ECOWISE HOLDINGS LIMITED
(Company Registration No. 200209835C)

PROPOSED ACQUISITION OF PROPERTY BY SUNRICH INTEGRATED SDN BHD

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of ecoWise Holdings Limited (the **"Company"**, and together with its subsidiaries, the "**Group**") wishes to announce that Sunrich Integrated Sdn. Bhd. (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, had on 19 June 2020, entered into an option to purchase ("**OTP**") with Dat Tung (Sabah) Sdn. Bhd. (the "**Vendor**") for the purchase (the "**Proposed Acquisition**") of a piece of leasehold industrial land together with the semi-detached warehouse erected thereon bearing postal address Lot 6 & 7 situated along Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia ("**Property**") for an aggregate purchase consideration of RM8,000,000 (approximately S$2,608,000), payable in cash (the "**Consideration**").

2. INFORMATION ON THE PROPERTY AND THE VENOR

The Property is held under Land Title No. CL015606238 and CL015606247 and Lot No. 6 and 7 Malaysia measuring approximately 16,456 and 19,527 square feet respectively (including build-up areas). The Property is a leasehold property with remaining land tenure of approximately 54 years which will expire in the year 2074. The Property will be sold on an 'as-is-where-is' basis and the Vendor is in the process of vacating the Property. The Property consists of a two-storey semi-detached warehouse (which includes office space, warehouse and extended build-up area) erected on a parcel of industrial land.

The Vendor is a private company limited by shares, incorporated in Malaysia, and is owned by five individuals. None of the Vendor nor directors and shareholders of the Vendor is related to the Directors or substantial shareholders of the Company ("**Shareholders**") and their respective associates.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Purchaser is an investment holding company based in Negeri Sembilan in Malaysia, and through its subsidiaries ("**Purchaser Subsidiaries**") in Malaysia, carries out the production of rubber compound and retreaded tyres. The Purchaser Subsidiaries are currently leasing a factory (approximately 24,402 square feet) from a third party. The Purchaser intends to acquire the Property and relocate its production facilities to the Property.

The Directors are of the view that the Proposed Acquisition is in the best interests of the Group based on the following reasons:

(i) the Proposed Acquisition will enable the Group to secure its own property, instead of leasing from a third party and be subjected to yearly rental adjustments;

(ii) the Proposed Acquisition will enable the Group to grow its brand and profile in Sabah with a view to increasing sales numbers in the long run; and

(iii) the Proposed Acquisition will enable the Group to increase the production capacity of rubber compound and retreaded tyres thereby increasing its production efficiency through economies of scale.

4. SALIENT TERMS OF THE OTP

4.1 The Consideration was determined based on arm's length negotiations between the parties, and arrived at on a willing-buyer and willing-seller basis, after taking into account the existing rental rate, the location of the Property and market value of similar properties around the area. The Purchaser intends to fund the payment of the Consideration by way of internal funds and bank borrowings. A valuation of the Property will be conducted by the Company prior to the signing of the SPA.

4.2 The salient terms of the OTP include, among others, the following:

(i) subject to the clearance of xerox title search of the Property and the Vendor furnishing to the Purchaser's solicitor the requisite documents listed in the OTP, an earnest money amount of RM80,000 (equivalent to S$26,080) ("**Earnest Money**") shall be payable by the Purchaser to the Purchaser's solicitor within five (5) working days of the signing of the OTP. In the event the Vendor fail to execute the sale and purchase agreement for the Property ("**SPA**") on or before 14 July 2020, the Earnest Money shall be refunded to the Purchaser and the Vendor shall further pay the Purchaser a sum of RM80,000 (equivalent to S$26,080) as agreed liquidated damages (or the Purchaser may elect to seek the remedies of specific performances against the Vendor);

(ii) a sum representing the balance of the 10% of the Consideration (being RM720,000, equivalent to S$234,760) ("**Deposit**") shall be paid by the Purchaser to the Vendor on the signing of the SPA simultaneously with the release of the Earnest Money to the Vendor upon issuance of caveat memorial in favour of the Purchaser;

