



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

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### **UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (“FY”) 2019**

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

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

**PART 1 – INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**1(a)(i) An income statement and statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		
	Unaudited	Audited	Increase/
	FY2019	FY2018	(Decrease)
	S\$'000	S\$'000	%
<b>Revenue</b>	<b>27,844</b>	<b>27,973</b>	<b>(0.5)</b>
Cost of services	(15,898)	(19,647)	(19.1)
<b>Gross profit</b>	<b>11,946</b>	<b>8,326</b>	<b>43.5</b>
Other operating income	1,141	949	20.2
Administrative expenses	(6,198)	(5,530)	12.1
Other operating expenses	(2,346)	(2,565)	(8.5)
Recovery of / (loss) allowance made for third party trade receivables	519	(594)	n/m
Finance costs	(328)	(421)	(22.1)
<b>Profit before income tax</b>	<b>4,734</b>	<b>165</b>	<b>2,769.1</b>
Income tax expense	(902)	-	n/m
<b>Profit for the year</b>	<b>3,832</b>	<b>165</b>	<b>2,222.4</b>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	55	41	34.1
<b>Total comprehensive income for the year</b>	<b>3,887</b>	<b>206</b>	<b>1,786.9</b>
<b>Profit attributable to:</b>			
Owners of the Company	4,660	969	380.9
Non-controlling interests	(828)	(804)	3.0
	3,832	165	2,222.4
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,689	989	374.1
Non-controlling interests	(802)	(783)	2.4
	3,887	206	1,786.9

n/m: not meaningful



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## 1(a)(ii) Notes to consolidated statement of comprehensive income.

Profit for the year is arrived at after charging / (crediting) the following items:

	Group		
	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment <sup>(1)</sup>	1,554	2,182	(28.8)
Gain on disposal of property, plant and equipment	(7)	(29)	(75.9)
Impairment of property, plant and equipment <sup>(2)</sup>	800	-	n/m
Interest expense	328	421	(22.1)
Interest income	(41)	(44)	(6.8)
Net foreign exchange gain <sup>(3)</sup>	(61)	(109)	(44.0)
Property, plant and equipment written off	-	740	n/m

n/m: not meaningful

### Notes:

- (1) The decrease in depreciation of property, plant and equipment of 28.8% in FY2019 was due to the end of the useful life of the Group's vessel's dry docking.
- (2) Impairment of property, plant and equipment of S\$0.8 million in FY2019 was in relation to the Group's vessel.
- (3) The decrease in net foreign exchange gain of 44% in FY2019 was due to changes in the relative value of assets denominated in foreign currencies.



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## 1(b)(i) A statement of financial position (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited 31/12/2019	Audited 31/12/2018	Unaudited 31/12/2019	Audited 31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	15,819	7,027	56	97
Fixed deposit pledged	101	101	-	-
Trade receivables	7,146	15,005	2	1
Contract assets	2,806	3,722	-	-
Asset held for Sale	4,036	-	-	-
Other receivables	846	1,087	26,800	16,216
Inventories	513	416	-	-
Income tax receivables	-	2	-	-
Total current assets	31,267	27,360	26,858	16,314
<b>Non-current assets</b>				
Deposits	7	4	-	-
Investment in an associate	-	-	-	-
Investments in subsidiaries	-	-	19,003	19,169
Club membership	50	50	-	-
Property, plant and equipment	14,146	19,108	-	-
Total non-current assets	14,203	19,162	19,003	19,169
<b>Total assets</b>	45,470	46,522	45,861	35,483
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans	1,337	3,553	-	-
Trade payables	1,131	1,950	-	-
Other payables	6,172	6,780	20,150	10,259
Lease liabilities	144	125	-	-
Income tax payable	903	-	-	-
Total current liabilities	9,687	12,408	20,150	10,259
<b>Non-current liabilities</b>				
Bank loans	3,663	5,819	-	-
Lease liabilities	885	947	-	-
Total non-current liabilities	4,548	6,766	-	-
<b>Capital, reserves and non-controlling interests</b>				
Share capital	23,698	23,698	23,698	23,698
Retained earnings	26,283	21,655	2,013	1,526
Statutory surplus reserve	451	419	-	-
Currency translation reserve	(204)	(233)	-	-
Merger reserve	(18,570)	(18,570)	-	-
Equity attributable to owners of the Company	31,658	26,969	25,711	25,224
Non-controlling interests	(423)	379	-	-
Total equity	31,235	27,348	25,711	25,224
<b>Total liabilities and equity</b>	45,470	46,522	45,861	35,483

