input method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I)15 *Revenue from Contracts with Customers* ("SFRS(I) 15").

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.

The Group progressively invoices the customer on progress claims, where the Group has right over payment over the value of services transferred to the customer. In the event where the value of services exceeds the rights of payments from the customer, a contract asset is recognised. Advance consideration received from customers for services not yet provided is recognised as a contract liability.

2. Summary of significant accounting policies (Continued)

2.5 Revenue recognition (Continued)

<u>Charter income</u>

Revenue from charter income relates to the provision of ship charter services to customer. Revenue generated from short term time charter is recognised over time on a straight-line basis over the period of the charter based on the transaction price stated in the contract.

Revenue generated from spot charter is recognised at a point in time upon completion of shipment at discharge port based on the transaction price stated in the contract, as the single performance obligation is fulfilled upon the completion of the charter. Variable consideration may arise in the event that the customer has exceeded an agreed period, where the variable consideration is based on a demurrage rate agreed in the contract.

<u>Marine supplies income</u>

Revenue from marine supplies relates to the supply of goods delivered to the customer, where revenue is recognised at a point in time when the performance obligation to deliver goods to the customer is fulfilled, based on the transaction price stated in the contract, net of any discounts given. Each batch of goods delivered to the customer is a single performance obligation.

<u>Rental income</u>

Revenue is recognised over time on a straight-line basis over the lease term.

<u>Interest income</u>

Interest income is recognised using the effective interest rate method.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalized by applying a capitalization rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred using the effective interest method.

2.7 Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and Malaysia Employees Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

2. Summary of significant accounting policies (Continued)

2.8 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. Summary of significant accounting policies (Continued)

2.9 Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.10 Dividends

Equity dividends are recognized when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

2. Summary of significant accounting policies (Continued)

2.11 Foreign currency transactions and translation (Continued)

Such accumulated translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulative in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the shorter of period to next estimated dry-docking. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off in the month of the next dry-docking.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and property	Over the terms of lease which are from 2% to 5%
Freehold property	5% to 10%
Land improvement	10%
Plant machinery and equipment	10% to 33%
Motor vehicles	20%
Vessels	4% to 5%
Dry dock	20% to 40%
Other assets	20% to 33%

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 24.

2. Summary of significant accounting policies (Continued)

2.12 Property, plant and equipment (continued)

Freehold land is stated at cost, except in the case where an impairment is deemed to have occurred. Loss on the impairment is recognised in profit or loss.

Other assets consist of office equipment, furniture and fittings, air conditioner, renovations, computer software and container.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.13 Investments in joint ventures

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the reporting period in which the investment is acquired.

2. Summary of significant accounting policies (Continued)

2.13 Investments in joint ventures (Continued)

The financial statements of the joint ventures have the same financial year end as the Group. Where necessary, accounting policies of joint ventures have been changed to ensure consistency with the policies adopted by the Group.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5, from the date on which the investees become classified as held-for-sale. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. Distributions received from the joint venture reduce the carrying amount of the investment.

For partial disposal where the reduction in the Group's ownership interest in joint ventures that do not result in the Group losing joint control, the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The investment in joint ventures has been accounted at cost in the subsidiary's separate financial statements.

The Group reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.14 Intangible assets

Acquired intangible assets are measured initially at cost. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have indefinite useful life.

Intangible assets comprise club membership.

2. Summary of significant accounting policies (Continued)

2.14 Intangible assets (Continued)

Club membership

The club membership was acquired separately. This is a lifetime club membership with indefinite useful life.

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The infinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

2.15 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating units is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments

The Group recognizes a financial asset or a financial liability in its statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* in Note 2.5.

The Group's financial assets are classified as subsequently measured at amortised cost. The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 31.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument are as follows:

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.6). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contract

The Company has issued corporate guarantee to financial institution for credit facility granted by them to a subsidiary and this guarantee qualifies as financial guarantee because the Company is required to reimburse the financial institution if the subsidiary breach any repayment terms.

Financial guarantee contract liability are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Summary of significant accounting policies (Continued)

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits (excluding pledged deposits) and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents excludes pledged deposits.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

A provision is recognised for onerous contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and is measured at the lower of the cost of fulfilling it and any expected cost of terminating it. In determining the cost of fulfilling the contract, the Group includes both the incremental costs and an allocation of others costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingencies are not recognised on the consolidated statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2. Summary of significant accounting policies (Continued)

2.21 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term or over its estimated useful life. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

The right-of-use assets are depreciated over the lease term or useful life as follows:

	Useful life
Motor vehicles	5 to 7 years
Leasehold land	22 years
Other assets	5 years

Other assets consist of office equipment.

Right-of-use assets are presented within "property, plant and equipment".

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

2. Summary of significant accounting policies (Continued)

2.21 Leases (Continued)

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

- amounts expected to be payable under a residual value guarantee,

- the exercise price under a purchase option that the Group is reasonably certain to exercise, and

- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. Summary of significant accounting policies (Continued)

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.23 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

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

Note 20 to the financial statements describes that 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 give 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..

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 have 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 Group concluded that joint control exists and Proxess is classified as a joint venture of the Group (Note 19).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 31 December 2022 was $18,802,614 (2021: $19,283,128) (Note 20). The Group's carrying amount of investments in joint venture as at 31 December 2022 was $332,973 (2021: $219,193) (Note 19).

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.

During the financial year, the Group has appointed independent professional valuers to perform valuation on the vessels. In preparing the valuation reports, some of the factors considered by the professional valuers include the current market conditions in which the vessels operate, the impact of Russia-Ukraine Conflict, review of recent market sales of similar vessels and consideration of the specification of vessels. Key assumptions used also include the consideration of whether the vessel is operational or laid up, the current reported market sales and known offers for comparative vessels.

The carrying amount of property, plant and equipment of the Group as at 31 December 2022 was $17,941,950 (2021: $18,597,600). During the financial year, a reversal of impairment loss of $Nil was recognised (2021: impairment loss $264,707).

Further information was disclosed in Note 17 to the financial statements.

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 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.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Revenue recognition (Continued)

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.

Service revenue is disclosed in Note 4 to the financial statements.

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 and contract assets that is based on its historical credit loss experience, past due status of the trade receivables and contract assets and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

The carrying amounts of trade receivables and contract assets at the end of the reporting period are disclosed in Note 13 and 15 to the financial statements.

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-months 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 $480,514 (2021: reversal of impairment loss $129,536) during the year. The carrying amounts of other receivables due from subsidiaries are disclosed in Note 14 to the financial statements.

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2022 was $402,145 (2021: $616,804). There was no allowance made on inventory for the year ended 31 December 2022 and 2021 (Note 16).

4. Revenue

The disaggregation of revenue from contracts with customers is as follows:

	Group							
	New building and repair		Shipping					
	Service revenue		Marine supplies		Ship charter		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$
Geographical markets(a)								
Singapore	19,923,188	12,899,434	850,963	1,083,327	10,806,471	6,094,833	31,580,622	20,077,594
Malaysia	433,259	91,951	3,437	3,700	-	-	436,696	95,651
China	357,528	323,848	-	-	-	-	357,528	323,848
Thailand	62,216	-	-	-	-	-	62,216	-
Myanmar	23,283	451,927	-	-	-	-	23,283	451,927
Total	20,799,474	13,767,160	854,400	1,087,027	10,806,471	6,094,833	32,460,345	20,949,020
Timing of transfer of goods and services								
At a point in time	10,317	437,439	854,400	1,087,027	10,806,471	6,094,833	11,671,188	7,619,299
Over time	20,789,157	13,329,721	-	-	-	-	20,789,157	13,329,721
	20,799,474	13,767,160	854,400	1,087,027	10,806,471	6,094,833	32,460,345	20,949,020

[a] The disaggregation is based on the respective entities' country of operations.

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less (i.e. mainly from service revenue due to the nature of the transactions). In addition, variable consideration that is constrained has not been included in the above financial information. Such variable consideration pertains to revenue generated from the service rendered.

5. Cost of services

	Group	
	2022	2021
	$	$
Labour costs	10,363,019	8,582,075
Other direct costs	13,368,278	8,840,752
Interest on bank borrowings (Note 8)	144,358	35,394
Depreciation of property, plant and equipment (Note 9)	1,549,046	1,052,967
Cost of inventories recognised as an expense	2,930,412	3,377,384
	28,355,113	21,888,572

6. Other operating income

	Group	
	2022	2021
	$	$
Reimbursement of expenses from foreign workers	423,096	312,726
Rental income	258,324	207,174
Interest income	21,044	6,120
Gain on disposal of property, plant and equipment	115,704	83,126
Scrap income	139,885	-
Government grants		
- Job Support Scheme	-	668,669
- Foreign Worker Levy Rebate	471,111	620,300
- Others	161,073	142,836
Reversal of impairment of property, plant and equipment	-	264,707
Others	105,561	67,912
	1,695,798	2,373,570

Government grant income relates to income recognised under the Job Support Scheme and cash grants received from the Singapore Government to help businesses deal with the impact from COVID-19 such as Foreign Worker Levy Rebate, Jobs Growth Incentive, Enterprise Singapore Grant, Special Employment Credit and others.

7. Other operating expenses

	Group 2022 $	Group 2021 $
Short-term lease expense	157,281	242,244
Dormitory expenses	671,580	568,320
Repair and maintenance	172,539	101,818
Travelling expense	116,421	50,003
Staff training and welfare	105,293	57,830
Food and refreshment	35,786	28,141
Water and electricity	164,223	170,353
Transportation	33,440	52,539
Foreign exchange loss, net	266,712	153,155
Depreciation of property, plant and equipment (Note 9)	124,032	131,135
Recruitment fee	107,277	21,753
Security fee	22,537	164,680
Others	53,730	42,610
	2,030,851	1,784,581

8. Finance costs

	Group 2022 $	Group 2021 $
Interest on bank borrowings	246,433	155,200
Interest on lease liabilities (Note 24)	35,589	42,948
	282,022	198,148
Classified as:		
Finance costs	137,664	162,754
Cost of services (Note 5)	144,358	35,394
	282,022	198,148

9. Loss before income tax

Loss before income tax is arrived at after charging/(crediting):

	Group	
	2022	2021
	$	$
Depreciation of property, plant and equipment		
- cost of services (Note 5)	1,549,046	1,052,967
- administrative expenses	76,386	77,614
- other operating expenses (Note 7)	124,032	131,135
Directors' remuneration:		
- of the Company	333,646	438,881
- of the subsidiaries	202,458	201,059
Audit fees		
- paid/payable to auditors of the Company	124,439	97,400
- paid/payable to other auditors	6,770	8,823
Employee benefit expenses (including directors' remuneration)	12,419,702	11,123,291
Costs of defined contribution plans (included in employee benefits expense)	436,500	475,340
Impairment on goodwill from joint venture	-	(12,031)
Provision/(reversal) of loss allowance for trade receivables, net (Note 13)	221,128	(36,348)

10. Income tax expense

	Group	
	2022	2021
	$	$
Current tax expense		
- Current year	271,874	-
- Underprovision in respect of prior years	6,072	19,036
	277,946	19,036

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2021:17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

10. Income tax expense (Continued)

Reconciliation of effective interest rate is as follows:

	Group	
	2022	**2021**
	$	**$**
Loss before income tax	(1,839,359)	(6,317,691)
Share of results of a joint venture, net of tax	(113,780)	1,476
Loss before tax and share of results of a joint venture	(1,953,139)	(6,316,215)
Income tax calculated at applicable income tax rate of 17% (2021: 17%)	(332,034)	(1,073,756)
Effect of different tax rates of overseas operations	(56,273)	(48,182)
Tax effect of income that is exempt from taxation	(1,649)	(221,909)
Tax effect of expenses that are not deductible	3,153,101	2,283,539
Tax exemption	(2,123,438)	(1,272,400)
Tax incentives	-	(204)
Underprovision in respect of prior years	6,072	19,036
(Utilisation)/deferred tax assets not recognized in profit or loss	(376,769)	340,516
Others	8,936	(7,604)
	277,946	19,036

Deferred tax assets not recognised

The following deferred tax assets are not recognised in the statements of financial position as it is presently uncertain with respect to the extent of timing and quantum of future taxable profit that will be available against which the Group can utilise the benefits as follows:

	Group	
	2022	**2021**
	$	**$**
Unabsorbed tax losses	7,672,205	8,581,597
Unutilised capital allowances	154,688	1,497,549
Accelerated tax depreciation	(153,493)	(189,458)
	7,673,400	9,889,688

Tax losses do not expire under current legislation and are available for set-off against future taxable profits subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective country of incorporation. No deferred tax asset has been recognised due to the unpredictability of future profits streams of certain subsidiaries. These losses may be carried indefinitely subject to the conditions imposed by law.

10. Income tax expense (Continued)

Unrecognised tax losses (Continued)

Tax losses can be carried forward up to:

	Group	
	2022	**2021**
	$	**$**
2023	1,716,000	1,680,000
2024	1,265,000	1,789,000
2025	594,000	1,319,000
2026	528,000	740,000
2027	320,000	683,000
No expiry date	3,249,000	2,371,000
	7,672,000	8,582,000

The Company's subsidiary in Thailand was granted investment promotion privileges as a promoted industry by virtue of the provision of the Investment Promotion Act B.E. 2520.

According to the promotional certificate no. 1279(2)/2550 dated 16 March 2007, the promotional certificate no.2000 (2)/2554 dated 16 August 2011 and the promotional certificate no. 1569(2)/2558 dated 7 May 2015, the Company's subsidiary is entitled to the following privileges:

- deduction of import duty on certain imported machinery as approved by the Board of Investment;
- deduction of import duty on the raw and essential materials imports in producing products for export for a period of 5 years from the date such materials are first imported;
- exemption of import duties on items which imports for re-export for a period of 5 years from the date such items are first imported;
- deduct an amount of 25 percent of the cost of installation of machines and facilities, in addition to normal depreciation;
- exemption of corporate income tax on the net profit derived from the promoted activity with the total amount not exceeding 100 percent of the investment capital, excluding cost of land and working capital for a period of not more than 8 years from the date income was derived from such activity; and utilisation of net loss incurred during the exemption period as a deduction from net income incurred subsequent to the expired date up to 5 years; and
- tax-exempt dividends derived from the Promoted Activity to the shareholders within the income tax exemption period.

The subsidiary has complied with certain terms and conditions contained in the promotion certificate.

11. Loss per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2022	2021
	$	$
Loss for the year attributable to owners of the Company	(1,965,586)	(6,018,674)
Weighted average number of ordinary shares for basic and diluted earnings per share computation	141,200,000	141,200,000
Basic loss per share (cents)	(1.39)	(4.26)
Diluted loss per share (cents)	(1.39)	(4.26)

Basic loss per share is calculated by dividing the loss for the year attributable to the owners of the parent by the weighted average number of ordinary shares in issue of 141,200,000 (2021: 141,200,000) during the financial year.

Basic and diluted loss per share are the same as the Group does not have dilutive potential ordinary shares.

12. Cash and bank balances

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash at bank	5,472,329	7,915,449	75,172	39,363
Fixed deposits	628,361	931,194	-	-
	6,100,690	8,846,643	75,172	39,363

Fixed deposits bear an effective interest rate from a range of 0.1% to 7.73% (2021: 0.05% to 0.35%) per annum and are for a tenure of approximately 30 days to 365 days (2021: 30 to 365 days).

Fixed deposits amounting to $Nil (2021: $351,488) were pledged to a bank to secure credit facilities granted to a certain subsidiary (Note 21).

For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise the following:

	Group	
	2022	2021
	$	$
Cash and bank balances (as above)	6,100,690	8,846,643
Fixed deposits pledged	-	(351,488)
Cash and bank balances per consolidated statement of cash flows	6,100,690	8,495,155

12. Cash and bank balances (Continued)

The currency profiles of the Group's and Company's cash and bank balances are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Singapore dollar	2,914,985	2,885,284	75,172	39,363
Thai baht	87,309	302,474	-	-
United States dollar	2,448,227	5,164,863	-	-
Malaysia Ringgit	195,157	83,379	-	-
Myanmar Kyat	291,190	326,605	-	-
Others	163,822	84,038	-	-
	6,100,690	8,846,643	75,172	39,363

13. Trade receivables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Third parties	7,387,268	7,192,857	-	59
Related party	37,538	31,717	-	-
Less: loss allowance	(1,067,635)	(849,629)	-	-
	6,357,171	6,374,945	-	59
Cash and bank balances (Note 12)	6,100,690	8,846,643	75,172	39,363
Other receivables (Note 14)	696,927	767,152	11,683,931	12,817,056
Prepayments (Note 14)	(99,144)	(209,263)	(24,960)	(48,337)
Value-added tax receivables (Note 14)	(255)	(10,171)	-	-
GST receivables	(10,147)	(11,261)	-	-
Financial assets carried at amortised cost	13,045,242	15,758,045	11,734,143	12,808,141

Trade receivables from third parties and related party are unsecured and non-interest bearing. The average credit period granted to customers is 30 days (2021: 30 days).

13. Trade receivables (Continued)

Movements in the loss allowance for trade receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
At 1 January	849,629	887,911	-	-
Loss allowance made during the financial year	306,022	62,933	-	-
Amount recovered during the financial year	(84,894)	(99,281)	-	-
Exchange gain	(3,122)	(1,934)	-	-
At 31 December	1,067,635	849,629	-	-

The details of the impairment of trade receivables and credit exposures are disclosed in Note 31.

The currency profiles of the Group's and Company's trade receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Singapore dollar	5,190,840	6,024,250	-	59
Thai baht	2,165	18	-	-
United States dollar	1,067,691	232,933	-	-
Malaysia Ringgit	76,935	83,999	-	-
Myanmar Kyat	19,540	15,080	-	-
Others	-	18,665	-	-
	6,357,171	6,374,945	-	59

14. Other receivables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Third parties	499,714	471,554	328,713	328,706
Subsidiaries	-	-	21,183,527	20,909,505
Less: loss allowance for amount due from third parties	(328,706)	(328,706)	(328,706)	(328,706)
Less: loss allowance for amount due from subsidiaries	-	-	(9,524,763)	(8,140,986)
	171,008	142,848	11,658,771	12,768,519
Prepayments	99,144	209,263	24,960	48,337
Deposits	426,520	404,870	200	200
Value-added tax receivables	255	10,171	-	-
	696,927	767,152	11,683,931	12,817,056
Deposits (shown under non-current assets)	(231,438)	(96,981)	-	-
	465,489	670,171	11,683,931	12,817,056

The amount due from third parties and subsidiaries which are non-trade in nature are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Included in deposit is an amount of $134,460 (2021: $135,170) which is pledged for a bank borrowing (Note 21). The carrying amount of the non-current deposits approximates to its fair value.

The details of the impairment of other receivables and credit exposures are disclosed in Note 31.

Movements in the loss allowance for amount due from subsidiaries are as follows:

	Company	
	2022	2021
	$	$
At 1 January	8,140,986	1,661,751
Loss allowance during the financial year	1,383,777	6,479,235
At 31 December	9,524,763	8,140,986

14. Other receivables (Continued)

The currency profiles of the Group's and Company's other receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Singapore dollar	181,750	127,368	9,854,064	10,909,640
Thai baht	1,725	12,734	1,829,867	1,907,416
United States dollar	453,353	512,768	-	-
Malaysia Ringgit	16,143	19,423	-	-
Myanmar Kyat	38,859	88,496	-	-
Others	5,097	6,363	-	-
	696,927	767,152	11,683,931	12,817,056

15. Contract assets and contract liabilities

	Group	
	2022	2021
	$	$
Contract assets	2,867,694	3,137,003
Contract liabilities	188,009	42,920

a) Significant changes in contract assets are explained as follows:

	Group	
	2022	2021
	$	$
At beginning of the year	3,137,003	2,629,804
Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year	(3,137,003)	(2,629,804)
Increases due to revenue recognised to date but has not been invoiced to the customer as financial year end	2,867,694	3,137,003
At end of year	2,867,694	3,137,003

The contract assets mainly relate to the Group's rights to consideration for work done to date but not yet billed at reporting date on the contracts for new building and repair operating segment. The contract assets are transferred to trade receivables when the rights become unconditional. The details of the impairment of contract assets and credit exposures are disclosed in Note 31.

15. Contract assets and contract liabilities (Continued)

b) Significant changes in contract liabilities

	Group	
	2022	**2021**
	$	**$**
At beginning of the year	(42,920)	(76,514)
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year	42,920	76,514
Increases due to cash received in advance of performance and not recognised as revenue	(188,009)	(42,920)
At end of year	(188,009)	(42,920)

Contract liabilities mainly relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customer for new building and repair operating segment. Contract liabilities are recognised as revenue as the Group fulfills its performance obligations under the contract.

16. Inventories

	Group	
	2022	**2021**
	$	**$**
Raw materials, at cost	122,376	101,078
Consumables, at cost	279,769	515,726
	402,145	616,804

The cost of inventories recognised as expense are included in "Cost of services" line item in the consolidated statement of comprehensive income for the financial year ended 31 December 2022 and amounted to $2,930,412 (2021: $3,377,384) (Note 5).

17. Property, plant and equipment

Group	Leasehold land and property	Freehold land	Freehold property	Land improvement	Plant, machinery and equipment	Motor vehicle	Vessels	Dry dock	Right-of-use assets	Other assets	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
At 1 January 2021	5,634,967	3,975,109	1,462,510	899,803	10,041,537	891,470	5,936,737	1,072,283	1,957,735	2,335,575	34,207,726
Exchange translation	-	(322,808)	(118,766)	(73,070)	(629,354)	(22,569)	-	-	-	(20,529)	(1,187,096)
Additions	-	-	-	-	24,845	2,030	5,741,551	816,919	193,050	14,497	6,792,892
Disposals	-	-	-	-	(1,052,923)	(234,850)	-	-	-	(40,538)	(1,328,311)
Write-off	-	-	-	-	-	-	-	-	-	(6,963)	(6,963)
Balance at 31 December 2021	5,634,967	3,652,301	1,343,744	826,733	8,384,105	636,081	11,678,288	1,889,202	2,150,785	2,282,042	38,478,248
Exchange translation	-	(148,489)	(54,963)	(33,612)	(266,984)	(14,528)	-	-	-	(11,750)	(530,326)
Additions	-	-	-	-	-	8,423	-	1,247,717	-	11,754	1,267,894
Disposals	-	-	(176,185)	-	(786,358)	(27,465)	-	-	-	(20,197)	(1,010,205)
Write-off	-	-	-	-	-	(4,000)	-	-	-	(92,764)	(96,764)
Balance at 31 December 2022	5,634,967	3,503,812	1,112,596	793,121	7,330,763	598,511	11,678,288	3,136,919	2,150,785	2,169,085	38,108,847
Accumulated depreciation											
At 1 January 2021	2,924,874	-	1,008,661	858,920	9,225,086	429,731	768,584	679,012	1,202,292	2,214,440	19,311,600
Exchange translation	-	-	(83,719)	(70,303)	(557,784)	(14,801)	-	-	-	(14,626)	(741,233)
Change for the year	231,606	-	51,533	15,728	94,953	103,364	304,637	220,474	205,473	33,948	1,261,716
Disposal	-	-	-	-	(1,052,661)	(234,848)	-	-	-	(40,534)	(1,328,043)
Reclassification	-	-	-	-	(104,533)	104,533	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	(6,963)	(6,963)
Balance at 31 December 2021	3,156,480	-	976,475	804,345	7,605,061	387,979	1,073,221	899,486	1,407,765	2,186,265	18,497,077
Exchange translation	-	-	(39,937)	(32,674)	(236,132)	(9,047)	-	-	-	(8,631)	(326,421)
Depreciation	231,606	-	45,627	14,531	10,342	82,051	333,243	839,878	172,791	19,395	1,749,464
Disposal	-	-	(171,534)	-	(786,349)	(27,465)	-	-	-	(20,194)	(1,005,542)
Write-off	-	-	-	-	-	(4,000)	-	-	-	(92,764)	(96,764)
Balance at 31 December 2022	3,388,086	-	810,631	786,202	6,592,922	429,518	1,406,464	1,739,364	1,580,556	2,084,071	18,817,814
Accumulated impairment losses											
At 1 January 2021	-	-	43,508	-	790,080	23,956	800,000	-	-	65,709	1,723,253
Exchange translation	-	-	(3,534)	-	(64,160)	(1,945)	-	-	-	(5,336)	(74,975)
Reversal	-	-	-	-	-	-	(264,707)	-	-	-	(264,707)
Balance at 31 December 2021	-	-	39,974	-	725,920	22,011	535,293	-	-	60,373	1,383,571
Exchange translation	-	-	(1,625)	-	(29,513)	(895)	-	-	-	(2,455)	(34,488)
Balance at 31 December 2022	-	-	38,349	-	696,407	21,116	535,293	-	-	57,918	1,349,083
Net carrying amount											
At 31 December 2021	2,478,487	3,652,301	327,295	22,388	53,124	226,091	10,069,774	989,716	743,020	35,404	18,597,600
At 31 December 2022	2,246,881	3,503,812	263,616	6,919	41,434	147,877	9,736,531	1,397,555	570,229	27,096	17,941,950

17. Property, plant and equipment (Continued)

Impairment assessment

In the current financial year, the Group carried out a review of the recoverable amounts of the vessels in shipping segment owned by subsidiaries, as management had determined that indicators of impairment existed at the end of the reporting year due to the deteriorating operating results of the subsidiaries. The recoverable amounts of the vessels (including dry docking component) respectively have been determined on the vessels' highest and best use using their fair values less costs of disposal. Management has obtained third-party vessel valuation reports from Altech Marine Consultants Pte. Ltd. (2021: ALC Consultancy Services Pte. Ltd.), an independent professional valuation firm.

