



ECOWISE HOLDINGS LIMITED
(Company Registration No. 200209835C)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ECOWISE VENTURES PTE. LTD.

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of ecoWise Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 14 April 2020 entered into a conditional sale and purchase agreement (“**Agreement**”) with Hong Kong Chenbang Investment Limited (香港辰邦投資有限公司) (the “**Purchaser**”, and together with the Company, the “**Parties**”) to dispose of the entire issued and paid-up share capital (the “**Sale Shares**”) of the Company’s wholly-owned subsidiary, ecoWise Ventures Pte. Ltd. (“**EWV**”), on the terms and conditions of the Agreement (the “**Proposed Disposal**”) for a cash consideration of RMB6 million (approximately S\$1.16 million) (the “**Sale Consideration**”).
- 1.2 EWV has a 20.0% equity interest in China-UK Low Carbon Enterprise Co., Ltd. (“**CULCEC**”). EWV and CULCEC shall collectively be known as the “**Sale Subsidiaries**”. Upon completion of the Proposed Disposal, the Company will cease to have any interest in the Sale Subsidiaries.

2. INFORMATION ON THE SALE SUBSIDIARIES

- 2.1 Details of each of the Sale Subsidiaries as at the date of the Agreement are as follows:

Name of Sale Subsidiary	Principal Activity	Principal place of business and Country of incorporation / Date of incorporation	Issued and paid-up share capital	Group’s effective equity interest
ecoWise Ventures Pte. Ltd.	Investment holding	Singapore / 20 July 2011	S\$2 consisting of 2 ordinary shares	100.0%
China-UK Low Carbon Enterprise Co., Ltd.	Venture capital investment, and management consulting to invested enterprise	People’s Republic of China (“ PRC ”) / 3 March 2010	GBP4 million consisting of 4,000,000 ordinary shares	20.0% ⁽¹⁾

Note:

- (1) The remaining equity interest of 80.0% of CULCEC is held by (i) China Energy Conservation and Environmental Protection Group (“**CECEP**”) of (72.65%); and (ii) Carbon Trust International Limited (“**CTI**”) (7.35%). To the best of the Directors’ knowledge, CECEP, CTI and their respective shareholders

are not related to the Purchaser.

- 2.2 EWW is an investment holding company while CUCLEC has been a loss-making company for the past 5 financial years ended 31 December 2019. CULCEC is principally involved in the business of venture capital investment and provision of management consulting to its invested enterprise, and its operations are based in Beijing, the PRC. The Group had on 22 July 2011 entered into an equity transfer agreement with CTI to acquire the 20% of the unpaid registered capital of CULCEC. The Group, through its investment in EWW, has a passive equity stake of 20% in CULCEC, as CULCEC's management comprise largely of representatives from CECEP.

3. INFORMATION ON THE PURCHASER

The Purchaser is a private company limited by shares incorporated in Hong Kong. The Purchaser is wholly-owned by, and its sole shareholder and director is, Mr Chen Chen-Chen (陳政辰) (“**Mr Chen**”). Mr Chen is a citizen of Republic of China (Taiwan). The Purchaser is engaged in the business of providing clean energy systems engineering design and consulting services, business consulting services and financial advisory services. Each of the Purchaser and Mr Chen are not related to the Company, the Directors or the Company's substantial shareholders. The Group was introduced to the Purchaser by business acquaintances.

4. FINANCIAL INFORMATION RELATING TO THE SALE SUBSIDIARIES

- 4.1 Based on the audited consolidated financial statements of the Group for the financial year ended 31 October 2019 (“**FY2019**”),
- (i) negative book value and net tangible liabilities (“**NTL**”) of the Sale Subsidiaries amounted to approximately of S\$0.62 million respectively, as at 31 October 2019;
 - (ii) the carrying value of the Group's investment in CULCEC, net of foreign currency translation reserve (“**FCTR**”) of approximately S\$0.45 million, amounted to approximately S\$1.23 million as at 31 October 2019; and
 - (iii) the net loss attributable to the Sale Subsidiaries amounted to approximately S\$0.07 million in FY2019.

