

ADDENDUM DATED 11 APRIL 2022

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in doubt about the contents herein or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Addendum under the section entitled "DEFINITIONS".

This Addendum is circulated to Shareholders of ES Group (Holdings) Limited (the "**Company**"), together with the Notice of 2022 AGM. The purpose of this Addendum is to provide Shareholders with relevant information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors from BDO LLP to Mazars LLP to be tabled at the 2022 AGM to be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m..

The Ordinary Resolutions proposed to be passed in relation to the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors are set out as Ordinary Resolution 6 and Ordinary Resolution 5 respectively in the Notice of 2022 AGM.

This Addendum has been prepared by the Company and its contents have been reviewed by the Sponsor, ZICO Capital Pte. Ltd., in accordance with Rule 226(2)(b) of the Catalist Rules.

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

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.



ES GROUP (HOLDINGS) LIMITED
(Incorporated in the Republic of Singapore on 19 August 2004)
(Company Registration No. 200410497Z)

ADDENDUM TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE; AND**
- (2) THE PROPOSED CHANGE OF AUDITORS FROM BDO LLP TO MAZARS LLP**

DEFINITIONS

For the purpose of this Addendum, the following definitions shall apply throughout, unless the context otherwise requires or unless otherwise stated:

- “2022 AGM” : The AGM to be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m.
- “Accountants Act” : The Accountants Act 2004 of Singapore, as amended, supplemented or modified from time to time
- “ACRA” : The Accounting and Corporate Regulatory Authority of Singapore
- “Addendum” : This addendum to the Notice of 2022 AGM in relation to the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors from BDO LLP to Mazars LLP
- “AGM” : The annual general meeting of the Company
- “Annual Report 2021” : The Company’s annual report for the financial year ended 31 December 2021
- “Approval Date” : Has the meaning ascribed to it in Section 2.1 of this Addendum
- “Associates” : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Audit Committee” : The audit and risk committee of the Company as at the date of this Addendum
- “Auditors” : The independent auditors of the Company from time to time
- “BDO” : BDO LLP

“Board”	: The board of Directors of the Company as at the date of this Addendum or from time to time, as the case may be
“Catalist”	: The Catalist board of the SGX-ST
“Catalist Rules”	: The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time
“CDP”	: The Central Depository (Pte) Limited
“Companies Act”	: The Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time
“Company”	: ES Group (Holdings) Limited
“Constitution”	: The Constitution of the Company, as amended, supplemented or modified from time to time
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in the Company (notwithstanding, the SGX-ST may determine that a person who satisfies paragraph (a) is not a Controlling Shareholder); or (b) in fact exercises control over the Company
“Council”	: The Securities Industry Council of Singapore
“Directors”	: The directors of the Company as at the date of this Addendum
“EPS”	: Earnings per Share
“FY”	: Financial year ended or, as the case may be, ending 31 December
“Group”	: The Company and its Subsidiaries
“Latest Practicable Date”	: 21 March 2022, being the latest practicable date prior to the date of issue of this Addendum
“LPS”	: Loss per Share
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Market Purchase”	: Has the meaning ascribed to it in Section 2.3.3 of this Addendum
“Maximum Price”	: Has the meaning ascribed to it in Section 2.3.4 of this Addendum
“Mazars”	: Mazars LLP
“Notice of 2022 AGM”	: The notice of AGM dated 11 April 2022
“NTA”	: Net tangible assets

“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Addendum
“Ordinary Resolution(s)”	:	The ordinary resolution(s) as set out in the Notice of 2022 AGM
“Proposed Change of Auditors”	:	The proposed change of Auditors from BDO to Mazars, further details of which are set out in Section 3 of this Addendum
“Proxy Form”	:	The proxy form attached to the Notice of 2022 AGM
“Relevant Period”	:	The period commencing from the date on which the ordinary resolution in relation to the renewal of the proposed Share Buy-back Mandate is passed in a general meeting and expiring on the earliest of (i) the date on which the next AGM is held or is required by law to be held, (ii) the date on which the Share Buy-backs are carried out to the full extent mandated, or (iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting
“Securities Account”	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	:	Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-back(s)”	:	The purchase(s) or acquisition(s) of Shares by the Company pursuant to the terms of the Share Buy-back Mandate
“Share Buy-back Mandate”	:	The general mandate given by Shareholders to enable the Company to purchase or otherwise acquire its Shares within the Relevant Period, in accordance with, and in the manner prescribed by, the Companies Act, the Constitution, the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. The terms of which are set out in Section 2.3 of this Addendum
“Shareholders”	:	Persons who are registered as holders of the Shares in the Register of Members maintained by the Company, except where the registered holder is CDP, in which case, the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Subsidiaries”	:	The subsidiaries of the Company

“Substantial Shareholders” : A person who has an interest or interests in voting Shares in the Company representing not less than 5.0% of all the voting Shares in the Company

“Take-over Code” : The Singapore Code on Take-overs and Mergers, as may be amended, supplemented or modified from time to time

Currencies and others

“S\$” and “cents” : Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

“%” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Companies Act.

