



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

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**COMPLETION OF THE AUDIT OF THE HALF-YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2021**

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The board of directors ("**Board**") of ecoWise Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements on:

- (i) 14 June 2021 in relation to the unaudited financial results for the financial period ended 30 April 2021 ("**Unaudited 1HFY2021 Results**");
- (ii) 25 June 2021 in relation to the Notice of Compliance dated 25 June 2021 issued by SGX RegCo (the "**NOC**"); and
- (iii) 1 March 2022 in relation to the unaudited financial results for the financial year ended 31 October 2021 ("**FY2021**")

The Board is pleased to announce the completion of the audit of the 1HFY2021 results ("**1HFY2021 Audit**") as required under the NOC. The Board would like to highlight the following in relation to the 1HFY2021 Audit:

1. Disclaimer of opinion by the independent auditor, RSM Chio Lim LLP ("**RSM**")

RSM has issued a disclaimer of opinion ("**Disclaimer of Opinion**") in their independent auditor's report dated 11 May 2022 (the "**RSM Report**") on the audited consolidated financial statements of the Group and the Company for 1HFY2021 (the "**Audited 1HFY2021 Financial Statements**"). A copy of the RSM Report and the Audited 1HFY2021 Financial Statements are attached as Appendix 1 to this announcement.

The basis for the Disclaimer of Opinion is in relation to the following:

- A. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd;
- B. Disclosures of related party relationships, transactions and balances;
- C. Unconsolidated entities;
- D. Bank confirmation reply not received;
- E. Recoverability of assets in a jointly-controlled entity;
- F. Accounting of long outstanding payable;

- G. Documents required for review of subsequent events;
- H. Internal audit under NOC; and
- I. Going concern.

Shareholders are advised to read this announcement together with the RSM Report and the Audited 1HFY2021 Financial Statements in full.

2. Material variances between Unaudited 1HFY2021 Results and the Audited 1HFY2021 Financial Statements

Following completion of the 1HFY2021 Audit, certain adjustments were made to the Unaudited 1HFY2021 Results to arrive at the Audited 1HFY2021 Financial Statements. Details and explanation for material variances are set out in Appendix 2 to this announcement.

3. Adjustments to the unaudited financial results for FY2021

Arising from the adjustments made to the Unaudited 1HFY2021 Results, it is expected that certain adjustments will have to be made to the unaudited financial results for FY2021 which was announced on 1 March 2022. The Company will make a separate announcement on the details and explanation for material variances upon completion of the audit of the financial statements of the Group and of the Company for FY2021.

4. Concerns raised by Mr Lee Thiam Seng (the Company's Chairman and CEO) in relation to the Unaudited 1HFY2021 Results

As set out in the NOC, Mr Lee Thiam Seng had requested for more information about, among others, the following transactions (the "**Transactions**"):

- (i) a status update on the Group's ongoing arbitration against China Huadian Engineering Co., Ltd, a contractor engaged by the Group, for failure to perform the engineering, procurement and construction contract as agreed between the parties;
- (ii) the status of the liquidation of China-UK Low Carbon Enterprise Co., Ltd, in which the Company's wholly-owned subsidiary owns a 20% equity interest; and
- (iii) the disposal of the Group's Malaysia subsidiary, Saiko Rubber (Malaysia) Sdn Bhd, which was completed on 23 April 2021. There is a dispute between Mr Lee Thiam Seng and Mr Cao Shixuan (the Company's then Deputy CEO and Executive Director) with regard to the use of the disposal proceeds.

Mr Lee Thiam Seng notes the findings of RSM on the Transactions but would require the Internal Audit by Ernst & Young Advisory Pte. Ltd. ("**EY**") to also address his concerns.

Shareholders are advised to read in full the RSM Report (under the heading "Other Matter") for their findings on the Transactions.

5. Going concern and Group's plans going forward

The Board and management have been working closely to ensure that the sustainability of the Group's business. The Group's plans in the immediate future include:

- (i) Stabilising the operations in Singapore and Malaysia, some of which have been impacted significantly by the pandemic. This includes:
  - (a) Assessing and improving various aspects of the biomass plant operations in Singapore;
  - (b) Conducting repairs and refitting of equipment and re-start production activities in Malaysia to eventually increase the production capacity to increase sales;
  - (c) The Company announced on 25 March 2022 that it has appointed Rodgers Reidy & Co. as the Group's financial adviser (the "**Financial Adviser**") to perform independent business review and position assessments as well as to advise the Board on the longer-term viability of various aspects of the Group's business. The Financial Adviser is completing an independent business reviews and position assessments and will advise the Board on the longer-term viability of various aspects of the business in Malaysia; and
  - (d) The Financial Adviser is assisting the Group in discussions with the banks in Malaysia on overdue payments and payments coming due. The subsidiaries in Malaysia have resumed making part repayments to the banks to demonstrate a commitment to settling the overdue amounts.
- (ii) Monetising non-core assets in Singapore, Malaysia and the People's Republic of China. This will include recovering the assets of Changyi Enersave Biomass to Energy Co., Ltd and the proceeds from the liquidation of China-UK Low Carbon Enterprise Co Ltd; and
- (iii) The Company is exploring opportunities to generate additional funds for working capital purposes either via loans from third parties and/or existing substantial shareholders.

6. Actions to be taken to address the issues which resulted in the Disclaimer of Opinion

The Board notes with concern that RSM was not able to establish to its satisfaction whether certain transactions (as set out in the section "Basis for disclaimer of opinion" in the RSM Report) had been appropriately accounted for and/or disclosed in the financial statements. The Company will engage RSM, EY and other relevant professionals to determine the appropriate steps to be taken to address all matters raised in the RSM Report.

**The shares in the Company have been suspended from trading on the Singapore Exchange Securities Trading Limited since 18 June 2021. Shareholders and potential investors of the Company are advised to read this announcement and further announcements by the Company carefully. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

**By Order of the Board**

**11 May 2022**

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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, W Capital Markets Pte. Ltd. ("**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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 Mr. Chia Beng Kwan, Registered Professional, W Capital Markets Pte. Ltd., at 65 Chulia Street, #43-01, OCBC Centre, Singapore 049513, telephone (65) 6513 3541.

