



## **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”) 2020**

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 Catalist.

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.



## ES GROUP (HOLDINGS) LIMITED

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### 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		Increase/ (Decrease) %
	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000	
<b>Revenue</b>	17,533	27,844	(37.0)
Cost of services	(14,522)	(15,899)	(8.7)
<b>Gross profit</b>	<b>3,011</b>	<b>11,945</b>	<b>(74.8)</b>
Other operating income	5,697	1,689	237.3
Administrative expenses	(6,041)	(6,227)	(3.0)
Other operating expenses	(2,041)	(2,346)	(13.0)
Finance costs	(146)	(328)	(55.5)
<b>Profit before share of results from joint venture</b>	<b>480</b>	<b>4,733</b>	<b>(89.9)</b>
Share of results from joint venture	(17)	-	n/m
<b>Profit before income tax</b>	<b>463</b>	<b>4,733</b>	<b>(90.2)</b>
Income tax expense	(125)	(902)	(86.1)
<b>Profit for the year</b>	<b>338</b>	<b>3,831</b>	<b>(91.2)</b>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	29	55	(47.3)
<b>Total comprehensive income for the year</b>	<b>367</b>	<b>3,886</b>	<b>(90.6)</b>
<b>Profit / (Loss) attributable to:</b>			
Owners of the Company	984	4,659	(78.9)
Non-controlling interests	(646)	(828)	(22.0)
	338	3,831	(91.2)
<b>Total comprehensive income / (loss) attributable to:</b>			
Owners of the Company	990	4,688	(78.9)
Non-controlling interests	(623)	(802)	(22.3)
	367	3,886	(90.6)

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 FY2020 S\$'000	Audited FY2019 S\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment <sup>(1)</sup>	1,181	1,555	(24.1)
Gain on disposal of property, plant and equipment <sup>(2)</sup>	(1,401)	(7)	n/m
Impairment of property, plant & equipment <sup>(3)</sup>	-	800	(100.0)
Interest expense <sup>(4)</sup>	146	328	(55.5)
Interest income	(42)	(41)	2.4
Net foreign exchange loss / (gain) <sup>(5)</sup>	480	(61)	n/m
Property, plant and equipment written off	1	-	n/m
Loss / (Reversal of) allowance made for third party trade receivables <sup>(6)</sup>	256	(547)	n/m
Bad debts written off	-	33	(100.0)

n/m: not meaningful

#### Notes:

- (1) Depreciation of property, plant and equipment decreased by S\$0.4 million or 24.1% mainly due to the absence of depreciation charges for the Group's vessel, ES Bristol (the "Vessel"), which was disposed in February 2020.
- (2) Gain on disposal of property, plant and equipment of S\$1.4 million in FY2020 was in relation to the gain on disposal of the Vessel, which was completed in February 2020.
- (3) Impairment of property, plant and equipment of S\$0.8 million in FY2019 was in relation to the Group's other vessel. No such impairment was required in FY2020.
- (4) The decrease in interest expense of 55.5% in FY2020 was due to early repayment of higher interest bearing bank loans and lease liabilities.
- (5) Net foreign exchange gain or loss relates to changes in the relative value of assets denominated in foreign currencies. Net foreign exchange loss of S\$0.5 million was recorded in FY2020 mainly due to the weakening of USD against SGD, while net foreign exchange gain of S\$0.1 million was recorded in FY2019 mainly due to the strengthening of USD against SGD.
- (6) Loss allowance made for third party trade receivables of S\$0.3 million in FY2020 was provided mainly for new customers from the Group's ship supplies and land projects in the new building and repair segment, as the management anticipates low recovery of the outstanding amount.