In preparing the valuation reports, some of the factors considered by the professional valuers include the current market conditions in which the vessels operate, the impact of Russia-Ukraine Conflict, review of recent market sales of similar vessels and consideration of the specification of vessels. Key assumptions used also include the consideration of whether the vessel is operational or laid up, the current reported market sales and known offers for comparative vessels. The recoverable amount of the vessels are determined based on the replacement cost approach due to the limited observable transacted data. Accordingly, the fair value hierarchy of these assets are classified as Level 3.

In the current financial year, the Group has assessed the recoverable amounts of its vessels and determined that no impairment loss is required. In previous year, the review led to a reversal of impairment loss of $264,707 in the profit or loss due to a change in the estimates used to determine the asset's recoverable amount.

Other assets consist of office equipment, furniture and fittings, air conditioner, renovations, computer software and container.

Freehold land and property comprise:

- a shipyard and branch office at 161/2 Moo 7 Tambon Nahukwang, Amphur Thapsakae, Prachupkirikhan 77130, Thailand; and

- a worker dormitory at 136/76 Moo 5, Tambon Thapsakae, Amphur Thapsakae, Prachupkirikhan 77130, Thailand.

Leasehold land and property comprise:

- 4 office units at 8 Ubi Road 2, #06-23 to #06-26 Zervex Singapore 408538, leased for 57 years from 29 June 2011; and

- a workshop, repair facilities and worker dormitory at 10 Kwong Min Road, Singapore 628712, leased for 22 years from April 2006.

Assets pledged as security:

As at the end of the reporting period, the Group's leasehold land and property with a carrying amount of $2,246,881 (2021: $ 2,478,487) have been pledged with a bank for banking facilities (Note 21).

As at 31 December 2022, the Group's vessels (including dry dock) with carrying amount of $11,134,086 (2021: $11,059,490) have been pledged with a bank for bank facilities (Note 21).

17. Property, plant and equipment (Continued)

Restrictions:

Motor vehicles with carrying amounts of $220,020 (2021: $328,937) are secured over the lease liabilities of $180,113 (2021: $291,480) as at 31 December 2022. Motor vehicles will be seized and returned to lessor in the event of default by the Group.

Reconciliation to the consolidated statement of cash flows

For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial year comprised:

	2022	2021
	$	$
Purchases of property, plant and equipment	1,267,894	6,792,892
Less: Property, plant and equipment acquired under lease arrangements	-	(80,000)
Net cash payments made	1,267,894	6,712,892

18. Club membership

	Group	
	2022	2021
	$	$
Club membership, at cost	65,000	65,000
Allowance for impairment loss	(15,500)	(15,500)
	49,500	49,500

Movement in the allowance for impairment loss is as follows:

	Group	
	2022	2021
	$	$
At 1 January/31 December	15,500	15,500

19. Investment in joint venture

	Group	
	2022	2021
	$	$
Unquoted equity investment, at cost	250,000	250,000
Impairment loss	(12,031)	(12,031)
Share of post-acquisition results	95,004	(18,776)
	332,973	219,193

19. Investment in joint venture (Continued)

On 1 October 2020, the Group acquired a 51% interest in the ownership and voting rights in a joint venture business, Proxess Engineering Pte. Ltd. ("Proxess") that is held through a subsidiary, Wang Fatt Oil & Gas Construction Pte. Ltd. The joint venture is a strategic business venture to diversify its operating scope to offer actuator and valves related solutions of Proxess to the Company's clientele, both in Singapore and ASEAN region. The Group jointly controls the venture with another joint venture partner under a contractual agreement which requires unanimous consent for major decisions over the relevant activities.

The details of the joint venture is as follows:

Name of company/Country of incorporation and principal place of business	Principal activities	Proportion of equity interest	
		2022	2021
		%	%
Proxess Engineering Pte. Ltd./Singapore [1]	Provides wholesale trade of variety of goods and manufacture and repair of valves	51	51

[1] Audited by Lo Hock Ling & Co.

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

Summarised financial information

Summarised financial information in relation to the joint venture based on its financial statements prepared in accordance with Financial Reporting Standards in Singapore ("FRS"), and reconciliation with the carrying amount of the investment in the financial statements are as follows:

a) Summarised statement of financial position

	2022	2021
	$	$
Plant and equipment	4,660	-
Cash and cash equivalents	437,121	118,035
Other current assets	387,369	448,620
	829,150	566,655
Trade and other payables and provisions	(147,353)	(135,552)
Other current liabilities	(28,907)	(1,314)
	(176,260)	(136,866)
Net assets	652,890	429,789

19. Investment in joint venture (Continued)

Summarised financial information (Continued)

b) Summarised statement of profit or loss and other comprehensive income

	2022 $	2021 $
Revenue	863,375	420,141
Operating expenses	(620,364)	(429,125)
Depreciation	(190)	-
Other operating income	9,332	7,631
Profit/(Loss) before tax	252,153	(1,353)
Income tax expense	(29,054)	(1,542)
Profit/(Loss) after tax, representing total comprehensive income/(loss)	223,099	(2,895)
Share of results of a joint venture	113,780	(1,476)

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

c) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, is as follows:

	2022 $	2021 $
Proportion of Group ownership	51%	51%
Net assets	652,890	429,789
Group's share of net assets	332,973	219,193
Carrying amount of the investment	332,973	219,193

Impairment assessment

As at 31 December 2022, the Group carried out a review on the recoverable amount of its investment in joint venture having regards for indicators of impairment on investment in joint venture based on the existing performance of the joint venture.

The assessment resulted in a recognition of impairment loss of $Nil (2021: $12,031) recognised in the Group's profit or loss in the current financial year. The recoverable amounts had been determined based on the joint venture's fair value less cost of disposal (Level 3 hierarchy).

20. Investments in subsidiaries

	Company	
	2022	2021
	$	$
Unquoted equity share, at cost		
At 1 January	22,991,243	22,991,243
Allowance for impairment loss	(4,188,629)	(3,708,115)
At 31 December	18,802,614	19,283,128

Movements in the allowance for impairment loss are as follows:

	Company	
	2022	2021
	$	$
At 1 January	3,708,115	3,837,651
Allowance made during the financial year	480,514	-
Reversal made during the financial year	-	(129,536)
At 31 December	4,188,629	3,708,115

Impairment assessment in investments in subsidiaries

As at 31 December 2022, the Company carried out a review on the recoverable amount of its investments in certain subsidiaries having regards for indicators of impairment on investment in subsidiaries based on the existing performance of the subsidiaries.

The assessment resulted in a recognition of impairment loss of $480,514 (2021: reversal of impairment loss of $129,536) recognised in the Company's profit or loss in the current financial year.

20. **Investments in subsidiaries (Continued)**

The details of the subsidiaries are as follows:

Name of company/ Country of incorporation and principal place of business	Principal activities	Cost of investment		Proportion of ownership interest		Proportion of voting power held		Proportion of ownership interest held by non-controlling interest	
		2022	2021	2022	2021	2022	2021	2022	2021
		$	$	%	%	%	%	%	%
Held by the Company									
Eng Soon Investment Pte Ltd/ Singapore [1]	Repair of vessel and related engineering services	5,275,859	5,275,859	100	100	100	100	-	-
Wang Fatt Oil & Gas Construction Pte. Ltd./Singapore [1]	Repair of vessel and related engineering services and building construction	10,400,088	10,400,088	100	100	100	100	-	-
Eng Soon Marine Pte Ltd/ Singapore [1]	Sale of consumables	782,272	782,272	100	100	100	100	-	-
ES Offshore Engineering Pte. Ltd./ Singapore [1]	Repair of vessel and related engineering services	1,073,517	1,073,517	100	100	100	100	-	-
Eng Soon Engineering (1999) Pte Ltd/Singapore [1]	Repair of vessel and related engineering services	1,401,732	1,401,732	100	100	100	100	-	-
ES Shipping Pte. Ltd./ Singapore [1]	Building of ships, tankers and other ocean- going vessels and chartering of ships barges and boats without crew	100,000	100,000	100	100	100	100	-	-

20. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows (Continued):

Name of company/ Country of incorporation and principal place of business	Principal activities	Cost of investment		Proportion of ownership interest		Proportion of voting power held		Proportion of ownership interest held by non-controlling interest	
		2022	2021	2022	2021	2022	2021	2022	2021
		$	$	%	%	%	%	%	%
Held by the Company (Continued)									
ES Oil & Gas Pte. Ltd./ Singapore [1]	Repair of vessel and related engineering services	1	1	100	100	100	100	-	-
ES Chartering Pte. Ltd./ Singapore [1]	Freight water transport	50,000	50,000	100	100	100	100	-	-
Dalian ES Marine & Offshore Engineering Co., Ltd/ The People's Republic of China [6]	Technical development, design and consultancy service for ship and offshore project	449,158	449,158	100	100	100	100	-	-
ES Offshore and Marine Engineering (Thailand) Co., Ltd/ Thailand [2] [4] [5]	Vessel building and repair and steel construction	3,458,616	3,458,616	50	50	51	51	50	50
		22,991,243	22,991,243						
Held by ES Oil & Gas Pte. Ltd.									
ES Offshore and Engineering (Myanmar) Company Limited/Myanmar [7]	Provide consultancy and engineering services	134,505	134,505	50	50	50	50	-	-
		134,505	134,505						

20. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows (Continued):

Name of company/ Country of incorporation and principal place of business	Principal activities	Cost of investment		Proportion of ownership interest		Proportion of voting power held		Proportion of ownership interest held by non-controlling interest	
		2022	2021	2022	2021	2022	2021	2022	2021
		$	$	%	%	%	%	%	%
Held by ES Offshore Engineering Pte. Ltd.									
ES Offshore and Engineering (Myanmar) Company Limited/Myanmar [6][7]	Provide consultancy and engineering services	134,505	134,505	50	50	50	50	-	-
		134,505	134,505						
Held by ES Chartering Pte. Ltd.									
ES Aspire Pte. Ltd./ Singapore [1]	Freight water transport	50,000	50,000	100	100	100	100	-	-
ES Jewel Pte. Ltd./ Singapore [1]	Freight water transport	50,000	50,000	100	100	100	100	-	-
		100,000	100,000						
Held by Eng Soon Marine Pte Ltd									
ES Nautilus (M) Sdn. Bhd./Malaysia[3][8]	Building and construction of ships, floating structures as well as other engineering projects	8,101	8,101	49	49	51	51	51	51
		8,101	8,101						

20. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows (Continued):

Notes:

(1) Audited by Mazars LLP, Singapore.

(2) Audited by HLB Limited, Thailand.

(3) Audited by YYC & Co., Malaysia.

(4) The Group own 50% equity shares of ES Offshore and Marine Engineering (Thailand) Co., Ltd. However, based on the contractual arrangements between the Group and other investors, the Group holds 51% of the 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. The non-controlling interests own 50% equity shares and holds 49% of the voting power of ES Offshore and Marine Engineering (Thailand) Co., Ltd.. Therefore, the directors of the Group determined that the Group have control over ES Offshore and Marine Engineering (Thailand) Co., Ltd. and accordingly ES Offshore and Marine Engineering (Thailand) Co., Ltd. is consolidated in these financial statements.

(5) The Group have not presented the summarised financial information about the assets, liabilities, profit or loss and cash flows of the non-wholly owned subsidiary, ES Offshore and Marine Engineering (Thailand) Co., Ltd. that has material non-controlling interests due to confidentiality of such information for commercial reasons.

(6) Not audited as deemed not material to the Group and exempted from statutory audit.

(7) ES Oil & Gas Pte. Ltd. and ES Offshore Engineering Pte. Ltd. each owns 50% equity shares of ES Offshore and Engineering (Myanmar) Company Limited ("ESOM"), where the Group ultimately own 100% equity shares of ESOM.

(8) The Group owns 49% equity shares of ES Nautilus (M) Sdn. Bhd..However, based on contractual agreements between the Group and other investor, the Group hold 51% of the voting power that gives it the ability to direct the relevant activities of ES Nautilus (M) Sdn. Bhd. based on simple majority votes. The non-controlling interest owns 51% equity shares and holds 49% of the voting power of ES Nautilus (M) Sdn. Bhd..Therefore, the directors of the Group determined that the Group have control over ES Nautilus (M) Sdn. Bhd. and accordingly ES Nautilus (M) Sdn. Bhd. is consolidated in these financial statements.

21. Bank borrowings

	2022	2021
	$	$
Bank borrowings		
- Term loan 1[a]	2,106,546	2,658,344
- Term loan 2[b]	-	400,000
- Term loan 3[c]	2,882,212	3,842,617
	4,988,758	6,900,961
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,526,921)	(1,901,060)
	3,461,837	4,999,901

Notes:

a) Term loan 1

The term loan is repayable in 60 monthly instalments commencing from December 2021. The loan is arranged at a floating interest rate at LIBOR plus 4%. The term loan has an average effective interest rate of 5.72% (2021: 4.09%) per annum. Interest is repriced monthly. The term loan will be fully repaid by November 2026.

b) Term loan 2

The term loan is arranged at floating interest rate at 3% per annum over applicable 3-month SWAP Offer Rate ("SOR") or 3% per annum over the 3-month Bank's Cost of Funds (COF) as determined by the Bank on the day of transaction, whichever is higher or at such other rate at the sole discretion of the Bank. The term loan has an average effective interest rate of 2.31% (2021: 3.43%) per annum and fully repaid in August 2022. In previous financial year, the Group did not meet a required loan covenant of maintaining the minimum amount of Group's net assets. Accordingly, the loan is repayable on demand. Subsequent to financial year ended 31 December 2021, the bank has granted the Group a waiver on the requirement to maintain the required minimum amount of net assets.

c) Term loan 3

The term loans are repayable in 60 monthly instalments commencing from October 2020. The term loans carry a fixed interest rate at 3.0% (2021: 3.0%) per annum and will be fully repaid by October 2025.

At the end of the financial year, the Group's bank borrowings are secured by:

(i) legal mortgage over the Group's leasehold land and property (Note 17);

(ii) a pledge over vessels (Note 17);

(iii) corporate guarantees by the Company for all the monies owing (Note 28);

(iv) a first priority pledge over the earnings account maintained with a financial institution (Note 12);

(v) pledge over a deposit amounting to $134,460 (2021: $135,170) (Note 14); and

(vi) pledge over 100% share of a subsidiary.

21. Bank borrowings (Continued)

At the end of the financial year, the Group has available $6,466,979 (2021: $6,580,004) of undrawn committed borrowing facilities in respect of which all conditions precedent has been met.

At the end of the financial year, the carrying amounts of non-current bank borrowings are reasonable approximation of their fair value due to the interest rates on the bank borrowings approximate the prevailing market interest rates which the directors expect to be available to the Group at an average of 3.9% (2021: 3.4%) per annum.

The currency profiles of the Group's bank borrowings are as follows:

	Group	
	2022	2021
	$	$
Singapore dollar	2,882,212	4,242,617
United States dollar	2,106,546	2,658,344
	4,988,758	6,900,961

22. Trade payables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Trade payables - third parties	808,243	1,958,203	1,176	-
Bank borrowings (Note 21)	4,988,758	6,900,961	-	-
Other payables (Notes 23)	4,387,659	3,285,842	12,553,561	12,292,985
Lease liabilities (Note 24)	641,404	831,785	-	-
Withholding tax (Notes 23)	-	-	(2,118)	-
Deposits (Classified as non-current liability)	40,000	40,000	-	-
Financial liabilities carried as amortised cost	10,866,064	13,016,791	12,552,619	12,292,985

The average credit period of trade payables is 30 days (2021: 30 days). No interest is charged on the outstanding balances.

22. Trade payables (Continued)

The currency profiles of the Group's and Company's trade payables are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Singapore dollar	501,212	1,465,759	1,176	-
Thai baht	2,158	13,622	-	-
United States dollar	257,040	347,317	-	-
Malaysian ringgit	3,833	25,878	-	-
Myanmar Kyat	-	123	-	-
Others	44,000	105,504	-	-
	808,243	1,958,203	1,176	-

23. Other payables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Director of a subsidiary (a)	1,829,898	1,907,448	-	-
Amount due to subsidiaries (b)	-	-	12,468,665	12,248,098
Third parties (b)	120,563	126,577	9,815	2,117
Accruals (c)	2,340,674	1,113,326	72,963	42,770
Workers guarantee payables (d)	6,830	138,491	-	-
Withholding tax	-	-	2,118	-
Deposit received	89,694	-	-	-
	4,387,659	3,285,842	12,553,561	12,292,985

(a) Advances from director of a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

(b) The amount due to third parties and subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

(c) Accruals principally comprise operation costs, salary and wages and other accrued expenses.

(d) Workers' guarantee payables comprise rewards payable to workers.

23. Other payables (Continued)

The currency profiles of the Group's and Company's other payables are as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Singapore dollar	1,711,075	773,179	12,553,561	12,289,924
Thai baht	1,926,476	2,052,057	-	3,061
United States dollar	685,176	405,510	-	-
Malaysian ringgit	7,636	-	-	-
Myanmar Kyat	1,239	2,071	-	-
Others	56,057	53,025	-	-
	4,387,659	3,285,842	12,553,561	12,292,985

24. The Group as a lessee

The Group leases certain property, plant and equipment. The average lease terms ranged from 5 to 22 years (2021: 5 to 22 years). The incremental borrowing rate applied to the leases were from 4.5% to 5.6% (2021: 4.5% to 5.6%) per annum.

The Group leases motor vehicles and certain office equipment for three to seven years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under such leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

The lease of the leasehold land which is located at 10 Kwong Min Road, Singapore 628712 has been negotiated for a term of 22 years from April 2006 and the lease payment is subject to periodic revision by JTC Corporation. The incremental borrowing rate applied to the lease liability on inception date of the lease for land was 4.5% per annum.

Recognition exemptions

The Group has certain site leases and office equipment with lease terms of 12 months. For such leases, the Group has elected not to recognise right-of use assets and lease liabilities.

24. The Group as a lessee (Continued)

24 (a) Right-of-use assets

Group	Right-of-use assets Motor vehicles $	 Leasehold land $	 Other assets $	 Total $
Cost				
Balance at 1 January 2021	641,717	1,279,810	36,208	1,957,735
Additions	193,050	-	-	193,050
Balance at 31 December 2021 and 31 December 2022	834,767	1,279,810	36,208	2,150,785
Accumulated depreciation				
Balance at 1 January 2021	367,506	798,578	36,208	1,202,292
Charge for the year	138,324	67,149	-	205,473
Balance at 31 December 2021	505,830	865,727	36,208	1,407,765
Charge for the year	108,917	63,874	-	172,791
Balance at 31 December 2022	614,747	929,601	36,208	1,580,556
Net carrying amount				
At 31 December 2021	328,937	414,083	-	743,020
At 31 December 2022	220,020	350,209	-	570,229

In previous year, the Group has acquired motor vehicles with an aggregate cost of $193,050 which are under hire purchase arrangement amounting to $80,000 and cash payment of $113,050.

Total cash outflow for all leases in 2022 was $225,970 (2021: $215,333).

24 (b) Lease liabilities

	Group 2022 $	 2021 $
Lease liabilities - non-current	451,176	661,668
Lease liabilities - current	190,228	170,117
	641,404	831,785

24. The Group as a lessee (Continued)

24 (b) Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

Group	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	$	$	$	$
Contractual undiscounted cash flows:				
- Within one year	216,101	204,228	190,228	170,117
- In the second to fifth years inclusive	491,359	562,155	451,176	501,020
- After five years	-	167,049	-	160,648
	707,460	933,432	641,404	831,785
Future interest expense	(66,056)	(101,647)	-	-
Present value of lease liabilities	641,404	831,785	641,404	831,785

24 (c) Amount recognised in profit & loss

	Group	
	2022	2021
	$	$
Interest expenses on lease liabilities	35,589	42,948
Expense relating to short-term leases	157,281	242,244

Lease liabilities are denominated in Singapore dollar.

25. Share capital

	2022	2021	2022	2021
	Number of ordinary shares		$	$
Issued and fully paid, with no par value				
At beginning and end of financial year	141,200,000	141,200,000	23,698,348	23,698,348

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.

26. Other reserves

Merger reserve

Merger reserve arose as a result of a Group restructuring exercise in 2009 prior to its Initial Public Offering and it represented the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition under common control. The merger reserve is not available for dividend distribution.

Statutory surplus reserve

In accordance with the relevant provisions of the Civil and Commercial Code in Thailand, the subsidiary in Thailand, ES Offshore and Marine Engineering (Thailand) Co., Ltd. is required to set aside a statutory surplus reserve of at least 5% of its net income before each dividend distribution until the reserve reached 10% of the authorised capital. The statutory surplus reserve is not available for dividend distribution.

Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group, as well as from the translation of foreign currency loans which form part of the Group's net investments in foreign operations.

27. Dividends

	Group and Company	
	2022	**2021**
	$	**$**
Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of nil (2021: 0.25 cents)	-	353,000

28. 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, is $5,125,411 (2021: $7,135,023). The earliest period that the guarantee could be called is within 1 year (2021: 1 year) from the end of the reporting period.

The Company has evaluated the fair value of the corporate guarantee. Consequently, the Company is of the view that the fair value of the guarantee to the financial institution with regard to the subsidiaries is not significant. The Company has not recognised any liability in respect of the guarantee given to the financial institution for credit facilities granted to the subsidiary as the Company's directors have assessed that the likelihood of the subsidiary defaulting on repayment is remote.

