

**DISPOSAL OF THE BUSINESS, INCLUDING THE RETREADING MACHINES AND OTHER ASSETS, OF SUN TYRE (SABAH) SDN BHD**

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**1. INTRODUCTION**

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 indirect wholly-owned subsidiary, Sun Tyre (Sabah) Sdn Bhd (“**STS**”), had on 22 March 2023, entered into a sale and purchase agreement (the “**Agreement**”) with Hoyu Recycling and Retreading Sdn. Bhd. (the “**Purchaser**”) for the sale by STS, and the purchase by the Purchaser, of the business including all retreading machines (“**Retreading Machines**”) and all direct and indirect material stock (precured Tread Liner (PTL)), cushion new curing envelopes, flaps, diesel, solvent etc. (collectively, the “**Other Assets**”) currently stored at STS’s premises, on the terms and conditions as set out in the Agreement (the “**Disposal**”).

**2. INFORMATION ON THE PURCHASER**

- 2.1 The Purchaser is a private company limited by shares incorporated in Malaysia. The Purchaser is engaged in the business of tyre retreading and trading, providing materials to rubber product manufacturers.
- 2.2 The Purchaser, its directors and its shareholders are not related to the Company, the Group, the Directors or substantial shareholders of the Company, and their respective associates.

**3. INFORMATION ON THE DISPOSAL**

- 3.1 Based on the unaudited consolidated financial statements of the Group for the twelve months period ended 31 October 2022 (“**FP2022**”):
- (a) Each of the book value of the Retreading Machines and the Other Assets amounted to RM101,000 (approx. S\$30,200<sup>1</sup>) and RM795,000 (approx. S\$237,700<sup>1</sup>) respectively, as at 31 October 2022; and
  - (b) The net loss of STS amounted to RM981,000 (approx. S\$293,300<sup>1</sup>) in FP2022.

<sup>1</sup> Based on exchange rate of S\$1.00 : RM3.3445 on 21 March 2023 as extracted from Monetary Authority of Singapore’s website.

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3.2 The estimated net proceeds from the Disposal will be RM800,000 (approx. S\$239,200<sup>1</sup>) ("**Net Proceeds**"). There are no expenses to be incurred in connection with the Disposal as the Purchaser has agreed to bear all expenses in accordance with the Agreement. The Net Proceeds represent a gain of RM2,000 (approx. S\$600<sup>1</sup>) over the aggregate net book values of the Retreading Machines of RM100,000 (approx. S\$29,900<sup>1</sup>) and Other Assets of RM700,000 (approx. S\$209,300<sup>1</sup>) as at 31 December 2022.

**4. RATIONALE FOR THE PROPOSED DISPOSAL**

4.1 STS is in the business of tyre retreading and trading of rubberised products in Sabah, Malaysia.

4.2 The rationale for the Disposal is set out below:

- (a) The business of STS is labour intensive, with low value-add and no advanced technology. The revenue generated by STS has been stagnant and on a reducing trend, and it has been making losses in the last few years. In particular, STS has been incurring gross loss in the past 3 financial years ended 31 October 2020, 2021 and 2022;
- (b) From a longer-term costs and benefits analysis, the management of the Company is of the view that STS will not be able to generate continuous and stable returns to the Group;
- (c) A majority of the Retreading Machines have exceeded their depreciation period of 10 years, and have been used in excess of the depreciation period, many of which have in fact been used for between 20 to 30 years. Henceforth, the costs of maintenance and replacement of such machines will not be cost effective which will further reduce any returns STS may contribute to the Group; and
- (d) The Disposal will help mitigate the losses in Malaysia and allow the Group to streamline and concentrate its resources and effort on improving its operations in Seremban, Negeri Sembilan, Malaysia.

4.3 For the reasons set out above, the Board is of the view that the Disposal is in the best interest of the Company and its shareholders.

