

PROPOSED ACQUISITION OF A VESSEL

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of ES Group (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that ES Chartering Pte. Ltd. (the “**Buyer**”, being the Company’s wholly-owned subsidiary) had, on 4 February 2021, entered into a Memorandum of Agreement (the “**MOA**”) with Aulac Corporation (an unrelated third party) (the “**Seller**”, and together with the Buyer, the “**Parties**”) in relation to the proposed acquisition of a vessel (the “**Vessel**”) from the Seller (the “**Proposed Acquisition**”).

2. INFORMATION ON THE VESSEL

The Vessel is a Vietnamese flagged oil product tanker with a cargo capacity of 13,654 DWT (deadweight tonnage) that was built in China in 2008.

3. INFORMATION ON THE SELLER

The Seller is a Vietnamese tanker operator that trades predominately with Vietnamese Oil majors and largely in Vietnamese waters and vicinity ASEAN regions.

As at the date of this announcement, none of the Seller, its directors and shareholders and their respective associates (i) holds, directly or indirectly, any shares in the capital of the Company (the “**Shares**”); and (ii) is related to the Company, the Group, the Directors or controlling shareholders of the Company and their respective associates.

4. THE PROPOSED ACQUISITION

4.1 Consideration

Pursuant to the MOA, the Vessel shall be acquired by the Buyer without any encumbrance and underlying chartering contract. The purchase consideration of the Vessel is US\$4.15 million (equivalent to approximately S\$5.52 million¹) (the “**Consideration**”), to be satisfied fully in cash.

The Consideration was determined based on arm’s length negotiations and arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, the fair market value of the Vessel based on an independent desktop valuation report commissioned by the Group (the “**Valuation Report**”). Please refer to Section 7.1 below for more information on the Valuation Report.

The Proposed Acquisition will be funded primarily by internal funds and the balance by external borrowings.

¹ Based on an exchange rate of US\$1 : S\$1.3309.

4.2 Salient terms of the MOA

The Parties are adopting the Norwegian Sale Form (NSF) as a basis to formalise the MOA, which prescribed an initial deposit of 10% of the Consideration to be credited into a designated escrow account within three banking days after the signing of the MOA.

Upon signing of the MOA, the Group will (i) carry out physical inspection of the Vessel (including underwater inspections); and (ii) review relevant documents of the Vessel, including among others, records, class certifications, insurance policies and certificates of compliance.

Once the abovementioned due diligence is done to the satisfaction of the Group, a written notice of readiness for delivery of the Vessel is given and the Parties will mutually agree on the date of the closing meeting.

On the day of the closing meeting, the Vessel will be physically delivered to the Group and the balance 90% of the Consideration will be settled by depositing into the designated escrow account.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Company had, in February 2020, completed the disposal of a vessel, which is a Singapore flagged bunker craft tanker, in view of exiting the bunker tanker industry to focus on ocean-going vessels such as oil product tanker. The Group currently owns a vessel, which is a Singapore flagged oil product tanker. The Proposed Acquisition is intended for the Group to create a fleet of ocean-going vessels and expand its shipping business segment.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) in respect of the Proposed Acquisition and based on the latest announced unaudited consolidated financial statements of the Group for the six-month financial period ended 30 June 2020 (“**HY2020**”) are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the Vessel, as compared with the Group’s net asset value	Not applicable ⁽¹⁾
(b)	Net profits attributable to the Vessel acquired, as compared with the Group’s net profits	Not applicable ⁽²⁾
(c)	Aggregate value of the Consideration given, as compared to the Company’s market capitalisation	55.80% ⁽³⁾
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, as compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, as compared with the aggregate of the Group’s proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, “**Net profits**” is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

Rule 1006(b) of the Catalist Rules is not applicable as the Group is acquiring the Vessel without any encumbrance and underlying chartering contract, and as such, no net profits is attributable to the Vessel.

- (3) Computed based on the Consideration of US\$4.15 million (equivalent to approximately S\$5.52 million²) and the Company's market capitalisation of approximately S\$9,898,120. The market capitalisation of the Company was computed based on the issued share capital of the Company of 141,200,000 Shares and the volume weighted average price of S\$0.0701 per Share on 2 February 2021 (being the last day on which the Shares were traded on the SGX-ST preceding the date of the Agreement).
- (4) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities are to be issued by the Company as part of the Consideration.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed based on Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 75%, the Proposed Acquisition constitutes a “discloseable transaction” within the meaning of Rule 1015 of the Catalist Rules.

7. FINANCIAL INFORMATION

7.1 Independent Valuation of the Vessel

According to the Valuation Report, the estimated fair market value of the Vessel as at 29 January 2021 would be in the region of US\$4,200,000, taking into consideration (i) the type, size, main and auxiliary machinery fitted on board and other specifications of the Vessel; (ii) the age of the Vessel and her future economic life expectancy; (iii) the supply and demand for this type and size in the sale and purchase market; and (iv) the condition of the Vessel's hull and equipment/outfitting.

7.2 Financial effects of the Proposed Acquisition

The *pro forma* financial effects of the Proposed Acquisition on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company or the Group after the completion of the Proposed Acquisition.

The *pro forma* financial effects of the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”), and on the following bases and assumptions:

- (i) the financial effect on the consolidated net tangible assets (“**NTA**”) per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2019;

² Based on an exchange rate of US\$1 : S\$1.3309.

- (ii) the financial effect on the consolidated earnings per share (“EPS”) is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2019; and
- (iii) the expenses to be incurred in connection with the Proposed Acquisition are estimated to be approximately S\$20,000.

(a) NTA

The financial effect of the Proposed Acquisition on the NTA per Share as at 31 December 2019 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾ of the Group as at 31 December 2019 (S\$'000)	31,656	31,656
Number of issued Shares ('000)	141,200	141,200
NTA per Share (cents)	22.42	22.42

Note:

- (1) NTA means total assets (minus any intangible assets) less the sum of total liabilities, and non-controlling interests.

(b) EPS

The financial effect of the Proposed Acquisition on the EPS for FY2019 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to owners of the Company for FY2019 (S\$'000)	4,658	4,638
Weighted average number of Shares (excluding treasury Shares) ('000)	141,200	141,200
EPS (cents)	3.30	3.28

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates (as defined in the Catalist Rules), has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

9. SERVICE CONTRACTS

No person will be appointed as a Director to the Board in connection with the Proposed Acquisition. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

10. GENERAL

A copy of the Agreement and the Valuation Report is available for inspection at the registered office of the Company at 8 Ubi Road 2 #06-26 Zervex Singapore 408538 during normal business hours for a period of three months from the date of this announcement.

Further announcements in relation to the Proposed Acquisition will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

ES GROUP (HOLDINGS) LIMITED

LOW CHEE WEE
Executive Director and Chief Executive Officer
4 February 2021

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.