**Appendix 1**

**RSM Report and Audited 1HFY2021 Financial Statements**

## **ECOWISE HOLDINGS LIMITED**

(Registration No: 200209835C)

### **Statement by Directors and Interim Financial Statements**

For the six-month period ended 30 April 2021

#### **RSM Chio Lim LLP**

8 Wilkie Road, #03-08  
Wilkie Edge, Singapore 228095

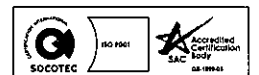
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UEN: T09LL0008J

RSM Chio Lim LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**Business Advisors to Growing Businesses**





## **ECOWISE HOLDINGS LIMITED**

### **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS**

Lee Thiam Seng	(Executive Director)
Tham Chee Soon	(Appointed on 3 September 2021)
Lo Kim Seng	(Appointed on 3 September 2021)
Dr Danny Oh Beng Teck	(Appointed on 14 April 2022)
Gan Fong Jek	(Appointed on 14 April 2022)
Tan Poh Chye Allan	(Appointed on 14 April 2022)
Hew Koon Chan	(Resigned on 4 May 2021)
Tan Wei Shyan	(Resigned on 7 May 2021)
Cao Shixuan	(Executive Director; appointed on 17 November 2017 and resigned on 13 April 2022)
Er Kwong Wah	(Lead Independent Director; appointed on 3 July 2017 and resigned on 13 April 2022)

#### **COMPANY SECRETARY**

Siau Kuei Lian	(Appointed on 8 April 2022)
Lye Kar Choon	(Resigned on 25 March 2022)

#### **REGISTERED OFFICE**

1 Commonwealth Lane  
#07-28 One Commonwealth  
Singapore 149544

#### **SHARE REGISTRAR**

Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

#### **AUDITORS**

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
8 Wilkie Road  
#03-08 Wilkie Edge  
Singapore 228095

Partner-in-charge: Chan Weng Keen  
Effective from reporting year ended 31 October 2020

#### **PRINCIPAL BANKERS**

DBS Bank Ltd  
United Overseas Bank Limited  
Malayan Banking Berhad  
Affin Bank Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad



**ECOWISE HOLDINGS LIMITED**

**Statement by Directors and Interim Financial Statements**

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## ECOWISE HOLDINGS LIMITED

### Statement by Directors

The directors present their statement to the members (the "Statement") together with the accompanying audited interim financial statements of ecoWise Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the interim statement of financial position and the interim statement of changes in equity of the Company as of and for the six-month period ended 30 April 2021.

The accompanying interim financial statements have been audited pursuant to the requirements of the Notice of Compliance issued by Singapore Exchange Regulation Pte. Ltd. to the Company on 25 June 2021 ("NOC").

The directors of the Company in office at the date of this statement are:

#### Executive director

Lee Thiam Seng

#### Independent directors

Tham Chee Soon #	Appointed on 3 September 2021
Lo Kim Seng #	Appointed on 3 September 2021
Dr Danny Oh Beng Teck #	Appointed on 14 April 2022
Gan Fong Jek #	Appointed on 14 April 2022
Tan Poh Chye Allan	Appointed on 14 April 2022

#### # Members of Audit Committee

Mr. Cao Shixuan (Executive Director) and Mr. Er Kwong Wah (Lead Independent Director and a member of the Audit Committee) were directors of the Company during the six-month period ended 30 April 2021. On 13 April 2022, both of them resigned as directors of the Company.

- 1) The Board observed that since the reconstitution the Audit Committee (the "AC") with new members on 3 September 2021, the AC has expended significant time and efforts to facilitate the smooth completion of the external audit. The Board notes that:
  - a) certain documents and information requested by the external auditors have remained not provided to the external auditors; and
  - b) certain documents and information provided to the external auditors are not considered sufficient appropriate audit evidence by the external auditors.

Consequently, the external auditors are unable to form an opinion on the Group's and the Company's financial statements for the six-month period ended 30 April 2021.

In view of the significance of the matters raised in the audit report of the external auditors, the Board is unable to express an opinion as to whether the accompanying interim consolidated financial statements of the Group and the interim statement of financial position and the interim statement of changes in equity of the Company have been drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 30 April 2021 and, the financial performance, changes in equity and cash flow of the Group, and changes in equity of the Company for the six-month period ended 30 April 2021.

The Board notes with concern that the external auditors were not able to establish to their satisfaction whether certain transactions had been appropriately accounted for and/or disclosed in these financial statements. To address the specific matters stated in the external auditor's report, immediately following the issuance of these financial statements, the Board will engage with the external and internal auditors and other relevant professionals to decide on the appropriate steps to be taken immediately to address all matters raised in the external auditor's report.

## ECOWISE HOLDINGS LIMITED

### Statement by Directors (cont'd)

- 2) Two former directors (being Mr. Cao Shixuan and Mr. Er Kwong Wah) who resigned on 13 April 2022 disagreed with the basis of the external auditors in issuing a disclaimer of opinion and also disagreed with a recorded adjustment proposed by the external auditors.

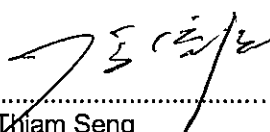
Mr. Cao and Mr. Er disagreed that additional provision amounting to approximately \$588,000 for property and land use taxes for a subsidiary in China should be recorded in the consolidated financial statements of the Group as of and for the six-month period ended 30 April 2021, on the basis that 1) the tax authorities notified management only in July 2021 to settle the outstanding past taxes; 2) the subsidiary in China may apply for certain tax benefit by the tax authorities in China and there was past record in 2015/2016 that such taxes paid had subsequently been refunded.

- 3) The NOC also required the external auditors, in conducting its audit of these financial statements, to cover the three transactions and concerns raised by Mr Lee Thiam Seng. Mr Lee notes the findings of the external auditors but would require the internal audit by Ernst & Young Advisory Pte. Ltd. to also address his concerns.
- 4) The Group's operations have been significantly impacted by temporary suspensions of production activities for periods of time caused by the COVID-19 pandemic over the course of the last two years. This has resulted in lower revenues and slower collections, resulting in cash flow pressures being brought to bear on the Group since the second half of FY2021. The Board and Management have taken actions to manage and ease these cash flow pressures, including the appointment of independent financial advisers to assist the Group in engaging with the banks on amounts overdue and coming due for payment and in assessing the longer-term viability of various aspects of the Group's business, as mentioned in Note 1. In addition, the Company is exploring to generate additional funds for working capital purposes either via loans from third parties or existing shareholders. Management is of the view that the actions taken and the actions it will take, together with the input of the independent financial advisers, are sufficient to mitigate the going concern uncertainty and has prepared the accompanying interim financial statements using the going concern assumption.

At the date of this Statement, the directors are of the opinion that the ability of the Group and of the Company to pay their debts as and when they fall due is dependent on the successful outcome of the above efforts.

Subject to the foregoing, the board of directors approved and authorised these financial statements for issue.

On behalf of the directors

  
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Lee Thiam Seng  
Director

11 May 2022

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED****Report on the audit of the interim financial statements****Disclaimer of opinion**

We were engaged to audit the interim 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 30 April 2021, and the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows of the group and interim statement of changes in equity of the company for the six months ended 30 April 2021, and notes to the interim financial statements, including a summary of significant accounting policies.

The audit was commissioned pursuant to the Notice of Compliance ("NOC") dated 25 June 2021 issued by the Singapore Exchange Regulation Pte Ltd ("SGX RegCo").

We do not express an opinion on the accompanying interim financial statements of the group and statement of financial position and interim statement of changes in equity of the company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the interim financial statements.

**Basis for disclaimer of opinion****A. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd.**

Chongqing ecoWise Investment Management Co., Ltd. ("CQEIM") is a company registered in the People's Republic of China ("PRC") and a wholly-owned subsidiary of the group.