The term “**subsidiary holdings**” shall have the meaning ascribed to it in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term or word defined under the Securities and Futures Act, the Companies Act, the Take-over Code, the Catalist Rules or any statutory or regulatory modification thereof and used in this Addendum shall, where applicable, have the same meaning ascribed to it under the Securities and Futures Act, the Companies Act, the Take-over Code, the Catalist Rules or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Addendum may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Addendum is made by reference to Singapore time and date respectively, unless otherwise stated.

ES GROUP (HOLDINGS) LIMITED
(Incorporated in the Republic of Singapore on 19 August 2004)
(Company Registration No. 200410497Z)

LETTER TO SHAREHOLDERS

Directors:

Ong Beng Chye (*Non-Executive Chairman and Independent Director*)
Low Chee Wee (*Executive Director, Chief Executive Officer and Chief Operating Officer*)
Eddy Neo Chiang Swee (*Executive Director (Development)*)
Joanne Khoo Su Nee (*Independent Non-Executive Director*)
Jens Rasmussen (*Non-Independent Non-Executive Director*)

Registered Office:

8 Ubi Road 2
#06-26 Zervex
Singapore 408538

11 April 2022

To: The Shareholders of ES Group (Holdings) Limited

Dear Shareholder,

(1) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE: AND

(2) THE PROPOSED CHANGE OF AUDITORS FROM BDO LLP TO MAZARS LLP

1. INTRODUCTION

- 1.1 The Board is proposing to seek the approval of Shareholders at the 2022 AGM in relation to the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors.
- 1.2 The purpose of this Addendum is to provide Shareholders with information relating to the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors as well as the rationale thereof, and to seek Shareholders' approval for the same at the 2022 AGM to be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m.. The Notice of 2022 AGM is set out on pages 130 to 138 of the Annual Report 2021.
- 1.3 Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Addendum, including the correctness of any of the statements or opinions made or reports contained in this Addendum.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Introduction

Shareholders' approval is being sought under Ordinary Resolution 6 of the Notice of 2022 AGM for the proposed renewal of the Share Buy-back Mandate at the 2022 AGM, to enable the Company to undertake Share Buy-backs.

If the proposed renewal of the Share Buy-back Mandate is approved by Shareholders, the Share Buy-back Mandate will take effect from the date of the 2022 AGM (or adjournment thereof) ("**Approval Date**") and will continue in force until the date on which the next AGM is held or is required by law to be held, unless prior thereto, the Share Buy-backs are carried out to the full extent mandated or the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting. The Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM.

The purchase or acquisition of Shares by the Company pursuant to the Share Buy-back

Mandate will have to be made in accordance with the Companies Act, the Constitution, the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. The Constitution expressly permits the Company to purchase or otherwise acquire its Shares.

2.2 Rationale

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. By obtaining a Share Buy-back Mandate, the Company will have the flexibility to undertake Share Buy-backs at any time, subject to market conditions, during the period when the Share Buy-back Mandate is in force. A Share Buy-back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share Buy-backs provide the Company with a mechanism to facilitate the return to Shareholders of surplus cash over and above its financial needs and/or ordinary capital requirements in an expedient, effective and cost-efficient manner. Share Buy-backs will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA per Share.

The Directors believe that Share Buy-backs by the Company will help mitigate short-term market volatility in the Company's Share price, offset the effects of short-term Share price speculation and bolster Shareholders' confidence.

In addition, subject to the Companies Act, the Share Buy-back Mandate may be used to purchase or acquire Shares which may then be held as treasury shares.

If and when circumstances permit, the Directors will decide (i) whether to effect the Share Buy-backs via Market Purchases or Off-Market Purchases; and (ii) whether the Shares purchased or acquired should be held as treasury shares or cancelled, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate will only be made as and when the Directors consider it to be in the best interest of the Company and its Shareholders and in circumstances which they believe will not result in any material adverse effect on the liquidity and orderly trading of the Shares and the financial position of the Company and the Group, taking into account the capital expenditure and the working capital requirements of the Company and the Group or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company and the Group. Shareholders should also note that the purchases or acquisitions of Shares may not be carried out to the full extent mandated.

2.3 Terms of the Share Buy-back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-back Mandate, if renewed at the 2022 AGM, are summarised below:

2.3.1 Maximum number of shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is limited to that number of Shares representing not more than 10.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Approval Date, unless the Company has effected a reduction of its share capital by way of a special resolution under Section 78C of the Companies Act or the Court has made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the Court, as the case may be (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time). For

purpose of calculating the percentage of the issued Shares referred to above, Shares which are held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as the Latest Practicable Date comprising 141,200,000 Shares, and assuming that (i) no further new Shares are issued; (ii) no further Shares purchased or acquired and held as treasury shares; and (iii) no Shares are held as subsidiary holdings, on or prior to the 2022 AGM, not more than 14,120,000 Shares (representing 10.0% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate. As at the Latest Practicable Date, the Company does not have any treasury shares and subsidiary holdings.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (a) the date on which the next AGM is held or is required by law to be held;
- (b) the date on which the Share Buy-backs are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting.

The Share Buy-back Mandate may be renewed by Shareholders at each subsequent AGM or any other general meeting of the Company.

2.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchase**"), transacted on the Catalist through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the Catalist) in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules.