29. Significant related party transactions

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and Company if that person:

   (i) Has control or joint control over the Company;

   (ii) Has significant influence over the Company; or

   (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:

   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

   (vi) The entity is controlled or jointly controlled by a person identified in (a).

   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, in addition to the information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2022	**2021**
	$	**$**
Professional fee paid to immediate family member of		
- directors/shareholders	156,000	202,000

There are no outstanding balances with related parties and key management personnel or their immediate family members.

29. Significant related party transactions (Continued)

Key management personnel remuneration

The remuneration of directors and other members of key management are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Short-term employee benefits	1,400,080	1,620,285	667,270	853,425
Post-employment benefits	124,377	126,321	31,858	31,658
	1,524,457	1,746,606	699,128	885,083

The remuneration of directors and key management is determined by the Remuneration and Compensation Committee having regard to the performance of individuals and market trends.

30. Segment information

For the purpose of resource allocation and assessment of segments performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group under SFRS(I) 8 *Operating Segment*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable operating segments under SFRS(I) 8 are as follows:

Segments	Principal activities
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

The accounting policies of the reportable segments are described in Note 2.22. Segment revenue represents revenue generated from external customers. Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The segment assets comprise trade receivables, contract assets, certain inventories, and property, plant and equipment. The remaining assets are not allocated to reportable segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

The segment liabilities comprise trade payables and bank loans drawdown by subsidiaries for the purpose to finance the vessels. The remaining liabilities are not allocated to reportable segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

30. Segment information (Continued)

Information about reportable segments

	New building and repair $	Shipping $	Total $
2022			
Revenue			
Segment revenue	20,799,474	11,660,871	32,460,345
Results			
Gross profit/(loss)	7,180,306	(3,075,074)	4,105,232
Other operating income			1,695,798
Administrative expenses			(5,585,654)
Other operating expenses			(2,030,851)
Finance costs			(137,664)
Share of results of a joint venture			113,780
Loss before income tax			(1,839,359)
Income tax expense			(277,946)
Loss for the year			(2,117,305)
Other information:			
Additions to property, plant and equipment			1,267,894
Depreciation of property, plant and equipment		[(a)]1,173,121	1,749,464
Assets and liabilities			
Segment assets	11,875,317	12,385,004	24,260,321
Unallocated corporate assets			10,488,729
			34,749,050
Segment liabilities	1,686,651	2,576,772	4,263,423
Unallocated corporate liabilities			7,061,169
			11,324,592

30. Segment information (Continued)

Information about reportable segments (Continued)

	New building and repair $	Shipping $	Total $
2021			
Revenue			
Segment revenue	13,767,160	7,181,860	20,949,020
Results			
Gross profit/(loss)	2,317,817	(3,257,369)	(939,552)
Other operating income			2,409,918
Administrative expenses			(5,839,246)
Other operating expenses			(1,784,581)
Finance costs			(162,754)
Share of results of a joint veuture			(1,476)
Loss before income tax			(6,317,691)
Income tax expense			(19,036)
Loss for the year			(6,336,727)
Other information:			
Additions to property, plant and equipment			6,792,892
Depreciation of property, plant and equipment		[(a)]525,111	1,261,716
Reversal of impairment of vessels			(264,707)
Impairment on investment in joint venture			12,031
Assets and liabilities			
Segment assets	13,184,462	11,529,185	24,713,647
Unallocated corporate assets			13,895,193
			38,608,840
Segment liabilities	1,867,105	4,073,213	5,940,318
Unallocated corporate liabilities			7,157,538
			13,097,856

(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 is used for all segments.

30. Segment information (Continued)

Geographical information

The Group operates in five principal geographical areas – Singapore (country of domicile), Thailand and The People's Republic of China ("The PRC"), Malaysia and Myanmar.

The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue		Non-current assets#	
	2022	2021	2022	2021
	$	$	$	$
Geographical segments				
Singapore	31,580,622	20,077,594	14,495,711	14,798,734
Thailand	62,216	-	3,806,231	4,041,129
The PRC	357,528	323,848	4,651	5,695
Malaysia	436,696	95,651	13,199	12,982
Myanmar	23,283	451,927	4,631	7,753
	32,460,345	20,949,020	18,324,423	18,866,293

#Non-current assets other than financial instruments

The Group's revenue and non-current assets by geographical segments are based on the respective entities' country of operations.

Information about major customers

Major customers with revenue more than 10% of the Group's total revenue are as follows:

	New building and repair		Shipping	
	2022	2021	2022	2021
	$	$	$	$
Customer A	10,130,287	8,789,256	-	-
Customer B	-	-	4,151,852	2,268,910
Customer C	6,069,388	2,334,373	-	-
	16,199,675	11,123,629	4,151,852	2,268,910

31. Financial instruments and financial risks

The Group's activities expose it to credit risk, market risks (including foreign currency risk, interest rate risk and equity price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises from cash and bank balances, trade and other receivables, other debt instruments carried at amortised cost as well as contract assets. Cash and bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per SFRS(I) 9's presumption.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognizing ECL
1	Low credit risk Note 1	12-months ECL
2	Non-significant increase in credit risk since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition Note 2 or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired Note 3	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount Note 4	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial asset has a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 3. Credit impaired

In determining whether financial asset is credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics other than the geographical location of their operations.

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's and Company's total credit exposure.

With reference to Note 28, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the reporting period, the Group has 1 (2021: 1) major customer which accounted for 60% (2021: 82%) of the net trade receivable balances.

The Company has no concentration of credit risk other than the amount due from subsidiaries as disclosed in Note 14.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables (Note 13) and contract assets (Note 15)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The contract assets relate mainly to unbilled revenue and have substantially the same risk characteristics as trade receivables for the same type of contracts. Therefore, the Group concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the credit loss rates of the contract assets.

The ECL for trade receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, China, Malaysia) and the growth rates of the major industries which its customers operate in.

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables and contract assets are determined as follows:

		Trade receivables					
	Contract assets	Current	Past due more than 1 to 90 days	Past due more than 91 to 120 days	Past due more than 121 to 365 days	Past due more than 365 days	Total
31 December 2022							
Expected credit loss rates	-	-	2.5%	3.0%	4.1%	92.8%	
Gross carrying amount ($)	2,867,694	1,718,838	2,313,410	2,151,574	232,427	1,008,557	10,292,500
Loss allowance ($) [a]	-	-	(57,427)	(64,837)	(9,541)	(935,830)	(1,067,635)
31 December 2021							
Expected credit loss rates	-	-	2.4%	5.2%	11.4%	75.0%	
Gross carrying amount ($)	3,137,003	2,145,705	2,679,466	1,151,691	328,888	918,824	10,361,577
Loss allowance ($) [a]	-	-	(63,349)	(59,959)	(37,431)	(688,890)	(849,629)

[a] This amount includes $930,209 (2021: $704,794) which are credit-impaired balances from several customers who are unlikely to repay the outstanding balances mainly due to economic circumstances or who have defaulted in payment terms.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Non-trade amounts due from third parties (Note 14)

The Group adopts a policy of dealing with high credit quality counter parties. The Group monitors and assess at each reporting date on any indicator of significant increase in credit risk on these receivables. As at 31 December 2022, the Group has assessed its non-trade third parties' financial ability to meet the contractual cash flow obligation and is of the view that expected credit losses of $328,706 (2021: $328,706) for non-trade amounts due from third parties are unlikely to be repaid due to economic circumstances or who have defaulted in payment terms.

Non-trade amounts due from subsidiaries (Note 14)

The Company assessed the impairment loss allowance of these amounts on a lifetime ECL basis consequent to their assessment on available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. As at 31 December 2022, the Company has assessed its subsidiaries' financial performance to meet the contractual cash flow obligations and concluded that there has been significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the management determined that the expected credit loss allowance is $9,524,763 (2021: $8,140,986) for non-trade amounts due from subsidiaries.

Cash and bank balances (Note 12)

The cash and bank balances are held with banks and financial institution counterparties, which are rated A3 to Aa1, based on Moody's rating. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and bank balances has been measured on the 12-months expected loss model. As at 31 December 2022, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's and Company's exposure to credit risk in respect of the trade receivables, contract assets and other receivables is as follows:

Group	Trade receivables			Contract assets	Other receivables		
Internal credit risk grading	Note (i)	Category 4	Total	Note (i)	Category 2	Category 4	Total
	$	$	$	$	$	$	$
Loss allowance							
Balance at 1 January 2021	123,072	764,839	887,911	-	-	328,706	328,706
Loss allowance	62,761	172	62,933	-	-	-	-
Reversal	(40,998)	(58,283)	(99,281)	-	-	-	-
Currency realignment	-	(1,934)	(1,934)	-	-	-	-
Balance at 31 December 2021	144,835	704,794	849,629	-	-	328,706	328,706
Loss allowance	22,939	283,083	306,022	-	-	-	-
Reversal	(30,348)	(54,546)	(84,894)	-	-	-	-
Currency realignment	-	(3,122)	(3,122)	-	-	-	-
Balance at 31 December 2022	137,426	930,209	1,067,635	-	-	328,706	328,706
Gross carrying amount							
At 31 December 2021	6,519,781	704,793	7,224,574	3,137,003	142,848	328,706	471,554
At 31 December 2022	6,494,597	930,209	7,424,806	2,867,694	171,008	328,706	499,714
Net carrying amount							
At 31 December 2021	6,374,945	-	6,374,945	3,137,003	142,848	-	142,848
At 31 December 2022	6,357,171	-	6,357,171	2,867,694	171,008	-	171,008

Note (i): For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL. No loss allowance was recognised with respect to these trade receivables.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Company **Internal credit risk grading**	**Other receivables** **Category 4** **$**	**Amounts due from subsidiaries** **Category 3** **$**	**Total** **$**
Loss allowance			
Balance at 1 January 2021	328,706	1,661,751	1,990,457
Loss allowance	-	6,479,235	6,479,235
Balance at 31 December 2021	328,706	8,140,986	8,469,692
Loss allowance	-	1,383,777	1,383,777
Balance at 31 December 2022	328,706	9,524,763	9,853,469
Gross carrying amount			
At 31 December 2021	328,706	20,909,505	21,238,211
At 31 December 2022	328,713	21,183,527	21,512,240
Net carrying amount			
At 31 December 2021	-	12,768,519	12,768,519
At 31 December 2022	7	11,658,764	11,658,771

Market risk

Foreign currency risk

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets, mainly cash and bank balances and monetary liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Group. As at the reporting date, the Group and Company do not have significant foreign currency risk exposure except for the monetary assets and monetary liabilities denominated in Thai baht, United Stated dollars, Malaysian Ringgit and Myanmar Kyat.

31. Financial instruments and financial risks (Continued)

Market risk (Continued)

Foreign exchange risk (Continued)

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Thai baht $	United Stated dollars $	Malaysia ringgit $	Myanmar Kyat $	Total $
2022					
Group					
Monetary assets	89,567	3,969,271	282,867	340,160	4,681,865
Monetary liabilities	(1,928,634)	(3,048,762)	(11,469)	-	(4,988,865)
Net monetary (liabilities)/assets	(1,839,067)	920,509	271,398	340,160	(307,000)
Company					
Monetary assets	1,829,867	-	-	-	1,829,867
2021					
Group					
Monetary assets	315,226	5,910,895	210,108	430,802	6,867,031
Monetary liabilities	(2,065,679)	(3,411,171)	(25,878)	(2,194)	(5,504,922)
Net monetary (liabilities)/assets	(1,750,453)	2,499,724	184,230	428,608	1,362,109
Company					
Monetary assets	1,907,416	-	-	-	1,907,416

Foreign currency sensitivity

The following table details the sensitivity to a 5% (2021: 5%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign exchange rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, profit or loss will increase or (decrease) by:

	2022 $	2021 $
Group		
Thai baht	(91,953)	(87,523)
United States dollars	46,025	124,986
Malaysia ringgit	13,570	9,212
Myanmar Kyat	17,008	21,430
Company		
Thai baht	91,493	95,371

31. Financial instruments and financial risks (Continued)

Market risk (Continued)

Interest rate risk

The Group's exposures to market risk for changes in interest rate relates to the Group's long term and short term debt obligations. The Group does not use derivative financial instruments to hedge its exposure to interest rate fluctuation.

However, it is the Group's policy to obtain the most favourable interest rates available whenever the Group obtains additional financing through bank borrowings.

The Group's interest rate risk arises primarily from the floating rate borrowings with financial institutions.

The interest rates, terms of maturity and repayment of borrowings of the Group are disclosed in Note 21.

Interest rate sensitivity

The sensitivity analyses below for the Group have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of financial instruments that have floating rates.

If interest rates had been 200 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended 31 December 2022 would increase/decrease by approximately $42,131 (2021: $61,167). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

There is no direct impact to the Group's equity arising from changes in interest rates.

Interest rate benchmark reform and associated risks

In view of the reform of major interest rate benchmarks that is being undertaken globally, the Group monitors and manages its potential transition to alternative rates, as applicable. The Group evaluates the contracts that could be affected, and takes a proactive approach in approaching the relevant counterparties to discuss about and assess the potential impact on the Group.

The Group applied the practical expedient under the Phase 2 amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and SFRS(I) 7 *Financial Instruments: Disclosures*, which assist entities in applying the Standards when changes are made to contractual cash flows or hedging relationships because of the ongoing reform of inter-bank offered rates ("IBOR") and other interest rate benchmarks (the "reform"), to not consider whether the changes required by the Reform to contractual cash flows of financial instrument measured at amortised cost would result in the derecognition of the financial asset or financial liability. Instead, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate used. The exception applies only to the extent that the change is required by interest rate benchmark reform when both these conditions are met:

a) the change is necessary as a direct consequence of the reform; and

b) the new basis for determining the contractual cash flows as a result of the reform is economically equivalent to the previous basis.

31. Financial instruments and financial risks (Continued)

Market risk (Continued)

Interest rate benchmark reform and associated risks (Continued)

As of 31 December 2022, in relation to the aforementioned, the Group is mainly exposed to non-derivative financial liabilities in the form of bank borrowings that are indexed to LIBOR. The Group will be communicating with the counterparties and specific changes have yet to be agreed.

The following table contains details of all the financial instruments that the Group holds as at 31 December 2022 that have cash flows that will be affected by the interest rate benchmark reform as they have not yet transitioned to new benchmark rates.

Financial instruments prior to transition	Financial instrument maturity year	Carrying amount	Fair value	New benchmark rates
		$	$	
Group				
Non derivative financial instrument				
Bank borrowings				
- Term loan 1	2026	2,106,546	Not applicable	Not applicable
- Term loan 3	2025	2,882,212	Not applicable	Not applicable

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

As at 31 December 2022, the Group's cash and cash equivalents amounted to $6,100,690 (2021: $8,495,155). Management is of the view that there is sufficient cash and cash equivalents to finance the Group's activities. If required, financing can be obtained from its existing lines of banking facilities.

As at 31 December 2022, the Group had available $6,466,979 (2021: $6,580,004) of undrawn committed borrowing facilities in respect of which all conditions precedent has been met.

In addition, the Company enters into financial guaranteed contracts on behalf of its subsidiaries as disclosed in Note 28.

The Company funds its operations through internal funds and bank loans. The Company closely monitors the working capital requirements and minimises its liquidity risk by ensuring sufficient available funds and credits lines.

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The following tables detail the remaining contractual maturity for non-derivative financial liabilities of the Group. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or within 1 year $	Within 2 to 5 years $	After 5 years $	Total $
Group					
Undiscounted Financial Assets					
Cash and bank balances	-	6,100,690	-	-	6,100,690
Trade receivables (excluding GST receivables)	-	6,347,024	-	-	6,347,024
Other receivables (excluding prepayments and value-added tax receivables)	-	366,090	231,438	-	597,528
As at 31 December 2022		12,813,804	231,438	-	13,045,242
Cash and bank balances	-	8,846,643	-	-	8,846,643
Trade receivables (excluding GST receivables)	-	6,363,684	-	-	6,363,684
Other receivables (excluding prepayments and value-added tax receivables)	-	450,737	96,981	-	547,718
As at 31 December 2021		15,661,064	96,981	-	15,758,045
Undiscounted Financial Liabilities					
Fixed interest rate borrowings	3.00	1,062,480	1,947,491	-	3,009,971
Variable interest rate borrowings	3.43 - 6.40	684,278	1,753,853	-	2,438,131
Trade payables	-	808,243	-	-	808,243
Other payables	-	4,387,659	-	-	4,387,659
Lease liabilities	4.40 - 5.06	216,101	491,359	-	707,460
Deposits	-	-	40,000	-	40,000
As at 31 December 2022		7,158,761	4,232,703	-	11,391,464
Fixed interest rate instruments	3.00	1,062,396	2,978,318	-	4,040,714
Variable interest rate instruments	3.43 - 4.09	1,044,424	2,292,005	-	3,336,429
Trade payables	-	1,958,203	-	-	1,958,203
Other payables	-	3,285,842	-	-	3,285,842
Lease liabilities	4.96	204,228	562,155	167,049	933,432
Deposits	-	-	40,000	-	40,000
As at 31 December 2021		7,555,093	5,872,478	167,049	13,594,620
Total undiscounted net financial assets/ (liabilities)					
- at 31 December 2022		5,655,043	(4,001,265)	-	1,653,778
- at 31 December 2021		8,105,971	(5,775,497)	(167,049)	2,163,425

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Total
	%	$	$	$	$
Company					
Undiscounted Financial Assets					
Cash and bank balances	-	75,172	-	-	75,172
Other receivables (excluding prepayments)	-	11,658,971	-	-	11,658,971
As at 31 December 2022		11,734,143	-	-	11,734,143
Cash and bank balances	-	39,363	-	-	39,363
Trade receivables	-	59	-	-	59
Other receivables (excluding prepayments)	-	12,768,719	-	-	12,768,719
As at 31 December 2021		12,808,141	-	-	12,808,141
Undiscounted Financial Liabilities					
Trade payables	-	1,176	-	-	1,176
Other payables (excluding withholding tax)	-	12,551,443	-	-	12,551,443
Maximum amount of financial guarantee	-	5,125,411	-	-	5,125,411
As at 31 December 2022		17,678,030	-	-	17,678,030
Other payables	-	12,292,985	-	-	12,292,985
Maximum amount of financial guarantee	-	7,135,023	-	-	7,135,023
As at 31 December 2021		19,428,008	-	-	19,428,008
Total undiscounted net financial liabilities					
- at 31 December 2022		(5,943,887)	-	-	(5,943,887)
- at 31 December 2021		(6,619,867)	-	-	(6,619,867)

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Financial assets				
Financial assets carried at amortised cost (Note 13)	13,045,242	15,758,045	11,734,143	12,808,141
Financial liabilities				
Financial liabilities carried at amortised cost (Note 22)	10,866,064	13,016,791	12,552,619	12,292,985

Offsetting financial assets and financial liabilities

There are no offsetting arrangements on financial assets and financial liabilities at the Group level. The following table details the Company's financial assets and financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Company has the following financial instruments subject to enforceable master netting arrangements or similar agreements as follows:

Financial assets

	Related amount set off in the statement of financial position		
	Gross amounts of financial assets	Gross amounts of financial liabilities	Net amount
	$	$	$
Company			
31 December 2022			
Amount due from subsidiaries	22,411,154	(1,227,627)	21,183,527
31 December 2021			
Amount due from subsidiaries	22,668,175	(1,758,670)	20,909,505

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Financial liabilities

	Related amount set off in the statement of financial position		
	Gross amounts of financial assets	**Gross amounts of financial liabilities**	**Net amount**
	$	**$**	**$**
Company			
31 December 2022			
Amount due to subsidiaries	(13,194,287)	725,622	(12,468,665)
31 December 2021			
Amount due to subsidiaries	(14,490,671)	2,242,573	(12,248,098)

32. Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concerns and maintain an optimal capital structure so as to maximise shareholders' values.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as total borrowings divided by equity attributable to owners of the Company. Total borrowings are calculated as borrowings plus lease liabilities.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's overall strategy remains unchanged from the previous financial year

	Group	
	2022	**2021**
	$	**$**
Total borrowings	5,630,162	7,732,746
Equity attributable to owners of the Company	23,651,110	25,595,438
Gearing ratio	24%	30%

32. Capital management policies and objectives (Continued)

Externally imposed capital requirements

a) A subsidiary in Thailand is subject to externally imposed capital requirements, the details of which are disclosed in Note 26.

b) Three subsidiaries, Wang Fatt Oil & Gas Construction Pte. Ltd., ES Shipping Pte. Ltd. and Eng Soon Investment Pte. Ltd. are subjected to bank covenants due to borrowings as disclosed in Note 21.

All of the above subsidiaries have complied with the externally imposed capital requirements for financial years ended 31 December 2022 and 2021 except for the breach in loan covenant in 2021 as disclosed in Note 21.

33. Fair value of financial assets and financial liabilities

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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 the respective notes to financial statements.

Level 2

Vessels

For vessels, the valuation technique has been described in Note 17.

There has been no change in the valuation techniques from the last financial year.


SUSTAINABILITY
REPORT 2022

CONTENTS

OUR LETTER TO STAKEHOLDERS

Dear Stakeholders,

Ever since the establishment of ES Group (Holdings) Limited (the "**Company**", and together with its subsidiaries, the "**Group**") in 1975, our vision and mission that have been instilled for over 45 years have brought us far, and even through tough times like previous downturns in the offshore and marine industry. In order to strengthen and build a more sustainable business, we carefully consider environmental, social and governance ("**ESG**") issues in all our strategic and investment decisions.

The Group has always been committed to sustainability and fully supports the adoption of SGX sustainability reporting guidelines. 2022 continued to be a challenging year even with the spread of COVID-19 gradually came under control. The COVID-19 pandemic has disrupted the lives of many globally and created a difficult social and business environment.

Amid the challenging global economic environment, we continue to seek to deliver steady value growth in our new building and repair segment, as well as our shipping segment through innovative supply chain solutions and sustainable long-term partnerships. Together with our management, our Board of Directors has determined the material ESG risks as well as the opportunities that are important to our Group's long-term success. Our Board of Directors also oversees the management and monitoring of the material ESG factors and takes them consideration in the determination of our Group's strategic direction and policies. We believe the need to build a sustainable business through placing sustainability at the core of every company's action.

Our core business in the new building and repair segment remains a significant aspect of our Group's operations. This industry is highly labour intensive. Our people are thus the most valuable resource. We are committed to invest in people development to grow the capabilities of our workforce and continue creating value for our stakeholders. Safety is the core value of our Group. We are committed to safety and training for our workers and we strive for a "Zero Accident" goal in the shipyards. Amid the COVID-19 pandemic, the health and well-being of our employees and other stakeholders have been our top priority. We have put in place various safe management measures in accordance to the prevailing regulations, orders, advisories and guidelines issued by the Government in order to curb the spread of the virus.

Our shipping segment continues to be a significant segment for reporting as it contributed to 35.9% of our Group's revenue in FY2022. Being part of the shipping industry, our Group is aware of the carbon emission damage and hopes that ongoing efforts in reducing carbon footprint will contribute towards international efforts to tackle climate change, given that over 90% of all global trades are carried out by ships[1].

The COVID-19 pandemic has also made companies across the world to re-examine their supply chain management, logistics and operational efficiency. The entire shipping industry is now focusing on creating more sustainable shipping solutions, as evinced by International Maritime Organisation (IMO)'s 2020 resolution – sustainable shipping for a sustainable planet[2]. We fully support IMO's effort to reduce the amount of sulphur oxide. As part of the efforts, our Group has switched from using heavy marine fuel oil to low sulphur fuel oil since November 2019 for our vessels.

