

ADDENDUM DATED 5 APRIL 2017

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Addendum is circulated to Shareholders (as defined herein) of ES Group (Holdings) Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 31 December 2016 (the “**Annual Report**”). Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders’ approval for, the proposed adoption of the Share Buy-back Mandate (as defined herein) to be tabled at the 2017 AGM (as defined herein) to be held on 20 April 2017 at 2.00 p.m. at 10 Kwong Min Road, Singapore 628712.

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.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Addendum to the purchaser or transferee as arrangements will be made by CDP for a separate Addendum with the Notice of 2017 AGM (as defined herein) and the attached Proxy Form (as defined herein) to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Addendum with the Notice of 2017 AGM 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.

Your attention is drawn to Section 2 of this Addendum in respect of actions to be taken if you wish to attend and vote at the 2017 AGM. The Notice of 2017 AGM and the Proxy Form are enclosed with the Annual Report.

This Addendum has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Advisors Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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 Ms. Lee Khai Yinn (Tel: (65) 6532 3829) at 1 Robinson Road #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.



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 ADOPTION 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:

“2017 AGM”	:	The AGM to be held on 20 April 2017 at 2.00 p.m. at 10 Kwong Min Road, Singapore 628712
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company
“Annual Report”	:	The Company’s annual report for the financial year ended 31 December 2016
“Approval Date”	:	Has the meaning ascribed to it in Section 1.1 of this Addendum
“Associates”	:	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% or more. <p>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% or more</p>
“Catalist”	:	The sponsor-supervised listing platform 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
“Company”	:	ES Group (Holdings) Limited
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
“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% 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
“Group”	:	The Company and its Subsidiaries
“Latest Practicable Date”	:	17 March 2017, being the latest practicable date prior to the printing of this Addendum
“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 2017 AGM”	:	The notice of AGM as set out on pages 108 to 114 of the Annual Report
“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 2017 AGM
“Relevant Period”	:	The period commencing from the date on which the ordinary resolution relation to the adoption 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 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 the said 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 or acquisition by the Company of its own Shares pursuant to the terms of the Share Buy-back Mandate

“Share Buy-back Mandate”	:	The proposed mandate 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 and the Catalist Rules and such other laws and regulation 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% 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
“%”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore. The term “**treasury shares**” shall have the meaning ascribed to it in Section 76H 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. 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 term or word defined under the Securities and Futures Act, the Companies Act, the Take-over Code or 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 or the Catalist Rules or such statutory modification, as the case may be, unless otherwise provided.

All 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 dates in this Addendum is made by reference to Singapore time and dates, 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:

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

Registered Office:

8 Ubi Road 2
#06-26 Zervex
Singapore 408538

5 April 2017

To: The Shareholders of ES Group (Holdings) Limited

Dear Shareholder,

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

1.1 Introduction

Shareholders' approval is being sought under Resolution 6 of the Notice of 2017 AGM for the adoption of the Share Buy-back Mandate at the 2017 AGM to be held on 20 April 2017, to allow the Company to purchase or otherwise acquire Shares of the Company. The purpose of this Addendum is to provide Shareholders with information relating to the proposed adoption of the Share Buy-back Mandate.

If approved by Shareholders, the Share Buy-back Mandate will take effect from the date of the 2017 AGM (or adjournment thereof) ("**Approval Date**") and will continue in force until the date to which the next AGM is 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 have to be put to Shareholders for renewal at each subsequent AGM of the Company.

The purchase of Shares by the Company pursuant to the Share Buy-back Mandate will have to be made in accordance with the Constitution, the Catalist Rules, the Companies Act, 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 Shares issued by it.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Addendum.

1.2 Rationale

The rationale for the proposed Share Buy-back Mandate is as follows:

- (a) 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 purchases or acquisition of its Shares at any time, subject to market conditions, during the period when the proposed 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.

- (b) Share Buy-backs provide the Company with a mechanism to facilitate the return to Shareholders of any surplus cash over and above its financial needs and/or ordinary capital requirements in an expedient, effective and cost-efficient manner.
- (c) Share Buy-backs will 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.
- (d) 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 proposed Share Buy-back Mandate may be used to purchase existing 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 financial position of the Company and/or the Group.