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**
**Amount repayable in one year or less, or on demand**

Group as at 31/12/2019 Unaudited		Group as at 31/12/2018 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,481	-	3,678	-

**Amount repayable after one year**

Group as at 31/12/2019 Unaudited		Group as at 31/12/2018 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,548	-	6,766	-

**Details of any collateral**

The Group's bank loans are secured by (i) legal mortgage over the Group's leasehold land and property; (ii) a pledge over vessels; and (iii) corporate guarantees by the Company for all the monies owing.

The Group's obligations under finance leases are secured by the leased assets.



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## 1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000
<b>Operating activities</b>		
Profit before income tax	4,734	165
Adjustments for:		
Interest income	(41)	(44)
Interest expense	328	421
Property, plant and equipment written off	-	740
Impairment of property, plant and equipment	800	-
(Recovery of) / loss allowance made for third party trade receivables	(519)	594
Depreciation of property, plant and equipment	1,554	2,182
Gain on disposal of property, plant and equipment	(7)	(29)
Operating cash flows before movements in working capital	6,849	4,029
Trade receivables	8,495	(4,112)
Contract assets	916	3,651
Other receivables	243	(242)
Inventories	(88)	207
Trade payables	(838)	192
Other payables	(1,103)	441
Cash generated from operations	14,474	4,166
Interest received	41	44
Income tax paid	-	(3)
Net cash from operating activities	14,515	4,207
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	7	110
Purchases of property, plant and equipment	(972)	(1,931)
Net cash used in investing activities	(965)	(1,821)
<b>Financing activities</b>		
Fixed deposit pledged	-	(1)
Interest paid	(328)	(421)
Proceeds from short term loans	1,000	2,000
Repayment of term loans	(5,371)	(5,262)
Repayment of principal element of lease payments	(127)	(108)
Net cash used in financing activities	(4,826)	(3,792)
Net change in cash and cash equivalents	8,724	(1,406)
Cash and cash equivalents at the beginning of the year	7,027	8,406
Effects of exchange rate changes on the balance of cash held in foreign currencies	68	27
<b>Cash and cash equivalents at end of the year</b>	<b>15,819</b>	<b>7,027</b>

**Notes to consolidated statement of cash flows**

A) Cash payments on purchases of property, plant and equipment:

	<b>FY2019</b>	<b>FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Purchases of property, plant and equipment	1,057	2,043
Less: Property, plant and equipment acquired under finance lease arrangements	<u>(85)</u>	<u>(112)</u>
	<u>972</u>	<u>1,931</u>

B) Cash and cash equivalents comprise:

	<b>As at</b>	<b>As at</b>
	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash at bank and on hand	8,966	5,362
Fixed deposits	<u>6,954</u>	<u>1,766</u>
Cash and cash equivalents in Statement of Financial Position	15,920	7,128
Fixed deposit pledged	<u>(101)</u>	<u>(101)</u>
Cash and cash equivalents in Statement of Cash Flows	<u>15,819</u>	<u>7,027</u>



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1(d)(i) **A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share capital	Currency translation reserve	Merger reserve	Statutory surplus reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>								
Balance at 1 January 2019	23,698	(233)	(18,570)	419	21,655	26,969	379	27,348
Total comprehensive income for the year	-	-	-	-	4,660	4,660	(828)	3,832
Profit / (Loss) for the year	-	29	-	-	-	29	26	55
Other comprehensive income for the year	-	-	-	32	(32)	-	-	-
Appropriations	-	-	-	-	-	-	-	-
Balance at 31 December 2019	23,698	(204)	(18,570)	451	26,283	31,658	(423)	31,235
Balance at 1 January 2018	23,698	(253)	(18,570)	409	20,696	25,980	1,154	27,134
Total comprehensive income for the year	-	-	-	-	969	969	(804)	165
Profit / (loss) for the year	-	20	-	-	-	20	21	41
Other comprehensive income for the year	-	-	-	-	-	-	8	8
Incorporation of a subsidiary	-	-	-	-	-	-	-	-
Appropriations	-	-	-	10	(10)	-	-	-
Balance at 31 December 2018	23,698	(233)	(18,570)	419	21,655	26,969	379	27,348
	Share capital	Retained earnings	Total					
	S\$'000	S\$'000	S\$'000					
<b>Company</b>								
Balance at 1 January 2019	23,698	1,526	25,224					
Profit for the year, representing total comprehensive income for the year	-	487	487					
Balance at 31 December 2019	23,698	2,013	25,711					
Balance at 1 January 2018	23,698	2,324	26,022					
Loss for the year, representing total comprehensive income for the year	-	(798)	(798)					
Balance at 31 December 2018	23,698	1,526	25,224					



- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	<b>Company</b>	
	<b>No. of ordinary shares</b>	<b>Issued and paid-up share capital S\$</b>
Balance as at 30 June 2019 and 31 December 2019	<u>141,200,000</u>	<u>23,698,348</u>

There were no changes in the Company's share capital during the financial year ended 31 December 2019 ("FY2019"). As at 31 December 2019 and 31 December 2018, the Company has no outstanding options, convertibles, treasury shares and subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>Company</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
Total number of issued shares (excluding treasury shares)	141,200,000	141,200,000

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company has no treasury shares.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company has no subsidiary holdings.

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

The figures in this announcement have not been audited or reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditor's report (including any modifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2018 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's unaudited financial results for FY2019 as its most recently audited financial statements for the financial year ended 31 December 2018.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all new and/or revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") that are relevant for its operations and are effective for the financial year beginning on or after 1 January 2019. The adoption of these new/revised SFRS(I), amendments to and interpretation of SFRS(I) is not expected to have any material impact to the unaudited financial statements of the Group and of the Company for FY2019.

The Group has early adopted SFRS(I) 16 Leases on 1 January 2018 using the full retrospective method in accordance with the transitional provisions.

**6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>Unaudited FY2019</b>	<b>Audited FY2018</b>
Earnings per ordinary share for the financial year based on profit attributable to owners of the Company:-		
(i) Based on the weighted average number of ordinary shares	3.30 cents	0.69 cents
(ii) On a fully diluted basis	3.30 cents	0.69 cents
Weighted average number of ordinary shares in issue	141,200,000	141,200,000

**Notes:-**

Earnings per ordinary share for FY2019 and FY2018 have been computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue, during the respective financial years.

In FY2019 and FY2018, the Company did not have any dilutive instruments. Hence, the basic and fully diluted earnings per ordinary share in both financial years are the same.

**7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 31/12/2019</b>	<b>Audited 31/12/2018</b>	<b>Unaudited 31/12/2019</b>	<b>Audited 31/12/2018</b>
Net asset value per ordinary share based on the number of issued ordinary shares	22.42 cents <sup>(a)</sup>	19.10 cents <sup>(b)</sup>	18.21 cents <sup>(a)</sup>	17.86 cents <sup>(b)</sup>
Number of issued ordinary shares	141,200,000	141,200,000	141,200,000	141,200,000

**Notes:-**

a) Net asset value per ordinary share as at 31 December 2019 have been computed based on equity attributable to owners of the Company as at 31 December 2019 divided by the number of issued ordinary shares as at 31 December 2019.

b) Net asset value per ordinary share as at 31 December 2018 have been computed based on equity attributable to owners of the Company as at 31 December 2018 divided by the number of issued ordinary shares as at 31 December 2018.

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

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

The Group's revenue decreased marginally by S\$0.1 million or 0.5%, to S\$27.8 million in FY2019 from S\$27.9 million in FY2018. Revenue contribution from the Group's new building and repair segment increased slightly by S\$0.2 million, to S\$21.5 million in FY2019 from S\$21.3 million in FY2018, while revenue contribution from the Group's shipping segment decreased slightly by S\$0.3 million, to S\$6.3 million in FY2019 from S\$6.6 million in FY2018.

Revenue contribution from Singapore amounted to 98.4% of the Group's total revenue in FY2019, with the balance contributed by revenue from the People's Republic of China and other countries. Revenue from Singapore remained relatively stable at S\$27.4 million in FY2019 and S\$27.7 million in FY2018.