This is the sixth year that our Group has been publishing sustainability reports, since our inaugural sustainability report for 2017, which was published in November 2018. We have taken into consideration feedback on our past sustainability reports and this edition adopts a more structured and detailed explanation of our sustainability policies and efforts.

While the COVID-19 pandemic had been unimaginable for many, it has demonstrated the importance of building resilience, challenging us to rethink the way we work, live, and play. We recognise the importance of creating sustainable value for our stakeholders and remain committed to make improvements to the Group's sustainability effort. We believe in the continuous collaboration with each of our stakeholders to ultimately create a more sustainable operation in every aspect of our Group. We hope that this report will communicate our efforts to a broader audience as well as spur us to build an enduring business and sustainable environment for all.

Join us in our
Voyage into Sustainability

On Behalf of the Board of Directors
LOW CHEE WEE
EXECUTIVE DIRECTOR,
CHIEF EXECUTIVE OFFICER AND
CHIEF OPERATING OFFICER
27th March 2023

1. Sam Meredith, A global shipping revolution is weeks away - Here are the likely winners and losers (cnbc.com 30 October 2019). Retrieved from https://www.cnbc.com/2019/10/30/imo-2020-the-winners-and-losers-of-a-global-shipping-revolution.html on 21 March 2023.
2. Key Maritime Sustainability Trends in 2021. Retrieved from https://www.shmgroup.com/blog/key-maritime-sustainability-trends-2021/ on 21 March 2023.

OUR CORPORATE PROFILE

The Company is a Singapore headquartered marine and offshore group that was established in 1975. With more than 45 years of operating experience, the Group builds, converts and repairs wide range of ocean-going vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers and cargo ships. It has been a prominent contractor of marine and offshore structures and vessels of all types and sizes, whether afloat or dry-docked for prominent Singapore shipyard operators including Sembawang Shipyard and Keppel FELS Ltd. We have operations in Singapore, Malaysia, Thailand, Myanmar, and China with a total of 501 workforce as at 31 December 2022.

Since its successful listing in 2010, the Group has diversified into engineering, procurement and construction ("**EPC**") projects, vessel owning and chartering, as well as ship chandling and components sales, which complement its core business.

Our capabilities are listed below:
- Ship building, repair and conversion
- Ship owning and chartering
- Ship chandling and marine supplies
- Rig building and engineering services
- Offshore semi-submersible hull and jack up rigs hull fabrications
- Offshore and onshore oil and gas related modules
- Offshore support vessels building, rigs and vessels' upgrading repair and conversion
- Marine and offshore electrical installation and automation services

Our operations are separated into two main segments, namely:

NEW BUILDING AND REPAIR SEGMENT
Building, converting and repair of a wide range of ocean-going vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers and cargo ships
SHIPPING SEGMENT
Providing ship chartering services as well as marine supplies

Our core operations are in the new building and repair segment ("**core operations**" or "**new building and repair segment**").

ES GROUP (HOLDINGS) LIMITED			
		Segment	
Subsidiaries / Joint Venture	**%**	**New Building and Repair**	**Shipping**
SINGAPORE			
Eng Soon Investment Pte Ltd	100	•	
Wang Fatt Oil & Gas Construction Pte Ltd	100	•	
ES Offshore Engineering Pte. Ltd.	100	•	•
Eng Soon Engineering (1999) Pte Ltd	100	•	
Eng Soon Marine Pte Ltd	100		•
ES Shipping Pte. Ltd.	100		•
ES Oil & Gas Pte. Ltd.	100	•	
ES Chartering Pte. Ltd.	100		•
ES Aspire Pte. Ltd.[1]	100		•
ES Jewel Pte. Ltd.[2]	100		•
ProXess Engineering Pte. Ltd. (Joint Venture)[3]	51	•	
THAILAND			
ES Offshore and Marine Engineering (Thailand) Co., Ltd.	50	•	
CHINA			
Dalian ES Marine & Offshore Engineering Co., Ltd	100	•	•
MYANMAR			
ES Offshore and Engineering (Myanmar) Company Limited[4]	100	•	•
MALAYSIA			
ES Nautilus (M) Sdn. Bhd.[5]	49	•	•

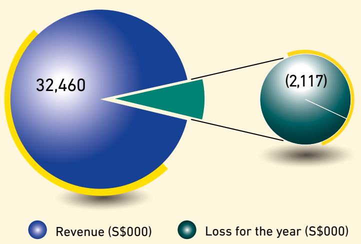
Notes:
1) ES Aspire Pte. Ltd. is a wholly-owned subsidiary of ES Chartering Pte. Ltd..
2) ES Jewel Pte. Ltd. is a wholly-owned subsidiary of ES Chartering Pte. Ltd. and was incorporated in March 2021.
3) ProXess Engineering Pte. Ltd. is jointly owned by Wang Fatt Oil & Gas Construction Pte. Ltd. (51%) and a third-party company incorporated in Singapore (49%).
4) ES Offshore and Engineering (Myanmar) Company Limited is owned by ES Offshore Engineering Pte. Ltd. (50%) and ES Oil & Gas Pte. Ltd. (50%).
5) The Group owns 49% equity shares of ES Nautilus Sdn. Bhd. ("**ESN**"). However, based on contractual agreements between the Group and other investor, the Group holds 51% of voting power that gives it the ability to direct the relevant activities of ESN based on simple majority votes. The non-controlling interest owns 51% equity shares and 49% of voting power of ESN. Therefore, the directors of the Group determined that the Group has control over ESN and accordingly ESN is consolidated in the financial statements of the Group.

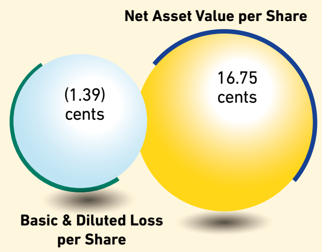
% Percentage indicated beside each subsidiary / joint venture refers to the effective interest of the corresponding subsidiary / joint venture held by the Company.

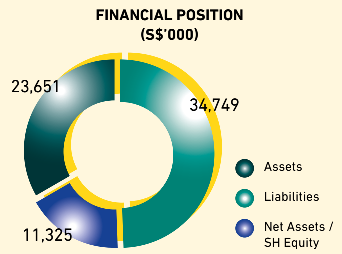
Information accurate as at date of publication.

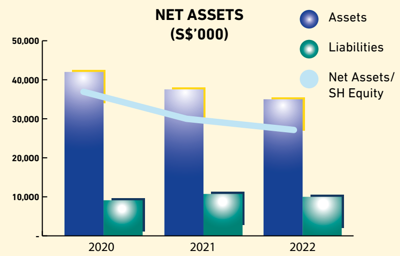
OUR PERFORMANCE HIGHLIGHTS

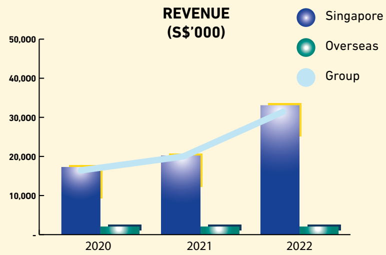
Financial Highlights in 2022

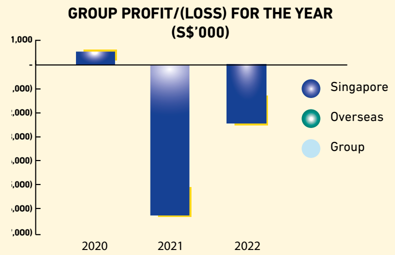


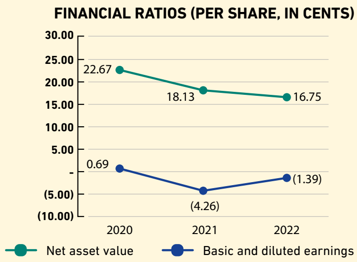




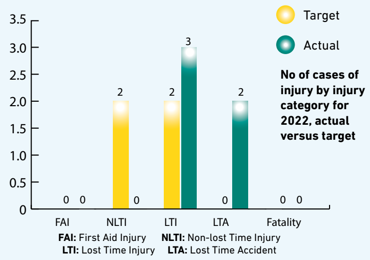


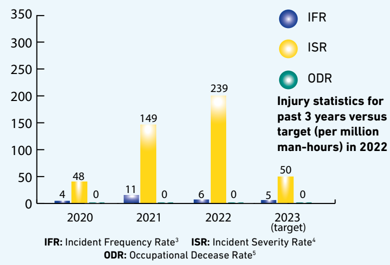




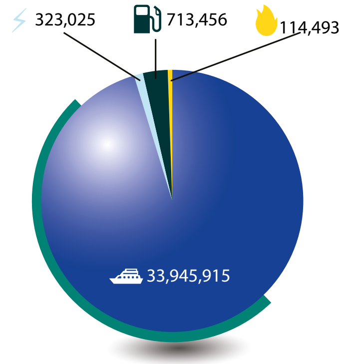


Safety Highlights



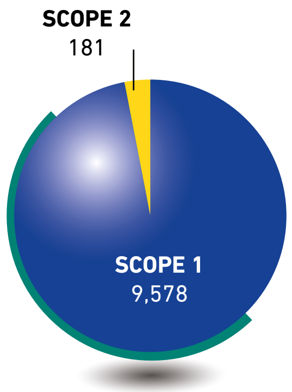


Environmental Performance Highlights



Energy consumption (kWh) in Singapore by type for 2022

- Electricity purchased from electricity provider.
- Gas purchased from gas provider.
- Petrol and diesel purchased from suppliers for the direct use on vehicles in the Group.
- Low Sulphur marine gas oil purchase from supplier.



Emissions in terms of CO_2 equivalent (MT) for 2022

- Scope 1 Emissions refers to direct GHG emissions occur from sources that are owned or controlled by the Group, expressed in CO_2 equivalent in MT, as defined in GHG Protocol "A Corporate Accounting and Reporting Standard". Figures exclude emissions from combustion of biomass, which the Group does not have.
- Scope 2 Emissions refers to GHG from the generation of purchased electricity consumed by the Group as defined in GHG Protocol "A Corporate Accounting and Reporting Standard".

OUR MILESTONES

1975

Eng Soon Engineering Pte Ltd was first established.

1977

Registered as a resident sub-contractor of Sembawang Shipyard Pte Ltd.

1992

Eng Soon Investment Pte Ltd was formed.

1997

Wang Fatt Oil & Gas Construction Pte Ltd was established to serve the marine industry of Singapore Technologies Marine Ltd.

1999

Eng Soon Engineering (1999) Pte Ltd was formed to provide marine piping work and mechanical installation catering for all major shipyards in Singapore.

2001

ISO 9001 was awarded to Eng Soon Investment Pte Ltd and Wang Fatt Oil & Gas Construction Pte Ltd for excellent commitment to quality.

2003

ES Offshore Engineering Pte. Ltd. was formed to provide oil rigs and semi-submersible new building and repair services for Keppel FELS Ltd.

2006

ES Offshore and Marine Engineering (Thailand) Co., Ltd. was formed and acquired a piece of land in Thapsakae, Thailand covering 70,000 sqm of land space to undertake EPC projects and provide new building services such as offshore modules and oil rigs structures.

2007

Built a 2-storey building at No. 10 Kwong Min Road with 4,700 sqft of office space and 43,000 sqft of workshop space. Therein also accommodates 383 of our marine skilled workers.

2009

Eng Soon Investment Pte Ltd, Wang Fatt Oil & Gas Construction Pte Ltd, ES Offshore Engineering Pte. Ltd. and Eng Soon Engineering (1999) Pte Ltd each attained OHSAS 18001 in Workplace Safety and Health management and BizSAFE Star Certification.

2010

July, IPO listing on the Catalist board of the SGX-ST as ES Group (Holdings) Limited.

August, secured first direct order from an international offshore engineering and construction contractor and vessel owner - Subsea 7 S.A..

October, acquired Dalian ES Marine & Offshore Engineering Co., Ltd. - a company incorporated in Dalian, People's Republic of China.

2011

Delivered an offshore barge to its first direct customer Subsea 7 S.A..

2012

Successfully launched two bunker vessels - Sea Tanker I and Sea Tanker II.

2013

Successfully delivered the two bunker vessels.

Incorporated a new subsidiary - ES Energy Pte. Ltd..

Set up Loyang workshop which designs and fabricates a range of offshore structures, such as geotechnical drilling rigs, as well as provides mobilisation and demobilisation works, repair and maintenance works and other offshore support services.

2014

Incorporated a new subsidiary - ES Oil & Gas Pte. Ltd..

Entered into a joint venture with Heatec Jietong Pte. Ltd. and Mr. Stuart Edmund Cox to form Karnot Technology Pte. Ltd. - to develop a heating and cooling system for marine and other industries.

2015

Entered into a joint venture with Mr. Tang Wei to establish ESW Automation Pte. Ltd. - to provide marine and offshore electrical installation and automation services.

2017

Incorporated 2 new subsidiaries - ES Chartering Pte. Ltd. and ES Aspire Pte. Ltd..

Purchase of vessel, ES Aspire, in end 2016.

Created ship and marine supplies division to broaden customer and supplier base.

2020

Disposal of vessel, ES Bristol, completed in February 2020.

Acquisition of 51% interest in joint venture business, ProXess Engineering Pte. Ltd., in October 2020.

2021

Acquisition of vessel, ES Jewel, completed in March 2021.

OUR ACCOLADES

*Please see certification number as presented in the respective subsidiaries' award(s).

ISO 9001:2015

Awarded by BSI Singapore, ISO 9001:2015 sets out the criteria for a quality management system and is the only standard in the family that can be certified to. This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement.

*Please see certification number as presented in the respective subsidiaries' award(s).

ISO 45001:2018

Awarded by BSI Singapore, ISO 45001:2018 provides us with the elements of an effective safety management system that help organisations achieve better occupational health and safety performance and economic objectives.

ISO 14001:2015

Awarded by BSI Singapore, ISO 14001:2015 is used by large and small organizations across the world to reduce environmental impacts. It's an excellent framework to help implement an environmental management system (EMS) which helps organizations reduce impact while growing business, ultimately achieving sustainable success.

BizSAFE

Awarded by Workplace Safety and Health Council, we are awarded with the highest level of BizSAFE certification – the BizSAFE STAR, as a clear demonstration of the Group's commitment towards workplace safety and health.

Singapore SME 1000

We are proud to be identified as the top 1000 companies in Singapore, as a mark of our continuous success and commitment to quality and to our Stakeholders.

ES Group (Holdings) Limited		
SME 1000		
Eng Soon Investment Pte Ltd		
ISO 9001:2015	Fabrication and repair of steel works for vessels and offshore structures	FS 95003
ISO 45001:2018	Fabrication and repair of marine steelworks for vessels and offshore structures; and Provision of erection and dismantling of marine scaffolds for vessels and offshore structures	OHS 545900
BizSAFE STAR		E00215
Wang Fatt Oil & Gas Construction Pte Ltd		
ISO 9001:2015	Fabrication and repair of steelworks for marine vessels	FM 60165
	Provision of Mechanical and Electrical related activities for Construction industry (Construction)	Q-SG-102
ISO 45001:2018	Fabrication and repair of marine steelworks for vessels and offshore structures; and Fabrication and repair of marine piping and mechanical works for vessels and offshore structures	OHS 551264
	Provision of Mechanical and Electrical related activities for Construction industry (Construction)	OH&SMS-SG-075
BizSAFE STAR		E03583

OUR ACCOLADES

ES Offshore Engineering Pte. Ltd.		
ISO 9001:2015	Fabrication, repair and modification of steelworks, piping and mechanical works for marine vessels, oil and gas, offshore and onshore structures	FS 615591
ISO 45001:2018	Fabrication and repair of marine steelworks, piping, mechanical works, and provision of erection / dismantling of scaffolds for vessels and offshore structures	OHS 551266
ISO 14001:2015	Provision of fabrication and repair of steelworks, piping, mechanical works, erection/ dismantling of scaffolds and electrical & instrumentation works for marine vessels and offshore structures	EMS-SG-025
BizSAFE STAR		E00048
Eng Soon Engineering (1999) Pte Ltd		
ISO 9001:2015	Provision of fabrication and repair of piping and mechanical works for marine vessels and offshore structures	FS 742463
	Provision of Mechanical and Electrical related Installation and Maintenance activities (Process Construction and Maintenance Sector)	Q-SG-103
ISO 45001:2018	Fabrication and repair of marine piping and mechanical works for vessels and offshore structures	OHS 551265
	Provision of Mechanical and Electrical related Installation and Maintenance activities (Process Construction and Maintenance Sector)	OH&SMS-SG-076
BizSAFE STAR		E00047
Eng Soon Marine Pte Ltd		
ISO 9001:2015	Fabrication and repair of marine steelwork, piping, mechanical works, and provision of erection and dismantling of scaffolding for vessels and offshore structure; Provision of freight, trucking, warehousing and ship chandlering services; and Provision of supply and distribution of marine and offshore related equipment	15869
ISO 45001:2018	Fabrication and repair of marine steelwork, piping, mechanical works, and provision of erection and dismantling of scaffolding for vessels and offshore structures; Provision of freight, trucking, warehousing and ship chandlering services; and Provision of supply and distribution of marine and offshore related equipment	O-2361
BizSAFE STAR		E37640

Above: Weekly Health, Safety and Environment (HSE) briefing to company employees

OUR STAKEHOLDERS

Stakeholders of the Company ("**Stakeholders**") referred in this report are various groups of people who use this report, alongside with the Annual Report of the Company, to garner information on our sustainability efforts and the relevant risks, impacts, and opportunities arising from the relevant sustainability elements. Stakeholders include our shareholders, customers, suppliers, employees and government, as detailed below. We reach out to the Stakeholders by means of published documents on our website and on the Singapore Exchange ("**SGX**") website.

Stakeholders working within the Group are free to contact us using the established reporting lines or whistle-blowing procedures, whereas Stakeholders outside the Group can reach out to us via our contact details listed in our website or under the section "**Our Reporting Basis**" of this report.

The Group does not have an active engagement approach such as surveys and discussions group, as the Group is still in the process of maturing its Sustainability Report and its topics and factors (refer to the section "**Our Sustainability Topics**" of this report) before we are able to have a meaningful and fruitful engagement with our Stakeholders.

Shareholders
Shareholders play an important role in the control, financing, and governance of the Group's business. Shareholders are concerned with the going concern of the Group and the maximisation of returns on the capital they have invested. The Group's commitment to a sustainable operation is their utmost interest as we continue to strive for excellence in alignment of their interest.
Customers
In line with the Group's Vision and Mission, we believe that meeting customers' satisfaction and excellence in quality will provide the best basis to retain customers and ensure a sustainable operation.
Suppliers
Strong and effective relationships with our suppliers give our business better strategic advantages, which includes access to resources, greater supplier support, and lower costs. Suppliers will be interested in our financial performance in terms of payment ability so as to decide on the continuance of our working relationship in the long run.
Employees
As a labour-intensive operation with a huge labour force, the Group focuses on human resource related policies (e.g. merit-based and non-discriminatory recruitment; grievance procedures), competitive remuneration condition and the safety of our employees, which are crucial factors for attracting and retaining the best employees, and employees' motivation and commitment to the Company.
Government
The relevant statutory boards of the Government will be interested in how we have imposed relevant internal controls and processes to ensure that all applicable laws and regulations have been adhered to.

OUR COMMITMENT TO A SUSTAINABLE OPERATION

For the past 45 over years, we have been a quality driven service provider in the offshore and marine industry committed to uphold a high level of customers' satisfaction. Along the journey, we have recognised that the Group's activities have a broad impact on the social, environmental, and financial aspects within the Group and outside the Group. Hence, we are committed to work with the Stakeholders to address all sustainability concerns – minimising the unfavourable impact and taking advantage of the favourable opportunities – with our vision and mission governing our operation.

Voyaging into Sustainability

We have published our first Sustainability Report (for the financial year ended 31 December 2017) in November 2018, driven by the requirement of SGX Catalist Rules, which marks our first embarkation to the road of sustainability.

In 2023, the sixth publication of our Sustainability Report (for the financial year ended 31 December ("**FY**") 2022) was updated, aiming at improving the quality of the report in terms of compliance (refer to the section "**Our Reporting Basis**" of this report for more information), depth, relevance, and understandability.

We believe that the driver for sustainability must first start from a sound and effective Corporate Governance that propagates across each function of our Group, which we will detail further below.

Our Vision

We endeavour to be a world leader in the offshore and marine industry, providing innovative products and solutions that surpass our clients' expectations and align with their future growth.

Our Mission

- To provide world-class services without compromising on safety.
- To continuously improve and enhance our technologies, work processes as well as the knowledge and skills of our workforce to cater to evolving customer demands.
- To be committed in working with all stakeholders in achieving common goals and results.

Corporate Governance

In a glance

What was said in 2021 (target for 2022)	What happened in 2022	What we plan to do next (target for 2023)
• No incident of reportable misconducts during the financial year.	• No incident of reportable misconducts occurred during the financial year.	Maintain the current performance of: • No incident of reportable misconducts during the financial year.

Group's Corporate Governance Structure

OUR COMMITMENT TO A SUSTAINABLE OPERATION

Management Approach

The board of directors of the Company (the "**Board**" or the "**Directors**") and management of the Company (the "**Management**") believe that it is important to establish good corporate governance within the Group as this provides the foundation for a well-managed, sustainable and efficient organisation. This can in turn sustain good business performance and safeguard the interests of the Stakeholders. The Board is committed to continually develop and uphold high standards of corporate governance, guided by the principles and guidelines of the Singapore Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore. A full detailed Corporate Governance Report can be found in pages 17 to 44 of this Annual Report.

Whistle-Blowing

Whistle-blowing policies have been in place since 2010. The Group encourages employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the chairman of the Audit and Risk Committee. Reportable conducts include, but are not limited to, fraud, corruption, illegality, safety violations, and serious misconduct that contravene the procedures set by the Group that may lead to legal action and/or losses for the Group. Losses can include financial losses, non-financial losses, and tarnish of reputation of the Group.

The objective of such policy is to provide for procedures to validate concerns on misconduct or wrongdoing relating to the Company and its officers and to ensure independent investigation of such matters and for appropriate follow-up action. The Company has designated an independent function to investigate whistle-blowing reports made in good faith. The Audit and Risk Committee is responsible for oversighting and monitoring of whistle-blowing. Whistle-blowing policy and whistle-blowing reports received (if any), will be assessed by the Audit and Risk Committee for appropriate action. The Audit and Risk Committee will treat all information received confidentially and protect the identity and the interest of all whistle-blowers against detrimental or unfair treatment. Anonymous disclosures will be accepted and anonymity honoured.

In response to amendments to SGX Catalist Rules on enforcement framework and whistle-blowing framework in 2021, the Group's whistle-blowing policy has been updated accordingly and accessible through the Company's website at www.esgroup.com.sg.

No incident of reportable misconducts occurred during FY2022.

Sustainability Management

Sustainability matters are managed by the Compliance Committee ("**Committee**"). The Committee, was first set up in 2010 to implement and review the effectiveness of the compliance framework of the Group with the SGX Catalist Rules, compliance with legislation and regulations imposed by the relevant authorities, as well as the liaison with professional advisors on all corporate actions and related documents (e.g. announcements, circulars, etc.).

The Committee also spearheads and manages all sustainability management matters, aligned with the requirements imposed by the SGX Catalist Rules, which includes:

- Setting the direction of the Group's sustainability efforts.
- Identifying and reviewing the sustainability factors.
- Reporting the identified factors to the Board at least once annually.
- Reporting identified factors as relevant to Stakeholders via the published sustainability report.