CQEIM entered into two service agreements with Hong Kong ChenBang Investments Ltd ("HKCB"), a company incorporated in Hong Kong, on 24 November 2020 and 24 December 2020 (the "service agreements"). Based on searches of publicly available information, HKCB's sole shareholder and director is Mr Chen Chen-Chen ("Mr Chen").

Under the service agreements, CQEIM appointed HKCB to manage and sell an office unit and a factory building for a minimum sum of RMB3,477,650 (approximately \$713,000) and RMB4,620,660 (approximately \$947,000) within 18 months and 12 months respectively (the "CQEIM Transactions"). HKCB is also obligated to pay CQEIM the respective minimum sums in the event no buyer(s) can be found within the agreed periods.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED)**

**Basis for disclaimer of opinion (cont'd)**

**A. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd. (cont'd)**

Management provided us a scanned copy of the title certificates dated 27 November 2020 and 6 January 2021 for the office unit and factory building respectively to substantiate the transfer of the ownerships of the two properties. The names of the owners on these certificates provided to us were concealed. Management clarified that they were advised by HKCB that the buyers of the properties requested privacy and not to disclose their full names to others. As the name(s) of new owner(s) on the title certificates were concealed, we are unable to determine whether the titles of the properties have been transferred and if transferred, whether the new owner(s) is an independent third party or otherwise.

The service agreement for the office unit also provided for CQEIM to pay a monthly rental of RMB25,000 (approximately \$5,100) to HKCB for the period from 24 November 2020 to 23 May 2023 amounting to a total rental of RMB750,000 (approximately \$154,000). Management informed us that CQEIM did not enter into a lease agreement with the new owner(s). In addition, HKCB is obligated under the service agreement for the factory building to ensure that the buyer of the factory building allows CQEIM to lease the factory building for one year. We were provided with a copy of the lease agreement dated 6 January 2021 and this lease agreement was entered between CQEIM and HKCB. The lease agreement for the factory building provided for CQEIM to pay a monthly rental of RMB35,000 (approximately \$7,000) to HKCB for the period from 6 January 2021 until CQEIM relocated the equipment and machineries in the factory building. The total rental of the factory building from 6 January 2021 to 30 April 2021 was RMB105,000 (approximately \$21,000). The leases for both the office unit and the factory building appear to be with HKCB and not the new owner(s), whose identities have not been disclosed to us as mentioned in the preceding paragraph.

Management advised that the minimum sums for the sale of the office unit and factory building stated in the two service agreements amounting to RMB3,477,650 (approximately \$713,000) and RMB4,620,660 (approximately \$947,000) were determined based on the valuation reports prepared by third-party valuers.

We were previously provided with valuation reports dated 7 January 2021 for the office unit and factory building in connection with our audit of the financial statements of the group for the reporting year ended 31 October 2020 ("Valuation Reports A"). Based on Valuation Reports A, the estimated market values of the office unit and factory building as at 4 January 2021 were approximately RMB3.97 million (approximately \$814,000) and RMB5.04 million (approximately \$1,033,000) respectively.

We were also provided with another set of valuation reports for the office unit and factory building in connection with the audit of the interim financial statements of the group for the six months ended 30 April 2021 ("Valuation Reports B"). The dates of Valuation Reports B for the office unit and factory building are 4 January 2021 and 27 January 2021 respectively. Based on Valuation Reports B, the estimated market values of the office unit and factory building were approximately RMB3.48 million (approximately \$713,000) as at 20 November 2020 and RMB4.62 million (approximately \$947,000) as at 27 January 2021 respectively.

CQEIM was stated in all four valuation reports as the owner of the two properties.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED )**

**Basis for disclaimer of opinion (cont'd)**

**A. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd. (cont'd)**

We are not able to conclude how management had determined the minimum sums as (i) the valuation reports were dated after the date of the service agreements which specified the minimum sums; and (ii) there is no available documentation, for example, board minutes/resolution of the rationale for using the minimum sums based on the lower valuation of the properties per Valuation Reports B compared to the higher valuation per Valuation Reports A.

CQEIM collected the proceeds from the disposal of the two properties, net of rental expense and service fees, amounting to RMB6,808,310 (approximately \$1.40 million) between 31 December 2020 and 22 November 2021. On 27 November 2020, which is the date of the title certificate of the office unit substantiating the transfer of ownership mentioned above, CQEIM had yet to receive any proceeds from the disposal of the property. On 6 January 2021, which is the date of the title of the factory building substantiating the transfer of ownership mentioned above, CQEIM received approximately RMB2,000,000 (approximately \$410,000) of the total net proceeds. As at 30 April 2021, the consolidated statement of financial position recorded a receivable from HKCB of RMB2,727,650 (approximately \$559,000) relating to the CQEIM Transactions. It would appear that ownership of the two properties was transferred without CQEIM receiving the full net proceeds arising from the disposal of the properties concerned.

Based on documents and information provided to us, the net proceeds were received from four individuals and a company (collectively, the "5 Payers"). Based on searches of publicly available information, this company was registered in the PRC on 12 November 2021 and it is an indirect subsidiary of HKCB. Management provided us authorisation letters from HKCB dated between 24 November 2020 and 16 November 2021 and supplementary agreements entered between CQEIM and HKCB dated 10 February 2022 to support management's explanation that the 5 Payers had made payments on behalf of HKCB. However, we are unable to determine whether the 5 Payers had indeed made payments on behalf of HKCB or the new owner(s) of the properties as the authorisation letters or supplementary agreements did not include any acknowledgement by the 5 Payers concerned.

The CQEIM Transactions have been accounted by the group as disposals of property, plant and equipment based on sale prices of RMB3,477,650 (approximately \$713,000) and RMB4,620,660 (approximately \$947,000) for the office unit and factory building respectively. The gain on disposal of the office unit and factory building amounting to RMB420,000 (approximately \$86,000) and RMB108,610 (approximately \$22,000) respectively have been recorded in the consolidated interim statement of profit or loss. The gain on disposal did not however take into consideration a service fee of RMB200,000 (approximately \$41,000) for each property paid / payable to HKCB for the disposals, which were not recorded in the consolidated interim statement of profit or loss. Had the service fees been recorded, the gain on disposal of the office unit would have been RMB220,000 (approximately \$45,000) and the disposal of the factory building would have been a loss of RMB91,000 (approximately \$19,000) instead.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED ()**

**Basis for disclaimer of opinion (cont'd)**

**A. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd. (cont'd)**

We were not provided with the following documents:

- (a) a company directors' minutes or resolution in writing to approve CQEIM entering into the two service agreements with HKCB and the rationale for the determination of minimum sums for the disposal of the properties as set out in the service agreements concerned;
- (b) the sale and purchase agreements entered between the buyer(s) and CQEIM that would have included the selling prices of the office unit and factory building, so as to ensure that the properties were sold at or lower than the minimum sums mentioned in the service agreements, and not at higher selling prices which CQEIM could have been entitled to; and
- (c) title transfer receipts issued by the local land bureau relating to the CQEIM Transactions, which are documents that provide support for the accounting and disclosures of the CQEIM Transactions as disposal of property, plant and equipment.