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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 31/12/2020 S\$'000	Audited 31/12/2019 S\$'000	Unaudited 31/12/2020 S\$'000	Audited 31/12/2019 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	19,809	15,471	115	56
Fixed deposit pledged	343	448	-	-
Trade receivables	5,878	7,122	-	2
Contract assets	2,630	2,806	-	-
Other receivables	838	847	73	63
Amount due from subsidiaries	-	-	19,607	26,737
Inventories	457	513	-	-
Total current assets	29,955	27,207	19,795	26,858
Non-current assets classified as held for sale	-	4,036	-	-
	29,955	31,243	19,795	26,858
<b>Non-current assets</b>				
Deposits	6	7	-	-
Investments in subsidiaries	-	-	19,154	19,003
Investment in joint venture	233	-	-	-
Club membership	50	50	-	-
Property, plant and equipment	13,173	14,146	-	-
Total non-current assets	13,462	14,203	19,154	19,003
<b>Total assets</b>	<b>43,417</b>	<b>45,446</b>	<b>38,949</b>	<b>45,861</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank loans	757	1,337	-	-
Trade payables	935	1,178	-	-
Other payables	3,847	6,100	61	71
Amount due to subsidiaries	-	-	16,312	20,080
Lease liabilities	158	144	-	-
Income tax payable	360	903	-	-
Contract liabilities	77	-	-	-
Total current liabilities	6,134	9,662	16,373	20,151
<b>Non-current liabilities</b>				
Bank loans	4,243	3,663	-	-
Lease liabilities	766	887	-	-
Total non-current liabilities	5,009	4,550	-	-



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	<b>Group Unaudited 31/12/2020 S\$'000</b>	<b>Company Audited 31/12/2019 S\$'000</b>	<b>Unaudited 31/12/2020 S\$'000</b>	<b>Audited 31/12/2019 S\$'000</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	23,698	23,698	23,698	23,698
Retained earnings / (Accumulated losses)	26,640	26,282	(1,122)	2,012
Statutory surplus reserve	442	451	-	-
Currency translation reserve	(198)	(204)	-	-
Merger reserve	(18,570)	(18,570)	-	-
Equity attributable to owners of the Company	32,012	31,657	22,576	25,710
Non-controlling interests	262	(423)	-	-
Total equity	32,274	31,234	22,576	25,710
<b>Total liabilities and equity</b>	<b>43,417</b>	<b>45,446</b>	<b>38,949</b>	<b>45,861</b>

### 1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

#### Amount repayable in one year or less, or on demand

<b>Group as at 31/12/2020 Unaudited</b>		<b>Group as at 31/12/2019 Audited</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
915	-	1,481	-

#### Amount repayable after one year

<b>Group as at 31/12/2020 Unaudited</b>		<b>Group as at 31/12/2019 Audited</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,009	-	4,550	-

#### 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 lease liabilities 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 FY2020 S\$'000	Audited FY2019 S\$'000
<b>Operating activities</b>		
Profit before income tax	463	4,733
Adjustments for:		
Share of results from joint venture	17	-
Bad debts written off	-	33
Interest income	(42)	(41)
Interest expense	146	328
Property, plant and equipment written off	1	-
Impairment of property, plant & equipment	-	800
Loss / (Reversal of) allowance made for third party trade receivables	256	(547)
Depreciation of property, plant and equipment	1,181	1,555
Gain on disposal of property, plant and equipment	(1,401)	(7)
Operating cash flows before movements in working capital	621	6,854
Trade receivables	1,007	8,514
Contract assets	170	916
Other receivables	(9)	243
Inventories	56	(88)
Trade payables	(244)	(791)
Contract liabilities	77	-
Other payables	(2,126)	(1,177)
Cash (used in) / generated from operations	(448)	14,471
Interest received	42	41
Income tax paid	(668)	-
Net cash (used in) / generated from operating activities	(1,074)	14,512
<b>Investing activities</b>		
Additional investment in subsidiary from non-controlling interest	1,310	-
Investment in joint venture	(250)	-
Proceeds from disposal of property, plant and equipment	5,438	7
Purchases of property, plant and equipment (Note A)	(310)	(972)
Net cash generated from / (used in) investing activities	6,188	(965)
<b>Financing activities</b>		
Fixed deposit pledge	105	(347)
Interest paid	(146)	(328)
Dividend paid	(635)	-
Proceeds from term loans	4,000	1,000
Repayment of term loans	(4,000)	(5,371)
Repayment of obligations under lease liabilities	(107)	(127)
Net cash used in financing activities	(783)	(5,173)
Net increase in cash and cash equivalents	4,331	8,374
Cash and cash equivalents at the beginning of the year	15,471	7,027
Effects of exchange rate changes on the balance of cash held in foreign currencies	7	70
<b>Cash and cash equivalents at end of the year (Note B)</b>	<b>19,809</b>	<b>15,471</b>