The Committee reports to the Audit and Risk Committee.

Left: Our shipyard in Thapsakae, Thailand, with 70,000 sqm of land space to undertake EPC projects and provide new building services such as offshore modules and oil rigs structures. We have successfully completed two EPC projects in this shipyard, and have successfully launched and delivered them to our customers.

OUR SUSTAINABILITY TOPICS

Our Assessment Processes

Sustainability topics primarily revolve around the operational aspects of our business, and are inherent factors arising from within the Group. They are deemed material to either impact our businesses if these factors are poorly managed or will have a direct impact on our Stakeholders in their decision-making processes, or on the economic, environmental, and social factors of using our products and services.

Other factors include external factors outside the Group (such as political development internationally or locally, socio-economic factors, environmental issues, and so on) where these factors will have material impact over the Group's operational performance, economically or socially.

As introduced in the section "**Our Corporate Profile**" in this report, our operations are separated into two main segments. In the application of materiality for the identification of material sustainable topics, we looked into these two main segments and their presence in the various geographical locations where the operations of the respective segments are. We further identify whether the operations are significant to focus in the scope of our reporting.

Table 1: Segments and the corresponding geographical presence in 2022

		Segment	
		New Building and Repair	Shipping
Location	Singapore	●	●
	Malaysia	▲	▲
	Thailand	▲	✖
	Myanmar	▲	▲
	China	▲	▲

● Significant operation present ▲ Operation present but insignificant ✖ No operation present

We then proceed to identify the material Sustainability Topics at a broad level, as presented in the Material Topic Matrix (see **Table 2**). The accompanying risks, impacts and opportunities factors under each Sustainability Topic ("**Sustainability Factors**") are then assigned and presented in the following Identified Sustainability Factors Table (see **Table 3**).

Most of our Sustainability Topics revolve around the new building and repair segment as it is the core business of the Group. The Group continuously assesses, based on events occurring both internally and externally, information and feedback received from Stakeholders, the relevance and materiality of each Sustainability Topic and Factor and shall report based on the latest relevant material Sustainability Topics and Factors.

Specific management approach is further detailed in each Sustainability Topic.

Changes to Sustainability Topics

In response to SGX expectations for COVID-19 related disclosures, we have set out our plans and strategies to recover from the COVID-19 pandemic under the Safety and Health topic since our Sustainability Report for FY2020.

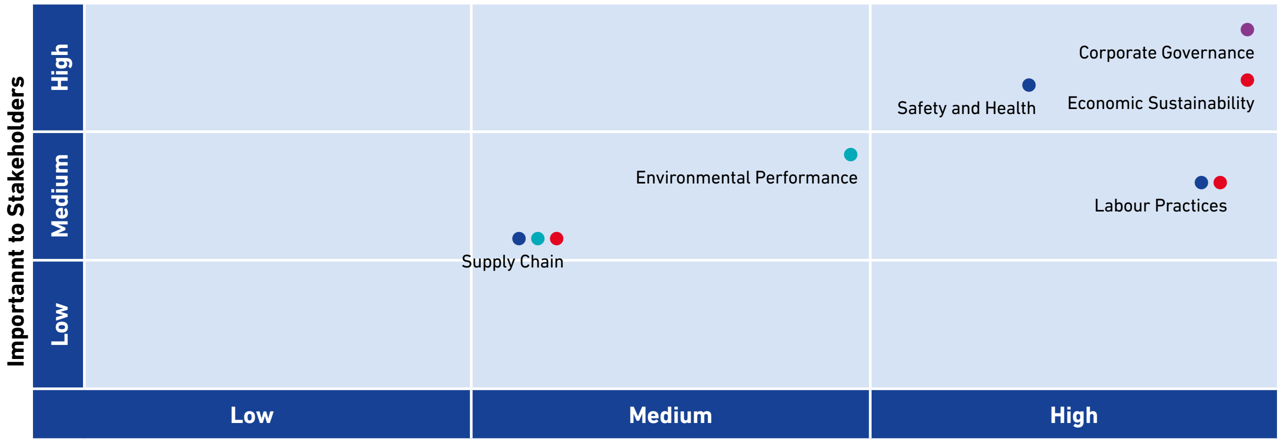
We have also reassessed our material Sustainability Topics and Sustainability Factors but no changes have been made to the Sustainability Topics and Sustainability Factors from our last sustainability report.

Above: A crew vessel undocking after completion of repair works

Above: Company CEO observing lifting activity during site visit

OUR SUSTAINABILITY TOPICS

Table 2: Material Topic Matrix



Impact / Opportunities to the Group:
Social Environmental Economical Governance

Table 3: Identified Sustainability Factors

		New Building and Repair	Shipping
Material Sustainability Topics	Safety and Health	Health and Safety of Workers	
	Labour Practices	Employment Practices	
		Diversification of Workforce	
		Career Development	
		Labour Policy and Relationship between Singapore and Other Countries and its Relevant Laws and Regulations	
	Economic Sustainability	True and Fair View of the Financial Statements	
		Project and Quality Management	
		Diversification of Trades	
		Mitigation of Impact from Climate Change	
	Supply Chain	Supply Chain Management	
	Environmental Performance	Energy Consumption	
		Emissions	
		Water Consumption	
		Effluents and Waste	
	Corporate Governance	Corporate governance efforts can be found detailed in pages 17 to 44 of this Annual Report	

Social Environmental Economical Governance

OUR SAFETY AND HEALTH

In a glance		
What was said in 2021 (target for 2022)	**What happened in 2022**	**What we plan to do next (target for 2023)**
• LTA Cases: Capped at 0	• LTA Cases: 2	• LTA Cases: Capped at 0
• IFR: Capped at 7	• IFR: at 6	• IFR: Capped at 5
• ISR: Capped at 30	• ISR: at 239	• ISR: Capped at 50

Management approach

Our core business is a manpower-centric operation, and this reflects the importance in maintaining a healthy workforce and a safe working environment. High accident rate in the shipyard will reflect a risky work environment with unacceptable human costs and may impact morale and the confidence of the workers. It will also expose the Group to potential litigation as well as fines from authorities.

We are devoted in maintaining a healthy workforce and a safe working environment through the efforts detailed below, and further testified and audited with the attainment of ISO 45001:2018 and BizSAFE Star.

Health and Safety of Workers

Accidents are unforeseeable events and may not be entirely avoidable. Nonetheless the Group aims to achieve a 'Zero Accident' goal with adopted measures such as educating workers and implementing accident preventive procedures. Further initiatives include inculcating a 'Safety First' mindset to all workers on the ground as well as having an adequate number of safety officers on board vessels to supervise and ensure safety regulations are followed by workers.

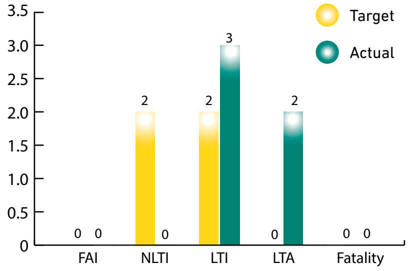
Safety starts from every individual, and that is where inculcating a 'Safety First' mindset is the utmost importance in achieving a 'Zero Accident' goal. This is done by emphasising safety matters during daily and weekly site briefings, putting up safety information posters around the site as well as implementing punitive system to penalise workers who knowingly breach safety regulations. During lunch time, workers are allowed to take a nap to recharge and remain alert for the remaining of the day.

To further encourage individuals to be responsible for their own safety and people around them, the Group awards top performers during our annual Safety Award Presentation to recognise the efforts put in by individuals. All workers are appraised individually by the Department Manager based on their safety knowledge, number of safety infringements, number of accidents and incidents, proficiency in material handling, and so on. Top performing workers are then selected and awarded a Certificate of Recognition for the outstanding performance in Workplace Safety and Health for the year.

Another level of safeguard over safety is by stationing safety officers on board vessels to supervise and ensure safety regulations are followed by crew and workers. Supervisors working on board will provide an additional pair of eyes on safety. The Group ensures both the safety officers and supervisors are adequately trained and updated by sending them to courses (e.g. Shipyard safety induction course).

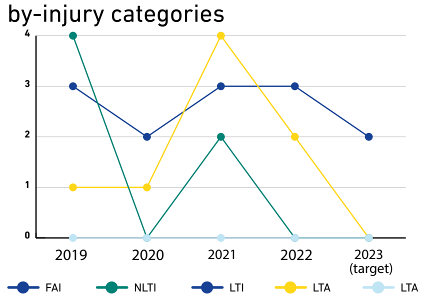
Our commitment to achieve a 'Zero Accident' goal is further demonstrated with the achievement of safety certification ISO 45001:2018 and BizSafe Star. Annual audit is required to ensure that safety procedures are intact and followed before certifications can be renewed.

Table 4: Number of cases of injury-by-injury categories for 2022, actual versus target



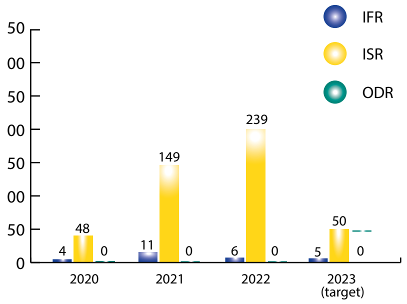
FAI: First Aid Injury **NLTI**: Non-lost Time Injury
LTI: Lost Time Injury **LTA**: Lost Time Accident

Table 5: Number of cases of injury-by-injury categories



FAI: First Aid Injury **NLTI**: Non-lost Time Injury
LTI: Lost Time Injury **LTA**: Lost Time Accident

Table 6: Injury statistics for past 3 years vs target (per million man-hours)



IFR: Incident Frequency Rate[3]
ISR: Incident Severity Rate[4]
ODR: Occupational Decease Rate[5]

3. Incident Frequency Rate ("**IFR**"), also known as Injury Rate in the GRI Standards, is expressed in number of injury cases (all cases) against total man-hours (in millions) for the calendar year.
4. Incident Severity Rate ("**ISR**"), also known as Lost Day Rate in the GRI Standards, is expressed in number of man-days lost (LTA and Fatality) against total man-hours (in millions) for the calendar year.
5. Occupational Disease Rate ("**ODR**") is expressed in number of occupational disease case against total man-hours (in millions) for the calendar year.

Safe Working Environment

Injury statistics as seen in **Tables 4 to 6** are data tabulated from the new building and repair segment in the shipyard in Singapore for the Group, and consists wholly of our own male employees (females non-executive holds administrative roles in the offices – refer to the section "**Employment Practices – Diversification of Workforce**" in this report for more information) in the shipyard. No third parties' workers are engaged.

The categories of injury are defined below:

- **First Aid Injury (FAI):** Incidents that require first aid treatment and are considered minor. The worker will be able to work as per normal.
- **Non-lost Time Injury (NLTI) Restricted Work Days Case (RWDC):** Injury that are moderately light but require more medical attention as compared to FAI. According to doctor's instructions / recommendations, the worker will still be able to work on the day of incident, but on work that are deemed to be light duty and will not aggravate his injury further.
- **Lost Time Injury (LTI):** Any work-related injury or illness which prevents an employee from doing any work after an incident and / or being hospitalised, but is not within the scope of Lost Time Accident below.
- **Lost Time Accident (LTA):** A recordable incident whereby an employee is not able to return to work or is assigned restricted work on the day following the incident and / or hospitalised. 'Recordable' is determined by a medical leave of more than 3 days, or hospitalisation for more than 24 hours.

The Group has seen a decrease in the Incident Frequency Rate from 11 cases per million man-hours in 2021 to 6 cases per million man-hours in 2022. This was mainly due to the decrease in number of cases of LTI and LTA. Incident Severity Rate increased from 149 man-days lost per million man-hours in 2021 to 239 man-days lost per million man-hours in 2022 despite reduction in LTI and LTA cases as the workers were given more days to rest.

The Group continues to strive towards 'Zero Accident' goal and targets to cap the number of LTA cases in 2023 at zero case and the IFR, ISR and ODR to be capped at 5 cases per million man-hours, 50 man-days lost per million man-hours and zero case per million man-hours, respectively.

All safety accidents must be reported to the safety officer. In an event of a workplace injury, the worker is required to report directly to the immediate supervisor on the incident or accident. The supervisor will then immediately report to the safety officer with details on how the incident or accident occurred, the exact time and location, and the injury sustained by the worker during the incident or accident.

Above: Safety harnesses is a must for workers when working in height on-board vessels.
Below: A worker welding, with a team of supervisor and safety officers doing their safety inspection rounds. All of them had donned their safety equipment.

OUR SAFETY AND HEALTH

For prompt medical attention, workers are directed to nearby general practising medical clinics and private hospitals, in addition to government hospitals. In compliance to the local foreign worker legislation, workers are covered with the necessary insurance policies.

Safe Living and Working Environment

Majority of our workers in the shipyard stays in the dormitory, which includes rented dormitory (approved by Ministry of Manpower) as well as our own dormitory. For rented dormitory, rules and regulations are imposed by the landlord to ensure that the dormitory is kept in healthy and liveable conditions. The onus of the creation and maintenance of a healthy and safe living environment for our own dormitory lies in our hand.

We have imposed rules and regulations on all workers living in our dormitory and ensure that all workers abide by them to maintain a healthy and safe living environment. Serious offences such as display of violence, indecent behaviour, gambling, shoplifting, drug abuse and money lending activity shall result in eviction of the workers from the dormitory. Other offences, such as smoking at undesignated area, indiscriminate parking of bicycles, failure to hang clothes on assigned racks, failure to tidy personal area and improper disposal of rubbish, attract fines. Spot checks by supervisors and human resource staff are conducted at random so as to ensure that rules and regulations are adhered to, where punitive measures are imposed against workers in breach of the rules and regulations.

We have also, in line with Building and Construction Authority's rules and regulations, Ministry of Manpower Occupational Safety and Health ("**OSH**") regulations as well as ISO 45001:2018, implemented an Operational Control Procedure ("**OCP**"). The OCP detailed the following:

- Responsibility to the relevant parties in the Emergency Response Team ("**ERT**").
- Identification, assessment, and prevention of OSH Emergencies Risks.
- Emergency response protocol in the event of an emergency.
- Site clean-up and follow-up protocol.

The OCP is applicable to the workshop, office and dormitory (all situated at the same location at 10 Kwong Min Road) owned by the Group, in which it is extended to all personnel working at the workshop and office, a tenant renting partial of the workshop space, and workers staying in the dormitory. The effectiveness of the emergency response protocol is assessed every year by carrying out Emergency Evacuation Drill (the "**Drill**"). The Drill conducted for FY2022 was done on 7 December 2022, and it was conducted efficiently and successfully in accordance to the OCP, where all company personnel and tenants were accounted for at the muster point within 6 minutes from the start of the Drill and the entire evacuation was completed within 18 minutes.

Global warming and safety

Global warming has been affecting the whole world where extreme changes to the weather can be observed around the globe.

In Singapore, we are observing higher temperatures and intense heat, accompanied by erratic thunderstorms. These expose our workers in our core business working in shipyards on board vessels to higher risk of heat injury and lightning risks arising from erratic thunderstorms.

Safety officers are tasked to ensure that the workers, including themselves, are protected against such weathers. Workers exposed to intense heat are given frequent breaks to properly hydrate and cool themselves to prevent heat injury, and in the case of wet weather, workers on board will be evacuated from open space to sheltered areas.

COVID-19 measures and recovery plans

The COVID-19 pandemic has had a significant impact globally, especially to the marine and offshore industry that we are operating in, where the operation is highly labour intensive with a huge labour force working in close physical proximity with one and another and in enclosed spaces. In order to provide a safe working environment for employees and prevent the spread of COVID-19, we follow strictly to the regulations, orders, advisories and guidelines issued by government bodies, including Ministry of Manpower (MOM), Economic Development Board (EDB) and Health Promotion Board (HPB). As a result, various precautionary measures have been implemented to ensure that all our employees across our Group's functions and business units are able to carry out their tasks safely.

The well-being of our employees is paramount to us. Since the emergence of COVID-19, keeping our employees safe has been a priority for the Group. With Singapore exited the acute phase of the COVID-19 pandemic and most of the COVID-19 restrictions are being lifted, all employees and workers of our Group are allowed and have resumed to work physically.

Compared to past crises, the COVID-19 pandemic has had a more severe economic impact. As the COVID-19 pandemic continues to impact people and economies around the world, full recovery from COVID-19 could be a long journey ahead. With the support from Singapore government, especially in monetary term through job support scheme, foreign worker levy rebate, rental relief etc in the past few years, it definitely has eased the Company's financial burden for the business to carry on. Despite huge uncertainty about how long the recovery process would take, Management is ready to lead the team to adapt to the changing environment so as to rebound stronger.

OUR LABOUR PRACTICES

In a glance

What was said in 2021 (target for 2022)	What happened in 2022	What we plan to do next (target for 2023)
Continue to assess the validity of the Sustainability Factors and the information contained therein.	• Assessed and confirmed Sustainability Factors identified in earlier year remain valid. • Presented and updated information for Sustainability Factors comprising (i) Employment practices; (ii) Diversification information based on employment categories, nationality, age group and gender; (iii) Labour policies, law and regulations; and (iv) Career development efforts.	Continue to assess the validity of the Sustainability Factors and the information contained therein.

Management approach

As our core business function relies heavily on manpower, labour practices in managing both employees' welfare and development, labour supply and costs affected by macro-factors such as inter-country relationship, and fair and equal employment practices have a direct impact on the sustainability of our operation, in terms of the costs of our operations and the employees' job fulfilment. The Group aims to create a working culture that is fair, equal, inclusive, diverse, and free from any form of discrimination.

Employment Practices

The first step to achieving the ideal work culture is to have a sound system of employment policy. Such policy includes care of the responsible hiring and fair compensation commensurate with non-bias and commonly accepted indicators and rights of employees.

Work-life balance

The Group understands the importance for our employees to strike a balance between their work commitment and their personal life. We provide a certain degree of flexibility by supporting their need to apply urgent leave to take care of their personal matters, particularly to family related matters, or pre-approved tweak in their work schedule to enable them to pick their children or go for night classes for skills upgrading courses.

The Group also adheres to the applicable employment legislation to provide paternal, maternal and childcare leave for employees to take care of their children as and when required.

Fair compensation and benefits

The Group commits to compensating our employees fairly and commensurate with employees' position and experience, free from any discrimination. Employee's compensation in Singapore is not subject to minimum wages. Employees are also given benefits and compensation for overtime work prescribed by the applicable employment law and regulations.

Rights of employees

The Group does not currently have any policy to either advocate or restrict rights of our employees to associate freely, engage in collective bargaining, participate in trade / labour union, as well as seek representation as long as it is permitted by the governing law and regulations. There is no collective bargaining agreement for employees in the Group.

In any event of significant operational changes that affects an employee, the employee will be notified at least one month in advance for them to have the necessary preparation.

Ethical and responsible hiring

The Group practises ethical and responsible hiring. We do not practice nor accept any hiring of any persons that are either below the prescribed legal working age by the governing employment law and regulation of the country our operations are present (known subsequently as "**child labour**") and the hiring of persons that are unwilling, forced, bonded, or other forms of compulsory forced labour that goes against the will and the natural course of the accepted norm of an employment process.

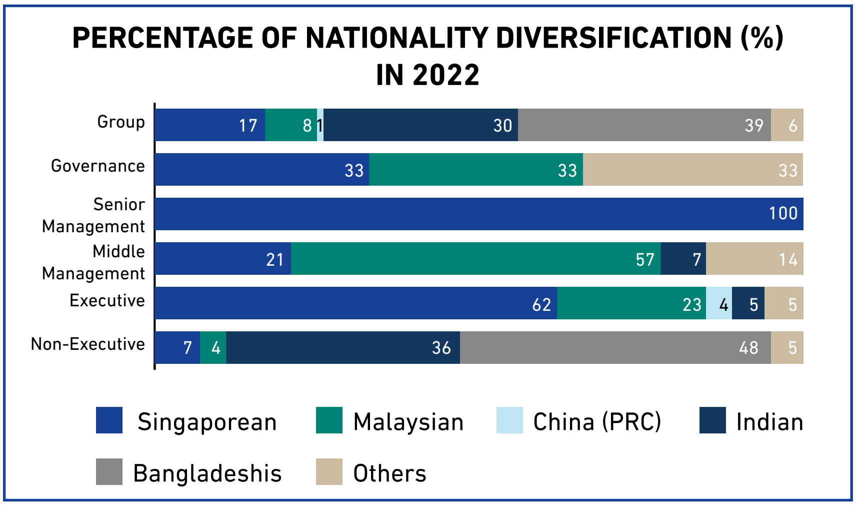
In Singapore, employments, where applicable, are approved and/or submitted to the respective Government authorities overlooking labour matters. This ensure that employees are of legal age and protected by the employment legislation which forbids child, forced and compulsory labour.

We aim to ensure that our suppliers do their part in respect to their employees' rights and practice ethical and responsible hiring through efforts detailed in **Supply Chain Management**.

The Group has not been subject to human rights review or human rights impact assessment at any geographical location of which we operate in.