Gross profit increased by S\$3.6 million or 43.5%, to S\$11.9 million in FY2019 from S\$8.3 million in FY2018. Gross profit margin increased by 13.1 percentage points to 42.9% in FY2019, from 29.8% in FY2018. The increases in gross profit and gross profit margin were mainly due to the collection and recognition of revenue derived from final settlement of variation orders, while the associated cost had been recognized in previous years in line with accounting standards.

Other operating income increased by S\$0.2 million or 20.2%, to S\$1.1 million in FY2019 from S\$0.9 million in FY2018, mainly due to income derived from settlement of finance lease receivables for a vessel.

Administrative expenses increased by S\$0.7 million or 12.1%, to S\$6.2 million in FY2019 from S\$5.5 million in FY2018, mainly due to higher employee performance remuneration in recognition of the improved performance of the Group. In addition, the Group incurred higher insurance premium in FY2019 due to vessel repair.

Other operating expenses decreased by S\$0.2 million or 8.5%, to S\$2.3 million in FY2019 from S\$2.5 million in FY2018. The decline was due to reduction of rental cost for worker dormitory and water and electricity expenses associated with the dormitory.

Recovery of loss allowance made for third party trade receivables of S\$0.5 million in FY2019 was due to the reversal of provision arising from collection of receivables during the year.

Finance costs decreased by S\$0.1 million or 22.1%, to S\$0.3 million in FY2019 from S\$0.4 million in FY2018 as a result of repayment of bank term loans.

Income tax expense of S\$0.9 million was incurred in FY2019 (FY2018: nil) due to taxable profit recorded in FY2019.

As a result of the above, the Group's net profit for the year was S\$3.8 million in FY2019, as compared to S\$0.2 million in FY2018. Net profit attributable to owners of the Company was S\$4.7 million in FY2019, as compared to S\$1.0 million in FY2018.

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

The Group recorded positive working capital (current assets less current liabilities) of S\$21.6 million as at 31 December 2019, as compared to S\$15.0 million as at 31 December 2018.

### **Assets**

#### Current assets

The Group's current assets increased by S\$3.9 million, to S\$31.3 million as at 31 December 2019 from S\$27.4 million as at 31 December 2018. The increase was mainly attributable to (i) an increase in cash and cash equivalents of S\$8.8 million; and (ii) a reclassification of a non-current asset to asset held for sale amounting to S\$4.0 million, partially offset by (a) a decrease in trade receivables of S\$7.9 million; (b) a decrease in contract assets of S\$0.9 million; and (c) a decrease in other receivables of S\$0.2 million.

As a result of the collection of trade receivables, the Group's cash and cash equivalents increased by S\$8.8 million, to S\$15.8 million as at 31 December 2019 from S\$7.0 million as at 31 December 2018, while the Group's trade receivables decreased by S\$7.9 million, to S\$7.1 million as at 31 December 2019 from S\$15.0 million as at 31 December 2018. The asset held for sale as at 31 December 2019 (31 December 2018: nil) relates to the proposed disposal of the Group's vessel during FY2019. The decrease in contract assets of S\$0.9 million was mainly due to fewer on-going projects. The decrease in other receivables of S\$0.2 million was mainly due to lower prepayment of expenses.

#### Non-current assets

Non-current assets decreased by S\$5.0 million, to S\$14.2 million as at 31 December 2019 from S\$19.2 million as at 31 December 2018, mainly due to the following:

- a) an impairment of the Group's vessel of S\$0.8 million in FY2019; and
- b) a reclassification of a non-current asset to asset held for sale under current assets amounting to S\$4.0 million in relation to the proposed disposal of the Group's vessel during FY2019.

## **Liabilities**

### Current liabilities

Current liabilities decreased by S\$2.7 million, to S\$9.7 million as at 31 December 2019 from S\$12.4 million as at 31 December 2018. This was mainly attributable to:

- a) the repayment of bank loans of S\$2.2 million;
- b) a decrease in trade payables of S\$0.8 million due to shorter payment cycle; and
- c) provision for income tax payable of S\$0.9 million due to taxable profit recorded in FY2019 (FY2018: nil).

### Non-current liabilities

Non-current liabilities decreased by S\$2.3 million, to S\$4.5 million as at 31 December 2019 from S\$6.8 million as at 31 December 2018, due to the repayment of bank loans and lease liabilities.