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### Notes to consolidated statement of cash flows

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

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Purchases of property, plant and equipment	310	1,057
Less: Property, plant and equipment acquired under lease arrangements	-	(85)
	<u>310</u>	<u>972</u>

B) Cash and cash equivalents comprise:

	<b>As at</b>	<b>As at</b>
	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash at bank and on hand	13,928	8,495
Fixed deposits	6,224	7,424
Cash and cash equivalents in Statement of Financial Position	20,152	15,919
Fixed deposit pledged	(343)	(448)
Cash and cash equivalents in Statement of Cash Flows	<u>19,809</u>	<u>15,471</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 2020 (audited)	23,698	(204)	(18,570)	451	26,282	31,657	(423)	31,234
<u>Total comprehensive income for the year</u>								
- Profit / (Loss) for the year	-	-	-	-	984	984	(646)	338
- Other comprehensive income for the year	-	6	-	-	-	6	23	29
Total	-	6	-	-	984	990	(623)	367
Dividends	-	-	-	-	(635)	(635)	-	(635)
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	1,308	1,308
<u>Transactions with owners, recognised directly in equity</u>								
Appropriations	-	-	-	(9)	9	-	-	-
<b>Balance at 31 December 2020 (unaudited)</b>	<b>23,698</b>	<b>(198)</b>	<b>(18,570)</b>	<b>442</b>	<b>26,640</b>	<b>32,012</b>	<b>262</b>	<b>32,274</b>
Balance at 1 January 2019 (audited)	23,698	(233)	(18,570)	419	21,655	26,969	379	27,348
<u>Total comprehensive income for the year</u>								
- Profit / (Loss) for the year	-	-	-	-	4,659	4,659	(828)	3,831
- Other comprehensive income for the year	-	29	-	-	-	29	26	55
Total	-	29	-	-	4,659	4,688	(802)	3,886
<u>Transactions with owners, recognised directly in equity</u>								
Appropriations	-	-	-	32	(32)	-	-	-
<b>Balance at 31 December 2019 (audited)</b>	<b>23,698</b>	<b>(204)</b>	<b>(18,570)</b>	<b>451</b>	<b>26,282</b>	<b>31,657</b>	<b>(423)</b>	<b>31,234</b>





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	Share capital S\$'000	Retained earnings / (Accumulated losses) S\$'000	Total S\$'000
<b>Company</b>			
Balance at 1 January 2020 (audited)	23,698	2,012	25,710
Loss for the year, representing total comprehensive loss for the year	-	(2,499)	(2,499)
Dividends	-	(635)	(635)
Balance at 31 December 2020 (unaudited)	<u>23,698</u>	<u>(1,122)</u>	<u>22,576</u>
Balance at 1 January 2019 (audited)	23,698	1,526	25,224
Profit for the year, representing total comprehensive income for the year	-	486	486
Balance at 31 December 2019 (audited)	<u>23,698</u>	<u>2,012</u>	<u>25,710</u>



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- 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.**

	<u>Company</u>	
	No. of ordinary shares	Issued and paid-up share capital S\$
Balance as at 30 June 2020 and 31 December 2020	<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 2020 ("FY2020"). As at 31 December 2020 and 31 December 2019, 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.**

	<u>Company</u>	
	31/12/2020	31/12/2019
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.



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- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**
- Updates on the efforts taken to resolve each outstanding audit issue.**
  - 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 2019 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 FY2020 as its most recently audited financial statements for the financial year ended 31 December 2019.

