

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

Directors:

Wee Siew Kim (Non-Executive Chairman and Independent Director)
Christopher Low Chee Leng (Chief Executive Officer)
Low Chee Wee (Executive Director)
Eddy Neo Chiang Swee (Executive Director)
Tan Swee Ling (Independent Director)
Jens Rasmussen (Non-Executive Director)

Registered Office:

8 Ubi Road 2
#06-26 Zervex
Singapore 408538

10 April 2015

To: The Shareholders of ES Group (Holdings) Limited

Dear Sir / Madam

ADDENDUM RELATING TO THE PROPOSED CHANGE OF AUDITORS

This Addendum has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Canaccord Genuity Singapore Pte. Ltd. (the “Sponsor”), for compliance with the relevant rules of the SGX-ST. 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 Mr Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

DEFINITIONS

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

- “Act” or “Companies Act” : The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
- “Addendum” : This addendum to Shareholders dated 10 April 2015 relating to the Proposed Change of Auditors
- “AGM” : The annual general meeting of the Company to be convened and held on Tuesday, 28 April 2015 at 2.00 p.m. at 10 Kwong Min Road Singapore 628712, notice of which is set out on pages 94 to 98 of the Annual Report
- “Annual Report” : The annual report of the Company for the financial year ended 31 December 2014

<i>“Articles of Association”</i>	:	The articles of association or other regulations of the Company for the time being in force as originally framed, or as amended from time to time
<i>“Audit Committee”</i>	:	The audit and risk committee of the Company as at the date of this Addendum, comprising Wee Siew Kim, Tan Swee Ling and Jens Rasmussen
<i>“Auditors”</i>	:	The auditors of the Company appointed from time to time
<i>“BDO”</i>	:	Messrs BDO LLP
<i>“Board”</i>	:	The board of Directors of the Company as at the date of this Addendum
<i>“Catalist”</i>	:	The Catalist Board of the SGX-ST
<i>“Catalist Rules”</i>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, varied, supplemented or modified from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Company”</i>	:	ES Group (Holdings) Limited
<i>“Deloitte”</i>	:	Messrs Deloitte & Touche LLP
<i>“Director”</i>	:	A person holding office as a director of the Company as at the date of this Addendum
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Proposed Change of Auditors”</i>	:	The proposed change of auditors of the Company from Deloitte to BDO
<i>“Proxy Form”</i>	:	The proxy form in respect of the AGM as set out in the Annual Report
<i>“Resolution”</i>	:	The ordinary resolution relating to the Proposed Change of Auditors as set out in the notice of AGM
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	The registered holders of the Shares, except where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors in the Depository Register and whose securities accounts maintained with CDP are credited with those Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 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 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 word defined under the Companies Act, the Catalist Rules or any statutory modification thereof and used in this Addendum shall, where applicable, have the meaning ascribed to it under the Companies Act, the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Addendum shall be a reference to Singapore time.

THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

- 1.1 The Board proposes to seek the approval of Shareholders for the Proposed Change of Auditors at the AGM to be held on Tuesday, 28 April 2015 at 2.00 p.m. at 10 Kwong Min Road Singapore 628712.
- 1.2 The purpose of this Addendum is to provide Shareholders with the relevant information relating to the Proposed Change of Auditors and to seek Shareholders' approval for the Ordinary Resolution relating to the same to be tabled at the AGM. The notice of AGM is set out on pages 94 to 98 of the Annual Report.
- 1.3 Shareholders are advised that the SGX-ST and the Sponsor assume no responsibility for the contents of this Addendum, including the correctness of any statements or opinions made or reports contained in this Addendum.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale

The Company's existing Auditors, Deloitte, have been Auditors for six (6) consecutive years since the financial year ended 31 December 2009. Deloitte was re-appointed as Auditors at the last annual general meeting of the Company held on 29 April 2014 to hold office until the conclusion of the AGM. The Company has, to date, no concerns with Deloitte on their discharge of the audit responsibility.

The Board is of the view that as a matter of good corporate governance, it would be appropriate to periodically rotate Auditors. The Board believes that a change of Auditors may enable the Company to benefit from fresh perspectives and views of another professional audit firm and thus further enhance the value of the audit. As such, it would be timely to rotate and effect a change of Auditors for the audit of the Company's financial statements for the financial year ending 31 December 2015.

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and has recommended the same to the Board for approval, after taking into consideration the suitability of BDO as well as the nature, size and complexity of the Group's operations. The scope of audit services to be provided by BDO would be comparable to that currently provided by Deloitte.

In this regard, the Company had, on 31 March 2015, received a letter from Deloitte giving notice of its resignation as Auditors at the AGM and BDO had, on 31 March 2015, given its written consent to act as Auditors, subject to approval of Shareholders at the AGM.