The open market value of the Sale Shares is not available as the Sale Shares are not publicly traded.

- 4.2 Based on the audited financial statements of EWW, the Sale Subsidiaries recorded the following:
- (i) aggregate net amount due to related corporations (being the Company and its Associates¹) of approximately S\$2.29 million (“**Amount Due to EWH**”); and
 - (ii) aggregate amount due to third parties (including trade and other payables, and accruals) of approximately S\$8,800 (“**Payables**”).

¹ **Associate** means, in relation to a company, any subsidiary or holding company of that company, any subsidiary of any such holding company and any company the equity shares in which the first-mentioned company, its subsidiary, its holding company or any subsidiary of its holding company together (directly or indirectly) hold an interest of 30% or more.

- 4.3 Pursuant to the Agreement, the Company shall be responsible for any liabilities as reflected in the audited financial statements of the Sale Subsidiaries as at the Completion Date. Based on the audited financial statements of the Sale Subsidiaries for FY2019, the liabilities of the Sale Subsidiaries comprise the Amount Due to EWH and the Payables.
- 4.4 Taking into account the Payables, the net consideration for the Proposed Disposal shall amount to approximately S\$1.15 million ("**Net Consideration**").
- 4.5 The Proposed Disposal will result in the Group recording a non-cash loss on disposal of approximately S\$0.08 million, taking into account the negative book value of the Sale Subsidiaries of approximately S\$0.62 million and the FCTR of S\$0.45 million, as well as the Net Consideration of approximately S\$1.15 million and the waiver of the Amount Due to EWH of approximately S\$2.29 million.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The business of the Sale Subsidiaries, being the business of venture capital investment and provision of management consulting to its invested enterprise in the PRC, is not a core business of the Group. The Group is in the business of resource recovery, renewable energy and integrated environmental solutions provider. The Proposed Disposal is pursuant to an internal restructuring exercise to dispose of non-core businesses of the Group which are loss-making.

In addition, with the cash proceeds from the Proposed Disposal, the cash flow position of the Group will improve and the Group intends to use the cash proceeds from the Proposed Disposal for general working capital purposes or other business and investment opportunities as and when they arise.

6. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

6.1 Sale Consideration

The Sale Consideration was arrived at following arm's length negotiations on a willing buyer and willing seller basis, taking into account the carrying value of the Group's investment in the Sale Subsidiaries (net of FCTR). No valuation of EWW was carried out in connection with the Proposed Disposal.

The Sale Consideration will be fully satisfied in cash via four (4) tranches as follows:

- (i) First tranche – Sum of RMB0.3 million (approximately S\$58,000) will be paid by the Purchaser to the Company to its Singapore or China bank accounts as designated by the Company within seven (7) working days from the date of signing of the Agreement;
- (ii) Second tranche – Sum of RMB1.7 million (approximately S\$328,000) will be paid by the Purchaser to the Company to its Singapore or China bank accounts as designated by the Company within two (2) months from the date of signing of the Agreement;
- (iii) Third tranche – Sum of RMB2.0 million (approximately S\$386,000) will be paid by the Purchaser to the Company to its Singapore or China bank accounts as designated by the Company within four (4) months from the date of signing of the Agreement; and
- (iv) Fourth tranche – Sum of RMB2.0 million (approximately S\$386,000) will be paid by

the Purchaser to the Company to its Singapore or China bank accounts as designated by the Company within six (6) months from the date of signing of the Agreement.

6.2 Conditions Precedent

Pursuant to the Agreement, the sale and purchase of the Sale Shares is conditional upon fulfilment of payment of the Sale Consideration in accordance with the payment schedule set out in section 6.1 above. Parties are currently in discussions on providing further conditions precedent to take into account, requisite approvals to be obtained by each of the Parties from its shareholders, board of directors, relevant regulatory authorities, where applicable.