Under the Companies Act, an Off-Market Purchase on an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

- (iii) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buy-backs;
- (d) the consequences, if any, of the Share Buy-backs that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buy-backs, if made, could affect the listing of the Shares on the Catalist;
- (f) details of any Share Buy-backs made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Buy-backs, where relevant, and the total consideration paid for the Share Buy-backs; and
- (g) whether the Shares purchased by the Company would be cancelled or kept as treasury shares.

2.3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 5.0% above the Average Closing Price (as defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 20.0% above the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"Average Closing Price" means the average of the closing market prices of the Shares for the last 5 Market Days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company, or as the case may be, the Offer Date (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action occurring during the relevant 5 Market Days period and the day on which the purchases or acquisitions of Shares are made; and

"Offer Date" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares under the Share Buy-back Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Where Shares purchased or acquired by the Company are cancelled, such Shares will be automatically de-listed from the Catalist. Where applicable, certificates in respect of such cancelled Shares will be cancelled and destroyed by the Company as soon as is reasonably practicable following the settlement of such purchase or acquisition. Accordingly, the total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

At the time of each Share Buy-back, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

2.5 Treasury shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within 6 months beginning on the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Furthermore, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury shares before the subdivision or consolidation, as the case may be.

2.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time (but always subject to the Take-over Code):

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or

- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance of Singapore may by order prescribe.

Pursuant to Rule 704(31) of the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Sources of funds for Share Buy-back

The Company may only apply funds for the purchase or acquisition of Shares in accordance with the Constitution and the applicable laws and regulations in Singapore. The Company may not purchase or acquire its Shares for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits a company to make payment for any purchase or acquisition of its own shares to be made out of the company's capital or profits so long as the company is solvent. For this purpose, pursuant to Section 76F(4) of the Companies Act, a company is "solvent" if at the date of the relevant payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if,
 - (i) it is intended to commence the winding up of the company within the period 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be) of its shares, become less than the value of its liabilities (including contingent liabilities).

The Company may use internal resources, external borrowings or a combination of both to finance the Share Buy-backs.

The Directors will principally consider the availability of internal resources, taking into account the impact on the cash reserves of the Company as well as working capital requirement of the Group. In considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Company and the Group. The Directors do not propose to exercise the Share Buy-back Mandate in such a manner and to such an extent that the liquidity

and capital adequacy position of the Company and the Group would be materially adversely affected.

2.7 Financial effects of the Share Buy-back Mandate

The financial effects on the Company and the Group arising from the Share Buy-backs will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired, whether the Shares purchased or acquired are held as treasury shares or cancelled and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

Where the Company chooses not to hold the purchased or acquired Shares as treasury shares, such Shares shall be cancelled. The Company shall:

- (i) reduce the amount of its share capital but not the amount available for distribution of cash dividends by the Company where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits and the amount available for the distribution of cash dividends by the Company where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the aggregate purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) paid by the Company for the Shares cancelled.

Where the Company chooses to hold the purchased or acquired Shares as treasury shares, the total number of issued Shares of the Company will remain unchanged.

2.7.1 Financial effects

For illustrative purposes only, the financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2021, are based on the following principal assumptions:

- (a) the Share Buy-backs had taken place on 1 January 2021 for the purpose of computing the financial effects on the EPS or LPS (where applicable) of the Company and the Group;
- (b) the Share Buy-backs had taken place on 31 December 2021 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share, debt to equity ratio and current ratio of the Company and the Group;
- (c) pursuant to the Share Buy-back Mandate, the Company has purchased or acquired 14,120,000 Shares representing 10.0% of the total number of Shares (excluding treasury shares and subsidiary holdings) of the Company based on 141,200,000 Shares in issue as at the Latest Practicable Date;
- (d) in the case of Market Purchases by the Company, assuming that the Maximum Price is S\$0.052* per Share, which is not more than 105.0% of the Average Closing Price of the Shares immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase or acquisition of up to 14,120,000 Shares would be approximately S\$734,240;
- (e) in the case of Off-Market Purchases by the Company, assuming that the Maximum

Price is S\$0.060* per Share, which is not more than 120.0% of the Average Closing Price of the Shares immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase or acquisition of up to 14,120,000 Shares would be S\$847,200;

- (f) such Share Buy-backs are financed entirely from external borrowings; and
- (g) transaction and interest costs incurred for the Share Buy-backs are insignificant and can be ignored for the purpose of computing the financial effects.

* rounded down to the nearest 3 decimal points

For illustrative purposes only, and on the basis of the assumptions set out above, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made entirely out of capital and held as treasury shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made entirely out of capital and cancelled,

based on the audited financial statements of the Company and the Group for FY2021, are set out in the following paragraphs.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made entirely out of profits are similar to that of purchases made entirely out of capital. Therefore, only the financial effects of the acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made entirely out of capital are set out in this Addendum. In addition, as the Company has accumulated losses as at 31 December 2021, it is unlikely that the Share Buy-backs will be made by way of purchases made entirely out of profits.