- 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 2020. 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 FY2020.

- 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.**

	Group	
	Unaudited FY2020	Audited FY2019
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	0.70 cents	3.30 cents
(ii) On a fully diluted basis	0.70 cents	3.30 cents
Weighted average number of ordinary shares in issue	141,200,000	141,200,000

**Notes:-**

Earnings per ordinary share for FY2020 and FY2019 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 FY2020 and FY2019, 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.

	Group		Company	
	Unaudited 31/12/2020	Audited 31/12/2019	Unaudited 31/12/2020	Audited 31/12/2019
Net asset value per ordinary share based on the number of issued ordinary shares	22.67 cents <sup>(a)</sup>	22.42 cents <sup>(b)</sup>	15.99 cents <sup>(a)</sup>	18.21 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 2020 have been computed based on equity attributable to owners of the Company as at 31 December 2020 divided by the number of issued ordinary shares as at 31 December 2020.
- b) 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.

**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 by S\$10.3 million or 37.0%, to S\$17.5 million in FY2020 from S\$27.8 million in FY2019, due to the decrease in revenue contributed by both business segments of the Group, namely new building and repair segment of S\$9.3 million and shipping segment of S\$1.0 million.

Revenue from the Group's new building and repair segment decreased to S\$12.2 million in FY2020 (FY2019: S\$21.5 million) mainly due to the COVID-19 pandemic which resulted in the temporary closure of the Group's key customer's shipyard from April 2020 to June 2020 and most of the Group's foreign workers were not being able to work due to the imposed movement restriction measures by the Ministry of Manpower since 21 April 2020 to June 2020. In addition, there were ship conversion projects completed in prior year which resulted in significant amount of revenue recognised in FY2019. There were no such projects in FY2020.

Revenue from the Group's shipping segment decreased to S\$5.4 million in FY2020 (FY2019: S\$6.3 million) largely attributable to absence of revenue generated after the disposal of one of the Group's vessels, ES Bristol, in early February 2020, partially offset by the increase in revenue generated by another vessel, ES Aspire, as more voyages were being run in FY2020.

Revenue contribution from Singapore amounted to 91.8% and 98.4% of the Group's total revenue in FY2020 and FY2019, respectively, with the balance contributed by revenue from Thailand (FY2020: 4.4% and FY2019: Nil), Malaysia (FY2020: 2.3% and FY2019: 0.6%) and other countries. 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 FY2020 and FY2019. Please refer to the reasons set out above for the



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decrease in revenue contribution from Singapore in FY2020, as compared to FY2019. Revenue contribution from Thailand in FY2020 was in relation to a fabrication project which was secured and completed during the year. There was no such project in Thailand in FY2019. Revenue contribution from Malaysia increased in FY2020 as the Group expands its operations in Malaysia and managed to secure more jobs in FY2020, since the incorporation of the Group's subsidiary in Malaysia in 2018.

Gross profit decreased by S\$8.9 million or 74.8%, to S\$3.0 million in FY2020 from S\$11.9 million in FY2019. Gross profit margin decreased by 25.7 percentage points to 17.2% in FY2020, from 42.9% in FY2019. The decreases in gross profit and gross profit margin were mainly due to the following:

- a) a decrease in the Group's revenue and the Group having to continue to incur basic salary costs for its foreign workers despite the closure of the Group's key customer's shipyard, which resulted in a temporary halt of the Group's operations at the shipyard from April 2020 to June 2020; and
- b) in FY2019, there were collection and recognition of revenue of S\$7.8 million derived from final settlement of variation orders, while the associated cost had been recognised in previous financial years in line with accounting standards. This had led to a higher gross profit and gross profit margin being recorded in FY2019.