7. SERVICE AGREEMENTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into.

8. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006 OF THE CATALIST RULES

8.1 The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) and the latest unaudited consolidated financial statements of the Group for FY2019 are as follow:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Company’s net asset value	-1.49% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Company’s net profits ⁽²⁾	-365.30% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalization	4.85% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for the proposed acquisition as compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Company’s proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Computed based on (i) the net liabilities value of the Sale Subsidiaries which amounted to approximately S\$0.62 million; and (ii) the net asset value of the Group which amounted to approximately S\$41.24 million, as at 31 October 2019.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, “**net profits**” is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The Sale Subsidiaries recorded a net loss of approximately S\$0.07 million, and the Group

recorded net profit of approximately S\$0.02 million for FY2019.

- (3) Computed based on (i) the Net Consideration of S\$1.15 million; and (ii) the Company's market capitalisation of approximately S\$23.91 million. Under Rule 1002(5) of the Catalist Rules, the market capitalisation of the Company is determined by multiplying the number of shares in issue (being 956,486,129 shares) by the weighted average price of S\$0.025 on 2 April 2020 (being the last market day on which the shares of the Company ("**Shares**") were traded prior to the date of signing of the SPA). In addition, paragraph 3.2(b) of Practice Note 10A of the Catalist Rules states that any additional liabilities waived by the seller under the terms of the transaction shall be included in computing the aggregate value of consideration. As set out in section 4.3 of this announcement, pursuant to the terms of the Agreement, the Company will be responsible for the Amount due to EWH of S\$2.29 million (i.e. such amounts would have been waived by the Company). If the Amount due to EWH had been considered, the net aggregate value of consideration would have been a negative value, and would not be meaningful for the purpose of Rule 1006(c) of the Catalist Rules.
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

8.2 The relative figures under Rules 1006(a) and 1006(b) of the Catalist Rules are negative, which may not give a meaningful indication of the significance of the Proposed Disposal to the Company. It is further noted that the Proposed Disposal does not fall under the scenarios provided for in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules. Accordingly, the Company, through its sponsor, will be consulting the SGX-ST on seeking a waiver from compliance with Rule 1014(2) of the Catalist Rules on the requirement to seek Shareholders' approval for the Proposed Disposal (the "**Waiver Application**"). The Company will make the necessary announcements as and when appropriate to update the Shareholders on the outcome of the Waiver Application.

9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

9.1 Assumptions

The *pro forma* financial effects of the Proposed Disposal 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 Disposal.

The *pro forma* financial effects of the Proposed Disposal 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 and gearing ratio are computed based on the assumption that the Proposed Disposal was completed on 31 October 2019;
- (b) the financial effect on the consolidated loss per Share ("**LPS**") / earnings per share ("**EPS**") is computed based on the assumption that the Proposed Disposal was completed on 1 November 2018; and
- (c) foreign exchange rate of RMB5.18 : S\$1.00 was used for translation; and
- (d) expenses to be incurred in respect of the Proposed Disposal are insignificant and have been disregarded.

9.2 NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA of the Group as at 31 October 2019 (S\$'000)	35,922	34,691
Number of Shares	956,486,129	956,486,129
NTA ⁽¹⁾ per Share (S\$ cents)	3.76	3.63

9.3 LPS

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to shareholders (S\$'000)	(697)	(626)
Weighted average number of Shares	956,486,129	956,486,129
LPS (S\$ cents)	(0.07)	(0.07)

9.4 Gearing

	Before the Proposed Disposal	After the Proposed Disposal
Total borrowings (S\$'000)	14,847	14,847
Shareholders' equity (S\$'000)	36,995	37,066
Gearing ratio (%)	40.1	40.1

10. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE PROPOSED DISPOSAL

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

11. 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 Disposal 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.

12. CAUTION IN TRADING

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the conditions precedent set out above, and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 1 Commonwealth Lane, #07-28 One Commonwealth, Singapore 149544 for three (3) months from the date of this announcement.

By Order of the Board

CAO SHIXUAN
Executive Director
16 April 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.