



**ECOWISE HOLDINGS LIMITED**  
**(Company Registration No. 200209835C)**

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**DISPOSAL OF 51% ISSUED AND PAID-UP SHARE CAPITAL OF SAIKO RUBBER  
(MALAYSIA) SDN. BHD.**

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**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’s subsidiary, Sunrich Integrated Sdn. Bhd. (the “**Vendor**”), had, on 23 April 2021 entered into a sale and purchase agreement (“**Agreement**”) with Kasan Corporation (Malaysia) Sdn. Bhd. (the “**Purchaser**”) for the sale by the Vendor, and the purchase by the Purchaser, of 357,000 ordinary shares in the capital (the “**Sale Shares**”) of Saiko Rubber (Malaysia) Sdn. Bhd. (“**Saiko**” or “**Sale Subsidiary**”), representing 51% of the issued and paid-up share capital of Saiko, on the terms and conditions as set out in the Agreement (the “**Disposal**”) for a cash consideration of RM18 million (approximately S\$5.82 million) (the “**Sale Consideration**”).
- 1.2 Prior to the completion of the Disposal, Saiko is owned by (i) the Vendor (51% comprising 357,000 ordinary shares in Saiko); and (ii) Kato Sansho Co., Ltd (“**Kato Sansho**”) (the parent company of the Purchaser) (49% comprising 343,000 ordinary shares in Saiko). The Disposal is completed as at the date of the Agreement, and as at the date thereof, the Group ceased to have any interest in Saiko.

**2. INFORMATION ON THE PURCHASER**

- 2.1 The Purchaser is a private company limited by shares incorporated in Malaysia. The Purchaser is wholly-owned by Kato Sansho, a company incorporated in Japan. The Purchaser is engaged in the business of trading company providing materials to rubber product manufacturers.
- 2.2 The Purchaser and its directors, as well as its shareholder (being, Kato Sansho) and the ultimate shareholders of Kato Sansho, are not related to the Company, the Group, the Directors or substantial shareholders of the Company, and their respective associates.

### 3. INFORMATION ON THE SALE SUBSIDIARY

3.1 Details of Saiko as at the date of the Agreement is 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 |
|-----------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------|
| Saiko Rubber (Malaysia) Sdn. Bhd. | Manufacturing and trading of rubberised products | Malaysia / 10 October 1990                                                       | RM700,000 consisting of 700,000 ordinary shares | 51.0% <sup>(1)</sup>              |

**Note:**

(1) The remaining equity interest of 49.0% of Saiko is held by Kato Sansho.

3.2 Based on the audited consolidated financial statements of the Group for the financial year ended 31 October 2020 ("**FY2020**"):-

- (i) each of the book value and net tangible assets ("**NTA**") of Saiko amounted to approximately of S\$7.6 million as at 31 October 2020;
- (ii) the carrying value of the Group's investment in Saiko amounted to approximately S\$4.21 million as at 31 October 2020; and
- (iii) the net profit of Saiko amounted to approximately S\$1.2 million in FY2020.

3.3 The open market value of the Sale Shares is not available as the Sale Shares are not publicly traded. No valuation of Saiko has been commissioned for the purpose of the Disposal.

3.4 The estimated net proceeds from the Disposal (after deducting estimated expenses to be incurred in connection with the Disposal of approximately S\$2,000) is approximately S\$5.8 million ("**Net Proceeds**"). The Net Proceeds represent a gain of S\$1.6 million over the net book value of Saiko as at 31 October 2020. Accordingly, the Group expects to recognise a gain on disposal in respect of the Disposal of approximately S\$1.6 million.

### 4. RATIONALE FOR THE PROPOSED DISPOSAL

4.1 Saiko is in the business of manufacturing and trading of rubberised products. The Company, through Sunrich Integrated Sdn. Bhd., entered into a joint venture with Kato Sansho on 31 May 2010 to form a joint venture company (being, Saiko).

4.2 The rationale for the Disposal is set out below:-

- (a) the business of Saiko is labour intensive, with low value-add and no advance technology. Further, from a long-term benefits perspective, Saiko is not able to generate continuous and stable returns to the Group;
- (b) a majority of Saiko's equipment has exceeded its useful life and has been used for many years (20 to 30 years). Henceforth, the cost of maintenance will be high. Concurrently, the cost of replacement of such equipment will be very high;

- (c) there are several restrictions within the joint venture agreement governing Saiko that are not equal, and has restricted the development of the joint venture company by the Group; and
  - (d) proceeds from the Disposal will improve the cash flow position of the Group and also enable the Group to have more working capital to fund its operations or other business and investment opportunities as and when they arise.
- 4.3 The Group intends to use the cash proceeds from the Disposal for general working capital purposes or other business and investment opportunities as and when they arise.
- 4.4 In view of the above, the Board is of the view that the Disposal is in the best interest of the Company and its shareholders.