Management explained that HKCB handled and kept all the documents relating to the CQEIM Transactions and while management has requested HKCB to provide these documents, the documents have not been provided by HKCB.

In addition, in an audit committee meeting held on 20 December 2021, an executive director of the company asserted that he was not aware that the group had acquired the office unit in Chongqing, PRC (that has now been disposed as one of the CQEIM Transactions) and he was the beneficial owner of an office unit in Chongqing which he had allowed CQEIM to occupy at no rental charge. The director furnished to us a photocopy of a property title certification dated in 2011. The address of the property on this title certificate was the same as the address stated on the service agreement for office unit in the CQEIM Transactions. On 25 March 2022, the executive director concerned updated us that a law firm in the PRC engaged by him had undertaken a search at the land bureau office in Chongqing and reported that the said office unit had been sold to CQEIM in 2017 by an individual on behalf of the executive director in accordance with a notarised letter of authorisation signed by the executive director concerned. The executive director advised us that he was neither aware of the sale nor receive any sale proceeds.

Although management provided responses and explanations relating to our inquiries about the CQEIM Transactions, we were unable to obtain sufficient appropriate audit evidence on the commercial substance of the transactions. We were also not provided with sufficient and appropriate evidence to determine that the CQEIM Transactions have been properly and accurately accounted for as a disposal of property, plant and equipment as well as with regards to the rental of the office unit and factory building and the relevant and appropriate disclosures applicable to the CQEIM Transactions have been made in the interim financial statements. Please also refer to Item B below relating to disclosures of related party transactions.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED)**

**Basis for disclaimer of opinion (cont'd)**

**B. Disclosures of related party relationships, transactions and balances**

As mentioned in A. above, CQEIM entered into the CQEIM Transactions with HKCB during the reporting period.

HKCB owns 100% of the issued and paid up capital of Chen Bang Energy Pte Ltd ("CBE"), a company incorporated in Singapore. CBE was previously known as ecoWise Energy Pte Ltd and was previously a subsidiary of the group. HKCB acquired CBE from the group in July 2019. We noted that an executive director and a senior management member of the company were the director and company secretary of CBE respectively at the dates of the CQEIM Transactions. On 26 January 2021, the senior management member was also appointed as a director of CBE. On 16 February 2022, the senior management member resigned as a director and company secretary of CBE. On 14 March 2022, the executive director resigned as a director of CBE.

Based on searches of publicly available information, we noted that the executive director mentioned in relation to CBE above and two other senior management members of the group were legal representative and directors of two entities registered in the PRC that appear to be related to HKCB at the dates of the CQEIM Transactions. The executive director concerned resigned as the legal representative of these two entities on 18 October 2021 and 7 January 2022. A senior management member resigned as a director of one of these entities on 7 January 2022.

Although management provided responses and explanations relating to our inquiries in relation to the CQEIM Transactions and the relationships between the executive director and certain senior management of the group and HKCB, we are unable to obtain sufficient appropriate audit evidence to establish whether HKCB is a related party of the group or otherwise. Consequently, we were unable to establish whether the interim financial statements have appropriately accounted for and disclosed the nature of all the related party relationships as well as information about those transactions and balances arising, in accordance with the requirements of Singapore Financial Reporting Standards (International).

The executive director mentioned in the preceding paragraphs resigned as a director of the company on 13 April 2022. The senior management member mentioned in relation to CBE above resigned from the company on 25 March 2022. We understand that the two senior management members mentioned in relation to two PRC entities that appear to be related to HKCB resigned from their positions in the group as of the date of this report.

**C. Unconsolidated entities**

It was brought to our attention during the audit that the group appeared to have owned 100% equity interest in two companies, namely, 武汉富邦企业管理有限公司 ("Wuhan LK") and 重庆邦辰企业管理咨询有限公司 ("CQBC") during the period from July 2017 to January 2019.

Based on publicly available information, Wuhan LK was registered in the PRC by ecoWise Solutions Pte Ltd ("EWS") on 27 July 2017. The equity interest in CQBC, a company registered in the People's Republic of China on 23 September 2015, was transferred by two individuals to CQEIM on 11 July 2017. EWS and CQEIM are wholly-owned subsidiaries of the group.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED)**

**Basis for disclaimer of opinion (cont'd)**

**C. Unconsolidated entities (cont'd)**

On 17 October 2017, EWS transferred its equity interest in Wuhan LK to CBE, a wholly-owned subsidiary of the company on that date. On 27 November 2017, CQEIM transferred its equity interest in CQBC to Wuhan LK. On 24 January 2019, CBE transferred its equity interest in Wuhan LK and CQBC to Mr Chen. On 8 November 2017, the company announced the disposal of its 100% equity interest in CBE to HKCB. The disposal was completed on 15 July 2019.

We noted that Wuhan LK was a subsidiary of the group from 27 July 2017 to 24 January 2019 and CQBC was a subsidiary of the group from 11 July 2017 to 24 January 2019. Wuhan LK and CQBC were also not disclosed as subsidiaries of the group in the financial statements for the reporting years ended 31 October 2017, 31 October 2018 and 31 October 2019.

In addition, there were no directors' resolutions in writing that specifically approved the registration of Wuhan LK, the transfer of CQBC to CQEIM and the subsequent transfers of Wuhan LK and CQBC to Mr Chen.

Management explained that the group did not invest in or incur any expense on the registration of Wuhan LK and the transfer of CQBC to CQEIM. Management also explained that the original intention was for Wuhan LK and CQBC to carry out carbon trading business. Since the plan did not materialise, Wuhan LK and CQBC were transferred to Mr Chen. Management advised that there are no management accounts for Wuhan LK and CQBC as the group did not invest in or incur any expense in relation to these two companies. Based on publicly available information, CQBC was deregistered on 2 December 2020.

Although management provided responses and explanations relating to our inquiries about Wuhan LK and CQBC, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to and/or disclosures that may be necessary in the interim financial statements.

**D. Bank confirmation reply not received**

The PRC component auditor requested but did not receive a bank confirmation reply for bank balances, assets held as security, guarantees, commitments, contingencies and other arrangements, if any, in relation to the PRC component auditor's audit of a PRC subsidiary. The cash balance recorded by the subsidiary amounted to RMB200 (approximately \$42) as at 30 April 2021. There are no other satisfactory audit procedures that we could perform to obtain sufficient appropriate evidence regarding the carrying amount of the bank balance, any assets held as security, guarantees, commitments and contingencies, and the completeness of bank accounts and any loans or other banking facilities held by the subsidiary as at 30 April 2021. Consequently, we are unable to quantify possible adjustments, if any, and related information that may require disclosure in these interim financial statements.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED)**

**Basis for disclaimer of opinion (cont'd)**

**E. Recoverability of assets in a jointly-controlled entity**

Included in the carrying value of the group's investment in a jointly-controlled entity of \$1,750,000 as at 30 April 2021 (see Note 19) are the group's share of inventories and trade receivables in the jointly-controlled entity amounting to RMB1,743,000 (approximately \$357,000) and RMB1,786,000 (approximately \$366,000) respectively. We were not provided with sufficient evidence that support the recoverability of these assets. Consequently, we are unable to determine the probable adjustments to the carrying value of the group's investment in and share of results of the jointly-controlled entity that may be required to the interim financial statements.