<sup>1</sup> Based on exchange rate of S\$1.00 : RM3.3445 on 21 March 2023 as extracted from Monetary Authority of Singapore's website.

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**5. PRINCIPAL TERMS OF THE DISPOSAL**

5.1 Sale Consideration:

Total consideration for the Disposal is RM800,000 (approx. S\$239,200<sup>1</sup>) (the “**Sale Consideration**”) which consists of the following:

- (a) RM100,000 (approx. S\$29,900<sup>1</sup>) for the Retreading Machines (“**Machine Sale Price**”) on an as-is where-is basis but otherwise free of all encumbrances, payable in accordance with paragraph 5.2(d) below, upon the execution of the Agreement; and
- (b) An indicative consideration of RM700,000 (approx. S\$209,300<sup>1</sup>) for the Other Assets on an as-is where-is basis but otherwise free of all encumbrances, the exact consideration of which is subject to adjustment after a physical stock-take and verification by both parties upon execution of the Agreement, to payable in accordance with paragraph 5.2(d), based on the following payment schedule:
  - (i) RM150,000 (approx. S\$44,800<sup>1</sup>) payable upon execution of the Agreement; and
  - (ii) The remaining amount will be payable in 6 equal instalments, the last instalment payment of which shall be paid no later than 3 months from the date of the Agreement.

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 Retreading Machines and Other Assets as at 31 December 2022.

The open market value of the Retreading Machines is not available as a majority of these Retreading Machines have exceeded their depreciation period and have been used in excess of their depreciation period. The latest purchase prices by STS of the Other Assets have been used as a reference and basis in the negotiations with HRR and the determination of the sale price of the Other Assets, subject as mentioned, to a physical stock take. No valuation of the Retreading Machines and the Other Assets has been commissioned for the purpose of the Disposal.

<sup>1</sup> Based on exchange rate of S\$1.00 : RM3.3445 on 21 March 2023 as extracted from Monetary Authority of Singapore’s website.



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5.2 Other Salient Terms:

- (a) The Purchaser has agreed to and shall employ all suitably qualified existing STS employees at their current remuneration, a list of such employees is set out in the Agreement. STS shall be responsible for all salaries, benefits and employment payment to all such employees transferred to the Purchaser until the commencement of their employment with the Purchaser, unless earlier terminated.
- (b) All payments are to be paid by cash or bank transfer to STS's bank account as stated in the Agreement.
- (c) The Purchaser accepts the assignment of and assumes responsibility for: (a) all unfilled orders from customers of STS assigned to the Purchaser, and (b) payment for purchase orders for inventory items that have been placed by STS but not yet delivered (all such liabilities, the "**Assumed Liabilities**") which customer orders and purchase orders had been entered into prior to the date of the Agreement.
- (d) In addition to the Assumed Liabilities, the Purchaser accepts the assignment of and assumes responsibility for all STS warranty obligations existing as of and after the date of the Agreement. The Purchaser's liability shall be limited to the costs of materials and labor to honor the pre-existing warranty commitment. All other product liability shall remain the responsibility of STS. Other than that which have been specifically set out in the Agreement, the Purchaser assumes no other liability whatsoever

5.3 Completion:

- (a) It is understood by STS and the Purchaser that the completion of the disposal of the Retreading Machines will occur upon the parties having fully executed the Agreement and the Purchaser having paid the Machine Sale Price, where the legal and beneficial title to the Retreading Machines shall pass and be deemed to have passed to the Purchaser, notwithstanding that the Retreading Machines might physically still remain within STS's premises pending dismantling and removal by HRR.
- (b) The legal and beneficial title to the Other Assets shall pass and be deemed to have passed after the physical count and the total consideration of the Other Assets having been determined. Any instalment payment in relation to the sale of the Other Assets that is due and payable but not paid for a period of more than five (5) business days shall be deemed a default which shall result in any outstanding amount becoming immediately due and payable as a due and payable debt that is in default.