Other operating income increased by S\$4.0 million or 237.3%, to S\$5.7 million in FY2020 from S\$1.7 million in FY2019, mainly due to the following in FY2020 which were absent in FY2019:

- a) gain on disposal of the Vessel, ES Bristol, of S\$1.4 million;
- b) government subsidy of S\$2.3 million received under the Jobs Support Scheme and foreign worker levy rebate to provide wage support to employers during the COVID-19 pandemic; and
- c) insurance claim of S\$0.9 million received to compensate repair and maintenance cost of the Group's vessel, ES Aspire.

The impact of the above was partially offset by the absence of reversal of allowance made for third party trade receivables of S\$0.5 million in FY2020 as the Group managed to recover certain amounts due from customers in FY2019.

Administrative expenses decreased by S\$0.2 million or 3.0%, to S\$6.0 million in FY2020 from S\$6.2 million in FY2019, mainly due to adjustment of unrealised provision on annual leave and loss allowance made for third party trade receivables. In FY2020, loss allowance was made for third party trade receivables mainly due from the new customers from the Group's ship supplies and land projects in the new building and repair segment as the management of the Group anticipates low recovery of the outstanding amount.

Other operating expenses decreased by S\$0.3 million or 13.0%, to S\$2.0 million in FY2020 from S\$2.3 million in FY2019, mainly due to the absence of impairment charges on the Group's vessel of S\$0.8 million incurred in FY2019, partially offset by the net foreign exchange loss of S\$0.5 million recorded in FY2020 mainly due to the weakening of USD against SGD.

Finance costs decreased by S\$0.2 million or 55.5%, to S\$0.1 million in FY2020 from S\$0.3 million in FY2019 as a result of early repayment of higher interest bearing bank loans and lease liabilities.

Income tax expense of S\$0.1 million was incurred in FY2020, as compared to S\$0.9 million in FY2019 due to lower taxable profit recorded in FY2020.

As a result of the above, the Group recorded a net profit of S\$0.3 million in FY2020, as compared to S\$3.8 million in FY2019. Net profit attributable to owners of the Company was S\$1.0 million in FY2020, as compared to S\$4.7 million in FY2019.



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

The Group recorded improved positive working capital (current assets less current liabilities) of S\$23.8 million as at 31 December 2020, as compared to S\$21.6 million as at 31 December 2019.

#### Assets

##### Current assets

The Group's current assets decreased by S\$1.3 million, to S\$29.9 million as at 31 December 2020 from S\$31.2 million as at 31 December 2019, mainly due to:

- a) a decrease in trade receivables of S\$1.2 million, which was largely in line with the reduction in revenue in FY2020;
- b) a decrease in contract assets of S\$0.2 million as there were lesser completed work pending for billings; and
- c) a reduction in non-current assets classified as held for sale of S\$4.0 million as the sale of the Vessel was completed in February 2020.

The decrease was partially offset by:

- a) an increase in cash and cash equivalents of S\$4.3 million attributable mainly to the receipt of the balance 90% proceeds of S\$5.0 million from the sale of the Vessel, ES Bristol, and drawdown of S\$4.0 million temporary bridging loan. The cash inflow was partially offset by repayment of S\$4.0 million bank loan that included loan for financing property, vessel and working capital. Please refer to the section (c) below on "Review of Statement of Cash Flows of the Group" for details on the movement of cash and cash equivalents.

##### Non-current assets

Non-current assets decreased by S\$0.7 million, to S\$13.5 million as at 31 December 2020 from S\$14.2 million as at 31 December 2019. This was due to the decrease in property, plant and equipment of S\$1.0 million due mainly to the absence of impairment required on the Group's vessel in FY2020 (FY2019: S\$0.8 million), partially offset by an increase in investment in joint venture of S\$0.2 million.

The Group acquired a 51% shareholding interest in ProXess Engineering Pte Ltd ("ProXess") on 1 October 2020. Even though the Group holds a majority shareholding interest in ProXess, the terms and conditions from the joint venture agreement dictates a joint control of the affairs of ProXess between the Group and the other shareholder under a joint arrangement stipulated in a sale and purchase agreement. Accordingly, the Group's investment in ProXess is considered as an investment in a joint venture of the Group.

