

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

PROPOSED DISPOSAL OF A VESSEL
- GRANT OF WAIVER FROM COMPLIANCE WITH CATALIST RULE 1014(2)

1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or the “**Directors**”) of ES Group (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 28 November 2019 (the “**Announcement**”) on the signing of a binding Memorandum of Agreement in respect of the proposed disposal of a vessel, namely ES Bristol (the “**Vessel**”) (the “**Proposed Disposal**”).
- 1.2 Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as ascribed in the Announcement.

2. APPROVAL OF WAIVER APPLICATION

- 2.1 The Company, through its sponsor, had submitted an application to the SGX-ST to seek a waiver from compliance with Rule 1014(2) of the Catalist Rules on the requirement to seek Shareholders’ approval for the Proposed Disposal.
- 2.2 The Board wishes to announce that the Company had, on 24 December 2019, received a letter from the SGX-ST informing the Company that the SGX-ST had no objection to the Waiver Application (the “**Waiver**”), subject to the following conditions:
- (i) The Company making an immediate announcement on the waiver granted by the SGX-ST, including reasons for seeking the Waiver, the conditions as required under Catalist Rule 106 and whether the said conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
 - (ii) Submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.
- 2.3 The Company will make an update announcement when the Waiver conditions have all been met.

3. REASONS FOR SEEKING THE WAIVER

3.1 The Company had sought the Waiver for the following reasons:

(a) Gain on disposal

Based on the unaudited consolidated financial statements of the Group for HY2019, the book value of the Vessel amounted to approximately S\$4.04 million. The excess of the Consideration over the book value of the Vessel will amount to approximately S\$1.43 million. After deducting estimated expenses in connection with the Proposed Disposal of approximately S\$175,000, there will be a net gain on the Proposed Disposal of approximately S\$1.26 million ("**Net Gain on Disposal**").

(b) No material change in the Company's risk profile

The Board is of the view that the Proposed Disposal would not materially change the risk profile of the Group as there is:

(i) *No significant effect on the existing operations and business of the Group*

The Vessel is employed under the Group's Shipping segment, and the latter constituted 23.7% of the Group's total revenue for FY2018. The Group's core business remained dominated by the New Building and Repair segment which constituted 76.3% of the Group's total revenue for FY2018. The Group's core assets under the New Building and Repair segment currently employed 98% of the Group's total headcount.

(ii) *No significant adverse impact on the Group's earnings, working capital and gearing*

(a) Earnings. As a result of the Net Gain on Disposal, the Group's EPS is expected to improve. Please refer to paragraph 7(b) of the Announcement on the financial effects of the Proposed Disposal.

(b) Working Capital. The Net Proceeds are intended for general working capital requirements of the Group. This would result in a positive impact on the Group's working capital as the Group's financial position would be strengthened as a result of the Proposed Disposal.

(c) Gearing. The Proposed Disposal is expected to reduce the Group's net gearing by reducing the Group's net borrowing by way of full redemption of the Vessel's mortgage as a result of the Proposed Disposal. In addition, the Net Gain on Disposal is expected to improve the Group's net equity position that further reduces the Group's net gearing to a lower level.

(c) Consideration based on the Valuation Report

The Consideration is supported by the Valuation Report, which was commissioned by the Seller. According to the Valuation Report, the fair market value of the Vessel as at 22 November 2019 is S\$5,000,000 to S\$5,500,000, based on the estimated replacement cost of similar size bunker vessels or net present value derived from anticipated income of the Vessel for its remaining useful life of seven years, whichever is higher, and taking into consideration a fair depreciation of between 4% and 5% per year for seven years.

(d) Time-sensitive nature of the Proposed Disposal

The Company believes that there is a surge in the interest of and demand for bunker tankers as result of a transition on consumption of conventional fuel oil to a mandated low sulfur fuel oil under IMO 2020 mandate adopted in Singapore for the bunkering industry by 1 January 2020. In addition, the Buyer, among all other expressions of interest received by the Group, had offered the highest Consideration for the Vessel, which is supported by the Valuation Report. It is crucial for the Company to complete the Proposed Disposal within the stipulated time to avoid the Buyer revoking the Agreement.

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

(e) Irrevocable undertaking by the Company's shareholders

As at the date of the Waiver Application, the following undertaking shareholders of the Company directly own the following shareholding interests in the issued share capital of the Company (the "**Undertaking Shareholders**"):

Name of Undertaking Shareholder	Number of Shares	% of the Shares
Low Chee Wee	33,655,000	23.83
Neo Peck Keow @ Ng Siang Keng	53,540,000	37.92
Yvonne Low-Triomphe	7,540,000	5.34
Eddy Neo Chiang Swee	6,000,000	4.25
Leow Mei Lee	3,600,000	2.55
Neo Chiang Yee Eric	2,400,000	1.70

The Undertaking Shareholders, having an aggregate 75.59% interests in the Company, have confirmed to the Company that they were prepared to provide irrevocable undertakings to the Company to (i) vote in favour of the Proposed Disposal; and (ii) not to decrease their current shareholdings until after the EGM has been convened (if required). Accordingly, the resolution would have duly passed even if a Shareholders' meeting were to be required for the purpose of approving the Proposed Disposal.

4. NO EXTRAORDINARY GENERAL MEETING

As the SGX-ST has granted the Waiver, the Company will not be required to convene a general meeting in relation to the Proposed Disposal and accordingly, the Company will not be despatching a circular to the Company's shareholders in relation to the Proposed Disposal.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements to update its shareholders as and when there are material updates or developments in connection with the Proposed Disposal.

BY ORDER OF THE BOARD
ES GROUP (HOLDINGS) LIMITED

LOW CHEE WEE
Executive Director and Chief Executive Officer
25 December 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.