1.3 Terms of the Share Buy-back Mandate

The authority and limitations placed on purchases or acquisition of Shares by the Company under the Share Buy-back Mandate 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 is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company (excluding treasury shares) as at the Approval Date, unless the Company has effected a reduction of the share capital of the Company 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 Shares shall be taken to be the amount of the total number of Shares as altered by the special resolution of the Company or the order of the Court, as the case may be (excluding any treasury shares that may be held by the Company from time to time). For the purpose of calculating the percentage of Shares referred to above, any of the Shares which are held as treasury shares 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 no further Shares are issued on or prior to the 2017 AGM, not more than 14,120,000 Shares (representing 10% of the total number of Shares of the Company excluding treasury shares as at the Approval Date) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

1.3.2 Duration of authority

Purchases or acquisitions of Shares may be made during the Relevant Period, which is at any time and from time to time, on and from the Approval Date, up to the earlier 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 varied or revoked by Shareholders in a general meeting.

The Share Buy-back Mandate may be renewed by the Shareholders at each 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) market purchases (“**Market Purchase**”), transacted on the Catalist or 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 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 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 offers relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provides 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-back;
- (d) the consequences, if any, of Share Buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buy-back, 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 Purchase or Off-Market Purchase), 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% above the Average Closing Price (defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase, 25% above the Average Closing Price (defined below) of the Shares.

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

For the purposes above:

“**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 (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 the 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 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. 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 after 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 purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased 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 number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury 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 periods as ACRA 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 the treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount or a larger amount, as the case may be, is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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 will 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 such 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 any purchase or acquisition of its own shares to be made out of a company's distributable profits that are available for payment as dividends, as well as from its capital, provided that a company is solvent on the date of the purchase or acquisition of shares. For this purpose, pursuant to Section 76F(4) of the Companies Act, a company is "solvent" if 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 payment, the company will be able to pay its debts as they fall due during 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 purchase or acquisition of its shares, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources or external borrowings or a combination of both to finance the purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate. The Directors will principally consider the availability of internal resources, taking into account the impact on the cash reserves of the Company. 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 proposed 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 pursuant to the Share Buy-back Mandate 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 purchase or acquisition.

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 2016, are based on the following principal assumptions:

- (a) the proposed Share Buy-back Mandate had been effective on 1 January 2016;
- (b) pursuant to the Share Buy-back Mandate, the Company has purchased or acquired 14,120,000 Shares representing 10% of the total number of Shares (excluding treasury shares) of the Company based on 141,200,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2017 AGM;
- (c) in the case of Market Purchase by the Company, assuming that the Maximum Price is S\$0.08* per share, which is 105% of the Average Closing Price of the Shares over the last 5 Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date, and which is deemed to be adjusted in accordance with the Catalist Rules for any corporate action occurring after the relevant period of the 5 Market Days period, the maximum amount of funds required for the purchase of up to 14,120,000 Shares is S\$1,129,600;
- (d) in the case of Off-Market Purchase by the Company, assuming that the Maximum Price is S\$0.10* per share, which is 125% of the Average Closing Price of the Shares over the last 5 Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date, and which is deemed to be adjusted in accordance with the Catalist Rules for any corporate action occurring after the relevant period of the 5 Market Days period, the maximum amount of funds required for the purchase of up to 14,120,000 Shares is S\$1,412,000;
- (e) such Share purchases or acquisitions are made from external borrowings; and
- (f) transaction and interest costs incurred for the acquisition of Shares pursuant to the Share Buy-back Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

* rounded to the nearest 2 decimal points.

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

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

based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 are set out in the sections below.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate made out of profits are similar to that made out of capital. Therefore, only the financial effects of the purchase or acquisition of the Shares pursuant to the Share Buy-back Mandate made out of capital are set out in this Addendum.

