

ADDENDUM DATED 10 APRIL 2019

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 Company's Annual Report 2018. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-back Mandate to be tabled at the 2019 AGM to be held on Friday, 26 April 2019 at 3.00 p.m. at 10 Kwong Min Road, Singapore 628712.

The ordinary resolution proposed to be passed in relation to the abovementioned matter is set out as Ordinary Resolution 7 in the Notice of 2019 AGM dated 10 April 2019, enclosed in the Annual Report 2018.

If you have sold or transferred all your Shares held through CDP, you need not forward this Addendum with the Annual Report 2018 and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Addendum with the Annual Report 2018 and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Addendum with the Annual Report 2018 and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

This Addendum has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this Addendum.

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. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.



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

ADDENDUM TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

DEFINITIONS

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

“2019 AGM”	:	The AGM to be held on Friday, 26 April 2019 at 3.00 p.m. at 10 Kwong Min Road, Singapore 628712
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Addendum”	:	This addendum to Shareholders in relation to the proposed renewal of the Share Buy-back Mandate
“AGM”	:	The annual general meeting of the Company
“Annual Report 2018”	:	The Company’s annual report for the financial year ended 31 December 2018
“Approval Date”	:	Has the meaning ascribed to it in Section 1.1 of this Addendum
“Associates”	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(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
“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 (Chapter 50) 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”	:	<p>A person who:</p> <p>(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</p> <p>(b) in fact exercises control over the Company</p>
“Council”	:	The Securities Industry Council of Singapore
“Directors”	:	The directors of the Company as at the date of this Addendum
“EPS”	:	Earnings per Share
“Group”	:	The Company and its Subsidiaries
“Latest Practicable Date”	:	20 March 2019, being the latest practicable date prior to the printing 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 1.3.3 of this Addendum
“Maximum Price”	:	Has the meaning ascribed to it in Section 1.3.4 of this Addendum
“Notice of 2019 AGM”	:	The notice of AGM as set out on pages 133 to 139 of the Annual Report 2018
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 1.3.3 of this Addendum
“Proxy Form”	:	The proxy form attached to the Notice of 2019 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 (Chapter 289) 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 1.3 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

Board of Directors:

Wee Siew Kim (Non-Executive Chairman and Independent Director)
Low Chee Wee (Chief Executive Officer and Chief Operating Officer)
Eddy Neo Chiang Swee (Executive Director (Development))
Tan Swee Ling (Independent Director)
Ong Beng Chye (Independent Director)
Jens Rasmussen (Non-Executive Director)

Registered Office:

8 Ubi Road 2
#06-26 Zervex
Singapore 408538

10 April 2019

To: The Shareholders of ES Group (Holdings) Limited

Dear Shareholder,

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

1.1 Introduction

Shareholders' approval is being sought under ordinary resolution 7 of the Notice of 2019 AGM for the proposed renewal of the Share Buy-back Mandate at the 2019 AGM to be held on Friday, 26 April 2019, to enable the Company to purchase or otherwise acquire its Shares. The purpose of this Addendum is to provide Shareholders with information relating to the proposed renewal of the Share Buy-back Mandate.

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 2019 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.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Addendum, including the correctness of any of the statements made or opinions expressed or reports contained in this Addendum.

1.2 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.

1.3 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 2019 AGM, are summarised below:

1.3.1 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 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 2019 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.

1.3.2 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.

1.3.3 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.

1.3.4 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 after the relevant 5 Market Days period; 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.

1.4 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.

1.5 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:

1.5.1 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.

1.5.2 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.

1.5.3 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.

1.6 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.

1.7 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.

1.7.1 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 the financial year ended 31 December 2018, are based on the following principal assumptions:

- (a) the Share Buy-backs had taken place on 1 January 2018 for the purpose of computing the financial effects on the EPS of the Company and the Group;
- (b) the Share Buy-backs had taken place on 31 December 2018 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\$0.030* per Share, which is 105.0% of the Average Closing Price of the Shares, the maximum amount of funds required for the purchase or acquisition of up to 14,120,000 Shares would be S\$423,600;
- (e) in the case of Off-Market Purchases by the Company, assuming that the Maximum Price is S\$0.034* per Share, which is 120.0% of the Average Closing Price of the Shares, the maximum amount of funds required for the purchase or acquisition of up to 14,120,000 Shares would be S\$480,080;
- (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 the financial year ended 31 December 2018, 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.

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

As at 31 December 2018	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
Retained Earnings (S\$'000)	1,526	1,526	1,526	21,655	21,655	21,655
Other Reserves (S\$'000)	-	-	-	(18,384)	(18,384)	(18,384)
Treasury Shares (S\$'000)	-	(424)	(480)	-	(424)	(480)
Non-Controlling Interests (S\$'000)	-	-	-	378	378	378
Shareholders' Equity ⁽¹⁾ (S\$'000)	25,224	24,800	24,744	26,969	26,545	26,489
NTA ⁽²⁾ (S\$'000)	25,224	24,800	24,744	26,969	26,545	26,489
Current Assets (S\$'000)	16,314	16,314	16,314	27,361	27,361	27,361
Current Liabilities ⁽³⁾ (S\$'000)	10,259	10,683	10,739	12,408	12,832	12,888
Working Capital (S\$'000)	6,055	5,631	5,575	14,953	14,529	14,473
Total Borrowings ⁽³⁾ (S\$'000)	-	424	480	10,444	10,868	10,924
Cash and Cash Equivalents ⁽⁴⁾ (S\$'000)	96	96	96	7,128	7,128	7,128
Net (Loss)/Profit Attributable to the Owners of the Company (S\$'000)	(797)	(797)	(797)	969	969	969
Number of Shares (excluding 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)	17.86	19.52	19.47	19.10	20.89	20.84
Basic (LPS)/EPS ⁽⁶⁾ (cents)	(0.56)	(0.63)	(0.63)	0.69	0.76	0.76
Debt to Equity Ratio ⁽⁷⁾ (times)	-	0.02	0.02	0.39	0.41	0.41
Current Ratio ⁽⁸⁾ (times)	1.59	1.53	1.52	2.21	2.13	2.12