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**6. SERVICE AGREEMENT**

No service contract is to be entered into and no profit guarantee or warranty has been provided in connection with the Disposal.

**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 Listing Manual Section B: Rules of Catalist of the Singapore Securities Exchange and Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) and the latest unaudited consolidated financial statements of the Group for FP2022 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 Group’s net asset value.	0.95% <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	7.90% <sup>(2)</sup>
(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.	0.32% <sup>(3)</sup>
(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 <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 the Retreading Machines and the Other Assets which amounted to approximately RM896,000 (approx. S\$267,900); and (ii) the net asset value of the Group which amounted to S\$28.24 million, as at 31 October 2022.
- (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 loss attributable to the Disposal was RM981,000 (approx. S\$293,300), and the Group recorded loss before tax of S\$3.71 million, for FP2022.
- (3) Computed based on (i) the Sale Consideration of RM800,000 (approx. S\$239,200); and (ii) the Company’s market capitalisation of S\$74.96 million. Under Rule 1002(5) of the Catalist Rules, the market capitalisation of the

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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\$0.079 on 14 June 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). The Shares have been halted and subsequently suspended from trading on the SGX-ST since 15 June 2021.

- (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.
- (6) All the relative figures expressed in Riggitt Malaysia are translated based on exchange rate of S\$1.00 : RM3.3445 on 21 March 2023 as extracted from Monetary Authority of Singapore's website.

7.2 Rule 1007(1) of the Catalist Rules states, *inter alia*, that if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules.

Having considered Paragraph 4.3 of Practice Notice 10A of the Catalist Rules, where it is stated that in the following situations (as described in paragraph 4.3(a) to (e), unless Rule 703, Rule 905 or Rule 1009 applies, no announcement or shareholders' approval of the transaction is required.

Sub-paragraph 4.3(e) states that the disposal of a loss-making asset by an issuer (whether profitable or loss-making) where (a) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and if applicable rule 1006(e) amounts to 5% or less; and (b) if the disposal will result in loss on disposal, the loss on disposal amounts to 5% or less of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values).

Having considered (i) the absolute relative figure computed on the basis of each Rule 1006(a) and Rule 1006(c) of the Catalist Rules does not exceed 5%; (ii) the disposed assets are not critical to the principal business activity and has been loss making for the last 3 financial years; and (iii) the Disposal is expected to result in a gain on disposal of RM2,000, no announcement and no approval of the shareholders of the Company are required for the Disposal pursuant to sub-paragraph 4.3(e) of Appendix 10A of the Catalist Rules.

However, also having considered the relative figure determined under Rule 1006(b) of the Catalist Rules exceeds 5%, the Company wishes to announce the Disposal voluntarily to keep the shareholders posted on the developments within the Group.

## **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.

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The *pro forma* financial effects of the Disposal have been computed based on the unaudited consolidated financial statements of the Group for FP2022, 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 2022;
- (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 2021;
- (c) foreign exchange rate of S\$1.00: RM3.3445 (based on exchange rate on 21 March 2023 as extracted from Monetary Authority of Singapore’s website) was used for translation; and
- (d) no expenses to be incurred in respect of the Disposal.

8.2 NTA per Share

	<b>Before the Disposal</b>	<b>After the Disposal</b>
NTA of the Group attributable to owners of the Company as at 31 October 2022 (S\$’000)	28,231	28,256
Number of shares	948,845,729	948,845,729
NTA per share (S\$ cents)	2.98	2.98

8.3 EPS

	<b>Before the Disposal</b>	<b>After the Disposal</b>
Loss for the period attributable to the owners of the Company (S\$’000)	(3,608)	(3,314)
Weighted average number of shares in issue	948,845,729	948,845,729
Basic loss per share and on a fully diluted basis (S\$ cents)	(0.38)	(0.35)



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**9. INTEREST OF 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**

**Lee Thiam Seng**  
**Executive Chairman and CEO**  
**22 March 2023**

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This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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. Lee Khai Yinn (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.