**F. Accounting of long outstanding payable**

Included in other payables to outside parties in Note 34 is a long outstanding payable of Changyi Enersave Biomass to Energy Co., Ltd., a wholly-owned subsidiary of the group, amounting to RMB3,560,000 (approximately \$729,000), which arose in 2013. The external law firm engaged by the group as management's expert advised on 2 March 2022 that the subsidiary is not liable to repay the amount in the event there has been no request for repayment from the creditor concerned within the statutory time bar period and the statutory time bar period has been met. The two executive directors of the company (one of whom has since resigned as of the date of this report) have provided different representations on whether the creditor has been requesting for repayment of this said amount, and hence whether the statutory time bar period has indeed been met. The amount is recorded as a liability in the interim financial statements. Consequently, we were unable satisfy ourselves as to whether any adjustment to the said payable was necessary.

**G. Documents required for review of subsequent events**

We and the PRC and Malaysia component auditors, have not been provided with the confirmation of directors' resolutions in writing and minutes of board of directors' meetings that enable us to determine the completeness of such resolutions and minutes up to the date of this report. The PRC component auditor has also not been provided with bank statements from December 2021 up to the date of this report. Consequently, we were unable to determine if any adjustments to or disclosures are required to the interim financial statements from subsequent events.

**H. Internal audit under NOC**

On 28 August 2021, the company announced the appointment of an internal auditor in accordance with the NOC issued by the SGX Regco dated 25 June 2021. Pursuant to the NOC, the company is required to commission an internal audit on adequacy and effectiveness of internal controls in relation to the group's financial reporting, release of announcements, escalation and information flow to the board of directors, and safeguarding of assets of the group.

We are required by Singapore Standards on Auditing to consider the findings of the internal auditor and carry out additional procedures where necessary. As of the date of this report, the internal audit is in progress. Accordingly, we are unable to determine whether any additional audit procedures or any adjustments arising thereon may be required, and whether there will be any significant impact on the interim financial statements.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED)**

**Basis for disclaimer of opinion (cont'd)**

**I. Going concern**

As is more fully disclosed in Notes 1 and 31E to the interim financial statements:

- (i) There are material uncertainties on the ability of the group to continue as a going concern due to reasons more fully disclosed in Note 1.
- (ii) The subsidiaries in Malaysia received letters of demand from banks on overdue payments in recent weeks. As at 25 March 2022, total overdue payments to banks amounted to RM9,096,000 (approximately \$3,000,000). These banks have also suspended the subsidiaries' trade financing facilities. See Note 31E for details.

The abovementioned events indicate the existence of material uncertainties which may cast significant doubt on the ability of the group and of the company to continue as going concerns.

The board of directors has appointed independent financial advisers to perform an independent business review and position assessments as well as to advise the directors on the longer-term viability of various aspects of the group's business. The financial advisers will assist the group in discussions with the banks on the overdue payments and payments coming due. Management is exploring avenues to generate funds.

The company is exploring to generate additional funds for working capital purposes either via loans from third parties or existing shareholders.

Management has prepared the interim financial statements using the going concern assumption on the basis that the actions that it has taken and will take, together with the input of the independent financial advisers, are sufficient to mitigate the going concern uncertainty. As at the date the interim financial statements were authorised for issue, the directors are of the opinion that the ability of the group and of the company to pay their debts as and when they fall due is dependent on the successful outcome of the above efforts.

We were not provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting.

If the group and company are unable to continue in operational existence for the foreseeable future, the group and the company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets (such as property, plant and equipment, right-of use-assets, land use rights, investments in jointly-controlled entity, associate, and subsidiaries) may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded on the statements of financial positions of the group and the company. In addition, the group and company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the interim financial statements.

## **Independent Auditor's Report to the Audit Committee of ECOWISE HOLDINGS LIMITED**

### **Other matter**

The unaudited interim financial information of the group and of the company for the six months ended 30 April 2021 were announced by the company via SGXNET on 14 June 2021. On 25 June 2021, SGX RegCo issued a NOC which required the company to commission its statutory auditor, RSM Chio Lim LLP, to perform an audit of its 1HFY2021 Results. There are certain differences between the unaudited interim financial information announced by the company on 14 June 2021 and the accompanying interim financial statements.

The NOC required that, as part of the audit of the interim financial statements, we cover certain transactions (the "Transactions") namely, (i) the transactions and concerns raised by a director, Mr Lee Thiam Seng ("Mr Lee"), consisting of (a) a status update on the group's ongoing arbitration against China Huadian Engineering Co., Ltd., a contractor engaged by the group, for failure to perform the Engineering, Procurement and Construction Contract as agreed between the parties; (b) the status of the liquidation of China-UK Low Carbon Enterprise Co. Ltd., in which the company's wholly-owned subsidiary owns a 20% equity interest; and (c) the disposal of the group's Malaysia subsidiary, Saiko Rubber (Malaysia) Sdn Bhd, which was completed on 23 April 2021 and a dispute between Mr Lee and a director, Mr Cao Shixuan, with regard to the use of the disposal proceeds; (ii) movements of cash in the group; and (iii) the group's cash balances.

The transactions raised by Mr Lee are more fully disclosed in Note 38A (a status update on the group's ongoing arbitration against China Huadian Engineering Co., Ltd.), Note 20 (the status of the liquidation of China-UK Low Carbon Enterprise Co. Ltd.) and Note 9 (the disposal of the group's Malaysia subsidiary, Saiko Rubber (Malaysia) Sdn Bhd).

The minutes of the board of directors stated that the proceeds from disposal of Saiko Rubber (Malaysia) Sdn Bhd would be used for, *inter alia*, (i) management of the tax risk in Malaysia arising from the disposal, (ii) ensure and bring a stable cash flow / additional income to the group as it includes future cash flow of the disposed business and (iii) redemption of those loans with high interest rates, including inter-company loans in both Singapore and Malaysia. The announcement of the disposal of Saiko Rubber (Malaysia) Sdn Bhd in SGXNET stated that 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.

We found that the proceeds from the disposal were used mainly for repayments of bank loans, bank overdraft and banker's acceptance, payments of salaries and bonuses, purchase of raw materials, payments for property and land use taxes in the People's Republic of China and payment of retrenchment benefits.

Except for the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have nothing to report for which the NOC requires us to cover.

**Independent Auditor's Report to the Audit Committee of  
ECOWISE HOLDINGS LIMITED**

**Responsibilities of management and directors for the interim financial statements**

Management is responsible for the preparation of interim financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 interim financial statements and to maintain accountability of assets.

In preparing the interim financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

**Auditor's responsibilities for the audit of the interim financial statements**

Our responsibility is to conduct an audit of the interim financial statements of the group and statements of financial position and statement of changes in equity of the company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the interim financial statements.

We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the interim financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Chan Weng Keen.



RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants

Singapore

11 May 2022

**ECOWISE HOLDINGS LIMITED**

**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income  
For the Six-Month Period Ended 30 April 2021**

	Notes	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
<b>Revenue</b>	5	23,708	23,106
Cost of sales		<u>(19,371)</u>	<u>(18,771)</u>
<b>Gross profit</b>		4,337	4,335
Other income and gains	6	2,297	1,346
Marketing and distribution expenses		(823)	(924)
Administrative expenses	6A	(4,004)	(3,334)
Finance costs	7	(479)	(390)
Other losses	6	(706)	(32)
Share of losses from equity-accounted associate and jointly-controlled entity		<u>(266)</u>	<u>(68)</u>
<b>Profit before income tax</b>		356	933
Income tax expense	11	<u>(196)</u>	<u>(324)</u>
<b>Profit, net of tax</b>		<u>160</u>	<u>609</u>
<b><u>Other comprehensive (loss)/income</u></b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations, net of tax		(449)	(337)
Cash flow hedges, net of tax	29A	(518)	28
<i>Item that may not be reclassified subsequently to profit or loss</i>			
Defined benefit plan - actuarial gain	30A	76	-
<b>Other comprehensive loss, net of tax</b>		<u>(891)</u>	<u>(309)</u>
<b>Total comprehensive (loss)/income</b>		<u>(731)</u>	<u>300</u>
 (Loss)/profit net of tax attributable to:			
Owners of the Company		(22)	388
Non-controlling interests		182	221
		<u>160</u>	<u>609</u>
 Total comprehensive (loss)/income attributable to:			
Owners of the Company		(926)	280
Non-controlling interests		195	20
		<u>(731)</u>	<u>300</u>
		<u>Cents</u>	<u>Cents</u>
<b>Earnings per share</b>			
Basic and diluted earnings per share	12	<u>N.M.</u>	<u>0.04</u>

N.M.: Not meaningful

The accompanying notes form an integral part of these financial statements.

**ECOWISE HOLDINGS LIMITED**

**Interim Statements of Financial Position  
As at 30 April 2021**

	Notes	Group		Company	
		30.04.2021 \$'000	31.10.2020 \$'000	30.04.2021 \$'000	31.10.2020 \$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	13	26,871	29,315	406	311
Right-of-use assets	14	1,207	1,441	–	–
Investment properties	15	1,914	2,017	–	–
Intangible assets	16	793	844	–	–
Land use rights	17	1,137	1,306	–	–
Investments in subsidiaries	18	–	–	27,470	31,833
Investment in a jointly-controlled entity	19	1,750	1,832	–	–
Investment in an associate	20	1,523	1,540	–	–
Lease receivables	22	7,069	7,636	–	–
Other non-financial assets	23	289	285	–	–
<b>Total non-current assets</b>		<b>42,553</b>	<b>46,216</b>	<b>27,876</b>	<b>32,144</b>
<b><u>Current assets</u></b>					
Inventories	24	5,709	6,011	–	–
Trade and other receivables	21	13,330	14,765	1,668	999
Lease receivables	22	1,189	1,127	–	–
Other non-financial assets	23	1,617	2,186	25	129
Derivative financial assets	25	–	139	–	–
Cash and cash equivalents	26	4,948	6,768	7	33
<b>Total current assets</b>		<b>26,793</b>	<b>30,996</b>	<b>1,700</b>	<b>1,161</b>
<b>Total assets</b>		<b>69,346</b>	<b>77,212</b>	<b>29,576</b>	<b>33,305</b>

**ECOWISE HOLDINGS LIMITED**

**Interim Statements of Financial Position (Cont'd)  
As at 30 April 2021**

	Notes	Group		Company	
		30.04.2021	31.10.2020	30.04.2021	31.10.2020
		\$'000	\$'000	\$'000	\$'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	27	47,890	48,090	47,890	48,090
Accumulated losses		(6,421)	(6,461)	(25,850)	(21,022)
Foreign currency translation reserve	28	(5,427)	(5,018)	–	–
Other reserves	29	1,828	2,409	–	–
<b>Equity attributable to owners of the Company</b>		<b>37,870</b>	<b>39,020</b>	<b>22,040</b>	<b>27,068</b>
Non-controlling interests	28	28	4,001	–	–
<b>Total equity</b>		<b>37,898</b>	<b>43,021</b>	<b>22,040</b>	<b>27,068</b>
<b>Non-current liabilities</b>					
Provisions	30	747	1,140	–	–
Loans and borrowings	31	8,436	6,936	–	–
Lease liabilities	32	1,520	1,870	162	82
Deferred tax liabilities	11	1,284	1,819	–	–
Deferred income	33	50	50	–	–
<b>Total non-current liabilities</b>		<b>12,037</b>	<b>11,815</b>	<b>162</b>	<b>82</b>
<b>Current liabilities</b>					
Income tax payables		616	702	59	41
Trade and other payables	34	8,372	11,902	7,269	6,070
Derivative financial liabilities	25	376	1	–	–
Loans and borrowings	31	8,774	8,109	–	–
Lease liabilities	32	1,243	1,631	46	44
Deferred income	33	30	31	–	–
<b>Total current liabilities</b>		<b>19,411</b>	<b>22,376</b>	<b>7,374</b>	<b>6,155</b>
<b>Total liabilities</b>		<b>31,448</b>	<b>34,191</b>	<b>7,536</b>	<b>6,237</b>
<b>Total equity and liabilities</b>		<b>69,346</b>	<b>77,212</b>	<b>29,576</b>	<b>33,305</b>

The accompanying notes form an integral part of these interim financial statements.

**ECOWISE HOLDINGS LIMITED**

**Interim Statements of Changes in Equity  
For the Six-Month Period Ended 30 April 2021**

<u>Group</u>	Total equity \$'000	Non-controlling interests \$'000	Attributable to parent subtotal \$'000	Share capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Foreign currency translation reserve \$'000
<b>Current period</b>							
At 1 November 2020	43,021	4,001	39,020	48,090	(6,461)	2,409	(5,018)
Changes in equity:							
Total comprehensive (loss)/income for the period	(806)	182	(988)	-	(22)	(557)	(409)
Disposal of subsidiaries with a change in control (Note 9)	(4,181)	(4,181)	-	-	-	-	-
Purchase of treasury shares (Note 27)	(200)	-	(200)	(200)	-	-	-
Purchase of equity interest in subsidiaries	(12)	12	(24)	-	-	(24)	-
Defined benefit plan – actuarial	76	14	62	-	62	-	-
	(5,123)	(3,973)	(1,150)	(200)	40	(581)	(409)
At 30 April 2021	37,898	28	37,870	47,890	(6,421)	1,828	(5,427)
<b>Previous period (Unaudited)</b>							
At 1 November 2019	41,244	4,289	36,955	48,141	(7,596)	2,081	(5,671)
Changes in equity:							
Total comprehensive income/(loss) for the period	300	20	280	-	388	29	(137)
Dividends paid to non-controlling interests of subsidiaries	(239)	(239)	-	-	-	-	-
	61	(219)	280	-	388	29	(137)
At 30 April 2020	41,305	4,070	37,235	48,141	(7,208)	2,110	(5,808)

**ECOWISE HOLDINGS LIMITED**

**Interim Statements of Changes in Equity (Cont'd)  
For the Six-Month Period Ended 30 April 2021**

<u>Company</u>	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Accumulated losses</u> \$'000
<b>Current period</b>			
At 1 November 2020	27,068	48,090	(21,022)
Changes in equity:			
Total comprehensive loss for the period	(4,828)	–	(4,828)
Purchase of treasury shares (Note 27)	(200)	(200)	–
	(4,828)	(200)	(4,828)
At 30 April 2021	22,040	47,890	(25,850)
<b>Previous period (Unaudited)</b>			
At 1 November 2019	27,720	48,141	(20,421)
Changes in equity:			
Total comprehensive loss for the period	(16)	–	(16)
At 30 April 2020	27,704	48,141	(20,437)

The accompanying notes form an integral part of these interim financial statements.