## **5. PRINCIPAL TERMS OF THE DISPOSAL**

### **5.1 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 Saiko. The Sale Consideration will be fully satisfied in cash.

### **5.2 Conditions Precedent and Completion**

- (a) Completion of the Disposal shall take place on the date of signing of the Agreement.
- (b) In satisfaction of the Sale Consideration, the Purchaser shall, by way of bank transfer, remit the Sale Consideration to the Vendor's bank account upon signing of the Agreement.

### **5.3 Completion**

The Purchaser had, on 23 April 2021, being the day of the signing of the Agreement, fully paid the Sale Consideration to the Vendor. Accordingly, Saiko ceased to be a subsidiary of the Company on the same day.

## **6. SERVICE AGREEMENT**

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

## **7. RELATIVE FIGURES FOR THE DISPOSAL UNDER RULE 1006 OF THE CATALIST RULES**

- 7.1 The relative figures for the Disposal as computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the latest audited consolidated financial statements of the Group for FY2020 are as follow:

| <b>Rule 1006</b> | <b>Bases</b>                                                                                                                                                              | <b>Relative figures</b>       |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| (a)              | The net asset value of the assets to be disposed of, compared with the Company's net asset value                                                                          | 9.08% <sup>(1)</sup>          |
| (b)              | The net profits attributable to the assets acquired or disposed of, compared with the Company's net profits <sup>(2)</sup>                                                | 46.77% <sup>(2)</sup>         |
| (c)              | The aggregate value of the consideration given or received, compared with the Company's market capitalization                                                             | 19.11% <sup>(3)</sup>         |
| (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 <sup>(4)</sup> |
| (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 <sup>(5)</sup> |

**Notes:**

- (1) Computed based on (i) the net asset value of Saiko attributable to the Sale Shares which amounted to approximately S\$3.91 million; and (ii) the net asset value of the Group which amounted to approximately S\$43.02 million, as at 31 October 2020.
- (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 net profits attributable to the Sale Shares was approximately S\$0.91 million, and the Group recorded net profit of approximately S\$1.96 million, for FY2020.
- (3) Computed based on (i) the Sale Consideration of approximately S\$5.82 million; and (ii) the Company's market capitalisation of approximately S\$30.46 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 (excluding treasury shares) (being 948,845,729 shares) by the weighted average price of S\$0.0321 on 22 April 2021 (being the last market day on which the shares of the Company ("**Shares**") were traded prior to the date of signing of the Agreement).
- (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.

7.2 As the relative figure set out in Rules 1006(a), (b) and (c) of the Catalist Rules exceed 5% but does not exceed 50%, the Disposal constitutes a "disclosable transaction" under Chapter 10 of the Catalist Rules. Accordingly, approval of the shareholders of the Company is not required for the Disposal.

## **8. FINANCIAL EFFECTS OF THE DISPOSAL**

### **8.1 Assumptions**

The *pro forma* financial effects of the 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 Disposal.

The *pro forma* financial effects of the Disposal have been computed based on the audited consolidated financial statements of the Group for FY2020, 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 Disposal was completed on 31 October 2020;
- (b) the financial effect on the consolidated earnings per share (“**EPS**”) is computed based on the assumption that the Disposal was completed on 1 November 2019; and
- (c) foreign exchange rate of RM3.0377 : S\$1.00 was used for translation; and
- (d) expenses to be incurred in respect of the Disposal are insignificant and have been disregarded.

## 8.2 NTA per Share

|                                                  | <b>Before the Disposal</b> | <b>After the Disposal</b> |
|--------------------------------------------------|----------------------------|---------------------------|
| NTA of the Group as at 31 October 2020 (S\$'000) | 42,177                     | 43,772                    |
| Number of Shares                                 | 954,816,329                | 954,816,329               |
| NTA <sup>(1)</sup> per Share (S\$ cents)         | 4.42                       | 4.58                      |

## 8.3 EPS

|                                                   | <b>Before the Disposal</b> | <b>After the Disposal</b> |
|---------------------------------------------------|----------------------------|---------------------------|
| Net profit attributable to shareholders (S\$'000) | 1,047                      | 2,006                     |
| Weighted average number of Shares                 | 954,816,329                | 954,816,329               |
| EPS (S\$ cents)                                   | 0.11                       | 0.21                      |

## 9. **INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE DISPOSAL**

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

## 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 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.

## 11. 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**  
**28 April 2021**

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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 Catalyst.

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.