2.7.1.1 Purchases made entirely out of capital and held as treasury shares

As at 31 December 2021	Company			Group		
	Before the Share Buy-back	After the Share Buy-back		Before the Share Buy-back	After the Share Buy-back	
		Market Purchases	Off-Market Purchases		Market Purchases	Off-Market Purchases
Share Capital (S\$'000)	23,698	23,698	23,698	23,698	23,698	23,698
(Accumulated Losses)/Retained Earnings (S\$'000)	(3,871)	(3,871)	(3,871)	20,265	20,265	20,265
Other Reserves (S\$'000)	-	-	-	(18,368)	(18,368)	(18,368)
Treasury Shares (S\$'000)	-	(734)	(847)	-	(734)	(847)
Non-Controlling Interests (S\$'000)	-	-	-	(84)	(84)	(84)
Shareholders' Equity ⁽¹⁾ (S\$'000)	19,827	19,093	18,980	25,595	24,861	24,748
NTA ⁽²⁾ (S\$'000)	19,827	19,093	18,980	25,595	24,861	24,748
Current Assets (S\$'000)	12,856	12,856	12,856	19,646	19,646	19,646
Current Liabilities ⁽³⁾ (S\$'000)	12,312	13,046	13,159	7,396	8,130	8,243

As at 31 December 2021	Company			Group		
	Before the Share Buy-back	After the Share Buy-back		Before the Share Buy-back	After the Share Buy-back	
		Market Purchases	Off-Market Purchases		Market Purchases	Off-Market Purchases
Working Capital (S\$'000)	544	(190)	(303)	12,250	11,516	11,403
Total Borrowings ⁽³⁾ (S\$'000)	-	734	847	7,733	8,467	8,580
Cash and Cash Equivalents ⁽⁴⁾ (S\$'000)	39	39	39	8,847	8,847	8,847
Net Loss Attributable to the Owners of the Company (S\$'000)	(6,396)	(6,396)	(6,396)	(6,019)	(6,019)	(6,019)
Number of Shares (exclude treasury shares) ('000)	141,200	127,080	127,080	141,200	127,080	127,080
Number of treasury shares ('000)	-	14,120	14,120	-	14,120	14,120
Weighted average number of Shares ('000)	141,200	127,080	127,080	141,200	127,080	127,080
Financial Ratios						
NTA per Share ⁽⁵⁾ (cents)	14.04	15.02	14.94	18.13	19.56	19.47
Basic LPS ⁽⁶⁾ (cents)	(4.53)	(5.03)	(5.03)	(4.26)	(4.74)	(4.74)
Debt to Equity Ratio ⁽⁷⁾ (times)	-	0.04	0.04	0.30	0.34	0.35
Current Ratio ⁽⁸⁾ (times)	1.04	0.99	0.98	2.66	2.42	2.38

2.7.1.2 Purchases made entirely of capital and cancelled

As at 31 December 2021	Company			Group		
	Before the Share Buy-back	After the Share Buy-back		Before the Share Buy-back	After the Share Buy-back	
		Market Purchases	Off-Market Purchases		Market Purchases	Off-Market Purchases
Share Capital (S\$'000)	23,698	22,964	22,851	23,698	22,964	22,851
(Accumulated Losses)/Retained Earnings (S\$'000)	(3,871)	(3,871)	(3,871)	20,265	20,265	20,265
Other Reserves (S\$'000)	-	-	-	(18,368)	(18,368)	(18,368)
Treasury Shares (S\$'000)	-	-	-	-	-	-
Non-Controlling Interests (S\$'000)	-	-	-	(84)	(84)	(84)
Shareholders' Equity ⁽¹⁾ (S\$'000)	19,827	19,093	18,980	25,595	24,861	24,748
NTA ⁽²⁾ (S\$'000)	19,827	19,093	18,980	25,595	24,861	24,748
Current Assets (S\$'000)	12,856	12,856	12,856	19,646	19,646	19,646
Current Liabilities ⁽³⁾ (S\$'000)	12,312	13,046	13,159	7,396	8,130	8,243
Working Capital (S\$'000)	544	(190)	(303)	12,250	11,516	11,403
Total Borrowings ⁽³⁾ (S\$'000)	-	734	847	7,733	8,467	8,580
Cash and Cash Equivalents ⁽⁴⁾ (S\$'000)	39	39	39	8,847	8,847	8,847
Net Loss Attributable to the Owners of the Company (S\$'000)	(6,396)	(6,396)	(6,396)	(6,019)	(6,019)	(6,019)
Number of Shares (exclude treasury shares) ('000)	141,200	127,080	127,080	141,200	127,080	127,080
Number of treasury shares ('000)	-	-	-	-	-	-
Weighted average number of Shares ('000)	141,200	127,080	127,080	141,200	127,080	127,080
Financial Ratios						
NTA per Share ⁽⁵⁾ (cents)	14.04	15.02	14.94	18.13	19.56	19.47
Basic LPS ⁽⁶⁾ (cents)	(4.53)	(5.03)	(5.03)	(4.26)	(4.74)	(4.74)
Debt to Equity Ratio ⁽⁷⁾ (times)	-	0.04	0.04	0.30	0.34	0.35
Current Ratio ⁽⁸⁾ (times)	1.04	0.99	0.98	2.66	2.42	2.38

Notes:

- (1) Shareholder's equity excludes non-controlling interests.
- (2) NTA is computed based on Shareholders' equity less intangible assets and non-controlling interests.
- (3) The Company assumes short-term borrowings from external sources such as financial institutions when a Share Buy-back is made.
- (4) Cash and cash equivalents include fixed deposit pledged.
- (5) NTA per Share is computed based on NTA divided by the number of Shares in issue (excluding treasury shares).
- (6) Basic LPS is computed based on net loss attributable to the owners of the Company divided by the weighted average number of Shares.
- (7) Debt to equity ratio is computed based on total borrowings divided by Shareholders' equity.
- (8) Current ratio is computed based on current assets divided by current liabilities.

