

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

PURCHASE OF FOUR (4) LEASEHOLD PROPERTIES AT 8 UBI ROAD 2 #06-23, #06-24, #06-25 AND #06-26, ZERVEX, SINGAPORE 408538

The Board of Directors of the Company (the “Board”) wishes to announce that the Company has, via its wholly-owned subsidiary, Wang Fatt Oil & Gas Construction Pte Ltd (the “Purchaser”), entered into four (4) Sale and Purchase Agreements dated 25 February 2011 (the “Agreements”) in respect of the purchase of four (4) leasehold properties at 8 Ubi Road 2 #06-23, #06-24, #06-25 and #06-26, Zervex, Singapore 408538, with an aggregate gross floor area (“GFA”) of approximately 4,563 square feet, for a purchase consideration of S\$1,995,000 (the “Properties”) from 3 Link Development Pte. Ltd. (the “Vendor”) (the “Acquisitions”).

Description of the Properties

The Properties are industrial premises and comprise four (4) leasehold titles for the term of 60 years commencing from 30 June 2008. The GFAs of the Properties are as follows:-

| Unit number | GFA (square feet) |
|--------------------|--------------------------|
| #06-23 | 1,130 |
| #06-24 | 1,130 |
| #06-25 | 1,130 |
| #06-26 | 1,173 |
| Total | 4,563 |

Rationale for the Acquisitions

The Acquisitions will allow the Company to relocate their existing corporate office at 30 Shaw Road #06-06, Roche Building, Singapore 367957, with a GFA of approximately 2,336 square feet, to a larger corporate office at the Properties, with a GFA of approximately 4,563 square feet, to meet the future expansion needs of the Company and its subsidiaries (the “Group”).

Purchase consideration for the Acquisitions

The purchase consideration for the Acquisitions shall be satisfied by the payment of the following aggregate sums to the Vendor (the “Consideration Sums”):-

| Unit number | Consideration Sum (S\$) |
|--------------------|--------------------------------|
| #06-23 | 494,000 |
| #06-24 | 494,000 |
| #06-25 | 494,000 |
| #06-26 | 513,000 |
| Total | 1,995,000 |

The Consideration Sums are exclusive of goods and services tax (“GST”).

Expected completion and terms of payment for the Acquisitions

Under the terms of the Acquisitions, 5% of the respective Consideration Sum (excluding GST) is payable upon the grant of the respective options to purchase, 15% of the respective Consideration Sum (excluding GST) is payable upon the exercise of the respective options to purchase, and the balance is payable upon completion which is expected to take place no later than 15 April 2019 or three (3) years and 14 days after the date of delivery of vacant possession of the Properties, whichever is the earlier. Under the Agreements, the date of delivery of vacant possession (and the Temporary Occupation Permits ("TOP") or the Certificates of Statutory Completion) of the Properties is expected to be no later than 1 April 2016. Notwithstanding this, the Company has been informed by the Vendor that the TOP is expected to be issued in March 2011 and delivery of vacant possession of the Properties is expected to take place by April 2011.

Basis for determining the Consideration Sums

The Consideration Sums for the Acquisitions were arrived on an arm's length and willing buyer-willing seller basis after taking into account the indicative valuations provided by a professional valuer on the Properties (the "Valuation Reports").

Funding the Acquisitions

The Acquisitions will be funded from internal resources and bank borrowings.

Financial effects of the Acquisition

For illustration only, and based on the unaudited financial statements of the Group for the year ended 31 December 2010, the Acquisitions are expected to have the following financial effects:-

Net Tangible Assets ("NTA")

For illustration purposes, had the Acquisitions taken place on 31 December 2010 (being the end of the most recently completed financial year) and based on the unaudited consolidated financial statements of the Company at 31 December 2010, the Acquisitions would not have any material impact on the consolidated NTA of the Company. The table below illustrates the effect of the Acquisitions on the consolidated NTA of the Company:-

| For FY2010 | Before the Acquisitions | After the Acquisitions |
|---|--------------------------------|-------------------------------|
| NTA (S\$'000) | 31,773 | 31,773 |
| Number of ordinary shares in issue during the financial year ('000) | 141,200 | 141,200 |
| NTA per share (cents) | 22.50 | 22.50 |

Earnings per Share ("EPS")

For illustration purposes, had the Acquisitions been completed on 1 January 2010 (being the beginning of the most recently completed financial year) and based on the unaudited consolidated financial statements of the Company for the year ended 31 December 2010, the Acquisitions would have the following effects on the consolidated EPS of the Company:-

| For FY2010 | Before the Acquisitions | After the Acquisitions |
|---|--------------------------------|-------------------------------|
| Earnings attributable to equity holders of the Company (S\$'000) | 1,579 | 1,553 ⁽¹⁾ |
| Number of ordinary shares in issue during the financial year ('000) | 141,200 | 141,200 |
| EPS (cents): | | |
| Basic | 1.12 | 1.10 |
| Diluted | 1.12 | 1.10 |

Note:-

- (1) This is determined on the basis that the Acquisitions will be financed as follows: 20% from internal resources and 80% from bank borrowings. Hence, the amount of bank borrowings to be obtained is S\$1,596,000. For illustrative purposes, we have assumed four (4) 20-year term loans are obtained at the current market interest rate fixed at 1.68% per annum.

Relative figures under Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalyst (the "Catalist Rules")

The relative figures under Rule 1006 of the Catalyst Rules based on the latest announced unaudited consolidated financial statements of the Company for the year ended 31 December 2010 are:-

| | | |
|---------------|--|---------------------|
| Rule 1006 (a) | Net asset value of the assets to be disposed of, compared with the group's net asset value | Not applicable |
| Rule 1006 (b) | Net profits attributable to the assets acquired or disposed of, compared with the group's net profits | Not applicable |
| Rule 1006 (c) | Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. | 6.6% ⁽¹⁾ |
| Rule 1006 (d) | Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable |
| Rule 1006 (e) | Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable |

Note:-

- (1) Based on the Consideration Sums of S\$1,995,000 and the market capitalisation of the Company as at 25 February 2011 of S\$30.4 million.

As none of the relative figure under Rule 1006 of the Catalist Rules exceeds 75%, the Company is not required to convene a general meeting of the Shareholders to seek specific approval on the Acquisition. The Acquisitions, when taken in aggregate, constitute a “discloseable transaction” under the provisions of Rule 1010 of the Catalist Rules, as computed on the above bases.

Material terms and conditions of the Agreements

- (a) The Vendor will sell and the Purchaser will buy free from all encumbrances the remainder of the leasehold estate for a term of 60 years commencing from 30 June 2008 in the Properties at the Consideration Sums.
- (b) The Vendor must as soon as possible build the Properties, together with all common property of the building known or to be known as 8 Ubi Road 2, in a good and workmanlike manner according to the specifications and the plans approved by the Commissioner of Building Control and other relevant authorities.

Interests of Directors and controlling shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisitions. No person will be appointed to the Board in connection with the Acquisitions and no service contracts in relation thereto will be entered into by the Company.

Documents available for inspection

Copies of the Agreements and Valuation Reports will be made available for inspection during normal business hours at the registered office of the Company at 30 Shaw Road #06-06, Roche Building, Singapore 367957 for a period of three (3) months from the date of this announcement.

By Order of the Board

Christopher Low Chee Leng
Chief Executive Officer

28 February 2011

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). Collins Stewart Pte. Limited has not independently verified the contents of this announcement.

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 Mr. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.