1.7.1.1 Purchases made entirely out of capital and the purchased Shares are held as treasury shares

As at 31 December 2016	Company			Group		
	Before the Share Buy-back	After the Share Buy-back		Before the Share Buy-back	After the Share Buy-back	
		Market	Off-Market		Market	Off-Market
Share Capital (S\$'000)	23,698	23,698	23,698	23,698	23,698	23,698
Retained Earnings (S\$'000)	487	487	487	23,693	23,693	23,693
Other Reserves (S\$'000)	-	-	-	(18,459)	(18,459)	(18,459)
Treasury Shares (S\$'000)	-	(1,130)	(1,412)	-	(1,130)	(1,412)
Non-Controlling Interests (S\$'000)	-	-	-	2,266	2,266	2,266
Shareholders' Equity ⁽¹⁾ (S\$'000)	24,185	23,055	22,773	28,932	27,802	27,520
NTA ⁽²⁾ (S\$'000)	24,185	23,055	22,773	28,932	27,802	27,520
Current Assets (S\$'000)	19,479	19,479	19,479	28,098	28,098	28,098
Current Liabilities ⁽³⁾ (S\$ '000)	12,635	13,765	14,047	14,964	16,094	16,376
Working Capital(S\$ '000)	6,844	5,714	5,432	13,134	12,004	11,722
Total Borrowings ⁽³⁾ (S\$ '000)	-	1,130	1,412	6,772	7,902	8,184
Cash & Cash Equivalents (S\$ '000)	126	126	126	4,979	4,979	4,979
Net Loss Attributable to the Owners of the Company (S\$ '000)	(3,484)	(3,484)	(3,484)	(4,834)	(4,834)	(4,834)
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 ⁽⁴⁾ (cents)	17.13	18.14	17.92	20.49	21.88	21.66
Basic EPS ⁽⁵⁾ (cents)	(2.47)	(2.74)	(2.74)	(3.42)	(3.80)	(3.80)
Debt Equity Ratio ⁽⁶⁾ (times)	-	0.05	0.06	0.23	0.28	0.30
Current Ratio ⁽⁷⁾ (times)	1.54	1.42	1.39	1.88	1.75	1.72

1.7.1.2 Purchases made entirely of capital and the purchased Shares are cancelled

As at 31 December 2016	Company			Group		
	Before the Share Buy-back	After the Share Buy-back		Before the Share Buy-back	After the Share Buy-back	
		Market	Off-Market		Market	Off-Market
Share Capital (S\$'000)	23,698	22,568	22,286	23,698	22,568	22,286
Retained Earnings (S\$'000)	487	487	487	23,693	23,693	23,693
Other Reserves (S\$'000)	-	-	-	(18,459)	(18,459)	(18,459)
Treasury Shares (S\$'000)	-	-	-	-	-	-
Non-Controlling Interests (S\$'000)	-	-	-	2,266	2,266	2,266
Shareholders' Equity ⁽¹⁾ (S\$'000)	24,185	23,055	22,773	28,932	27,802	27,520
NTA ⁽²⁾ (S\$'000)	24,185	23,055	22,773	28,932	27,802	27,520
Current Assets (S\$'000)	19,479	19,479	19,479	28,098	28,098	28,098
Current Liabilities ⁽³⁾ (S\$ '000)	12,635	13,765	14,047	14,964	16,094	16,376
Working Capital(S\$ '000)	6,844	5,714	5,432	13,134	12,004	11,722
Total Borrowings ⁽³⁾ (S\$ '000)	-	1,130	1,412	6,772	7,902	8,184
Cash & Cash Equivalents (S\$ '000)	126	126	126	4,979	4,979	4,979
Net Loss Attributable to the Owners of the Company (S\$ '000)	(3,484)	(3,484)	(3,484)	(4,834)	(4,834)	(4,834)
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 ⁽⁴⁾ (cents)	17.13	18.14	17.92	20.49	21.88	21.66
Basic EPS ⁽⁵⁾ (cents)	(2.47)	(2.74)	(2.74)	(3.42)	(3.80)	(3.80)
Debt Equity Ratio ⁽⁶⁾ (times)	-	0.05	0.06	0.23	0.28	0.30
Current Ratio ⁽⁷⁾ (times)	1.54	1.42	1.39	1.88	1.75	1.72

Notes:

- (1) Shareholder' equity excluded minority interests.
- (2) NTA refers to net assets less intangible assets and minority 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) NTA per Shares is computed based on NTA divided by the number of Shares issued (exclude treasury shares).
- (5) Basic EPS is computed based on net profit attributable to the owners of the Company divided by the weighted average number of Shares.
- (6) Debt equity ratio is computed based on total borrowings divided by Shareholders' equity.
- (7) 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 and are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 December 2016 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% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

1.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of share purchases 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 Catalyst Rules

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

Within 30 days of a Share Buy-back on the Catalyst or otherwise, the Company 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 Share Buy-back, the amount of consideration paid by the Company for the purchase or acquisition and whether the Shares were purchased or acquired out of the profits or capital of the Company and such other particulars as may be required 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 specifies 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 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 currently requires, *inter alia*, the inclusion of details of 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 and such announcement must be made in the form of Appendix 8D of the Catalyst Rules.