**ECOWISE HOLDINGS LIMITED**

**Consolidated Interim Statement of Cash Flows  
For the Six-Month Period Ended 30 April 2021**

	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>30.04.2020</u> \$'000 (Unaudited)
<b><u>Cash flows from operating activities</u></b>		
Profit before income tax	356	933
Depreciation of property, plant and equipment	1,458	1,730
Depreciation of right-of-use assets	234	–
Depreciation of investment properties	103	–
Gain on disposal of property, plant and equipment	(38)	(60)
Amortisation of intangible assets	37	46
Amortisation of land use rights	28	30
Write-off of land use rights	167	–
Share of loss from associates and jointly-controlled entity	266	68
Gain on disposal of subsidiaries (Note 9)	(1,467)	(431)
Net fair value loss on derivative financial instruments	–	32
Provision for retirement benefit obligations expenses, net	13	19
Amortisation of deferred income	–	(4)
Finance income	(11)	(26)
Finance costs	479	390
Net foreign exchange gain	(533)	–
<b>Operating cash flows before changes in working capital</b>	<u>1,092</u>	<u>2,727</u>
Inventories	(1,318)	(1,926)
Trade and other receivables	(1,304)	1,171
Lease receivables	505	458
Other non-financial assets	567	(964)
Trade and other payables	(1,274)	870
Deferred income	8	–
Provisions	(235)	(8)
<b>Net cash flows (used in) / from operations</b>	<u>(1,959)</u>	<u>2,328</u>
Income tax paid	(245)	(251)
<b>Net cash flows (used in) / from operating activities</b>	<u>(2,204)</u>	<u>2,077</u>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment (Notes 13 and 26B)	(1,623)	(2,169)
Proceeds from disposal of property, plant and equipment	1,914	65
Repayment from a jointly-controlled entity	82	(166)
Acquisition of subsidiaries	(12)	–
Interest income received	11	26
Proceeds from disposal of a subsidiary (Note 9)	1,648	–
<b>Net cash flows from / (used in) investing activities</b>	<u>2,020</u>	<u>(2,244)</u>

**ECOWISE HOLDINGS LIMITED**

**Consolidated Statement of Cash Flows (Cont'd)  
For the Six-Month Period Ended 30 April 2021**

	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>30.04.2020</u> \$'000 (Unaudited)
<b><u>Cash flows from financing activities</u></b>		
Proceeds from new loans and borrowings	2,206	737
Repayments of loans and borrowings	(868)	(1,360)
Lease liabilities – principal portion paid	(922)	(963)
Interest expense paid	(436)	(373)
Purchase of treasury shares	(200)	–
Dividends paid to non-controlling interests of subsidiaries	–	(239)
Decrease in cash restricted in use over 3 months	1,953	192
<b>Net cash flows from / (used in) financing activities</b>	<u>1,733</u>	<u>(2,006)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	1,549	(2,173)
Effect of exchange rate changes on cash and cash equivalents	(112)	7
Cash and cash equivalents, beginning balance	3,355	2,210
<b>Cash and cash equivalents, ending balance (Note 26A)</b>	<u>4,792</u>	<u>44</u>

The accompanying notes form an integral part of these interim financial statements.

## **ECOWISE HOLDINGS LIMITED**

### **Notes to the Interim Financial Statements For the period from 1 November 2020 to 30 April 2021**

#### **1. General**

ecoWise Holdings Limited (“the Company”) is incorporated in Singapore with limited liability. It is listed on the Catalist which is a share market on Singapore Exchange Securities Trading Limited (“SGX-ST”).

These interim financial statements have been prepared in pursuant to the Notice of Compliance issued by Singapore Exchange Regulation Pte. Ltd. to the Company on 25 June 2021.

The financial statements are presented in Singapore Dollar and they cover the Company and the subsidiaries (collectively, the “Group”). All financial information has been rounded to the nearest thousand (“\$’000”) except when otherwise indicated.

The board of directors approved and authorised these interim financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements, if necessary.

The principal activities of the Company are those of an investment holding company and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

The registered office and principal place of business of the Company is located at 1 Commonwealth Lane, #07-28 One Commonwealth, Singapore 149544.

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### **Covid-19 pandemic and the aftermath**

The Covid-19 pandemic and the aftermath of the pandemic has had, or may have, an impact on the reporting entity based on known information that extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the reporting entity operates. Any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the reporting entity unfavourably as at the reporting date or subsequently as a result of the pandemic are considered with the going concern matters mentioned below.

#### **Statement of compliance with financial reporting standards**

These interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) 1-34, Interim Financial Reporting as issued by the Singapore Accounting Standards Council.

## ECOWISE HOLDINGS LIMITED

### 1. General (cont'd)

#### Accounting convention

The financial statements are prepared under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

#### Material uncertainties related to going concern

As at the date of approval of these interim financial statements by the Board of Directors for issue, there are material uncertainties on the ability of the Group to continue as a going concern. Management notes that while the Group had profit before tax of \$356,000 for the six-month period ended 30 April 2021 (2020: \$933,000) and had net current assets of \$7,382,000 at 30 April 2021 (31.10.2020: \$8,620,000), the Group utilised net cash of \$2,204,000 (31.10.2020: generated net cash of \$2,077,000 from) in operating activities for the six-month period ended 30 April 2021.

The Group's operations have been significantly impacted by the COVID-19 pandemic over the course of the last two years, in particular, the Movement Control Order ("MCO") implemented by Malaysia government caused production activities in Malaysia to be suspended for about two months in the second half of the reporting year ended 31 October 2021. The disruptions caused by the pandemic have resulted in the following:

- (a) Although revenue of \$23,708,000 for the six-month period ended 30 April 2021 is comparable to prior year (31.10.2020: \$23,106,000), revenue has declined significantly (per the unaudited Full-year results announcement released on 28 February 2022) to \$11,858,000 in the second half of the reporting year ended 31 October 2021 (31.10.2020: \$27,705,000), with the suspension of production activities in Malaysia being a major cause;
- (b) The significant drop in revenue in the second half of the reporting year ended 31 October 2021 caused a significant drop in operating cash inflows in recent months; and
- (c) Collections from customers have dropped in recent months as some customers have dragged out their payments. The trade debtors' turnover days increased from 88 days at 30 April 2021 to 98 days in 31 October 2021.