#### Liabilities

##### Current liabilities

Current liabilities decreased by S\$3.5 million, to S\$6.1 million as at 31 December 2020 from S\$9.6 million as at 31 December 2019. This was mainly attributable to:

- a) a decrease in other payables of S\$2.2 million, as a result of (i) recapitalisation exercise carried out in ES Offshore and Marine Engineering (Thailand) Co., Ltd. ("ESOT") to increase its issued share capital, which reduced other payables by S\$1.3 million. The consideration for the recapitalisation exercise was satisfied in full from the amount owing by ESOT to the Group and non-controlling interest of ESOT; and (ii) higher other payables recorded in FY2019 as the amount included the 10% upfront payment, amounting to S\$0.6 million, received by the Group for the disposal of the Vessel, ES Bristol;

- b) the repayment of bank loans of S\$0.6 million;
- c) a decrease in trade payables of S\$0.2 million due to lower purchases of consumables; and
- d) a decrease in provision for income tax payable of S\$0.5 million, in line with the lower taxable profit recorded in FY2020.

Non-current liabilities

Non-current liabilities increased by S\$0.5 million, to S\$5.0 million as at 31 December 2020 from S\$4.5 million as at 31 December 2019, due to drawdown of government subsidised temporary bridging loans, partially offset by early repayment of higher interest bearing bank loans and lease liabilities.

**Equity**

As a result of the above, total equity of the Group improved by S\$1.0 million, to S\$32.2 million as at 31 December 2020 from S\$31.2 million as at 31 December 2019. The Group's equity attributable to owners of the Company increased by S\$0.3 million, to S\$32.0 million as at 31 December 2020 from S\$31.7 million as at 31 December 2019.

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

In FY2020, net cash used in operating activities amounted to S\$1.1 million, due to (i) operating cash inflow before changes in working capital of S\$0.6 million; (ii) net cash used in operations of S\$1.1 million; and (iii) income tax paid of S\$0.7 million.

The net cash used in operations of S\$1.1 million in FY2020 was mainly due to:

- a) a decrease in other payables of S\$2.1 million (cash outflow); and
- b) a decrease in trade payables of S\$0.2 million (cash outflow),

partially offset by:

- a) a decrease in trade receivables of S\$1.0 million (cash inflow); and
- b) a decrease in contract assets of S\$0.2 million (cash inflow).

Net cash generated from investing activities was mainly due to receipt of S\$5.0 million and S\$1.3 million, from the disposal of the Vessel, ES Bristol, and the recapitalisation exercise carried out in ESOT, respectively, partially offset by the purchases of property, plant and equipment of S\$0.3 million and an investment in joint venture (i.e. ProXess) of S\$0.2 million.

Net cash used in financing activities of S\$0.8 million in FY2020 was due to (i) net repayment of bank loans and lease liabilities of S\$0.2 million; and (ii) dividend payment of S\$0.6 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\$4.3 million, to S\$19.8 million as at 31 December 2020 from S\$15.5 million as at 31 December 2019.

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

No applicable. No forecast or prospect statement had been previously disclosed to shareholders.



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### 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.

As announced by the Company on 4 February 2021, the Group had on the same day entered into a Memorandum of Agreement to acquire an oil product tanker. Every action is taken by the Company to achieve the timeline to complete the acquisition in 2021.

The COVID-19 pandemic had adversely impacted the Group's business activities in all divisions except chartering for FY2020. As at the date of this announcement, with approval to work obtained from Ministry of Manpower, close to full force of the Group's workers have resumed to work. The COVID-19 pandemic has presented unprecedented challenges across the globe. Global market is expected to continue to be volatile and uncertain.

Escalated situation in Myanmar also compelled the Group to undertake a cautionary approach on its expansion and engineering projects in Myanmar.

Despite the challenging business environment, the Group continues to explore opportunities to diversify and mitigate risk, both locally and overseas. The Group also continues to remain cautious by monitoring the global economic situation, conserving cash and being prudent with on-going cost management efforts as well as seizing opportunities in order to recover and rebound from the COVID-19 pandemic.