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 proposed 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 would not purchase or acquire any Shares through Market Purchase and Off-Market Purchases commencing 1 month before the announcement of the Company's half year and full year financial statements.

1.10 Listing Status

The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of its Shares (excluding preference shares, convertible equity securities and treasury shares) 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, there are 184 Shareholders and 22,804,000 Shares are in the hands of the public (as defined above), representing approximately 16% of the issued share capital of the Company. For illustrative purposes only, assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% 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, the resultant number of Shares held by public Shareholders would be reduced to 8,684,000, representing approximately 7% of the remaining issued Shares of the Company. Therefore in such a case and in order not to adversely affect the listing status of Shares on the SGX-ST, the Company will not be permitted to undertake purchases or acquisitions of its Shares to the full 10% limit pursuant to the Share Buy-back Mandate if it will result in the number of Shares held by public Shareholders falling below 10% of the remaining issued Shares of the Company.

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; and (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% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% 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 of the Take-over Code.

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% but not more than 50% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employees' share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which 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% 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 of the Company (including Directors of the Company) 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, 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% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of 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 of the Company **will not be required** to make a take-over offer under Rule 14 of the Take-over Code 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% or more, or, if such Shareholder holds

between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% 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 Share Buy-backs by the Company.

Based on the information set out below, in the event that the Company undertakes Share Buy-backs of up to 10% of the issued share capital of the Company (excluding treasury shares) as permitted by the Share Buy-back Mandate, none of the Directors or Substantial Shareholders are required to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

The Directors are not aware of any potential Shareholders who may have to make a mandatory take-over offer to the other Shareholders as a result of a purchase of Shares by the Company pursuant to the proposed Share Buy-back Mandate.

Shareholders are advised to consult their professional advisers and/or the Council and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buy-back Mandate.

Purely for illustrative purposes, on the basis of 141,200,000 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2017 AGM, not more than 14,120,000 Shares (representing 10% of the Shares in issue (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate, if so approved by Shareholders at the 2017 AGM.

Assuming that the Share Buy-back Mandate is validly and fully exercised prior to the next annual general meeting and the maximum allowed number of Shares, being 14,120,000 Shares, have been purchased or acquired (on the basis that there would have been no change to the number of Shares in issue at the time of such exercise), and that such re-purchased Shares are not acquired from Directors and the Substantial Shareholders and are deemed cancelled immediately upon purchase or held as treasury shares, based on the Register of Directors' Shareholdings and Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders would be changed as follows:

	Before the Share Buy-back				After the Share Buy-back			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Directors								
Low Chee Wee ⁽¹⁾	30,235	21.41	53,540	37.92	30,235	23.79	53,540	42.13
Eddy Neo Chiang Swee ⁽²⁾	6,000	4.25	3,600	2.55	6,000	4.72	3,600	2.83
Substantial Shareholders (who are not Directors)								
Christopher Low Chee Leng ^{(1), (3)}	905	0.64	66,660	47.21	905	0.71	66,660	52.46
Yvonne Low-Triomphe ⁽¹⁾	7,540	5.34	53,540	37.92	7,540	5.93	53,540	42.13
Neo Peck Keow @ Ng Siang Keng ⁽¹⁾	53,540	37.92	-	-	53,540	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 are deemed interested in all the 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 13,120,000 shares held by Hong Leong Finance Nominees Pte Ltd. Christopher Low Chee Leng pledged the shares to Hong Leong Finance Nominees Pte Ltd for personal reasons.

Save as disclosed above, the other Directors do not have any interest, whether direct or indirect, in the Shares.

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 limits on the shareholding of any Shareholder.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2017 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 attached to the Notice of 2017 AGM 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 2017 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2017 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 2017 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2017 AGM, as certified by CDP to the Company.

3. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the terms and the rationale for the proposed Share Buy-back Mandate, the Directors are of the opinion that the proposed adoption 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 being the ordinary resolution relating to the proposed adoption of the Share Buy-back Mandate at the 2017 AGM.

4. 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 adoption 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.

5. DOCUMENTS FOR INSPECTION

A copy of the following documents may be inspected 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 2017 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2016; and
- (b) the Constitution of the Company.

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

Low Chee Wee
Chief Executive Officer & Chief Operating Officer