The actual impact of Share Buy-Back(s) will depend on, *inter alia*, the number and price of the Shares that may be purchased or acquired by the Company, and whether the Shares purchased or acquired are held as treasury shares or cancelled. The Directors do not propose exercising the proposed Share Buy-back Mandate to such an extent that it would have a material adverse effect on the financial condition, working capital requirements and capital adequacy position of the Company or the Group, or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company and the Group.

Shareholders should note that the financial effects set out above are based on certain assumptions as aforementioned and are purely for illustrative purposes only. In particular, it is important to note that the above illustration is based on historical audited financial statements for FY2021 and is not necessarily representative of future financial performance.

Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired as treasury shares.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of the Share Buy-backs by the Company, or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.9 Requirements under the Companies Act and Catalist Rules

Within 30 days of the passing of a Shareholders' resolution to approve the Share Buy-back Mandate, the Directors shall lodge a copy of such resolution with ACRA.

Within 30 days of a Share Buy-back on the Catalist or otherwise, the Directors shall lodge with ACRA a notification of the Share Buy-back in the prescribed form. Such notification shall include, *inter alia*, the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled and/or the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or capital of the Company, and such other particulars as may be required in the prescribed form by ACRA.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

The Catalyst Rules specify that a listed company must make an announcement of all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

Such announcement (which must be in the form of Appendix 8D of the Catalyst Rules) must include, *inter alia*, the details such as the maximum number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the cumulative number of shares purchased to date since the date the Share Buy-back Mandate is obtained, as well as the number of issued shares (excluding treasury shares and subsidiary holdings) after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings held after the purchase.

While the Catalyst Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision of the Directors until the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalyst Rules. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases and Off-Market Purchases during the period commencing 1 month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant results.

2.10 Listing Status

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10.0% of its total number of issued Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed at all times are in the hands of the public. The "public", as defined under the Catalyst Rules, includes persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its Subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, (i) there are 173 Shareholders, and 30,758,600 Shares are in the hands of the public (as defined above), representing approximately 21.78% of the issued Shares of the Company; and (ii) the Company does not have any treasury shares and subsidiary holdings. For illustrative purposes only, assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10.0% limit pursuant to the Share Buy-back Mandate and all such Shares purchased or acquired are held by the public, the number of Shares in the hands of the public would be reduced by approximately 14,120,000 Shares, and the resultant number of Shares held by public Shareholders would be reduced to 16,638,600, representing approximately 13.09% of the remaining issued Shares (excluding preference shares, convertible equity securities and treasury shares) of the Company. Accordingly, the Directors are of the view that there is, at present, a sufficient number of Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10.0% limit pursuant to the Share Buy-back Mandate.

In undertaking any Share Buy-backs, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient number of Shares remain in public hands so that the Share Buy-backs will not (i) adversely affect the listing status of the Shares on Catalyst; (ii) cause market illiquidity; or (iii) adversely affect the orderly trading of the Shares.

2.11 Take-over Obligations

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.11.1 Obligation to make a take-over offer

Under Appendix 2 of the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share Buy-back by the Company will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code ("**Rule 14**").

Pursuant to Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30.0% or more or, if they, together holding between 30.0% and 50.0% of the Company's voting rights, increase their voting rights in the Company by more than 1.0% in any period of 6 months.

Consequently, depending on the number of Shares purchased or acquired by the Company and the number of Shares at that time, a Shareholder or a group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14.

2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, and any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages

on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the individual's instructions, and companies controlled by any of the aforementioned persons and entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purposes of voting rights.

The circumstances under which Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company, are set out in Appendix 2 of the Take-over Code.

2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them **will incur an obligation** to make a takeover offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors **will not be required** to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate.

Shareholders will be subject to the provisions of Rule 14 if they acquire any Shares after the Share Buy-backs by the Company.

2.11.4 Application of the Take-over Code

As at the Latest Practicable Date, the Company's issued and paid-up share capital comprised 141,200,000 Shares of which the interests of the respective Directors and Substantial Shareholders (and where applicable, their relationship with respect of each other), are set out in Section 2.14 below. The Company does not have any treasury shares and subsidiary holdings as at the Latest Practicable Date.

Based on the information set out in Section 2.14 below and assuming that there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders since the Latest Practicable Date, in the event the Company undertakes Share Buy-backs of up to 10.0% of the issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) as permitted under the Share Buy-back Mandate, none of the Directors or Substantial Shareholders will be required to make a mandatory take-over offer for the Company under Rule 14.