OUR LABOUR PRACTICES

Table 7: Diversification of nationality for each employment category for 2022 & 2021 (%)
("Others" comprises Thai, Burmese and Danish nationals)



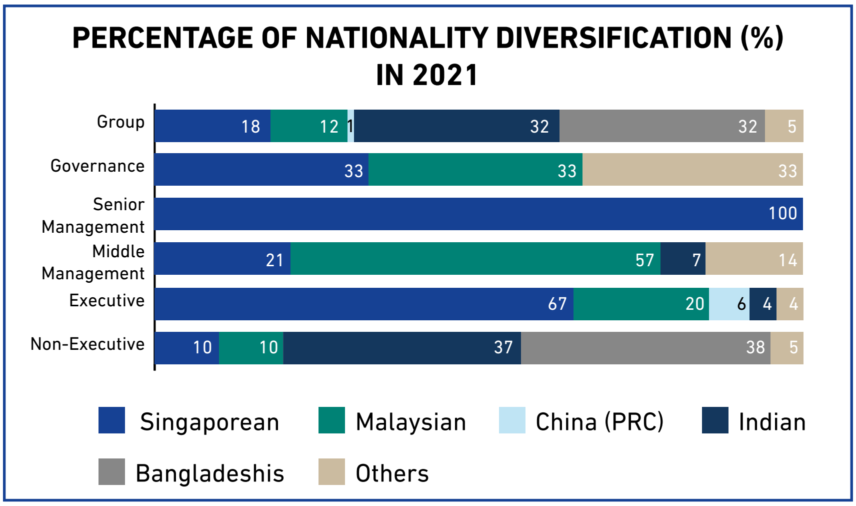
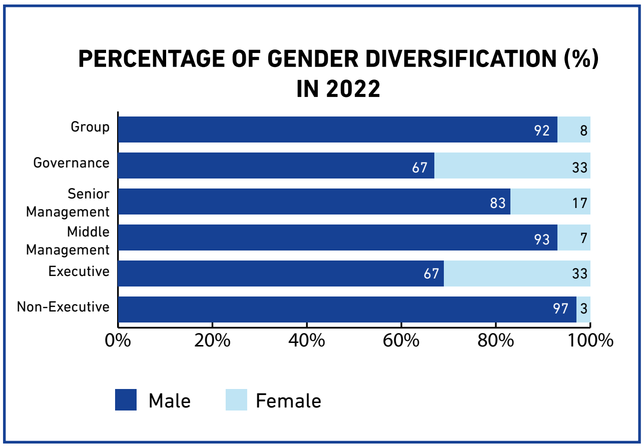


Table 8: Diversification of gender for each employment category for 2022 & 2021 (%)



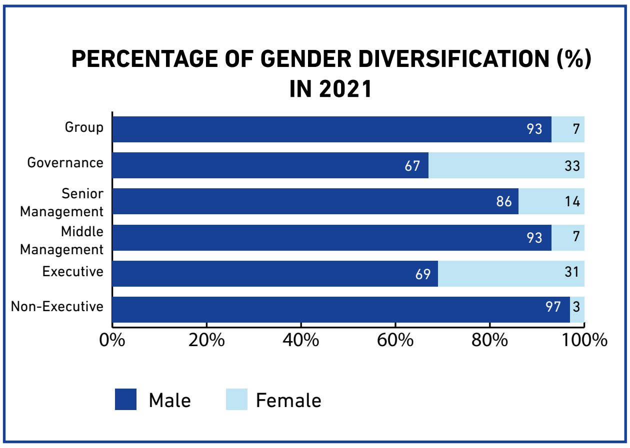
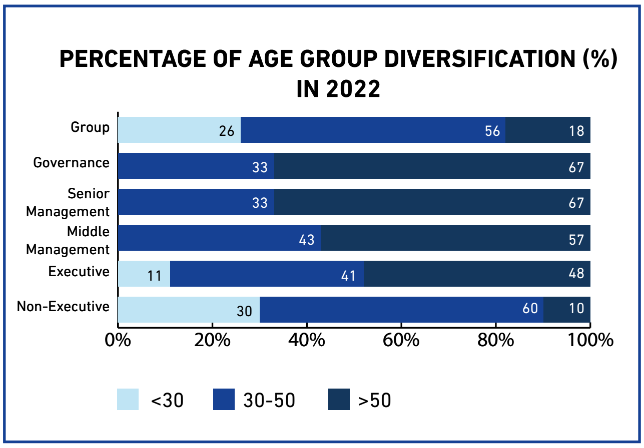


Table 9: Diversification of age group for each employment category for 2022 & 2021 (%)



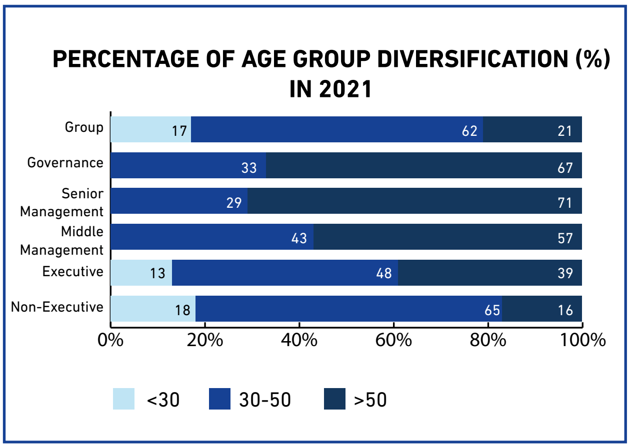
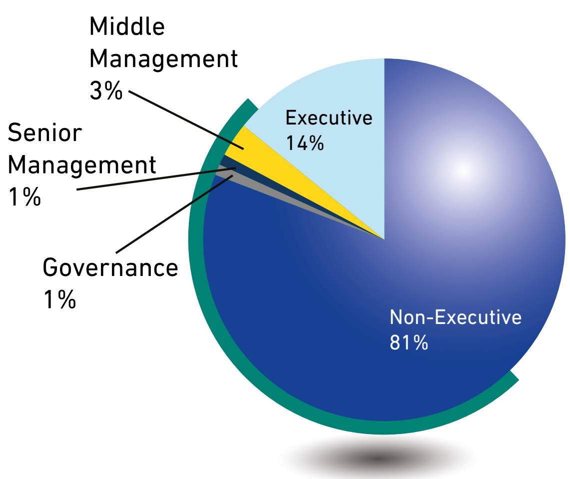
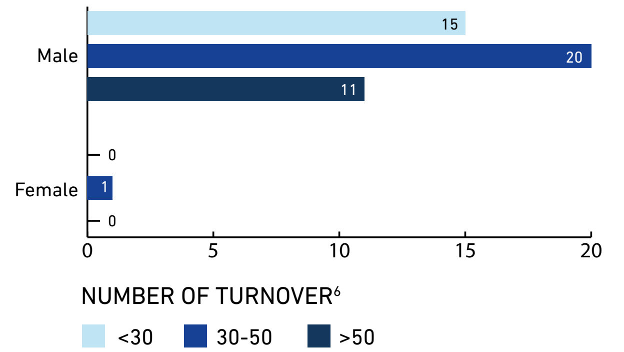


Table 10: Composition of workforce in the Group for 2022 (%)



OUR LABOUR PRACTICES

Table 11: Number of employees' turnover and employee turnover rate (%) for 2022



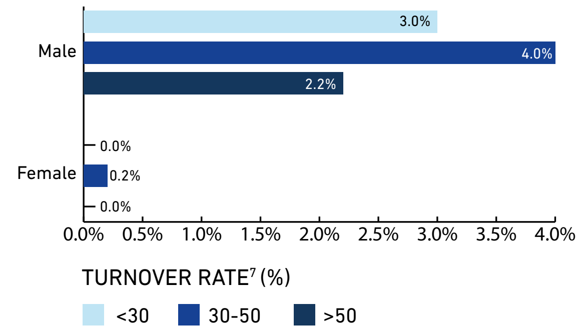
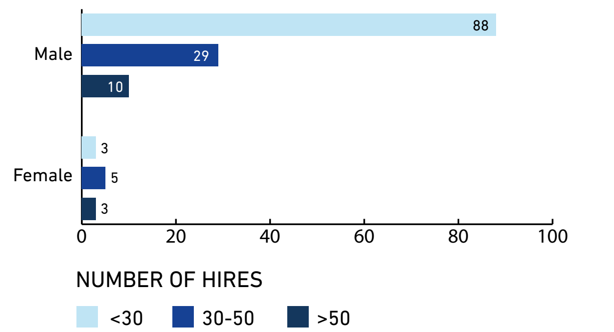


Table 12: Number of employees' hired and employee hiring rate (%) for 2022



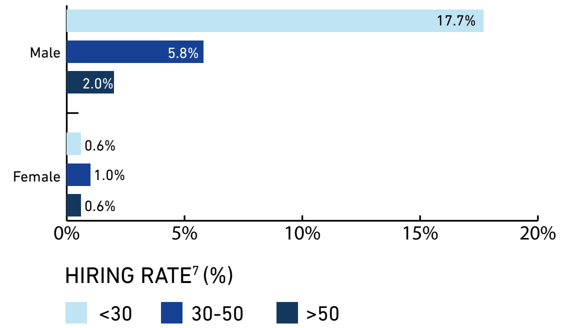
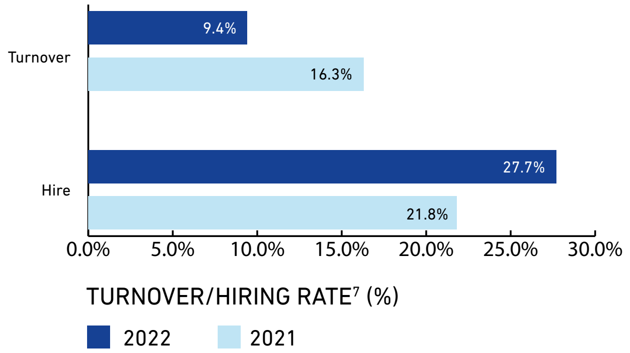


Table 13: Employee turnover and hire rate for 2022 and 2021 (%)



6. Turnover refers to the total number of employees that left the Group.
7. Rate is expressed as turnover/hire against total employees as at year end excluding people from governance category.

Diversification of Workforce

An inclusive and diverse working culture requires an employment policy that accepts people of all backgrounds and not based on prejudicial selection.

The Group understands the importance and benefits of having a diversified workforce, which includes:

- Macro-factors relating to labour policy and relationship between Singapore and other countries, affecting supply of labour and the associated cost. By recruiting workers of different nationality, this prevents over-reliance on one or two nationality group(s) and mitigate the impact on unfavourable labour changes resulting from changes to labour policies and relationships between Singapore and the said countries.
- Socio-factor where workers learn how to interact, work and live with people of different ethnic groups and nationalities while working, and also adapting to the society outside work. This enable workers to be able to adapt and live in a cosmopolitan nation like Singapore.
- People from different locations, coming from different cultures, can propagate different positive work habits and input creative solutions to tackle challenges.
- Reduce the chance of possible powering of one particular nationality, ethic or religious group.

For safety and work efficiency, the Management recognises that language and especially language barriers are important factors to be considered in hiring and work team grouping.

It is the Group's policy to be open in the recruitment of persons of different background (e.g. gender, nationality, age and so on) for all positions (including office positions).

Our challenges in diversification of workers lies on the gender diversification, where the bulk of our workforce in the core business is nature of work in the shipyard demanding physical strength and exposure to the hot sun as well as the already male-dominated environment that female would normally refrain themselves from applying.

All employees are permanent and full-time staff during the years 2022 and 2021. Please refer to **Tables 7 to 10** for the information on the diversity of our workforce.

Career Development

Attracting and retaining talents is an important step in achieving the ideal work culture.

Furthermore, our reliance on skilled personnel (such as heavy equipment operators, draughtsmen, welders, grinders, etc) is unavoidable. Skilled personnel with the appropriate experiences and/or requisite certifications in our industry are limited and competition for such personnel is intense. Hence, there is a need to continue to retain the skilled personnel that we have trained.

Therefore, we believe in the development of our workers and this is in line with our mission. We send our employees for training not just for single trade but multiple trades so that workers can be re-deployed whenever reshuffling of workforce is required.

This give them a sense of job satisfaction, personal development and enhance job security and employability of each employee, which we hope will inspire greater intrinsic value within themselves.

This policy also enables us to be less reliant on the external labour market, improve efficiency and quality in the work produced by the workers, as well as give workers the opportunity to develop and excel within the Group.

Furthermore, all employees are subject to performance review, regardless of employment category or gender and without prejudice. These performance reviews are conducted on an annual basis where employees' performance during the year are assessed. Through these appraisals, Management can identify areas for development of each employee's skill set.

New hire and turnover of employees

Despite the efforts stated above to retain our skilled workers, the Group practices lean cost management (since 2015) by managing and restructuring our headcount to align with the demand in the marine, oil and gas industries. The employee turnover and hire rates are expected to stabilise as the market stabilises. Please refer to **Tables 11 to 12** for the data on new hire and turnover of employees.

OUR LABOUR PRACTICES

Our turnover rate has decreased from 16.3% in 2021 to 9.4% in 2022, while the hire rate has increased from 21.8% in 2021 to 27.7% in 2022 (refer to **Table 13**). Overall, this resulted in the Group having a larger headcount in 2022, as compared to 2021. This was mainly due to lifting of the border measures imposed in response to the COVID-19 pandemic, which allows the Group to hire and bring in more new foreign workers.

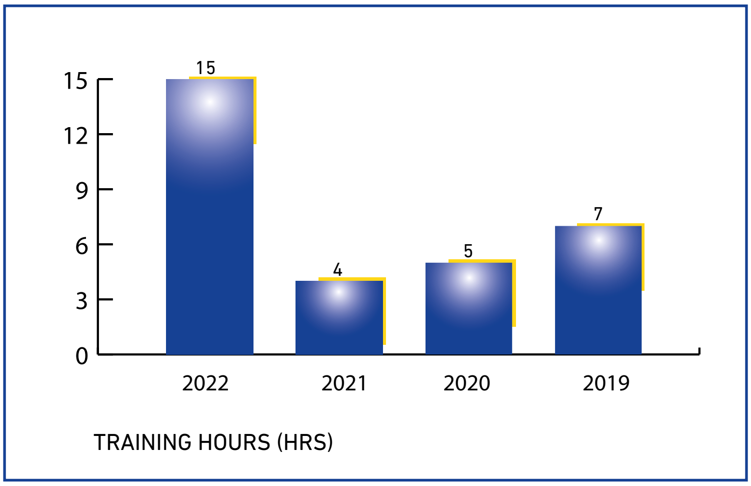
Training

We have not presented training for other employment categories as those are cyclical in nature and immaterial (19% of the Group's workforce). Training provided to non-executives are only to all male non-executives due to the circumstances that all female non-executives holds administrative office roles.

Training hours per employee per year has increased from 4 hours per employee in 2021 to 15 hours per employee in 2022. Significant increase in training hours can be associated with the increase in hiring rate during the year. All new workers are required to attend job training before they can commence work. In addition, the easing of COVID-19 restrictions has an impact to the rise in training hours in 2022 as more courses were held.

In compliance with enhanced SGX sustainability reporting rules issued by Singapore Exchange Regulation (SGX RegCo) on 15 December 2021 entitled "SGX mandates climate and board diversity disclosures", all Directors of the Company have undergone a one-time training on sustainability to equip themselves with basic knowledge on sustainability matters.

Table 14: Average training hours spend per employee per year for Non-Executive employees (in hours)



Labour Policy and Relationship between Singapore and Other Countries and its Relevant Laws and Regulations

A clear understanding of the applicable labour laws and regulations, as well as the labour policy and relationship between Singapore and other countries are required given that our shipyard business relies largely on foreign workers (including skilled workers) from Thailand, Bangladesh, China, India, Malaysia and Myanmar to meet our staffing needs.

Our labour supply and its associated costs are correlated to developments of labour policies of the abovementioned countries as well as the relationship between them and Singapore. In addition to the above, we are subject by local employment legislation, in terms of hiring quota, levies and security bonds. Any unfavourable changes to either of the above will definitely affect our operations.

We stay constantly updated to the labour policies between Singapore and other countries, and to the local legislation (largely in particular to the Singapore Budget), so as to react and tweak, at the earliest possible, our employment practices accordingly to minimise and mitigate any unfavourable impact.

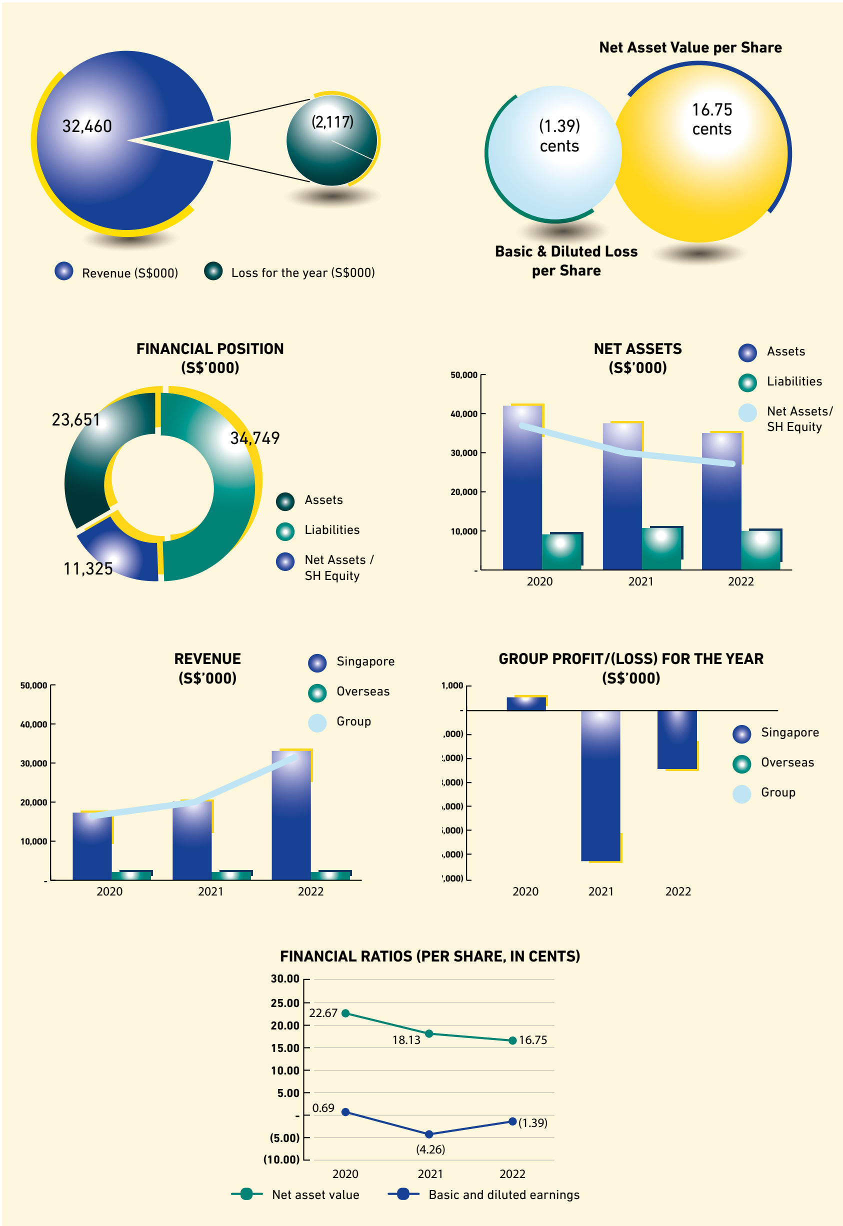
Management Approach

The going-concern and profitability of the Company are important for the Stakeholders. Financially sound strategy and operational method for the present and the future determine the profitability and sustainability of the Group. The accurate and transparent presentation of financial information in the financial statements will provide transparency of the performance and position of the Group for Stakeholders.

We regularly review our operation and strategy risks affecting the sustainability of our businesses. The Group is on constant lookout for changes in business trends and opportunities to shift our business directions accordingly. This is accompanied by consultation with professionals, to ensure that the Group's directions are on the right track.

We also seriously consider and assess any weakness and lapse in controls made known during audits and strive to enhance the internal controls to ensure the effectiveness of our controls, as well as to ensure the true and fair view of the financial statements.

Table 15: Financial highlights and trends for FY2022



Performance in 2022

Economic value generated by the Group was reported at S$33.5 million in FY2022, increased from S$21.9 million in FY2021. Total operating expenditure incurred by the Group, excluding depreciation was S$26.8 million in FY2022, increased from S$20.8 million in FY2021. Group net loss was S$2.1 million in FY2022, as compared to net loss of S$6.3 million in FY2021.

The Group recorded a loss during the year mainly due to the Group's vessel, ES Jewel, suffered unexpected breakdown during the second half of the year, resulted in significant repair and maintenance expense.

Loss per share was 1.39 cents and 4.26 cents for FY2022 and FY2021 respectively.

The Group incurred a cost of capital of S$138,000 in FY2022, decreased from S$163,000 in FY2021. Cost of capital includes interest paid on bank borrowings and finance leases. There were no dividend declared for both FY2022 and FY2021 in view of the net loss position of the Group.

Government Taxes

In FY2022, the Group received grants amounting to S$632,184 from government, comprise mainly

OUR ECONOMIC SUSTAINABILITY

foreign worker levy rebate that were provided to employers to support the business during the COVID-19 pandemic.

The Group incurred tax of approximately S$277,946 in FY2022. Taxes paid are net of any tax rebates granted by the government, where applicable.

Staff Costs

In FY2022, staff costs amounted to S$12.4 million for 501 employees, which increased from S$11.1 million for 475 employees in FY2021, in the form of salary, wages, pension scheme based on respective jurisdictions (mainly Singapore's Central Provident Fund ("**CPF**")), foreign workers' levy, skill development fund and other staff benefits (including, but not limited to, welfare given to staff and bonuses).

Singapore's CPF contributions were made in accordance to prevailing Central Provident Fund Act. The total pension paid, which was included in the total staff costs, was S$437,000 in FY2022, a decrease from S$475,000 in FY2021.

A detailed account of the full financial performance and position of the Group can be found in this Annual Report.

Economic Value Delivered to the Society

In FY2022, the Group generated S$33.5 million of economic value for our Stakeholders, which was distributed to them through our business operations. The Group has generated employment opportunities, business opportunities to our suppliers, and tax revenues for the governments.

The Group has generated negative S$5.4 million of economic value in FY2022, mainly due to operating loss suffered during the year.

Reportable Fines and Sanctions

There is no reportable significant fine paid to and sanction (including non-monetary form) imposed by laws and regulations in the countries where our operations exist, international declarations, conventions, and treaties relevant to our operations, and through cases brought against the organisation through the use of dispute mechanisms (both national and international) supervised by government authorities.

Table 16: Economic value generated and distributed by the Group for FY2022

Economic Value Generated by the Group	***S$33.5 million***
This includes revenue generated from the Group's operating activities, and other operating income (excluding government assisted grants).	
Economic Value Distributed to Others	***S$38.9 million***
Operating Costs: S$26.8 million This refers to purchases and services received from suppliers for the generation of economic value. Employee Wages and Benefits: S$12.4 million Employee costs, which comprises salaries, wages, pension funds, and other staff benefits provided by the Group. Capital Providers: S$0.1 million This refers to interest paid on bank borrowings and finance leases, as well as dividends declared (if any). Government: (S$0.4) million This includes taxes paid, net of any government grants received.	
Economic Value Retained by the Group	***(S$5.4) million***

OUR ECONOMIC SUSTAINABILITY

True and Fair View of the Financial Statements

Financial information presented in the Annual Report is a medium of communication to the Stakeholders in informing how the Group is performing. We understand the importance of our Stakeholders and management in making informed decisions based on the Annual Report that presents a true and fair view of the Group's financial performance and position.

We ensure that the information contained in our Annual Reports are both adequate and free from misstatement (which can arise from an error, or from a fraudulent activity that remains undiscovered). Efforts made to ensure the true and fair view of the financial statements include:

- Implementation of procedures;
- Sending the finance team for training and updates;
- Implementation of whistle-blowing procedures; and
- Introduction of contractual provisions to allow the Company to reclaim incentive components linked to the performance of the Company.

Implementation of procedures

The Group has implemented procedures manual to govern the Group on how operational procedures should be carried out, and how employees should behave and perform in the interest of the Group.

Training and Updates

We periodically send our finance team for training and updates on the relevant reporting standards, such as those required by the Financial Reporting Standards of Singapore, the Code, SGX Catalist Rules, and so on. This is to ensure that the Annual Report is prepared in accordance to the required standards and rules so as to give a true and fair view of the financial position and performance of the Group. The above function is undertaken by the Committee (refer to the section "**Our Commitment to Sustainable Operation**" of this report for the detailed responsibility of the Committee) to oversee compliance matters of the Annual Report.

Whistle-blowing

Whistle-blowing procedures have been implemented to ensure that everyone within the Group acts legally and in the interest of the Stakeholders. All this information is reported as required under the Code and can be found in page 35 of this Annual Report. Whistle-blowing policy and whistle-blowing reports received (if any), will be assessed by the Audit and Risk Committee from time to time and the Audit and Risk Committee is responsible for oversighting and monitoring of whistle-blowing. Please refer to the section on "**Our Commitment to a Sustainable Operation**" in this report for further details.

Incentive-linked remuneration

The remuneration of the Executive Directors' and the key Management is linked to the performance of the Company (please refer to page 28 of this Annual Report). With effect from 2018, the Company has adopted contractual provisions to safeguard against material misstatement of financial statements to deter and recover from the unlikely event of deliberate manipulation of the performance of the Company. Such contractual provisions allow the Company to reclaim incentive components of the remuneration from the Executive Directors' and the key Management in the exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

Project and Quality Management

New building and repair segment

It is known that ineffective, poor planning and slow execution of a project plan can result in costly avoidable losses (such as wastages, disputable damages, overrun in project costs, liquidated damage claims and terminations from customers). At such, we have invested heavily on effective project management system to ensure effective and safe project execution with high quality deliverables.