Pursuant to Section 205(15) of the Companies Act, the resignation of Deloitte will only take effect upon the appointment of BDO as Auditors, which would be effective upon obtaining the approval

of Shareholders at the AGM for the Proposed Change of Auditors. Upon the appointment, BDO will hold office until the conclusion of the next annual general meeting of the Company.

The Board wishes to express their appreciation for the past services rendered by Deloitte.

2.2 Information on BDO and Audit Engagement Partner

BDO in Singapore is part of the international BDO network of independent member firms, the world's 5th largest accounting and consulting network. Their global network has 1,328 offices in 151 countries with a combined professional staff of just under 60,000 providing business advisory services throughout the world. BDO is a medium sized accounting practice in Singapore with more than 400 staff.

The services provided by BDO include audit and assurance, business advisory, taxation, consulting and corporate advisory services. BDO is also the external or internal auditors of several publicly listed companies which are in a broad range of industries such as shipping, manufacturing, construction, food & beverage, palm oil plantations, oil & gas, trading, electronics, education and food processing.

Mr. Poh Chin Beng, with more than 15 years of audit experience, is the designated lead engagement partner of the audit of the Company. Mr. Poh has extensive experience in audit engagements of listed companies, multinational corporations, growth enterprises and statutory boards in diverse industries including consumer business, engineering & construction, logistics & transportation, manufacturing, property development and shipping. Mr. Poh holds a Bachelor of Accountancy (Hons) from Nanyang Technological University, Singapore. He is a practicing member of the Institute of Singapore Chartered Accountants and a certified internal auditor of the Institute of Internal Auditors.

3. COMPLIANCE WITH RULE 712 OF THE CATALIST RULES

The Board, having taken into account the Audit Committee's recommendation, and after having considered various factors including, *inter alia*, the fee structure, the adequacy of the resources and experience of BDO, the audit engagement partner assigned to the audit, BDO's other audit engagements, the size and complexity of the Group being audited, the number and experience of the supervisory and professional staff who will be assigned to the audit of the financial statements of the Group and BDO's proposed audit arrangements for the Company and the Group, is of the opinion that BDO will be able to meet the audit requirements of the Company and the Group, and that Rule 712 of the Catalist Rules has been complied with.

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

- i) Deloitte has confirmed to BDO, via its letter dated 31 March 2015, that it is not aware of any professional reasons why BDO should not accept appointment as the new Auditors;
- ii) the Company confirms that there were no disagreements with Deloitte on accounting treatments within the last twelve (12) months from the date of this Addendum;
- iii) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this Addendum;
- iv) the reasons for the Proposed Change of Auditors are disclosed in Paragraph 2.1 above; and
- v) the Company confirms that it complies with Rules 712 and 716 of the Catalist Rules in relation to the proposed appointment of BDO as its new Auditors.

Following Shareholders' approval of the Proposed Change of Auditors, BDO will be appointed as Auditors. The Company will appoint either BDO, member firms of BDO or other suitable audit firms for its Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries. The Board and the Audit Committee will review and ensure that the appointment of different audit firms for the Company's Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Company and the Group.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the Proposed Change of Auditors and has recommended the same to the Board for approval, having satisfied itself of the suitability of BDO and that BDO is able to meet the audit requirements of the Group, after taking into consideration various factors set out in Paragraph 2.1 above and compliance with the requirements of the Catalist Rules.

5. DIRECTORS' RECOMMENDATION

Having fully considered the rationale of the Proposed Change of Auditors and the recommendation by the Audit Committee, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Change of Auditors to be proposed at the AGM.

6. 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 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.

7. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 94 to 98 of the Annual Report, will be held at 10 Kwong Min Road Singapore 628712 on Tuesday, 28 April 2015 at 2.00 p.m. for the purpose of considering and, if thought fit, passing, the Ordinary Resolution set out in the notice of AGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 **Lodgement of Proxies.** A Shareholder who is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the Proxy Form (attached to the Annual Report) in accordance with the instructions printed thereon as soon as possible and in any event so as to reach at the registered office of the Company at 8 Ubi Road 2 #06-26 Zervex Singapore 408538 not less than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder does not prevent him from attending and voting in person at the AGM in place of the proxy if he so wishes.

8.2 **Depositors.** A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP as at 48 hours before the time fixed for the AGM.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 8 Ubi Road 2 #06-26 Zervex Singapore 408538 during business hours from the date hereof up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Annual Report;
- (c) the letter of resignation as Auditors from Deloitte dated 31 March 2015;
- (d) Deloitte's professional clearance letter to BDO dated 31 March 2015; and
- (e) the letter of consent to act as Auditors from BDO dated 31 March 2015.

Yours faithfully

For and on behalf of
the Board of Directors of
ES GROUP (HOLDINGS) LIMITED

Christopher Low Chee Leng
Chief Executive Officer