1.7.1.2 Purchases made entirely out of capital and cancelled

	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
As at 31 December 2018						
Share Capital (S\$'000)	23,698	23,274	23,218	23,698	23,274	23,218
Retained Earnings (S\$'000)	1,526	1,526	1,526	21,655	21,655	21,655
Other Reserves (S\$'000)	-	-	-	(18,384)	(18,384)	(18,384)
Treasury Shares (S\$'000)	-	-	-	-	-	-
Non-Controlling Interests (S\$'000)	-	-	-	378	378	378
Shareholders' Equity ⁽¹⁾ (S\$'000)	25,224	24,800	24,744	26,969	26,545	26,489
NTA ⁽²⁾ (S\$'000)	25,224	24,800	24,744	26,969	26,545	26,489
Current Assets (S\$'000)	16,314	16,314	16,314	27,361	27,361	27,361
Current Liabilities ⁽³⁾ (S\$'000)	10,259	10,683	10,739	12,408	12,832	12,888
Working Capital (S\$'000)	6,055	5,631	5,575	14,953	14,529	14,473
Total Borrowings ⁽³⁾ (S\$'000)	-	424	480	10,444	10,868	10,924
Cash and Cash Equivalents ⁽⁴⁾ (S\$'000)	96	96	96	7,128	7,128	7,128
Net (Loss)/Profit Attributable to the Owners of the Company (S\$'000)	(797)	(797)	(797)	969	969	969
Number of Shares (excluding 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)	17.86	19.52	19.47	19.10	20.89	20.84
Basic (LPS)/EPS ⁽⁶⁾ (cents)	(0.56)	(0.63)	(0.63)	0.69	0.76	0.76
Debt to Equity Ratio ⁽⁷⁾ (times)	-	0.02	0.02	0.39	0.41	0.41
Current Ratio ⁽⁸⁾ (times)	1.59	1.53	1.52	2.21	2.13	2.12

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 through its Subsidiaries when a Share Buy-back is made.
- (4) Cash and cash equivalents include fixed deposits pledged.
- (5) NTA per Share is computed based on NTA divided by the number of Shares in issue (excluding treasury shares).
- (6) Basic (LPS)/EPS is computed based on net loss/profit 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 will depend on the number and price of the Shares bought back. 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 working capital requirements and capital adequacy position of the Company.

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 the financial year ended 31 December 2018 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.

1.8 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.

1.9 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 Catalist 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 Catalist 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 Catalist 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 Catalist 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.

1.10 Listing Status

The Company is required under Rule 723 of the Catalist 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 Catalist 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 184 Shareholders, and 29,334,400 Shares are in the hands of the public (as defined above), representing approximately 20.78% 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 15,214,400, representing approximately 11.97% of the remaining issued 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 Catalist; (ii) cause market illiquidity; or (iii) adversely affect the orderly trading of the Shares.

1.11 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:

1.11.1 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.

1.11.2 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.

1.11.3 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.

1.11.4 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 paragraph 2 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 paragraph 2 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.

1.12 Shares purchased by the Company

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

1.13 Limits on shareholdings

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

2. 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-back		After the Share Buy-back	
	No. of Shares		Total %	Total %
	Direct interest ('000)	Deemed interest ('000)		
Directors				
Wee Siew Kim	-	-	-	-
Low Chee Wee ⁽¹⁾	33,655	53,540	61.75	68.61
Eddy Neo Chiang Swee ⁽²⁾	6,000	3,600	6.80	7.55
Tan Swee Ling	-	-	-	-
Ong Beng Chye	1,925	-	1.36	1.51
Jens Rasmussen	-	-	-	-
Substantial Shareholders (who are not Directors)				
Christopher Low Chee Leng ^{(1),(3)}	905	54,524	39.26	43.62
Yvonne Low-Triomphe ⁽¹⁾	7,540	53,540	43.26	48.06
Neo Peck Keow @ Ng Siang Keng ⁽¹⁾	53,540	-	37.92	42.13

Notes:

- (1) 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 the 53,540,000 Shares held by their mother, Neo Peck Keow @ Ng Siang Keng, by virtue of Section 7 of the Companies Act.
- (2) 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) Christopher Low Chee Leng is deemed interested in the 984,200 Shares held by Hong Leong Finance Nominees Pte Ltd. Christopher Low Chee Leng pledged the 984,200 Shares to Hong Leong Finance Nominees Pte Ltd for personal reasons.

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

3. ACTION TO BE TAKEN BY SHAREHOLDERS

The 2019 AGM, notice of which is set out on pages 133 to 139 of the Annual Report 2018, will be held on Friday, 26 April 2019 at 3.00 p.m. at 10 Kwong Min Road, Singapore 628712.

Shareholders who are unable to attend the 2019 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 8 Ubi Road 2 #06-26 Zervex Singapore 408538, no later than 48 hours before the time fixed for the 2019 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the time fixed for the 2019 AGM.

4. DIRECTORS' RECOMMENDATION

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 7 relating to the proposed renewal of the Share Buy-back Mandate at the 2019 AGM.

5. 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, 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.

6. 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 2019 AGM:

- (a) the Annual Report 2018; and
- (b) the Constitution.

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

Low Chee Wee
Chief Executive Officer and Chief Operating Officer