The Directors are not aware of any potential Shareholder or group of Shareholders acting in concert who may be required to make a mandatory take-over offer for the Company under Rule 14 to the other Shareholders as a result of any Share Buy-back by the Company pursuant to the Share Buy-back Mandate.

Shareholders who are in any doubt as to whether they would incur any obligation to make a take-over offer as a result of any Share Buy-back by the Company pursuant to the Share Buy-back Mandate are advised to consult their professional advisers and/or the Council and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-back Mandate is in force.

2.12 Shares purchased by the Company

The Company has not made any Share Buy-backs in the 12 months preceding the Latest Practicable Date.

2.13 Limits on shareholdings

The Company does not have any individual or foreign limit on the shareholding of any Shareholder.

2.14 Interests of Directors and Substantial Shareholders

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the interests of Directors and Substantial Shareholders in the Shares before and after the Share Buy-backs by the Company pursuant to the Share Buy-back Mandate, assuming (a) the Company purchases or acquires the maximum amount of 10.0% of the total number of issued Shares and such purchased or acquired Shares are deemed cancelled immediately upon purchase or acquisition, or held as treasury shares; and (b) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders, are as follows:

	Before the Share Buy-backs			After the Share Buy-backs
	No. of Shares		Total % ⁽¹⁾	Total % ⁽²⁾
	Direct Interest ('000)	Deemed Interest ('000)		
Directors				
Low Chee Wee ⁽³⁾	33,780	53,540	61.84	68.71
Eddy Neo Chiang Swee ⁽⁴⁾	6,000	3,600	6.80	7.55
Ong Beng Chye	1,925	-	1.36	1.51
Jens Rasmussen	-	-	-	-
Joanne Khoo Su Nee	-	-	-	-
Substantial Shareholders (who are not Directors)				
Christopher Low Chee Leng ⁽³⁾	587	53,540	38.33	42.59
Yvonne Low-Triomphe ⁽³⁾	7,540	53,540	43.26	48.06
Neo Peck Keow @ Ng Siang Keng ⁽³⁾	53,540	-	37.92	42.13

Notes:

- (1) Based on the total issued and paid-up share capital of the Company of 141,200,000 Shares as at the Latest Practicable Date. The Company does not have treasury shares or subsidiary holdings as at the Latest Practicable Date.
- (2) Based on the total issued and paid-up share capital of the Company of 127,080,000 Shares assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10.0% limit pursuant to the Share Buy-back Mandate.

- (3) Low Chee Wee, Christopher Low Chee Leng and Yvonne Low-Triomphe are siblings. Their mother is Neo Peck Keow @ Ng Siang Keng. Each of Low Chee Wee, Christopher Low Chee Leng and Yvonne Low-Triomphe is deemed interested in 53,540,000 Shares held by their mother, Neo Peck Keow @ Ng Siang Keng, by virtue of Section 7 of the Companies Act.
- (4) Eddy Neo Chiang Swee is deemed interested in the 3,600,000 Shares held by his mother, Leow Mei Lee, by virtue of Section 7 of the Companies Act.

3. THE PROPOSED CHANGE OF AUDITORS

3.1 Background

The Company's current Auditors, BDO, has been the Auditors of the Company since FY2015. BDO was re-appointed as Auditors of the Company at the last AGM held on 27 April 2021 to hold office until the conclusion of the next AGM.

The Company is proposing to appoint Mazars to replace BDO as the Auditors with effect for FY2022. Pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Companies Act, the Proposed Change of Auditors is subject to the approval by Shareholders in a general meeting. Accordingly, the out-going Auditors, BDO will not be seeking re-appointment at the forthcoming 2022 AGM.

The retirement of BDO and the appointment of Mazars as Auditors will take effect upon the approval of the Proposed Change of Auditors by Shareholders at the 2022 AGM and, if appointed, Mazars will hold office until the conclusion of the next AGM scheduled to be held, when a new resolution will be proposed for the appointment of the Auditors for FY2023.

3.2 Rationale

The Board and the Audit Committee assessed and reviewed the duration of the service provided by BDO and are of the view that as a matter of good corporate governance, it would be appropriate to periodically rotate the Auditors. The Board believes that a rotation of Auditors would enable the Company to benefit from fresh perspectives and views of another professional audit firm and thus further enhance the value of audit. In addition, the Board is of the view that a change of Auditors would provide the Company with an opportunity to benchmark the audit fees charged by Auditors and realise operating costs efficiencies as part of the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate. As such, the Board, in consultation with the Audit Committee, recommended the appointment of Mazars to replace BDO as the Auditors for FY2022.

Mazars was selected amongst various other audit firms which provided proposals to the Company, after taking into account, amongst others, the adequacy of the resources and experience, the audit partner-in-charge assigned to the audit, the other audit engagements of Mazars, the Group's audit requirements and the number and experience of supervisory and professional staff to be assigned to the audit. Mazars has also confirmed its independence and that it is a firm of Chartered Accountants registered with ACRA. The Board and the Audit Committee have also considered (i) that Mazars is approved under the Accountants Act and the audit partner-in-charge assigned to the audit is a registered public accountant with ACRA under the Accountants Act, and accordingly, Mazars is in compliance with Rule 712(2)(a) of the Catalist Rules; and (ii) the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of the proposed appointment, and are of the opinion that Mazars will be able to fulfil the audit requirements of the Company and the Group without compromising the standard and effectiveness of the audit of the Company and the Group.