We have testified the above with the attainment of ISO, OHSAS and BizSafe Star certifications since 2009, which is a testament to our effective implementation of the processes across the Group. The certifications require us to be audited on an annual basis, which ensure that the abovementioned processes stay effective on a continuing basis.

Shipping segment

Similarly, we have high confidence on the operational processes in the ship chartering and marine supplies divisions to deliver high quality and timely charter services as well as efficient and timely supply of marine consumables and spare parts.

OUR ECONOMIC SUSTAINABILITY

The ship chartering division constantly monitors the performances and co-ordination between the relevant agents and brokers to ensure that the vessels are competently crewed and well maintained at all times so as to ensure high utilisation with repeated customers at profitable rates, as well as avoid any downtime arising from poor co-ordination and planning which will result in demurrages and loss of charter opportunities.

In the context of marine supplies, the division will ensure that the supply chain is properly managed, by fulfilling pre-requisites that may be imposed by suppliers so as to receive the supplies in good time shortly before fulfilling the promised delivery date to the customers. This mitigate risk arising from poor coordination with vendors, ship owners and ship managers that will result in poor customers' satisfaction and loss of business opportunities.

Diversification of Trades

The Group understands the importance of diversification as the marine and offshore oil and gas industries are cyclical in nature. Any downturn in global or trade specific economic conditions such as the financial crisis in 2008 and 2009, as well as the downturn in marine and offshore oil and gas industries due to the drastic fall in oil prices since 2015, will adversely affect us. There is no assurance that future economic downturns will not occur and hence steps to diversify are constantly being evaluated and implemented.

Furthermore, diversification creates synergy, and allows sharing of technical resources, reduction of operational costs, higher market penetration and expansion of customer and supplier base.

Besides expanding to undertake EPC, we are also constantly looking into possibilities of acquisition or establishment of complementary businesses or joint ventures with sustainable parties as and when opportunities arise.

In 2012, we launched our first bareboat charter vessel after assessing the performance of this segment and noted its potential. In 2016, we officially placed more resources to further develop the shipping segment, with the acquisition of an additional vessel and started spot chartering services in December 2016. In mid-2017, we started the marine supplies division.

In 2020, we completed the acquisition of 51% in a joint venture business, ProXess Engineering Pte Ltd, which is part of the Group's efforts to diversify into components sales, supplying valve, actuator and related solutions. Nonetheless, our focus of expanding the shipping segment continued from 2018, where revenue from the shipping segment stood at 35.9% (FY2021: 34.3%, FY2020: 30.6%) of the Group's revenue in FY2022. The Group has also completed the acquisition of another vessel, ES Jewel, in 2021.

With the diversification into the shipping segment, the Group's revenue contribution concentration on new building and repair of offshore and marine structures and vessels has reduced.

Mitigation of Impact from Climate Change

The burning of fossil fuels such as oil and gas is likely to change structurally in the coming years, with the **Paris Climate Agreement** first passed in 12 December 2015 and with the **COP27** held in Sharm el-Sheikh, Egypt in November 2022 (also known as the 27th United Nations Climate Change conference).

A final decision text, known as the Sharm el-Sheikh Implementation Plan, was published after negotiations overran the conference. The text reaffirms the commitment to limit global temperature rise to 1.5 degrees Celsius above pre-industrial levels. Countries were also expected to make progress on defining the Global Goal on Adaptation, the Paris Agreement's equivalent to the 1.5-degree-C (2.7 degrees F) target for mitigation[8].

Carbon emissions are directly correlated to the demand in the marine, offshore, oil and gas, where

8. What was agreed at COP27. Retrieve from https://commonslibrary.parliament.uk/what-was-agreed-at-cop27/#:~:text=The%20final%20decision%20text%2C%20known,Celsius%20above%20pre%2Dindustrial%20levels on 21 March 2023.

demand is likely to reduce over time with renewable energy sources sought for. This may drive oil prices downward which may affect us in the following manner:

New building and repair segment

Business activities in shipyards are expected to be continuously impacted, and thus our core business will take a hit financially. As the market demand changes in the marine, offshore, oil and gas industries alongside with global trend, we will have to adapt and grow with the new changes. For instance, we have since 2016 shifted our focus from the new building and conversion projects to the repair projects and components sales as we expected the demand for the new building and conversion to weaken over time. On the same note, we have also continued to focus on the expansion in our shipping segment this year.

Shipping segment

Our vessels are oil tank bunkers designed for the transportation of marine and gas oil for oil and gas companies. The impact of global warming will result in a change in market condition, either due to a change in the terrain throughout the region or the change in demand for chartering services.

We have taken a prudent approach to determine the size of our fleet and the physical size of our vessels while we expand this segment. We constantly monitor market conditions within Southeast Asia, assess market competition before we decide on the viability of expanding our fleet size and vessel type to satisfy the current market condition.

Please refer to section "**Diversification of Trade**" in this report for diversification efforts that further mitigate this risk.

Above: Mobilisation of full Remotely Operated Vehicle (ROV) System.

OUR SUPPLY CHAIN

In a glance

What was said in 2021 (target for 2022)	What happened in 2022	What we plan to do next (target for 2023)
• Continue to evaluate the impact at each point of supply chain in relation to sustainability and report on them.	• Impact at each point of supply chain in relation to sustainability is evaluated and reported.	• Continue to evaluate the impact at each point of supply chain in relation to sustainability and report on them.

Management Approach

The effectiveness of our sustainability efforts can only be optimised with the proper management of each major point of our supply chain, which ranges from the beginning of the supply chain (i.e. suppliers and subcontractors) to the final end-user (charterers, contractors and end-user). Their sustainable efforts affect the performance of ours indirectly.

The boundary of this topic can be wide, extending to a customer or supplier that we might not have direct contact, but may affect our sustainability efforts. We will however restrict our boundary to only active efforts that are applicable to our immediate suppliers, subcontractors, charterer, contractors, or end-user due to the practicality constraint.

Supply Chain Management

New building and repair segment

In our core business, we primarily contract with and supply skilled labour and services to a shipyard (i.e. the contractor), acting as a resident subcontractor. The contractor is primarily responsible with the procurement of the required equipment and materials for the building, conversion and repairs work on the vessels. The contractor imposes regulations to regulate us, such as on areas of safety, material handling, and so on. We are responsible for the procurement of safety equipment, components and small equipment in the course of the supply of skilled labour and services. The completed job is first handed over to our contractor who will in turn handover the vessel once it is completed and ready for voyage.

Shipping segment

The shipping segment comprises of ship chartering, and the trading of marine supplies to vessels. The execution of a complete ship charter starts by charterer engaging us to transport liquid oil from a predetermined departure port to a Southeast Asia destination as determined by the charter agreement. We then engage port agents (both local and the Southeast Asia region), commercial managers, ship managers, and suppliers supplying marine gas oil and other marine supplies for the operation of our vessels.

As required by the Marine and Port Authority of Singapore ("**MPA**") and in line with International Maritime Organisation ("**IMO**"), we will periodically conduct surveys on the vessels to ensure that it is optimal for voyages. We engage professional surveyors, equipment manufacturers, and subcontractors to survey, supply equipment, and service the vessels.

In our marine supplies division, we engage suppliers and subcontractors for the bespoke fabrication of vessel's components as well as the trading of consumables and other liquid goods on board vessels that are required by the customer. Goods, components and services are acquired from suppliers, and the requested goods are subsequently delivered to the customers.

Management

We have finalised our first Supplier Code of Conduct and circulated it to all our suppliers on 21 November 2019. This Supplier Code of Conduct is expected to be abided by all suppliers and subcontractors to ensure the sustainability of their operations in all areas of economic, environment, social and governance, which comprises of topic on business conduct, labour practices, health and safety, and environmental management. We believe that this will positively value-add to our sustainability effort throughout our supply chain and even benefit our suppliers themselves.

New suppliers are assessed for any bad reputation and records, together with any presence of applicable certifications and licenses. These are credentials towards key sustainability factors relevant to us. Continuing assessments, such as mandated reporting, inspection visits or enquiry of information, shall be made accordingly to ensure acceptable standards of safety and health, quality, and environment are maintained. We will make the necessary changes upon observation of unsatisfactory standard.

As for customers, we aim to ensure that the provision of the sales or services are not directly associated to matters on breach of safety, financial and environmental misconducts, or any other unethical practices.

For those parties who are other than our immediate suppliers, subcontractors, charterer, contractors, or end-user, we will make effort to disassociate in the event that it is made known to us through credible sources (such as professional consultants, public news, and etc.) that there is breach of safety, financial and environmental recognised standards, or any other unethical practices.

The Group is committed to make continuous efforts to work closely with parties in our supply chain to ensure best practices and alignment of policies. We are committed to cooperate with all parties for effective and safe operation.

Commitment

We practice fair competition in compliance of applicable competition laws and regulations in our businesses. In 2022, there are no legal actions taken against the Group for anti-competitive behaviour, anti-trust, and monopoly practices.

OUR ENVIRONMENTAL PERFORMANCE

In a glance

What was said in 2021 (target for 2022)	What happened in 2022	What we plan to do next (target for 2023)
• Continue to factor in environmental considerations in our business • Continue to identify process improvements and implement measures to enhance energy efficiency and reduce emissions	• Always taken into consideration environment impact in every critical business decision making • Reviewed our existing process but no major weaknesses that required improvements were identified • Existing measures in place to enhance energy efficiency and reduce emissions are assessed to be sufficient	• Continue to factor in environmental considerations in our business • Continue to identify process improvements and implement measures to enhance energy efficiency and reduce emissions

Management approach

Environmental effort is an increasing hot topic around the world, and Singapore has committed on environmental effort with the signing of Paris Agreement on 22 April 2016 followed by the ratification on 21 September 2016. On 31 March 2020, Singapore submitted its enhanced Nationally Determined Contribution (NDC) and Long-Term Low-Emissions Development Strategy (LEDS) documents to United Nations Framework Convention on Climate Change (UNFCCC), to update Singapore's climate pledge submitted earlier under the Paris Agreement. The Group is committed to participate in the effort of being "green" to be aligned with the nation and global effort.

The inaugural Sustainability Report published in November 2018 for the reporting year of 2017 has initiated our attention to environmental issues in relation to our sustainability. We had then identified the existing efforts we have made as well as the relating Sustainability Factors that we can work on as part of our effort and commitment. We have implemented controls since 2018 to record data on energy consumption and the associated emissions.

The boundary of this topic is restricted to the operations in Singapore due to the insignificance of the overseas operations (as illustrated in "**Our Sustainability Topics**" in this report). We have extended the boundary to include energy consumption and emissions from vessels in this report. We have chosen not to extend our boundary to the consumption made indirectly in our core business' contractor's shipyard due to the limited access to and availability of that information. We will only be able to report the consumption directly from the service provider or supplier where consumption information is readily available. We apply the Precautionary Principle (as described in **The Rio Declaration on Environment and Development (1992)** Principle 15) via the applicable legislation and regulations in our business to stay in compliance to the abovementioned legislation and regulations, where efforts are detailed below.

Energy Consumption

We started tracking our energy consumption data for the Group in 2018, but this was only for the direct consumption of energy purchased from service providers.

In 2022, the Group consumed a total of 35,096,889 kWh of energy in the form of low sulphur marine gas oil, electricity, gas and fuel purchased from suppliers / service providers, increased from 25,651,800 kWh in 2021. Out of which, 213,232 kWh (2021: 208,833 kWh) related to energy used in dormitories and were subsequently reimbursed to the Group from workers staying in the dormitory. 100% of the energy consumed is non-renewable.

Emissions

The Group reported a total emission[9] of 9,760 metric tonnes ("**MT**") of carbon dioxide ("**CO_2**") in 2022, increased by 2,605 MT from 2021. After deducting emission related to the consumption subsequently reimbursed to the Group from workers staying in the dormitory of 87 MT (2021: 85 MT), of which all are Scope 2 Emissions, the Group would have reported a net emission of 9,673

Above: Non-destructive testing conducts on fabricated pipe joints

9. Emissions data are computed using the calculators from Greenhouse Gas Protocol website. We have applied financial control approach, as defined in GHG Protocol "A Corporate Accounting and Reporting Standard".

OUR ENVIRONMENTAL PERFORMANCE

MT in 2022 (2021: 7,070 MT). Total emission figure comprises Scope 1 Emissions[11] of 9,578 MT and Scope 2 Emissions[12] of 181 MT. The composition of emissions only includes CO_2. From 2020 onwards, we have included the emissions from our vessels, but the analysis is still confined within Singapore's operations.

Scope 1 Emissions comprises direct emissions of fossil fuel consumed directly by the Group's vessels and vehicles. Scope 2 Emissions comprises electricity and gas consumed by the Group. The resources reported here is the same as those reported in **Energy Consumption** Sustainability Factor.

Table 17: Energy consumption (kWh) in Singapore by type for 2022

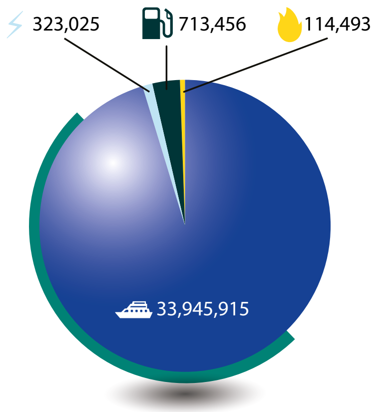
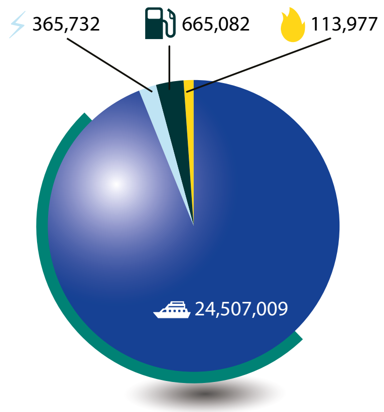


Table 18: Energy consumption (kWh) in Singapore by type for 2021



- Electricity purchased from electricity provider.
- Gas purchased from gas provider.
- Petrol and diesel purchased from suppliers for the direct use on vehicles in the Group[10].
- Low Sulphur marine gas oil purchase from supplier[10].

Table 19: Emissions in terms of CO_2 equivalent (MT) for 2022

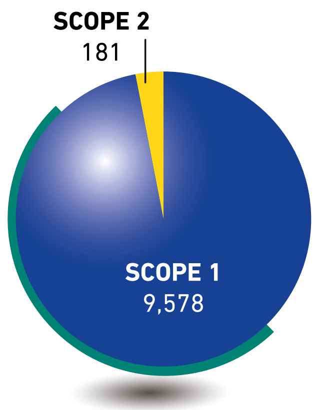
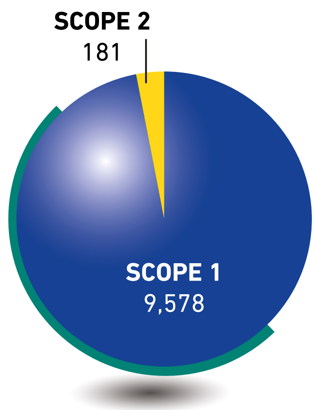


Table 20: Emissions in terms of CO_2 equivalent (MT) for 2021



10. Petrol, diesel and low sulphur marine gas oil energy are converted to kWh from litre consumed using a conversion factor of approximately 10.55, 9.32 and 10.64 respectively. Conversion factors are obtained from U.S. Energy Information Administration.
11. Scope 1 Emissions refers to direct GHG emissions occur from sources that are owned or controlled by the Group, expressed in CO_2 equivalent in MT, as defined in GHG Protocol "A Corporate Accounting and Reporting Standard". Figures exclude emissions from combustion of biomass, which the Group does not have.
12. Scope 2 Emissions refers to GHG from the generation of purchased electricity consumed by the Group as defined in GHG Protocol "A Corporate Accounting and Reporting Standard".

Water Consumption

The Group reported a total water consumption of 30,210 cubic metres ("**m³**") in 2022, as compared to 33,105m³ in 2021. The marginal decrease is due to workers no longer required to serve quarantine and stay home notice as part of COVID-19 safe management measures, resulted in lower water consumption in dormitory. The water consumed is 100% from municipal water supplies.

Effluents and Waste

New building and repair segment

The core business involves heavy usage of materials. However, as a resident subcontractor based in our contractor's shipyard, we are bounded by the regulations imposed by the shipyard on how materials are used and disposed. The onus is on us to abide to the regulations set out by the contractor. All materials for the purpose of new building and repair works, are issued by the shipyard. Excess materials unutilised are returned to the shipyard for reuse. Any minor remnants of material are disposed in locations designated by the shipyard, and subsequently collected by waste collector. This ensure that wastage contributed by our workers are minimised and properly handled.

On the part of the Group's effort, we educate our employees on the importance of efficient usage to reduce material wastage. Trainings are provided to improve the skillset of the workers, which will also translate to lesser wastage arising from inefficient use of materials. The materials purchased directly by us are safety equipment and small materials and they are disposed according to the shipyard regulation.

Shipping segment

Our vessels are registered under MPA's Ship Registry of Ships, and the pre-requisites relating to the vessels are fulfilled through the classification awarded by Bureau Veritas and Nippon Kaiji Kyokai, which covers the compliance to various key convention and regulations set by the IMO and the International Labour Organization. Included in the classification is the various certifications covering key environmental conventions as seen in **Table 21.**

Table 21: Certificates covering the IMO's Key Environmental Conventions

Our Certificates covering the Key Environmental Conventions

- *International Oil Pollution Prevention Certificate for International Convention for the Prevention of Pollution from Ships, 1973 ("**MARPOL 1973**") Annex I*
- *International Air Pollution Prevention Certificate for MARPOL 1973 Annex VI*
- *International Sewage Pollution Prevention Certificate for MARPOL 1973 Annex IV*
- *International Anti-Fouling System Certificate for International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001*
- *International Ballast Water Management Certificate for International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004*

The certifications are credentials of efforts taken to ensure that the structure, equipment systems, fittings and material used for the vessels fully comply with the requirements to prevent environmental pollution, be it through improper, unintentional, and/or accidental discharge of oil, spill of oil, disposal of garbage waste, and discharge of ozone depleting substances.

Our Efforts

We continue to commit in reducing the use of carbon-emitting transportation to transport our workers. We are still using dormitory to house workers and we ensure that the distance from the dormitory is not very far from the shipyard, so as to minimize carbon emission while transporting workers by lorry. Out of our total workforce of 501, 212 workers are currently staying in dormitory near the shipyard, within 5km distance. For other workers staying at our own dormitory which is located further from the shipyard, we transport them to the shipyard using commercial buses and we ensure that the buses are fully occupied to maximise efficiency of each bus-trip.

To further reduce the indirect emission of GHG via the use of public transport, we have and are still providing worker with bicycles, mainly for them to use in shipyard. This is in line with the nation's effort of a "Car-lite" city.

Our Group has also switched from using heavy marine fuel oil to low sulphur fuel oil since November 2019 for our vessels, ES Aspire and ES Jewel. This is in compliance with IMO 2020, and is also part of our Group's efforts to move towards a lower emission future.

Other Compliance Matters

The Group has no operations that are on or near any habitat that are protected or have high biodiversity value as identified by international bodies such as the International Union for Conservation of Nature.

As of the date of this report, the Group has not been penalised for any non-compliance of environmental laws and regulations imposed by Singapore and we will continue to work with the relevant authorities to stay updated so as to continue to comply with the laws and regulations.

OUR ENVIRONMENTAL PERFORMANCE

Task Force on Climate-Related Financial Disclosures

In tandem with economic and population growth, human activities are contributing to the rise of greenhouse gas (GHG) emissions, which lead to global warming and subsequently, climate change. The Board recognises the systemic threat posed by climate change and the need for urgent mitigating action.

Disclosing the climate related risks is an important step in demonstrating our understanding of these risks and efforts to mitigate them. The Company is in the early stages of addressing climate change. Our climate-related disclosure is based on the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). This year represents our first disclosure and we expect this to develop and evolve over time.

Governance

The Board has oversight on the Group's sustainability journey, which includes climate related matters, and ensures the integration of sustainability risks, including climate-related risks, into our business and operations. Matters pertaining to the Group's impacts on climate change, as well as the risks that climate change may pose to our business, are discussed and deliberated at the Compliance Committee meeting.

Strategy and Risk Management

ESG considerations including climate-related risks are progressively integrated into our risk management processes. Through materiality assessment conducted with key stakeholders, we have identified and prioritised ESG issues that are most relevant and significant to the Group. They are summarised in **Table 2** and **Table 3** of this report and discussed individually under our Sustainability Topics. Environmental risk has been identified as one of our material Sustainability Topics, that cover the discussion on climate related issues and risks.

TCFD has divided climate-related risks into two major categories: (1) Transition risk - risks related to the transition to a lower-carbon economy and (2) Physical risk - risks related to the physical impacts of climate change. We have assessed and disclosed potential impacts of these risks on the Group's business and strategy in **Table 22**.

Metrics and Target

The Group is committed to tackling climate change. We have been tracking Scope 1 and Scope 2 emission, measuring and reporting carbon footprint according to the Greenhouse Gas Protocol. Other environmental -related metrics that we measure and monitor include our energy and water consumption.

As part of environmental sustainability effort, the Group strives to optimise resource efficiencies and tap on renewable energy. We have been reducing our energy and water consumption, as well as encouraging the use of renewable sources in our operational properties. In line with this, the Management is exploring the idea to install solar panel in our workshop located at 10 Kwong Min Road, as a greener option.

The Group is studying the Science Based Targets Initiative and working towards setting and aligning targets with climate-science recommendations.

Table 22: Climate Related Risk & Action Plan

	Risk Category	Risk Description	Expected Risk Timing	Action Plan
Transition Risk	**Policy risk**	Potential increase costs as a result of regulation that applies a direct or indirect price on carbon, ie. carbon tax	Medium-term	• Include internal carbon pricing in economic evaluation of projects
Transition Risk	**Reputation risk**	Stakeholder concerns about increasing Scope 1 emission	Short-term	• Switched from using heavy marine fuel oil to low sulphur fuel • On-going management of GHG emissions and identification of emissions reduction activities
Transition Risk	**Finance and insurance risk**	Potential reduction in ability to access credit or equity as banks and investors move to zero carbon portfolio	Medium-term	• On-going management of GHG emissions • Disclose information on climate related risk and opportunities in accordance with TCFD's recommendation
Physical Risk	**Acute risk**	Risk that is associated with short-term extreme events, which are higher probability with climate change, ie. fire, flood, storm etc.	Long-term	• Assess and on-going monitor the impacts to workforce and operating facilities due to increasing average temperatures, rising sea levels and other climate change factors
Physical Risk	**Chronic risk**	Risk that is associated with long-term climatic trends, include the impact of increasing temperature and humidity on performance and rising sea levels	Medium-term	

OUR REPORTING BASIS

This report is published annually and covers the same period as the financial year of the Company (January to December 2022). There are no changes to the Sustainability Topics and no material changes to their boundaries from last year's report. There is no restatement made in this report too. A copy of this report can be found at our corporate website or the SGXNet at https://www.sgx.com/securities/company-announcements.

In addition, there is no reportable significant change to the organisation and its supply chain.

