



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

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**CLARIFICATION ON QUERIES RAISED BY SINGAPORE EXCHANGE LIMITED ON THE FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2010 (ANNOUNCEMENT NO. 00155 DATED 30 DECEMBER 2010)**

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The Board of Directors of ecoWise Holdings Limited (the “Company”) wishes to clarify the queries raised by Singapore Exchange Limited as follows:

***Question 1: Page 2 of 17, Section 1(a)(ii) – The Company recorded a gain on disposal of Coal-Fired Power Plant Operation Quota of S\$848,000. Please elaborate on this item, including the reason for the disposal.***

The Group’s subsidiary, Wuhan ecoWise Energy Co Ltd (“Wuhan ecoWise”) acquired a coal-fired co-generation power plant in Wuhan with the objective of converting it into a biomass co-generation power plant. The coal-fired co-generation power plant includes an operation quota which allows the company rights to operate the plant. The conversion process requires the dismantling of the coal fired boiler and its related structures before the installation of the biomass boiler.

China Huaneng Group, Central China Branch (“Huaneng”), one of the largest power generation groups in China, learnt about the Wuhan ecoWise biomass conversion project and approached Wuhan ecoWise to purchase the coal-fired plant operation quota. Huaneng intends to build a new coal-fired power plant and needs to buy sufficient existing coal-fired plant operation quotas before they can get relevant authorities approval. As Wuhan ecoWise no longer requires the coal-fired plant operation quota, the Group agreed to sell it to Huaneng.

***Question 2: Page 3 of 17, Section 1(b)(i) – Under current assets, the Group recorded Trade and Other Receivables amounting to S\$22.87 million as at 31 October 2010, an increase from S\$6.41 million as at 31 October 2009.***

- a. Please explain the increase in the amounts; and***
- b. Please advise the amount of Trade and Other Receivables that is overdue, together with the Company’s efforts in its collection of the overdue amounts, and the provision made in relation to such overdue amounts.***

- a. The increase of S\$16.46 million is mainly due to the acquisition of the Malaysia subsidiaries, which made up S\$16.59 million of the Trade and Other Receivables as at 31 October 2010.
- b. Trade and Other Receivables as at 31 October 2010 of S\$22.87 million is after allowance for doubtful debts. The amount of Trade and Receivables that is overdue is S\$5.71 million of which provision for doubtful debts of S\$0.45 million has been made. The details of the overdue amount is as follows:

Countries	S\$ million	
Malaysia	2.60	Note 1
Singapore	2.38	Note 2
China	0.73	Note 3
Total	5.71	

Notes:

1. Consist of mainly long term customers who have long term relationship with the Group.
2. Consist of mainly major shipyards in Singapore.
3. Consist of JV partner.

The Group monitors very closely its collection of the overdue accounts. Only those customers who have long term relationship with the Group and those who do not show signs of collection problems and after credit evaluation are allowed to exceed the credit terms.

**Question 3: Page 3 of 17, Section 1(b)(i) – Under non-current liabilities, the Group recorded an amount of S\$592,000 as Provision for Retirement Benefits. Please elaborate on this item, including the background of any policy for providing retirement benefits (if any).**

Obligations for retirement benefits arose from the Group acquisition of the Sunrich group in Malaysia. Employees employed under the Sunrich group in Malaysia were entitled to retirement benefits. The provision for retirement benefits is accounted for under FRS 19 and 26. The structure of the retirement benefits is such that the employees employed under the Sunrich group in Malaysia shall be entitled to one time lump sum payment at the point of retirement and having fulfilled the required conditions. New employees who joined the Sunrich group in Malaysia after the acquisition are not entitled to such retirement benefits.

**Question 4: Page 5 of 17, Section 1(c) – Under Cash Flows from Investing Activities, the Group recorded an amount of S\$374,000 as Asset Classified as Held for Sale. Please elaborate on this item.**

During the financial year, ecoWise Solutions Pte Ltd, a subsidiary of the Group, has constructed an equipment to be subsequently sold to an associate company. This was classified as assets held for sale.

As at 31 October 2010, this item has been reclassified to inventories and it was subsequently recorded as a sale in December 2010.

***Question 5: Page 12 of 17, Section 8 – The Company has explained that Other Charges increased by S\$0.27 million from FY2009 to FY2010 due to loss of disposal of the existing coal fired boiler of Wuhan subsidiary. Please provide details of the disposal.***

During the year, loss on disposal of property, plant and equipment amounted to S\$0.43 million.

The loss on disposal is mainly due to the dismantling of the coal fired boiler of the Wuhan coal fired co-generation power plant which has a book value of S\$0.43 million as part of the biomass conversion project. From the disposal, the Group received sale proceeds of S\$0.06 million and recorded a loss on disposal of S\$0.37 million.

**BY ORDER OF THE BOARD**

**LEE THIAM SENG**  
Executive Director  
8 January 2011