



ECOWISE HOLDINGS LIMITED
(Company Registration No. 200209835C)

RESPONSE TO SGX-ST REGARDING FULFILMENT OF CONDITION OF TENANCY AGREEMENT

The board of directors (the “**Board**” or the “**Directors**”) of ecoWise Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 11 March 2022 regarding the announcements released by the Company on 3 March 2022 and 10 March 2022 (“**Previous Announcements**”) in relation to, *inter alia*, the Company’s updates on the fulfilment of condition of tenancy agreement with National Environment Agency (“**NEA**”).

Unless otherwise defined, all capitalised terms used and not defined in this announcement shall have the same meanings as defined in the Previous Announcements.

Question 1

Please provide further details regarding when the tenancy agreement with NEA was entered into, the intended use of the location and the reasons as to why the security deposit of \$691,200 has not been paid.

Company’s Response

The tenancy agreement was dated 17 November 2021 and was entered into with NEA to extend the existing lease located at Lot 72 PT MK 12 in Sarimbun Recycling Park, Off Lim Chu Kang Road in the Republic of Singapore containing an approximate land area of 15,000 square metres, together with all building and structures, fixtures and fittings thereat (the “**Property**”), for another seventeen (17) months and 17 days commencing on 15 January 2022 and ending on 30 June 2023. The Group has been operating its recycling facilities for the recycling of horticultural and wood waste generated within Singapore at the Property for more than 10 years.

Pursuant to the tenancy agreement with NEA, the Company is required to provide NEA with a security deposit of S\$691,200 (the “**Security Deposit**”), which is equivalent to thirty-six (36) months’ rent. The Security Deposit shall be provided by way of (a) a valid cashier’s order; (b) direct credit transfer; (c) a valid cheque made payable to NEA; or (d) an “on-demand” banker’s guarantee or an insurance performance bond. However, due to the current financial position of the Company, the Company is not able to either place a valid cashier’s order, do a direct transfer, place a valid cheque made payable to NEA or secure an “on-demand” banker’s guarantee.

On 14 March 2022, the NEA has informed the Company that it will accede to the Company’s request and extend the deadline for providing the Security Deposit to 28 March 2022. The Company is in discussion with an insurance broker to assist in securing an insurance company to provide the Security Deposit in the form of an insurance performance bond to NEA by the stipulated deadline.

Question 2

Please provide further details regarding the impact of this breach on the operations of the Company.

Company's Response

The recycled horticultural and wood waste produced at the Property provides the "raw-material" for the renewable energy business of the Group in Singapore.

As set out in the Company's announcement on 10 March 2022, the NEA may re-enter the Property and thereupon the tenancy agreement shall be determined, without prejudice to any rights or remedies that would have accrued to the NEA under the tenancy agreement if the security deposit is not provided to NEA by 14 March 2022 (which has been extended to 28 March 2022). In such event, the Group will have to procure alternative sources of raw materials for its renewable energy business which will increase its costs of operations. If the Group is not able to procure such alternative sources of raw materials, it will not be able to fulfill its contracts with its customers and may be subject to penalties from these customers.

Question 3

Please elaborate on the impact of the security deposit on the financial statements of the Group.

Company's Response

As set out in the Company's response to Question 1, the Company is in discussion with an insurance broker to assist in securing an insurance company to provide the security deposit in the form of an insurance performance bond to NEA by the stipulated deadline. The approximate cost of the insurance performance bond has not been advised by the insurance broker yet.

Question 4

Please provide the Board of Directors' assessment of the Company's ability to continue operating as a going concern and the bases for the said assessment.

Company's Response

The Company wishes to update shareholders that the audit of its financial results for the half-year ended 30 April 2021 ("**1HFY2021 Audit**") and full year ended 31 October 2021 ("**FY2021 Audit**") are in progress

As set out in the Company's previous announcements dated 1 March, 3 March, 8 March and 9 March 2022, the Group has received letters of reminder / demand from various financial institutions requesting for repayments of overdue amounts owing to these financial institutions. The Board also wishes to announce that:

- 1) Public Bank Berhad has sent reminder letters dated 27 February 2022, 2 March 2022 and 5 March 2022 on certain hire-purchase instalments past due, totaling RM11,524, which were due on 13, 16 and 19 February 2022;
- 2) Affin Bank Berhad has sent a reminder letter dated 14 March 2022 on an amount of RM89,000 overdue as of 28 February 2022. The financial institution has disallowed further utilization of the trade finance facility until the overdue amount has been repaid and has reminded of further bills totaling RM2,725,386 which will mature in March and April 2022; and
- 3) As announced on 8 March 2022, Al Rajhi Banking & Investment Corporation (Malaysia) Bhd ("**Al Rajhi Bank**") had given the Group three (3) days from the date of the letter of demand (being 7 March 2022) to settle the repayment of outstanding amounts of RM407,841.10. Subsequent to further discussions with management, Al Rajhi Bank has agreed to extend the deadline to 18 March 2022.

The Directors believe that the above factors are an indication of a material uncertainty of the ability of the Group to continue operating as a going concern. The Group is in discussions with the financial institutions and will update shareholders as and when there are material developments on this matter. The Group will also explore other measures to manage the current cashflow situation of the Group and ensure the sustainability of the Group's business. The Board has invited proposals from external professional firms to assist the Group in negotiations with the banks and in assessing the longer-term viability of various aspects of the Group's business. The Company will make an immediate announcement, if required, pursuant to Rule 704 of the Catalist Rules of the SGX-ST as soon as the auditors have expressed an opinion on the 1HFY2021 Audit and/or the FY2021 Audit.

The Company will update shareholders as and when there are material developments on these matters.

The shares in the Company have been suspended from trading on the Singapore Exchange Securities Trading Limited since 18 June 2021. Shareholders and potential investors of the Company are advised to read this announcement and further announcements by the Company carefully. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

16 March 2022

This announcement has been prepared by ecoWise Holdings Limited ("**Company**") and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. ("**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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. Chia Beng Kwan, Registered Professional, W Capital Markets Pte. Ltd., at 65 Chulia Street, #43-01, OCBC Centre, Singapore 049513, telephone (65) 6513 3541.