

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

PROPOSED DISPOSAL 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 Shipping Pte. Ltd. (the “**Seller**”, being the Company’s wholly-owned subsidiary) had, on 28 November 2019, entered into a binding Memorandum of Agreement (the “**Agreement**”) with a major local bunker supplier (the “**Buyer**”) in relation to the proposed disposal of a vessel, namely ES Bristol (the “**Vessel**”) (the “**Proposed Disposal**”).

Unless otherwise stated, all currency translations of Singapore dollars (“**S\$**”) and United States dollars (“**US\$**”) used in this announcement are based on an exchange rate of S\$1.00 : US\$1.36.

2. INFORMATION ABOUT THE VESSEL

The Vessel is a Singapore flagged bunker craft tanker with a capacity of 3,590 deadweight tonnage which was built by the Group in 2012.

3. INFORMATION ABOUT THE BUYER

The Buyer is a major bunker supplier with more than 22 years of operations in Singapore, whose principal activity is to supply bunker for large vessels docked in Singapore. The Buyer intends to acquire the Vessel to operate as a bunker carrier in Singapore and expand its fleet of vessels.

As at the date of this announcement, none of the Buyer, 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 Directors or controlling shareholders of the Company and their respective associates.

4. THE PROPOSED DISPOSAL

4.1 Consideration

Pursuant to Agreement, the consideration for the Vessel is US\$4,020,000 (equivalent to approximately S\$5,467,000) (the “**Consideration**”), to be satisfied fully in cash.

The Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the age and existing conditions of the Vessel, as well as the fair market value of the Vessel based on an independent desktop valuation report commissioned by the Seller (the “**Valuation Report**”). According to the Valuation Report, the fair market value of the Vessel as at 22 November 2019 is S\$5,000,000 to S\$5,500,000, based on the estimated replacement cost of similar size bunker vessels or net present value derived from anticipated income of the Vessel for its remaining useful life of seven years, whichever is higher, and taking into consideration a fair depreciation of between 4% and 5% per year for seven years.

The Consideration shall be payable in the following manner:

- (a) a deposit of US\$402,000 (equivalent to approximately S\$547,000), representing 10% of the Consideration, which had been paid by the Buyer to the Seller on the date of the Agreement; and
- (b) the balance of US\$3,618,000 (equivalent to approximately S\$4,920,000), representing 90% of the Consideration, shall be payable by the Buyer to the Seller on the date of the delivery of the Vessel (which is also the date of completion of the Proposed Disposal).

4.2 Salient terms of the Agreement

The Agreement is in accordance with the Singapore Ship Sale Form 2011 prescribed by the Singapore Maritime Foundation for the sale and purchase of second-hand vessels, and does not contain any unusual terms or conditions which are inconsistent with the usual terms and conditions for such sale and purchase of second-hand vessel.

Pursuant to the Agreement, the delivery of the Vessel, and accordingly, the completion of the Proposed Disposal, shall take place on or before 15 February 2020.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Company believes that the Proposed Disposal would allow the Company to free up cash and redeploy its capital for other business activities of the Group, and in furtherance of the Company's ongoing objective of sourcing for alternative sustainable sources of revenue and improving returns to the Company's shareholders (the "**Shareholders**").

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 Disposal and based on the latest announced unaudited consolidated financial statements of the Group for the six-month financial period ended 30 June 2019 ("**HY2019**") are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the Vessel, as compared with the Group's net asset value	15.6% ⁽¹⁾
(b)	Net profits attributable to the Vessel, as compared with the Group's net profits	Not meaningful ⁽²⁾
(c)	Aggregate value of the Consideration received, as compared to the Company's market capitalisation	193.6% ⁽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) Computed based on the latest announced unaudited net asset value of the Vessel of approximately S\$4.04 million, and net asset value of the Group of approximately S\$25.79 million, as at 30 June 2019.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, “**Net Profits**” is defined to be profit or loss before income tax, minority interests and extraordinary items. As the Group made a loss before income tax, minority interests and extraordinary items of approximately S\$1.22 million for HY2019, the relative figure computed under Rule 1006(b) of the Catalist Rules would be negative, and hence is not meaningful.
- (3) Computed based on the Consideration of US\$4.02 million (equivalent to approximately S\$5.47 million) and the Company’s market capitalisation of approximately S\$2.82 million. 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\$0.02 per Share on 26 November 2019 (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 to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil or gas company.

