



ECOWISE HOLDINGS LIMITED
(Company Registration No. 200209835C)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE RULES OF CATALIST IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

Rule 704(4) Emphasis of Matter by the Auditors on the Audited Financial Statements for the Financial Year ended 31 October 2015

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist, the board of directors (the "**Board**") of ecoWise Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditors, RSM Chio Lim LLP had, without modifying their opinion, included in the Independent Auditors' Report an emphasis of matter in respect of the assets classified as held for sale.

A copy of the Independent Auditors' Report and an extract of Note 28 to the Audited Financial Statements are attached to this announcement for information.

Shareholders of the Company are advised to read the Audited Financial Statements in the annual report 2015 carefully, which will be despatched in due course.

BY ORDER OF THE BOARD

LOW KIAN BENG
Executive Director
29 January 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Independent Auditors' Report to the Members of ECOWISE HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of ecoWise Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 October 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date.

**Independent Auditors' Report to the Members of
ECOWISE HOLDINGS LIMITED**

Emphasis of matter

As is more fully disclosed in Note 28 to the financial statements, management has reviewed and concluded that assets and liabilities of two wholly-owned subsidiaries in the Group, Hivern Investments Pte Ltd and Chanyi Enerserve Biomass to Energy Co., Ltd, continue to meet the requirements of Singapore Financial Reporting Standard 105, Non-current Assets Held for Sale and Discontinued Operations, to be classified as held for sale as at 31 October 2015. Based on the current discussions and negotiations with potential buyers, management has reviewed and assessed the carrying amount of the Group's net assets classified as held for sale while the related sale negotiations are in progress. Management has determined that the assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. It is reasonably possible that, based on existing knowledge, the outcomes within the next reporting year could be different and adjustment may be required to increase or decrease the carrying amount of the Group's net assets held for sale. Our audit opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 January 2016

Partner-in-charge: Chan Weng Keen
Effective from reporting year ended 31 October 2012

28. Assets classified as held for sale

The major classes of assets and liabilities of the assets classified as held for sale under FRS 105 as at 31 October 2015 are as follow:

	<u>Group</u>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
<u>Assets:</u>		
Property, plant and equipment	2,519	9,828
Land use rights	1,698	1,698
Inventories	37	37
Trade and other receivables	368	368
Other assets	456	341
Assets classified as held for sale	<u>5,078</u>	<u>12,272</u>
<u>Liabilities directly associated with assets classified as held for sale:</u>		
Trade and other payables	(1,247)	–
Related party loan payable	(786)	–
Net asset directly classified as held for sale	<u>3,045</u>	<u>12,272</u>

In October 2014, the Group formulated a plan to optimise its investment value in Hivern Investments Pte. Ltd. (“Hivern”) and its subsidiary, Changyi Enersave Biomass to Energy Co.,Ltd (“CEBEC”) through a sale that leveraged on the assets owned by CEBEC. Hivern was acquired on 30 May 2013.

On 16 October 2014, the Group entered into a Memorandum of Understanding (“MOU”) with a third party (the “Potential Buyer”) for the disposal of 95% of the assets only in Hivern and its subsidiary to the Potential Buyer.

One of the conditions under the MOU required the Group to be fully responsible to discharge the liabilities due to the scheme creditors of Hivern. The Group wrote to the scheme creditors of Hivern in October 2014 requesting modification to the Scheme of Arrangement by offering a full and final settlement sum of \$200,000 for liabilities totalling approximately \$7,417,000. On 18 December 2014, the application to modify the Scheme of Arrangement of Hivern was granted by the High Court of Singapore. The gain on extinguishment of the liabilities was \$7,217,000.

In the light of the planned disposal, the assets only of Hivern and CEBEC were presented and recorded under assets held for sale in the consolidated statement of financial position as at 31 October 2014.

The MOU with the Potential Buyer expired in March 2015 with no extension.

During the reporting year, the Group was in negotiations with some new potential buyers while simultaneously evaluating other possible options to improve the value of the assets. As at the date of these financial statements, negotiation with one of the new potential buyers has reached an advanced stage.

Management has reviewed and concluded that Hivern group continues to meet the requirements of FRS 105 to be classified as held for sale as at 31 October 2015.

Based on the current discussions and negotiations with potential buyers, management has reviewed and assessed the carrying amount of the Group’s net assets classified as held for sale while the related sale negotiations are in progress. Management has determined that the assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. It is reasonably possible that, based on existing knowledge, the outcomes within the next reporting year could be different and adjustment may be required to increase or decrease the carrying amount of the Group’s net assets held for sale.