The Group expects a savings in costs of approximately S\$22,000 in audit fees with the Proposed Change of Auditors, as compared to the audit fees proposed by BDO in respect of FY2022. The Company does not expect the reduction in cost to affect the quality of the audit to be undertaken and there will be no change in the scope of audit to be undertaken with the Proposed Change of Auditors.

In view of the above, the Board is of the opinion that the Proposed Change of Auditors is in the best interests of the Company and the Shareholders.

Mazars has, on 4 April 2022, given their consent to act as Auditors, subject to the approval of the Shareholders at the 2022 AGM.

The Board wishes to highlight that the Proposed Change of Auditors is neither due to any disagreement with BDO or BDO declining to continue to serve as Auditors, or dismissal of BDO. The Directors wish to express their appreciation for the past services rendered by BDO.

3.3 Requirements under Rule 712 of the Catalist Rules

In accordance with Rule 712(3) of the Catalist Rules:

- (a) the out-going Auditors, BDO, has confirmed to Mazars, by way of a professional clearance letter dated 1 April 2022 that they are not aware of any professional reasons why Mazars, being the successor Auditors, should not accept appointment as the new Auditors;
- (b) the Board has confirmed that there are no disagreements with the out-going Auditors, BDO, on accounting treatments within the last 12 months up to the date of their retirement at the conclusion of the 2022 AGM;
- (c) the Board has confirmed that it is not aware of any circumstances connected with the Proposed Change of Auditors that ought to be brought to the attention of Shareholders which has not been disclosed in this Addendum;
- (d) the specific reasons for the Proposed Change of Auditors are disclosed in Section 3.2 of this Addendum. The Proposed Change of Auditors is neither due to the dismissal of BDO, or due to BDO declining to stand for election; and
- (e) the Company has confirmed that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Mazars as the new Auditors.

3.4 Requirements under Rule 715 of the Catalist Rules

The Board confirms that Rule 715(1) of the Catalist Rules requiring for the Company to engage the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated Subsidiaries and significant associated companies will be complied with, as Mazars will be the Auditors for the Company and all its Singapore-incorporated Subsidiaries after the Proposed Change of Auditors. The Company does not have any Singapore-incorporated associated companies.

With reference to Rule 715(2) of the Catalist Rules, the Company has engaged suitable auditing firms for the audit of its foreign-incorporated Subsidiaries. The Company does not have any foreign-incorporated associated companies.

3.5 Information on Mazars

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services. Operating in 91 countries and territories around the world, Mazars draw on the expertise of 40,400 professionals – 24,400 in the Mazars integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

Mazars in Singapore is an international audit and advisory firm committed to helping its clients confidently build and grow their businesses. With more than 300 professionals in Singapore, Mazars in Singapore serves clients of all sizes across Asia-Pacific whilst remaining seamless and agile in its approach. Mazars in Singapore takes pride in its technical expertise and the quality of its work, operating as one, integrated team. Mazars in Singapore is also a firm of

Chartered Accountants registered with ACRA and approved under the Accountants Act. Mazars in Singapore also works with clients of all sizes and providing range of services to businesses and individuals in a variety of industries. It has significant experience acting as auditors for companies listed on the SGX-ST.

For the audit of the Group, the audit engagement team will comprise at least the following professionals: 1 engagement partner, 1 engagement concurring partner, 1 engagement manager, 1 senior audit associate and 3 audit associates. In addition, the audit of the Group will also be reviewed by a technical partner and an independent engagement quality control review partner.

Mr Ooi Chee Keong (“**Mr Ooi**”) will be the audit engagement partner assigned to the audit of the Company and its subsidiaries. Mr Ooi has more than 14 years of experience with international public accounting firms in Singapore and Malaysia. He is highly experienced with clients aiming for initial public offering and reverse takeovers on the SGX-ST or the Stock Exchange of Hong Kong. His expertise includes coaching his clients on transforming their small and medium-sized enterprises (“**SMEs**”) to a publicly traded firm. Additionally, he is well-versed in financial due diligence in the context of merger and acquisition markets.

Mr Ooi is familiar with the financial reporting standards in Singapore and Malaysia, as well as International Financial Reporting Standards and US Generally Accepted Accounting Principles. His industry experience spans from oil and gas, logistics, property development and construction, retail and distribution, manufacturing, plantation and more. He has extensive knowledge in auditing listed companies in Singapore and Hong Kong, SMEs, multi-national companies, private funds and private companies.

Mr Ooi is a member of the Chartered Association of Certified Accountants and a practising member of The Institute of Singapore Chartered Accountants. Mr Ooi is also a Registered Public Accountant with ACRA under the Accountants Act.