Having regard to the above, as the relative figure computed based on Rule 1006(c) of the Catalist Rules exceeds 50%, the Proposed Disposal would constitute a “major transaction” under Rule 1014 of the Catalist Rules and will be subject to the approval of Shareholders at a general meeting. Notwithstanding the above, in view of Practice Note 10A of the Catalist Rules, the Company, through its sponsor, will be consulting the SGX-ST on seeking a waiver from compliance with Rule 1014(2) of the Catalist Rules on the requirement to seek Shareholders’ approval for the Proposed Disposal (the “**Waiver Application**”). The Company will make the necessary announcements as and when appropriate to update the Shareholders on the outcome of the Waiver Application.

7. FINANCIAL INFORMATION

7.1 Revenue and net profits¹ attributable to the Vessel

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2018 (“**FY2018**”), the revenue and profit before income tax, minority interests and extraordinary items attributable to the Vessel was S\$1.34 million and approximately S\$61,000 respectively for FY2018.

Based on the latest announced unaudited consolidated financial statements of the Group for HY2019, the revenue and profit before income tax, minority interests and extraordinary items attributable to the Vessel was S\$0.76 million and approximately S\$38,000 respectively for HY2019.

7.2 Book value of the Vessel and excess of Consideration over book value

Based on the unaudited consolidated financial statements of the Group for HY2019, the book value of the Vessel as at 30 June 2019 amounted to approximately S\$4.04 million. The excess of the Consideration over the book value of the Vessel will amount to approximately S\$1.43 million. After deducting estimated expenses in connection with the Proposed Disposal of approximately S\$175,000, the Group will record a net gain on the Proposed Disposal of approximately S\$1.26 million.

¹ Under Rule 1002(3)(b) of the Catalist Rules, “**Net Profits**” is defined to be profit or loss before income tax, minority interests and extraordinary items.

7.3 Use of net proceeds from the Proposed Disposal

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses in connection with the Proposed Disposal of approximately S\$175,000, is approximately US\$3.89 million (equivalent to S\$5.29 million) (the “**Net Proceeds**”).

The Company intends to utilise the Net Proceeds for general working capital requirements of the Group.

7.4 Financial effects of the Proposed Disposal

The *pro forma* financial effects of the Proposed Disposal 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 Disposal.

The *pro forma* financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for FY2018, 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 Disposal was completed on 31 December 2018;
- (ii) the financial effect on the consolidated earnings per share (“**EPS**”) is computed based on the assumption that the Proposed Disposal was completed on 1 January 2018; and
- (iii) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S\$175,000.

(a) NTA per Share

The financial effect of the Proposed Disposal on the NTA per share as at 31 December 2018 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ of the Group as at 31 December 2018 (S\$'000)	26,969	28,100
Number of issued Shares ('000)	141,200	141,200
NTA per Share (cents)	19.10	19.90

Note:

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

(b) EPS

The financial effect of the Proposed Disposal on the EPS for FY2018 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to Shareholders for FY2018 (S\$'000)	969	2,188
Weighted average number of Shares (excluding treasury Shares) ('000)	141,200	141,200
EPS (cents)	0.69	1.55

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the controlling Shareholders and their respective associates, has any interest, direct or indirect, in the Proposed Disposal (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 Disposal. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the Valuation Report is available for inspection at the Company's registered office at #06-26 Ubi Road 2, Singapore 408538 during normal business hours for a period of three (3) months from the date of this announcement.

11. FURTHER ANNOUNCEMENTS ON THE PROPOSED DISPOSAL

Further announcements in relation to the Proposed Disposal 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
28 November 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 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.