(iii) upon the receipt of the memorial number evidencing the successful transfer of the Property in favour of the Purchaser, a sum representing the balance 90% of the Consideration (being RM7,200,000 equivalent to S$2,347,600) shall be paid to the Purchaser's solicitor within three months from the date of the SPA ("**Completion Date**") with irrevocable instruction to release the same to the Vendor;

(iv) in the event of a default on the part of the Purchaser, an extension of one (1) month from the Completion Date shall be given to the Purchaser free from any interest, and upon the expiry of such extended period, the Vendor shall be entitled to terminate the SPA and the Earnest Money and the Deposit made to the Vendor will be wholly forfeited; and

(v) in the event of a default on the part of the Vendor, the Purchaser shall be entitled to terminate the SPA wherein the Earnest Money and Deposit shall be refunded to the Purchaser and the Vendor shall further pay to the Purchaser a sum of RM800,000 (equivalent to S$260,840) as agreed liquidated damages or the Purchaser may elect to seek the remedies of specific performances against the Vendor.

4.3 The Company will make an announcement when the Purchaser and the Vendor enter into the SPA.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULES OF CATALIST (THE "CATALIST RULES")

The relative figures for the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalist Rules and the latest announced audited consolidated financial statements of the Group for the financial year ended 31 October 2019 ("**FY2019**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable[(1)]

Rule 1006	Bases	Relative Figures (%)
(c)	The 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.	8.80%(2)
(d)	The 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(3)
(e)	The 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.	Not applicable(4)

Notes:

(1) Rule 1006(b) of the Catalist Rules is not applicable as the Property is not a revenue-generating asset.

(2) Computed based on (i) the Consideration of RM8,000,000 (approximately S$2,608,000); and (ii) the Company's market capitalization of approximately S$29.65 million, computed based on 956,486,129 shares of the Company (excluding treasury shares) ("**Shares**") and the volume weighted average price of S$0.031 on 18 June 2020, being the last market day on which the Shares were traded prior to the date of signing of the OTP.

(3) Rule 1006(d) of the Catalist Rules is not applicable as the Consideration is to be satisfied entirely by way of cash payment, and no equity securities will be issued by the Company as Consideration.

(4) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure set out in Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules. Accordingly, Shareholders' approval is not required for the Proposed Acquisition.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Assumptions

The *pro forma* financial effects of the Proposed Acquisition on the Group, are presented for illustrative purposes only and are not intended to be indicative or reflective of the actual future financial position of the Company or the Group after the completion of the Proposed Acquisition.

The *pro forma* financial effects of the Proposed Acquisition have been computed based on the audited consolidated financial statements of the Group for FY2019, on the following bases and assumptions:

(a) the financial effect on the consolidated net tangible asset ("**NTA**") per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 October 2019;

(b) the financial effect on the consolidated loss per Share ("**LPS**") is computed based on the assumption that the Proposed Acquisition was completed on 1 November 2018;

(c) foreign exchange rate of S$1 : RM 3.067 was used for translation;

(d) interest charges to be incurred on bank borrowings to partially fund the payment of the Consideration have been disregarded; and

(e) expenses to be incurred in respect of the Proposed Acquisition have been disregarded.

6.2 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA of the Group as at 31 October 2019 (S$'000)	35,922	35,922
Number of Shares (excluding treasury shares)	956,486,129	956,486,129
NTA per Share (S$ cents)	3.76	3.76

6.3 LPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to Shareholders (S$'000)	(697)	(697)
Weighted average number of Shares (excluding treasury shares) ('000)	956,486,129	956,486,129
LPS (cents)	(0.073)	(0.073)

7. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition (other than in their capacity as Directors or Shareholders, where applicable).

8. SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS FOR INSPECTION

A copy of the OTP will be made available for inspection during normal business hours at the registered office of the Company, One Commonwealth Lane, One Commonwealth #07-28 Singapore 149544 for a period of three (3) months from the date of this announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

By Order of the Board

CAO SHIXUAN
Executive Director
19 June 2020

This announcement has been prepared by ecoWise Holdings Limited ("**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**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.