Mazars in Singapore has passed the most recent Practice Monitoring Programme (“**PMP**”) review by ACRA in 2020. Mr Ooi has not been subject to any PMP review by ACRA before, and accordingly, has had no feedback from ACRA. Other audit partners of Mazars in Singapore selected for PMP review by ACRA in 2020 have passed the PMP review and have not received a hot review order or any adverse feedback from ACRA.

For more information about Mazars, please visit its website at – www.mazars.sg.

3.6 Audit Committee Statement

The Audit Committee adopted the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of potential Auditors – including the audit engagement partner, firm experience, reputation, audit quality indicators and fee consideration.

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and after taking into consideration the suitability and independence of Mazars in meeting the audit requirements of the Group, has recommended the Proposed Change of Auditors for approval by the Board. The factors considered by the Audit Committee have been set out in Section 3.2 of this Addendum and is in compliance with the requirements of the relevant Catalist Rules.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors’ Shareholdings and Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the interests of Directors and Substantial Shareholders in the Shares are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽¹⁾
Directors						
Low Chee Wee ⁽²⁾	33,780	23.92	53,540	37.92	87,320	61.84
Eddy Neo Chiang Swee ⁽³⁾	6,000	4.25	3,600	2.55	9,600	6.80
Ong Beng Chye	1,925	1.36	-	-	1,925	1.36
Jens Rasmussen	-	-	-	-	-	-
Joanne Khoo Su Nee	-	-	-	-	-	-
Substantial Shareholders (who are not Directors)						
Christopher Low Chee Leng ⁽²⁾	587	0.42	53,540	37.92	54,127	38.33
Yvonne Low-Triomphe ⁽²⁾	7,540	5.34	53,540	37.92	61,080	43.26
Neo Peck Keow @ Ng Siang Keng ⁽²⁾	53,540	37.92	-	-	53,540	37.92

Notes:

- (1) Based on the total issued and paid-up share capital of the Company of 141,200,000 Shares as at the Latest Practicable Date. The Company does not have treasury shares or subsidiary holdings as at the Latest Practicable Date.
- (2) Low Chee Wee, Christopher Low Chee Leng and Yvonne Low-Triomphe are siblings. Their mother is Neo Peck Keow @ Ng Siang Keng. Each of Low Chee Wee, Christopher Low Chee Leng and Yvonne Low-Triomphe is deemed interested in 53,540,000 Shares held by their mother, Neo Peck Keow @ Ng Siang Keng, by virtue of Section 7 of the Companies Act.
- (3) Eddy Neo Chiang Swee is deemed interested in the 3,600,000 Shares held by his mother, Leow Mei Lee, by virtue of Section 7 of the Companies Act.

Save as disclosed above, none of the Directors or Substantial Shareholders and their respective Associates, has any interest, direct or indirect, in the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

The 2022 AGM, notice of which is set out in the Notice of 2022 AGM, will be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m..

Shareholders, who wish to vote on Ordinary Resolution 6 and Ordinary Resolution 5 relating to the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors at the 2022 AGM, must appoint the Chairman of the 2022 AGM as proxy to vote on their behalf by completing, signing and returning the Proxy Form in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive by (i) post at the registered office of the Company at 8 Ubi Road 2 #06-26 Zervex Singapore 408538; or (ii) email at general@esgroup.com.sg, no later than 48 hours before the time appointed for holding the 2022 AGM.

Please refer to the alternative arrangements relating to, among others, attendance at the 2022 AGM via electronic means, submission of questions in advance of the 2022 AGM and/or voting by appointing the Chairman of the 2022 AGM as proxy at the 2022 AGM as set out in the Company's announcement dated 11 April 2022, which has been published, together with the Notice of 2022 AGM, on the SGXNet and the Company's corporate website.

A Depositor shall not be regarded as a member of the Company and his/her/its Proxy Form may be rejected by the Company unless his/her/its name appears on the Depository Register maintained by CDP at least 72 hours before the time appointed for holding the 2022 AGM.

6. DIRECTORS' RECOMMENDATION

6.1 Proposed Renewal of the Share Buy-back Mandate

Having considered, *inter alia*, the terms and the rationale for the Share Buy-back Mandate, the Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 6 relating to the proposed renewal of the Share Buy-back Mandate at the 2022 AGM.

6.2 Proposed Change of Auditors

Having considered and reviewed, amongst others, the adequacy of the resources, experience and reputation of Mazars, the rationale for and benefits of the Proposed Change of Auditors, the recommendation of the Audit Committee and all the other relevant information as set out under Section 3 of this Addendum, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 5 relating to the Proposed Change of Auditors at the 2022 AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate and the Proposed Change of Auditors, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

8. DOCUMENTS FOR INSPECTION

A copy of the following documents are available for inspection at the registered office of the Company at 8 Ubi Road 2 #06-26 Zervex Singapore 408538, during normal business hours from the date of this Addendum up to and including the date of the 2022 AGM:

- (a) the Annual Report 2021;
- (b) the Constitution;
- (c) the professional clearance letter dated 1 April 2022 issued by BDO to Mazars referred to in Section 3.3(a) of this Addendum; and
- (d) the letter of consent to act as Auditors dated 4 April 2022 from Mazars.

Yours faithfully
For and on behalf of the Board of Directors of
ES Group (Holdings) Limited

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