## **Equity**

As a result of the above, total equity of the Group improved by S\$3.9 million, to S\$31.2 million as at 31 December 2019 from S\$27.3 million as at 31 December 2018. The Group's equity attributable to owners of the Company increased by S\$4.7 million, to S\$31.7 million as at 31 December 2019 from S\$27.0 million as at 31 December 2018.

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

In FY2019, net cash from operating activities amounted to S\$14.5 million, due to operating cash inflow before changes in working capital of S\$6.8 million and net cash generated from operations of S\$7.6 million.

The net cash generated from working capital of S\$7.6 million in FY2019 was mainly due to:

- (i) a decrease in trade receivables of S\$8.5 million;
- (ii) a decrease in contract assets of S\$0.9 million; and
- (iii) a decrease in other receivables of S\$0.2 million,

partially offset by:

- (i) a decrease in other payables of S\$1.1 million;
- (ii) a decrease in trade payables of S\$0.8 million; and
- (iii) an increase in inventories of S\$0.1 million.

Net cash used in investing activities of S\$1.0 million in FY2019 was due to purchases of property, plant and equipment.

Net cash used in financing activities of S\$4.8 million in FY2019 was due to (i) net repayments of bank loans and finance leases payables of S\$4.5 million; and (ii) interest expenses of S\$0.3 million.

As a result of the above and after taking into account effects of exchange rate changes on the balance of cash held in foreign currencies, there was a net increase in the Group's cash and cash equivalents of S\$8.8 million, to S\$15.8 million as at 31 December 2019 from S\$7.0 million as at 31 December 2018.

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

The unaudited financial results for FY2019 set out in this announcement are in line with the profit guidance announcement for FY2019 released by the Company on 10 February 2020, where it was mentioned that the Group was expected to report a net profit for FY2019.

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

With the implementation of global maritime IMO 2020 regulations, the Group may see more activities in the shipyard business.

However, with the uncertainties arising from recent global event of COVID-19 outbreak and the tightening of manpower policies by the Singapore Government, there could be some impact to the Group's performance.

The Group has initiated business continuity measures to protect its employees and customers from any potential epidemic.

**11 Dividend**

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

Subject to approval from the Company's shareholders at the upcoming annual general meeting of the Company to be convened in April 2020, the Directors are pleased to propose one-tier tax-exempt first and final and special dividends aggregating to 0.45 cents (FY2018: nil) per ordinary share for FY2019.

<b>Name of Dividend</b>	First and Final
<b>Dividend Type</b>	Cash
<b>Dividend Amount per ordinary share</b>	0.15 cents
<b>Tax Rate</b>	Tax-exempt one-tier

  

<b>Name of Dividend</b>	Special
<b>Dividend Type</b>	Cash
<b>Dividend Amount per ordinary share</b>	0.30 cents
<b>Tax Rate</b>	Tax-exempt one-tier

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

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

The date payable is to be advised, subject to approval from the Company's shareholders at the Company's upcoming annual general meeting to be convened in April 2020.

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

To be announced by the Company in due course.

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

Not applicable.

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

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

Name of interested person	Nature of Relationship	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		<b>S\$'000</b>	<b>S\$'000</b>
Low Chye Hin - Provision of consultancy services and allowance	Low Chye Hin, the Group's consultant, is the father of Low Chee Wee (Chief Executive Officer ("CEO") cum Chief Operating Officer ("COO") of the Company).	204	-
Eric Neo Chiang Yee - Insurance broker services	Eric Neo Chiang Yee is the brother of Eddy Neo Chiang Swee (Executive Director of the Company) and the cousin of Low Chee Wee (CEO cum COO of the Company).	105	-
<b>Total</b>		<b>309</b>	<b>-</b>

- 14 Confirmation that the issue has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1)**

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

**15. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**(a) Business segments**

The Group operates in two (2) business segments, namely, the new building and repair segment, and the shipping segment.