The report uses the Global Reporting Initiative ("**GRI**") Sustainability Reporting Standards ("**GRI Standards**") and Practice Note 7F on Sustainability Reporting Guide of the SGX Catalist Rules. We have chosen to adopt the GRI Standards for the following reasons:

- GRI Standards has a long-standing history since 1977 and has been adopted by major organisations across the globe.
- GRI Standards are provided in clear structural format, which allow easier conformity and comparability by Stakeholders across years or across different companies.

We have built on the framework laid out in our inaugural report dated 9th November 2018. Please refer to the **GRI Content Index** below for the respective disclosure page references, as well as the specific standard's edition used for each GRI Disclosure.

This report has been prepared in accordance with the GRI Standards: Core Option.

We have not sought any independent party's assurance for this report.

As a continuous effort to improve the quality and relevance of the sustainability information addressed to our Stakeholders, we welcome feedback from all Stakeholders on how we can better address our sustainability information by writing to us via email at eng_soon@esgroup.com.sg or via mail at 8 Ubi Road 2 #06-26 Zervex, Singapore 408538.

GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core Option.

DISCLOSURES		REFERENCE / REASON FOR OMISSION
GRI 2: GENERAL DISCLOSURE 2021		
The Organisation and its Reporting Practices		
2-1	Organisation details	Our Corporate Profile - Page 136
2-2	Entities included in the organisation's sustainability reporting	Our Corporate Profile - Page 136
2-3	Reporting period, frequency and contact point	Our Reporting Basis - Page 165
2-4	Restatements of information	Our Reporting Basis - Page 165
2-5	External assurance	Our Reporting Basis - Page 165
Activities and Workers		
2-6	Activities, value chain and other business relationships	Our Corporate Profile - Page 136
2-7	Employees	Our Labour Practices - Page 149
2-8	Workers who are not employees	Our Labour Practices - Page 149
Governance		
2-9	Governance structure and composition	Our Commitment to a Sustainable Operation - Page 142
2-10	Nomination and selection of the highest governance body	Our Commitment to a Sustainable Operation - Page 142
2-11	Chair of the highest governance body	Our Commitment to a Sustainable Operation - Page 142
2-12	Role of the highest governance body in overseeing the management of impacts	Our Commitment to a Sustainable Operation - Page 142
2-13	Delegation of responsibility for managing impacts	Our Commitment to a Sustainable Operation - Page 142

OUR REPORTING BASIS

DISCLOSURES		REFERENCE / REASON FOR OMISSION
2-14	Role of the highest governance body in sustainability reporting	Our Commitment to a Sustainable Operation - Page 142
2-15	Conflict of interest	Our Commitment to a Sustainable Operation - Page 142
2-16	Communication of critical concerns	Our Commitment to a Sustainable Operation - Page 142
2-17	Collective knowledge of the highest governance body	Corporate Governance Report - Page 20
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report - Page 26
2-19	Remuneration policies	Corporate Governance Report - Page 28
2-20	Process to determine remuneration	Corporate Governance Report - Page 28
2-21	Annual total compensation ratio	Not disclose due to confidentiality
Strategy, Policies and Practices		
2-22	Statement on sustainable development strategy	Our Commitment to a Sustainable Operation - Pages 142 to 143
2-23	Policy commitments	Our Labour Practices - Pages 149 to 154
2-24	Embedding policy commitments	Our Labour Practices - Pages 149 to 154
2-25	Processes to remediate negative impacts	Our Commitment to a Sustainable Operation - Pages 142 to 143
2-26	Mechanisms for seeking advice and raising concerns	Our Commitment to a Sustainable Operation - Pages 142 to 143
2-27	Compliance with laws and regulations	Our Labour Practices - Page 149 Our Economic Sustainability - Page 156 Our Supply Chain - Page 160 Our Environmental Performance - Page 163
2-28	Membership associations	Singapore Chinese Chamber of Commerce & Industry; Association of Singapore Marine Industries
2-29	Approach to stakeholder engagement	Our Stakeholders - Page 141
2-30	Collective bargaining agreements	Our Labour Practices - Page 149
Our Safety and Health		
GRI 3: Material Topics		
3-1	Process to determine material topics	Our Safety and Health - Page 146
3-2	List of material topics	Our Safety and Health - Page 146
3-3	Management of material topics	Our Safety and Health - Page 146
GRI 403: Occupational Health and Safety 2018		
403-9	Work-related injuries	Our Safety and Health - Pages 146 to 148
Our Labour Practices		
GRI 3: Material Topics		
3-1	Process to determine material topics	Our Labour Practices - Page 149
3-2	List of material topics	Our Labour Practices - Page 149
3-3	Management of material topics	Our Labour Practices - Page 149
GRI 202: Market Presence 2016		
202-2	Proportion of senior management hired from the local community	Our Labour Practices - Page 150
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Our Labour Practices - Page 152
401-3	Parental leave	Our Labour Practices - Page 149
GRI 402: Labour/Management Relations 2016		

OUR REPORTING BASIS

DISCLOSURES		REFERENCE / REASON FOR OMISSION
402-1	Minimum notice periods regarding operational changes	Our Labour Practices - Page 149
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Our Labour Practices - Page 154
404-3	Percentage of employees receiving regular performance and career development reviews	Our Labour Practices - Page 153
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Our Labour Practices - Pages 150 to 153
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our Labour Practices - Page 149 Our Supply Chain - Page 160
GRI 408: Child Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	Our Labour Practices - Page 149 Our Supply Chain - Page 160
GRI 409: Forced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our Labour Practices - Page 149 Our Supply Chain – Page 160
GRI 412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	Our Labour Practices - Page 149
Our Economic Sustainability		
GRI 3: Material Topics		
3-1	Process to determine material topics	Our Economic Sustainability - Page 155
3-2	List of material topics	Our Economic Sustainability - Pages 155 to 156
3-3	Management of material topics	Our Economic Sustainability - Page 155
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Our Economic Sustainability - Pages 155 to 156
201-2	Financial implications and other risks and opportunities due to climate change	Our Economic Sustainability - Pages 158 to 159
201-3	Defined benefit plan obligations and other retirement plans	Our Economic Sustainability - Page 156
201-4	Financial assistance received from government	Our Economic Sustainability - Page 155
GRI 419: Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Our Economic Sustainability - Page 156
Our Supply Chain		
GRI 3: Material Topics		
103-1	Explanation of the material topic and its Boundary	Our Supply Chain - Page 160
103-2	The management approach and its components	Our Supply Chain - Page 160
103-3	Evaluation of the management approach	Our Supply Chain - Page 160
GRI 206: Anti-competitive Behaviour 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Our Supply Chain - Page 160
Our Environmental Performance		
GRI 3: Material Topics		
103-1	Explanation of the material topic and its Boundary	Our Environmental Performance - Page 161
103-2	The management approach and its components	Our Environmental Performance - Page 161

OUR REPORTING BASIS

DISCLOSURES		REFERENCE / REASON FOR OMISSION
103-3	Evaluation of the management approach	Our Environmental Performance - Page 161
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Our Environmental Performance - Pages 161 to 162
GRI 303: Water and Effluent 2018		
303-3	Water withdrawal	Our Environmental Performance - Page 163
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our Environmental Performance - Page 163
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Our Environmental Performance - Pages 161 to 162
305-2	Energy indirect (Scope 2) GHG emissions	Our Environmental Performance - Pages 161 to 162
GRI 306: Effluents and Waste 2016		
306-3	Significant spills	Our Environmental Performance - Page 163
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Our Environmental Performance - Page 163
Our Corporate Governance		
GRI 3: Material Topics		
3-1	Process to determine material topics	Our Commitment to a Sustainable Operation - Pages 142 to 143
3-2	List of material topics	Our Commitment to a Sustainable Operation - Pages 142 to 143
3-3	Management of material topics	Our Commitment to a Sustainable Operation - Pages 142 to 143
GRI 205: Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	Our Commitment to a Sustainable Operation - Page 142

STATISTICS OF SHAREHOLDINGS
AS AT 20 MARCH 2023

SHARE CAPITAL

Issued and fully paid-up capital	:	23,698,348
Total number of issued shares	:	141,200,000
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share (excluding treasury shares and subsidiary holdings)

DISTRIBUTION OF SHAREHOLDINGS
(As recorded in the Register of Members and Depository Register)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	9	4.71	7,200	0.01
1,001 - 10,000	42	21.99	316,600	0.22
10,001 - 1,000,000	127	66.49	17,164,000	12.16
1,000,001 AND ABOVE	13	6.81	123,712,200	87.61
TOTAL	**191**	**100.00**	**141,200,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS
(As recorded in the Register of Members and Depository Register)

NO.	NAME	NO. OF SHARES	%
1.	NEO PECK KEOW @ NG SIANG KENG	53,540,000	37.92
2.	LOW CHEE WEE	33,780,000	23.92
3.	YVONNE LOW-TRIOMPHE	7,540,000	5.34
4.	EDDY NEO CHIANG SWEE (EDDY LIANG JIANGSHUI)	6,000,000	4.25
5.	LEOW MEI LEE	3,600,000	2.55
6.	TING SEE PING (CHEN SHIPING)	3,500,000	2.48
7.	UOB KAY HIAN PRIVATE LIMITED	3,233,000	2.29
8.	DBS NOMINEES (PRIVATE) LIMITED	2,880,000	2.04
9.	ALBERT SUSILO	2,505,000	1.77
10.	NEO CHIANG YEE ERIC (LIANG JIANGYI ERIC)	2,400,000	1.70
11.	PHILLIP SECURITIES PTE LTD	1,747,000	1.24
12.	TOH ONG TIAM	1,629,300	1.15
13.	KUAH HONG SIM	1,357,900	0.96
14.	SIAH CHYE HOCK (XIE CAIFU)	1,000,000	0.71
15.	LOH WING WAH	977,000	0.69
16.	OCBC SECURITIES PRIVATE LIMITED	932,400	0.66
17.	SERM TANTASATIEN	835,000	0.59
18.	TAN SZE HONG	800,000	0.57
19.	KOK SIP CHON	693,000	0.49
20.	MAYBANK SECURITIES PTE. LTD.	560,000	0.40
		129,509,600	**91.72**

STATISTICS OF SHAREHOLDINGS
AS AT 20 MARCH 2023

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST		TOTAL INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Low Chee Wee [1]	33,780,000	23.92	53,540,000	37.92	87,320,000	61.84
Low Chee Leng Christopher [1]	239,000	0.17	53,540,000	37.92	53,779,000	38.09
Yvonne Low-Triomphe [1]	7,540,000	5.34	53,540,000	37.92	61,080,000	43.26
Neo Peck Keow @ Ng Siang Keng [1]	53,540,000	37.92	-	-	53,540,000	37.92
Eddy Neo Chiang Swee (Eddy Liang Jiang Shui) [2]	6,000,000	4.25	3,600,000	2.55	9,600,000	6.80

Notes:

[1] Low Chee Wee, Low Chee Leng Christopher and Yvonne Low-Triomphe are siblings. Their mother is Neo Peck Keow @ Ng Siang Keng. Each of Low Chee Wee, Low Chee Leng Christopher and Yvonne Low-Triomphe is deemed interested in the 53,540,000 Shares held by their mother, Neo Peck Keow @ Ng Siang Keng, by virtue of Section 7 of the Companies Act.

[2] Eddy Neo Chiang Swee is deemed interested in the 3,600,000 Shares held by his mother, Leow Mei Lee, by virtue of Section 7 of the Companies Act.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 20 March 2023 and to the best knowledge of the Directors of the Company, approximately 22.19% of the issued ordinary shares of the Company was held by the public as defined in the Rules of Catalist. Accordingly, Rule 723 of the Rules of Catalist which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **ES GROUP (HOLDINGS) LIMITED** (the "**Company**") will be held at 10 Kwong Min Road, Singapore 628712 on Wednesday, 26 April 2023 at 2:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 ("**FY2022**") and the Independent Auditors' Report thereon.
Resolution 1

2. To re-elect Mr. Eddy Neo Chiang Swee, a Director of the Company retiring pursuant to Regulation 98 of the Constitution of the Company and who, being eligible, offers himself for re-election, as a Director of the Company.
(See Explanatory Notes (i))
Resolution 2

3. To re-elect Ms. Joanne Khoo Su Nee, a Director of the Company retiring pursuant to Regulation 98 of the Constitution of the Company and who, being eligible, offers herself for re-election, as a Director of the Company.
(See Explanatory Notes (i))
Resolution 3

4. To approve the payment of Directors' fees of up to S$128,500 for the financial year ending 31 December 2023, payable quarterly in arrears (FY2022: up to S$128,500).
Resolution 4

5. To re-appoint Messrs Mazars LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
Resolution 5

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

ORDINARY RESOLUTION: PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

7. That:

(a) for the purposes of the Companies Act 1967 of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**"), transacted on the Catalist through the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") (if effected otherwise than on the Catalist) in accordance with an equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"),

(the "**Share Buy-back Mandate**"), be and is hereby authorised and approved generally and unconditionally;

(b) unless varied or revoked by an ordinary resolution of shareholders of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of the Shares are carried out to the full extent mandated by the Share Buy-back Mandate; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by an ordinary resolution of shareholders of the Company in a general meeting,

(the "**Relevant Period**");

(c) in this Resolution 6:

"**Prescribed Limit**" means the number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date passing this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, the price per Share which is not more than 5% above the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, the price per Share which is not more than 20% above the Average Closing Price of the Shares; and

For the purposes above:

"**Average Closing Price**" means the average of the closing market prices of the Shares for the last 5 Market Days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company, or as the case may be, the Offer Date pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action occurring during the relevant 5 Market Days period and the day on which the purchases or acquisitions of Shares are made;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

"**Offer Date**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating therein the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(d) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they may consider desirable, expedient or necessary in the interest of the Company in connection with or for the purposes of giving full effect to the Share Buy-back Mandate.
(See Explanatory Notes (ii))

Resolution 6

ORDINARY RESOLUTION: AUTHORITY TO ALLOT AND ISSUE SHARES

8. That, pursuant to Section 161 of the Act and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

(A) (i) allot and issue Shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other Instruments convertible into Shares; and/or

(iii) notwithstanding that such authority conferred by this Resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such person as the Directors of the Company may in their absolute discretion deem fit; and

(B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (A)(ii) and/or (A)(iii) above, notwithstanding that such authority may have ceased to be in force at the time the Shares are to be issued, as per A(iii) provided that:

(i) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

(ii) the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

and provided also that adjustments under (a) and (b) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and are outstanding or subsisting at the time this Resolution is passed;

(iii) in exercising such authority, the Company shall comply with any or all the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Act and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting by ordinary resolution, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act, and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earlier.

(See Explanatory Notes (iii))

Resolution 7

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore
5 April 2023

Explanatory Notes:

(i) Resolutions 2 and 3

Mr. Eddy Neo Chiang Swee, if re-elected as a Director of the Company, will remain as the Executive Director (Development) of the Company. Detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on Mr. Eddy Neo Chiang Swee can be found under the sections entitled "Board of Directors", "Corporate Governance Report", "Appendix" and "Directors' Statement" of the Company's Annual Report 2022. Save as disclosed therein, there are no material relationships (including immediate family relationship) between Mr. Eddy Neo Chiang Swee and the other Directors of the Company, the Company or its substantial shareholders.

Ms. Joanne Khoo Su Nee, if re-elected as a Director of the Company, will remain as an Independent Non-Executive Director of the Company and will continue to serve as the Chairman of the Remuneration and Compensation Committee as well as a member of the Audit and Risk Committee and the Nominating Committee of the Company. Ms. Joanne Khoo Su Nee is considered by the Board of Directors of the Company to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on Ms. Joanne Khoo Su Nee can be found under the sections entitled "Board of Directors", "Corporate Governance Report", "Appendix" and "Directors' Statement" of the Company's Annual Report 2022. There are no material relationships (including immediate family relationship) between Ms. Joanne Khoo Su Nee and the other Directors of the Company, the Company or its substantial shareholders.

(ii) Resolution 6

The Ordinary Resolution 6 proposed above, if passed, will empower the Directors of the Company, (i) from the date of the above Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company to be held or is required by law to be held; or (ii) the date on which the purchases or acquisitions of Shares are carried out to the full extent mandated by the Share Buy-back Mandate; or (iii) such authority is revoked or varied by shareholders of the Company in a general meeting, whichever is the earlier, to make purchases or acquisitions (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for the Share Buy-back Mandate, the authority and limitation on the purchases or acquisitions of Shares under the Share Buy-back Mandate, the source of funds to be used for the purchases or acquisitions of Shares including the amount of financing, and the financial effects of the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate are set out in greater detail in Section 2 of the Addendum.

(iii) Resolution 7

The Ordinary Resolution 7 proposed above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting of the Company until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and to make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or the exercise of share options or the vesting of share awards which were issued and are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. The Annual General Meeting of the Company ("**AGM**" or "**Meeting**") will be held, in a wholly physical format, at 10 Kwong Min Road, Singapore 628712 on Wednesday, 26 April 2023 at 2:00 p.m., pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** This Notice of AGM and the accompanying instrument appointing a proxy or proxies ("**Proxy Form**") will be sent to members by electronic means via publication on the Company's corporate website at the URL https://www.esgroup.com.sg/htm/ir_overview.php and the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies of this Notice of AGM and the accompanying Proxy Form will not be sent to members.

2. Members of the Company (including Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) submitting questions in advance of the AGM or raising questions at the AGM; and/or

   (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies),

   details as set out in the paragraphs below.

3. A member of the Company entitled to attend, speak and vote at the AGM (otherwise than a relevant intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her/its stead at the AGM. Where such member's Proxy Form appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

5. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under common seal or under the hand of its duly authorised officer or attorney.

6. A proxy need not be a member of the Company.

7. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory. The Chairman of the AGM, as proxy, need not be a member of the Company.

   If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the Proxy Form appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the Proxy Form, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

8. The Proxy Form, together with the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy thereof, must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, be lodged at the Company's registered office at ES Group (Holdings) Limited, 8 Ubi Road 2, #06-26 Zervex, Singapore 408538; or

   (b) if submitted electronically, be submitted via email and received by the Company at general@esgroup.com.sg,

   in either case, by 2:00 p.m. on 24 April 2023 (being not less than forty-eight (48) hours before the time appointed for holding the AGM) (or any adjournment thereof) and in default the Proxy Form for the AGM shall not be treated as valid.

9. The Proxy Form must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the Proxy Form may be treated as invalid. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority, or a duly certified copy thereof must (failing previous registration with the Company), if the Proxy Form is submitted personally or by post, be lodged with the Proxy Form or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.

10. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

11. SRS Investors who wish to appoint the Chairman of the Meeting to act as their proxy should approach their respective agents, such as SRS Operators, to submit their votes to the Company by 5:00 p.m. on 14 April 2023, being seven (7) working days before the date of the AGM.

12. Members can raise substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.

13. Members can also submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM by 9:00 a.m. on 13 April 2023 (the "**Cut-Off Time**"), in the following manner:

    (a) if submitted electronically, be submitted via email and received by the Company at general@esgroup.com.sg; or

    (b) if submitted by post, be deposited at the Company's registered office at ES Group (Holdings) Limited, 8 Ubi Road 2, #06-26 Zervex, Singapore 408538,

    and provide their personal particulars as follows: a) Full name (for individuals) / company name (for corporate) as per CDP/SRS Account records; b) the last 4 alphanumeric characters of your NRIC or Passport Number (for individuals) / Company Registration Number (for corporate entities); c) Number of Shares held; d) Contact Number; e) Email Address; and f) Shareholding Type (e.g. CDP, SRS, Depository Agent or Corporate Shareholder).

14. The Company will provide its responses to all substantial and relevant questions related to the resolutions to be tabled for approval at the AGM received from shareholders by the Cut-Off Time by publishing the responses to these questions on (i) the SGXNet at the URL https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at the URL https://www.esgroup.com.sg/htm/ir_overview.php by 2:00 p.m. on 22 April 2023, being not less than forty-eight (48) hours before the closing date and time for the lodgement of the Proxy Form. The Company will also address any subsequent clarifications sought, or follow-up questions in respect of such substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

15. Persons who hold shares of the Company through relevant intermediaries (pursuant to Section 181(1C) read with Section 181(6) of the Companies Act 1967 of Singapore), such as SRS Investors, should approach their respective agents, such as SRS Operators, sufficiently in advance so that their respective agents may submit their substantial and relevant questions related to the resolutions to be tabled for approval at the AGM by the Cut-Off Time and have their substantial and relevant questions addressed.

16. The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's corporate website, and the minutes will include the responses to substantial and relevant questions received from shareholders which are addressed during the AGM.

17. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her/its name appears on the Depository Register maintained by The Central Depository (Pte) Limited seventy-two (72) hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

18. The Company's Annual Report 2022 has been published and may be accessed at the Company's corporate website at the URL https://www.esgroup.com.sg/htm/ir_overview.php and is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

19. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Catalist Rules.

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

    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.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

ES Group (Holdings) Limited

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200410497Z)

Proxy Form - Annual General Meeting

IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") may attend and cast his vote(s) at the annual general meeting of the Company ("**AGM**") in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ______________________________ (Name) ____________________ (NRIC/ Passport No./ Company Registration No.) of ____ (Address)

being a *member/members of **ES GROUP (HOLDINGS) LIMITED** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

*and/or

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons referred to above, the Chairman of the AGM, as *my/our *proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the AGM to be held at 10 Kwong Min Road, Singapore 628712 on Wednesday, 26 April 2023 at 2:00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against, or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

Voting would be conducted by poll.

(With reference to the agenda set out in the Notice of AGM dated 5 April 2023, please indicate your vote "For" or "Against" or "Abstain" from voting a resolution with a tick [√] within the box provided in respect of that resolution. Alternatively, please indicate the number of votes as appropriate in the relevant box provided in respect of that resolution.)

No.	Resolution	For	Against	Abstain
	Ordinary Business			
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022, together with the Independent Auditors' Report thereon			
2	Re-election of Mr. Eddy Neo Chiang Swee as a Director of the Company			
3	Re-election of Ms. Joanne Khoo Su Nee as a Director of the Company			
4	Approval of the payment of Directors' fees of up to S$128,500 for the financial year ending 31 December 2023, to be paid quarterly in arrears			
5	Re-appointment of Messrs Mazars LLP as the auditors the Company and authorise the Directors of the Company to fix their remuneration			
	Special Business			
6	Proposed renewal of the Share Buy-back Mandate			
7	Authority to allot and issue shares in the capital of the Company			

Signed this ______ day of __________ 2023

Total Number of Shares Held	Number of Shares
In CDP Register	
In Register of Members	

____
Signature(s) of member(s) or common seal

*delete as appropriate

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes to the Proxy Form:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares registered in your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend, speak and vote at the AGM (otherwise than a relevant intermediary) is entitled to appoint not more than 2 proxies to attend, speak and vote in his/her/its stead at the AGM. Where such member's form of proxy appoints 2 proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

3. A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than 1 proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

4. A proxy need not be a member of the Company.

5. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

6. An instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy thereof, must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, be lodged at the Company's registered office at ES Group (Holdings) Limited, 8 Ubi Road 2, #06-26 Zervex, Singapore 408538; or

   (b) if submitted electronically, be submitted via email and received by the Company at general@esgroup.com.sg,

   in either case, by 2:00 p.m. on 24 April 2023 (being not less than 48 hours before the time appointed for holding the AGM).

7. An instrument appointing a proxy or proxies shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer.

8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

9. The Company shall be entitled to reject the appointing of proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies.

10. In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her/its name appears on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for holding the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing a proxy(ies), the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2023.

Designed
& Produced by
+65 6880 2828
Xpress

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英順

ES Group (Holdings) Limited

Company Registration No.: 200410497Z

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