

**ES GROUP (HOLDINGS) LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200410497Z)

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**RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION  
ON 1 JUNE 2020 WITH RESPECT TO THE COMPANY'S ANNUAL REPORT FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The board of directors (the “**Board**”) of ES Group (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to respond to the following queries raised by the Singapore Exchange Regulation on 1 June 2020 with respect to the Company’s Annual Report for the financial year ended 31 December 2019 (“**FY2019**”).

**SGX Query 1:**

***Would the board/management provide shareholders with better clarity on the group’s new building and repair services? Specifically:***

- (i) Revenue: What are the more significant projects taken on by the group? How does the group source for new projects?***
- (ii) Major customer: The group’s major customer accounted for \$18.4 million of the group’s \$21.3 million segment revenue. Is there capacity for the group to carry out more new building/repair services? If so, what are management’s efforts to establish a bigger client base and to secure projects from other customers?***
- (iii) COVID-19: How has the group been impacted by the pandemic and what measures have been put in place by management?***

Company’s response:

- (i) The Group’s core revenue for FY2019 was derived from SembCorp Marine Limited – Admiralty Yard (“**SMAY**”) for ship repair and maintenance works. Besides such shipyard activities from SMAY, the Group continues to be involved in shipping activities that covers ship chartering and ship marine supplies. The Group generally secures new projects from referrals from existing customer base.
- (ii) The Group continues to be on the lookout for opportunities including expanding the scope of works with existing major customer while exploring possible mergers and acquisitions in areas of industry related products with a view to diversify and enhance shareholders’ value in the long run.
- (iii) The Company provided information on the impact of the COVID-19 pandemic on the Group’s business operations and financials in its announcement released on 27 May 2020. Please refer to the said announcement for more information.

## SGX Query 2:

**The “Impairment assessment of property, plant and equipment” is a key audit matter (KAM) highlighted by the Independent Auditor in their Report on the Audit of the Financial Statements (pages 42 to 46). Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period. As mentioned in the KAM: As at 31 December 2019, the Group’s property, plant and equipment amounted to \$14,146,215 which accounted for 31% of the Group’s total assets. During the financial year, management carried out an impairment assessment on one of the Group’s vessels as there were indicators that it may be impaired... Based on management’s assessment, there is an impairment of \$800,000 recognised on the vessel. As at 31 December 2019, the group has carrying value for vessels in its property, plant and equipment amounting to \$4.57 million (page 83). This excludes the carrying value of ES Bristol. Ship charter revenue was \$5.2 million in 2019, declining from \$5.4 million in 2018. In Segment information (Note 32 – page 99), the shipping segment gross profit slipped from \$119,682 to a loss of \$(210,019). The shipping segment consists of the group’s ship chartering, marine supplies and related activities.**

- (i) Can management confirm that the impairment was recognised for ES Aspire? After the impairment, what is the carrying value of ES Aspire?**
- (ii) What was the utilisation rate for ES Aspire?**
- (iii) What other vessel does the group own, if any?**
- (iv) Under the shipping segment, the marine supplies business has remained flat at \$1.15-\$1.20 million in the past two years. Can management help shareholders understand the growth opportunities in the marine supplies business? With just ~\$1.2 million in revenue, does the marine supplies business enjoy economies of scale?**

Company’s response:

- (i) The impairment was carried out on the Group’s vessel – ES Aspire. After the impairment, the carrying value of ES Aspire (at net realisable value) was S\$4.57 million as at 31 December 2019.
- (ii) ES Aspire was on spot charter for a total of 244 days in year 2019 which yielded an utilisation rate of approximately 67%. For the avoidance of doubt, the computation of this utilisation rate had taken into account the time spent on scheduled maintenance and inspection for the vessel in the year.
- (iii) Currently, the Group owns only one vessel – ES Aspire. The Group had recently completed the disposal of its other vessel – ES Bristol, as announced on 11 February 2020.
- (iv) The Group continues to operate in a saturated marine supplies business segment. The Group’s strategy is to continue to service its portfolio of existing clientele, while growing its marine supplies business gradually by sourcing for established and creditworthy ship owners to establish new working relationships.

The Group believes its marine supplies business brought about referral opportunities for ad-hoc offshore projects that enhance the Group’s overall economies of scale.

**SGX Query 3:**

**As noted in the Corporate Governance report, the group listed Mr. Low Chye Hin, the father of the executive director, CEO and COO of the company, as an Interested Person. He provides consultancy services to the group in return for consultancy fees and allowance. The amount was \$204,000 for FY2019.**

- (i) Can the board help shareholders understand what are the roles and responsibilities of the consultant? What are the deliverables?**
- (ii) Does the consultant report to the executive director/CEO?**
- (iii) Can the board confirm that Mr. Low Chye Hin, as a consultant to the group, receives allowance or payments of other forms?**
- (iv) Is there a fixed term to the consultancy agreement with Mr. Low Chye Hin?**

Company's response:

- (i) The consultant – Mr. Low Chye Hin (“**Mr. Low**”) is the founder of the Group. Mr. Low was engaged as a consultant to the Group in respect of the marketing and operations aspects of the Group’s business. The Group taps onto Mr. Low’s expertise to provide valuable insights, industry know-how, as well as technical knowledge and skills to expand the Group’s businesses with his extensive years of experience in the industry.  
  
In addition, given Mr. Low’s strong reputation within the industry, he assists the Group to source for new projects and opportunities. In particular, with his seniority, and extensive contacts and strong relationships with key industry players, he assists the Group in clinching and/or settling projects at favourable terms to the Group. Mr. Low’s experience has proven to be extremely valuable during the difficult times.
- (ii) Mr. Low reports to Mr. Low Chee Wee (the Executive Director, CEO and COO of the Company) on a regular basis.
- (iii) The Board confirms that Mr. Low’s remuneration consists of a fixed monthly fee, and no allowances or payments of other forms are payable to Mr. Low.
- (iv) The Company has entered into the consultancy agreement with Mr. Low on a fixed term of three years subject to review and renewal by the Remuneration Committee of the Company and the Board.

By Order of the Board  
**ES GROUP (HOLDINGS) LIMITED**

LOW CHEE WEE  
Executive Director and Chief Executive Officer  
3 June 2020

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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 Catalist.

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.