### 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 2021, the Directors are pleased to propose a one-tier tax-exempt first and final dividend of 0.25 Singapore cents per ordinary share for FY2020.

<b>Name of Dividend</b>	First and Final
<b>Dividend Type</b>	Cash
<b>Dividend Amount per ordinary share</b>	0.25 Singapore 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?

Yes, one-tier tax-exempt first and final, and special dividends aggregating to 0.45 Singapore cents per ordinary share was declared and paid for FY2019.

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

#### (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 2021.





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**(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)
Low Chye Hin - Provision of consultancy services and allowance	Low Chye Hin, the Group's consultant, is the father of Low Chee Wee (Executive Director, Chief Executive Officer ("CEO") and Chief Operating Officer ("COO") of the Company).	S\$'000  204	S\$'000  -
<b>Total</b>		<b>204</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.



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**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>FY2020</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>			
Segment revenue	12,162	5,371	17,533
<b>Results</b>			
Gross profit	2,800	211	3,011
Other operating income			5,697
Administrative expenses			(6,041)
Other operating expenses			(2,041)
Finance costs			(146)
Profit before share of results from joint venture			480
Share of results from joint venture			(17)
Profit before income tax			463
Income tax expense			(125)
Profit for the year			338
<b>Other information</b>			
Capital expenditure			310
Depreciation of property, plant and equipment		340 (a)	1,181
<b>Assets and Liabilities</b>			
Segment assets	12,652	5,297	17,949
Unallocated corporate assets			25,468
Total assets			43,417
Segment liabilities	195	1,148	1,343
Unallocated corporate liabilities			9,800
Total liabilities			11,143

- (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.



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	New building and repair S\$'000	Shipping S\$'000	Total S\$'000
<b>FY2019</b>			
<b>Revenue</b>			
Segment revenue	21,497	6,347	27,844
<b>Results</b>			
Gross profit / (loss)	12,155	(210)	11,945
Other operating income			1,689
Administrative expenses			(6,227)
Other operating expenses			(2,346)
Finance costs			(328)
Profit before income tax			4,733
Income tax expense			(902)
Profit for the year			3,831
<b>Other information</b>			
Capital expenditure			1,057
Impairment of property, plant and equipment	-	800	800
Depreciation of property, plant and equipment	-	614 (a)	1,555
<b>Assets and Liabilities</b>			
Segment assets	14,614	9,611	24,225
Unallocated corporate assets			21,221
Total assets			45,446
Segment liabilities	70	1,673	1,743
Unallocated corporate liabilities			12,469
Total liabilities			14,212

(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 five main geographical areas, namely Singapore (country of domicile), Thailand, the People's Republic of China ("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*	
	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000
Singapore	16,098	27,386	8,850	9,219
Thailand	763	-	4,566	4,934
PRC	199	188	6	5
Malaysia	411	180	7	6
Myanmar	62	90	27	32
	<u>17,533</u>	<u>27,844</u>	<u>13,456</u>	<u>14,196</u>

\* non-current assets other than financial instruments



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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>	FY 2020 S\$'000	FY 2019 S\$'000	Increase / (Decrease) %
(a) Sales reported for first half year	8,878	9,433	(5.9)
(b) Operating profit / (loss) after tax before deducting non-controlling interests reported for the first half year	414	(1,594)	n/m
(c) Sales reported for second half year	8,655	18,411	(53.0)
(d) Operating (loss) / profit after tax before deducting non-controlling interests reported for second half year	(76)	5,425	n/m

n/m: not meaningful

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

	FY2020 S\$'000	FY2019 S\$'000
Ordinary	353	635
Preference	-	-
<b>Total:</b>	<b>353</b>	<b>635</b>



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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	49	Brother of Mr Low Chee Wee (Executive Director, CEO and 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	63	Uncle of Mr Low Chee Wee (Executive Director, CEO and 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	44	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

25 February 2021