

ECOSCIENCE INTERNATIONAL BERHAD (“ECOSCIENCE” OR THE “COMPANY”)

PROPOSED PRIVATE PLACEMENT

*(Unless otherwise defined, the definitions set out in the announcement dated 22 August 2023 in relation to the Proposed Private Placement (“**Announcement**”) shall apply herein.)*

Further to the Announcement, HLIB, on behalf of the Board, wishes to provide the additional information below in relation to the Proposed Private Placement.

2.1.1 Placement size

As at the LPD, the Company has an issued share capital of RM74,991,180 comprising 340,000,000 issued Shares and does not hold any treasury shares. The Company does not have any convertible securities or share issuance scheme as at the LPD.

2.1.6 Utilisation of proceeds

Based on the Illustrative Issue Price of RM0.33 per Placement Share and the issuance of up to 34,000,000 Placement Shares, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM11.22 million. The gross proceeds are intended to be utilised in the following manner:

Details of utilisation of proceeds	Amount (RM'000)	Expected time frame for utilisation (from the date of listing of the Placement Shares)
Repayment of bank borrowings ⁽¹⁾	3,000	Within 12 months
Funding for the existing and new projects of the Group ⁽²⁾	7,820	Within 12 months
Estimated expenses for the Proposals ⁽³⁾	400	Within 1 month
Total	11,220	

Notes:

- (1) The Company intends to utilise proceeds of up to RM3.00 million to partially repay the bank overdrafts of the Group. The interest rate and tenure of the bank overdraft facility are set out below:

Financial institution /Banking facility	Purpose of borrowing	Interest rate (per annum)	Amount outstanding as at the LPD RM'000	Proposed repayment RM'000	Annual interest savings RM'000
Malayan Banking Berhad/Bank overdrafts	Working capital	8.15% (base lending rate + 1.50%)	5,814	3,000	244

As at the LPD, the total borrowings of the Group stood at approximately RM58.31 million. The repayment of the bank overdraft amounting to RM3.00 million is expected to result in interest savings of RM0.24 million per annum based on the prevailing interest rate as stated above.

The Group intends to partially repay the bank overdrafts above after taking into consideration its high interest rate as compared to other borrowings, so as to reduce interest payment and realise more interest savings. After the repayment, the Group's total borrowings will reduce to RM55.31 million. The repayment coupled with the increase in total equity from the issuance of new Shares under the Proposed Private Placement will reduce the Group's gearing ratio from 0.75 times as at 31 December 2022 to 0.61 times. Please refer to Section 6.2 of the Announcement for the pro forma effects of the Proposed Private Placement on the Group's gearing ratio.

- (2) The Company intends to allocate up to RM7.82 million of the proceeds to be raised from the Proposed Private Placement for the following existing projects of the Group related to the construction of facilities and any other new projects of the Group to be secured in the future:

<u>Description of project/ Location</u>	<u>Start date</u>	<u>Expected completion date</u>	<u>Contract value (approximate)⁽ⁱ⁾</u> <u>RM'mil</u>
<u>Construction, fabrication, supply, deliver to site, installation, testing, calibration and energise - Upgrading works of wastewater treatment plant and other related works at a refinery / Selangor, Malaysia</u>	<u>July 2023</u>	<u>December 2023</u>	<u>4.79</u>
<u>Design, supply and fabricate works for the construction of palm oil refinery complex consisting 300 tonnes per day ("TPD") physical refining plant, 300TPD dry fractionation plant and bottling plant / Sulawesi, Indonesia</u>	<u>September 2023</u>	<u>March 2024</u>	<u>24.04</u>
			<u>28.83</u>

Note:

- (i) Revenue has yet to be recognised for the projects above as at the LPD.

The proceeds are intended to be utilised in the following manner:

<u>Details</u>	<u>RM'000</u>
Payment to subcontractors for work performed [#]	5,000
Purchase of construction materials [^]	2,000
Other operating expenses*	
- <u>Staff costs</u>	<u>420</u>
- <u>Factory overhead</u>	<u>200</u>
- <u>Travelling expenses</u>	<u>200</u>
Total	<u>7,820</u>

Notes:

Comprising mainly construction works such as earthworks, civil and structural works, mechanical and electrical works performed by subcontractors for the Group's projects.

^ Comprising mainly steel products and pipes which include plates, sheets, bars, rods as well as machinery and components of equipment such as pumps.

- * This includes amongst others, staff costs, factory overhead and travelling expenses.

The allocation of funding for the above-mentioned projects and/or subcontractors will be determined over the progress of the projects based on their status and the estimated costs required then.

- (3) The breakdown of the estimated expenses for the Proposals is as follows:

Details	RM'000
Professional fees ⁽ⁱ⁾	266
Fees payable to relevant authorities	63
Printing, despatch, advertising and meeting expenses as well as miscellaneous expenses	71
Total	400

Note:

- (i) Comprise professional fees payable to the principal adviser, solicitors, reporting accountants and company secretary in relation to the Proposals as well as placement fees.

The actual gross proceeds to be raised from the Proposed Private Placement are dependent on the eventual issue price and the actual number of Placement Shares to be issued. Any variance between the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for funding for the Group's existing and new projects. Any shortfall between the actual gross proceeds raised and the intended gross proceeds to be raised will be funded via progress billings to be received and/or bank borrowings from financial institution(s).

Pending utilisation of the proceeds from the Proposed Private Placement, the proceeds shall be placed in deposits with licensed financial institutions and/or short-term money market instruments. Any interest derived from such deposits or gains arising from such short-term money market instruments will be used as additional funds for the Group's existing and new projects (as mentioned above).

This announcement is dated 18 September 2023.