	<b>New building and repair</b>	<b>Shipping</b>	<b>Total</b>
<b>FY2019</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>			
Segment revenue	21,497	6,347	27,844
<b>Results</b>			
Gross profit /(loss)	12,155	(209)	11,946
Other operating income			1,141
Administrative expenses			(6,198)
Other operating expenses			(2,346)
Recovery of loss allowance made for third party trade receivables			519
Finance costs			(328)
Profit before income tax			4,734
Income tax expense			(902)
Profit for the year			3,832
<b>Other information</b>			
Capital expenditure			1,057
Impairment of property, plant and equipment			800
Depreciation of property, plant and equipment		706 <sup>(a)</sup>	1,554
<b>Assets and Liabilities</b>			
Segment assets	14,614	9,611	24,225
Unallocated corporate assets			21,245
Total assets			45,470
Segment liabilities	70	1,602	1,672
Unallocated corporate liabilities			12,563
Total liabilities			14,235

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



<b>FY2018</b>	<b>New building and repair S\$'000</b>	<b>Shipping S\$'000</b>	<b>Total S\$'000</b>
<b>Revenue</b>			
Segment revenue	21,333	6,640	27,973
<b>Results</b>			
Gross profit	8,206	120	8,326
Other operating income			949
Administrative expenses			(5,530)
Other operating expenses			(2,565)
Loss allowance made for third party trade receivables			(594)
Finance costs			(421)
Profit before income tax			165
Profit for the year			165
<b>Other information</b>			
Capital expenditure			2,043
Property, plant and equipment written off			740
Depreciation of property, plant and equipment		1,017 <sup>(a)</sup>	2,182
<b>Assets and Liabilities</b>			
Segment assets	23,466	10,107	33,573
Unallocated corporate assets			12,949
Total assets			46,522
Segment liabilities	285	3,528	3,813
Unallocated corporate liabilities			15,361
Total liabilities			19,174

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

**(b) Geographical segments**

The Group operates in three main geographical areas, namely Singapore (country of domicile), Thailand and the People's Republic of China ("PRC").

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

	<b>Revenue</b>		<b>Non-current assets*</b>	
	<b>Unaudited FY2019 S\$'000</b>	<b>Audited FY2018 S\$'000</b>	<b>Unaudited FY2019 S\$'000</b>	<b>Audited FY2018 S\$'000</b>
Singapore	27,387	27,712	9,257	14,171
Thailand	-	-	4,941	4,986
PRC	188	261	5	5
Others	269	-	-	-
	<u>27,844</u>	<u>27,973</u>	<u>14,203</u>	<u>19,162</u>

\* non-current assets other than financial instruments

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above for further details.

17. A breakdown of sales as follows:

<u>Group</u>	<b>FY2019</b> <b>S\$'000</b>	<b>FY2018</b> <b>S\$'000</b>	<b>Increase /</b> <b>(Decrease)</b> <b>%</b>
(a) Sales reported for first half year	9,433	13,223	(28.7)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(1,594)	(259)	515.4
(c) Sales reported for second half year	18,411	14,750	26.0
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	5,426	424	1,179.7

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

**Total Annual Dividend**

	<b>FY2019</b>	<b>FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary	635,400	-
Preference	-	-
<b>Total:</b>	<b>635,400</b>	<b>-</b>

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issue pursuant to Rule 704(10) in the format below. If there are no such persons, the issue must make an appropriate negative statement.**

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of any change in duties and position held, if any during the year
Christopher Low Chee Leng	48	Brother of Mr Low Chee Wee (CEO cum COO), son of Mdm Neo Peck Keow (Substantial Shareholder) and cousin of Mr Eddy Neo Chiang Swee (Executive Director)	Business Development Manager of the Company since 27 April 2016.  (Responsible for overseeing the Group's overseas business developments)	Nil
Low Chye Huek	62	Uncle of Mr Low Chee Wee (CEO cum COO) and Mr Christopher Low Chee Leng (Substantial Shareholder) and Mr Eddy Neo Chiang Swee (Executive Director)	Manager – Human Resources of the Company since 1 April 2002.  (Responsible for human resource which includes recruitment, performance management and staff welfare and training)	Nil
Leow Yuen Chuan	43	Brother-in-law of Mr Christopher Low Chee Leng (Substantial Shareholder)	Manager – Operations of the Company since 6 June 2012.  (Responsible for project co-ordination between clients and project team)	Nil

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Low Chee Wee**  
Chief Executive Officer

**Eddy Neo Chiang Swee**  
Executive Director

**28 February 2020**