The above factors have caused significant cash flow pressures on the Group, in particular, as the Group's bank facilities are primarily short-term in nature.

The Group's subsidiaries in Malaysia have received letters of demand from banks on overdue payments in recent weeks. As of 25 March 2022, total overdue payments to banks amounted to RM9,096,000 (approximately \$3,000,000). These banks have also suspended the subsidiaries' trade financing facilities and a bank has frozen the accounts of all subsidiaries in Malaysia. See Note 31E for demand letters received from financial institutions.

The Board of Directors has appointed independent financial advisers to perform independent business review and position assessments as well as to advise the Board on the longer-term viability of various aspects of the Group's business. The financial advisers will assist the Group in discussions with the banks on the overdue payments and payments coming due. Management will explore avenues to generate funds.

## ECOWISE HOLDINGS LIMITED

### 1. General (cont'd)

#### **Materiality uncertainties related to going concern (Cont'd)**

The Company is exploring to generate additional funds for working capital purposes either via loans from third parties or existing shareholders.

Management has prepared the financial reporting using the going concern assumption on the basis that the actions that it has taken and will take, together with the input of the independent financial advisers, are sufficient to mitigate the going concern uncertainty.

As at the date these financial statements were authorised for issue, the directors are of the opinion that the ability of the Group and the Company to pay their debts as and when they fall due is dependent on the successful outcome of the above efforts.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded on the statements of financial positions of the Group and the Company. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Also refer to Notes 31E and 41 below for other events after 30 April 2021.

#### **Basis of preparation of the financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C, where applicable.

#### **Basis of presentation**

The consolidated interim financial statements include the financial statements made up to the end of the reporting period of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

## **ECOWISE HOLDINGS LIMITED**

### **1. General (cont'd)**

#### **Basis of presentation (cont'd)**

When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate interim financial statements have been prepared on the same basis, and as permitted by the Catalist Rules of the Singapore Exchange Securities Trading Limited, the Company's separate interim statement of profit or loss and other comprehensive income and interim statement of cash flows are not presented.

### **2. Significant accounting policies and other explanatory information**

#### **2A. Significant accounting policies**

##### **Revenue recognition**

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset.

As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

**Sale of goods** – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

**Services** – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

**Distinct goods or services in a series** – For distinct goods or services in a series such as routine or recurring service contracts where the promise under the contract is for a specified quantity of goods or services that meets the over time criteria or is a stand-ready or single continuous service and if the nature of each good or service is distinct, substantially the same and has the same pattern of transfer or each time increment is distinct, then revenue is recognised at the amount that the entity has the right to bill a fixed amount for each unit of goods or service provided.

**Finance lease income** from finance lease arrangement is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### **Other income**

Interest income is recognised using the effective interest method.

##### **Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

##### **Employee benefits**

###### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the Group is contractually obliged or where there is constructive obligation based on past practice.

###### Defined contribution benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it is obligated to contribute to independently administered funds, such as the Central Provident Fund in Singapore and Employees Provident Fund in Malaysia.

###### Defined benefit plan

The Group operates an unfunded defined benefit plan for qualifying employees of its subsidiaries in Malaysia. In accordance with the terms of their employment contracts, the benefits are calculated based on the last drawn salaries, length of services and the rates set out in the employment contracts. The Group's obligations under the defined benefit plan, calculated using the projected unit credit method, are determined based on actuarial assumptions and computations. Actuarial assumptions are updated for any material transactions and changes in circumstances at the end of each reporting period.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Employee benefits (cont'd)**

###### Share-based compensation

Benefits to employees, including the directors, are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or granted, excluding the impact of any non-market vesting conditions. The fair value is determined by reference to the fair value of the shares awarded or granted on grant date. This fair value amount is charged to the profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in the profit or loss over the remainder of the vesting period to reflect expected and actual levels of shares vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in the profit or loss.

###### **Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

###### **Foreign currency transactions**

The functional currency of the Company is the Singapore dollar as it reflects the primary economic environment in which the entity operates in. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting period, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting period and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

###### **Translation of financial statements of other entities**

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting period rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting period. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Income tax**

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns.

The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated.

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting period in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (i) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (ii) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting period and is reduced, if necessary, by the amount of any tax benefits based on available evidence, are not expected to be realised.

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, associates and jointly-controlled entity, except where the reporting entity is able to control the timing of the reversal of the taxable temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

##### **Property, plant and equipment**

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and accumulated impairment losses.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss when they are incurred.

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

**ECOWISE HOLDINGS LIMITED**

**2. Significant accounting policies and other explanatory information (cont'd)**

**2A. Significant accounting policies (cont'd)**

**Property, plant and equipment (cont'd)**

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets as follows:

Leasehold land	–	Over lease periods of 60 to 67 years
Leasehold properties and improvements	–	Over lease periods of 8 to 48 years
Plant and equipment	–	3 to 30 years

Construction-in-progress is not depreciated as these are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate and the depreciation charge for the current and future periods are adjusted.

**Right-of-use assets**

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment.

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets over their estimated useful lives as follows:

Leasehold lands	–	Over lease periods of 3 to 5 years
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**Investment property**

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value.

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets as follows:

Leasehold properties	–	Over the lease terms of 6 to 18 years
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## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Leases of lessee**

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

##### **Leases of lessor**

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease receipts from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

##### **Land use rights**

Land use rights under operating leases are initially stated at cost. Following initial recognition, land use rights are measured and carried at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 50 years.

##### **Intangible assets**

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Intangible assets (cont'd)

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use.

##### Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of 10 to 25 years.

##### Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the expected life of the customer relationships of 10 years.

##### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Subsidiaries**

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

##### **Associates**

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### **Associates (cont'd)**

In the reporting entity's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

##### **Joint arrangements – jointly-controlled entity**

A joint arrangement (that is, either a joint operation or a jointly-controlled entity, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a jointly-controlled entity, the parties with joint control have rights to the net assets of the arrangement. The reporting interest in jointly-controlled entity is recognised using the equity method in accordance with SFRS(I) 1-28 – Investments in Associates and Joint Ventures (as described above for associates).

##### **Non-controlling interests**

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Carrying amounts of non-financial assets**

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting period for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is used, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting period, non-financial assets, other than goodwill, with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **Inventories**

Inventories are measured at the lower of cost and net realisable value. The costs of raw materials, work-in-progress and finished goods are measured using the first in first out method and the costs of consumables are measured using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined.

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Financial instruments

###### *Recognition and derecognition of financial instruments*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

###### *Classification and measurement of financial assets*

- (i) Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, finance lease receivables, and cash and cash equivalents are classified in this category.
- (ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting period end date.
- (iii) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting period end date.
- (iv) Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting period end date.

###### *Classification and measurement of financial liabilities*

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (i) the liabilities are managed, evaluated and reported internally on a fair value basis; or (ii) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows include bank and cash balances. For the consolidated statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

##### **Derivative financial instruments**

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

##### **Derivatives held for risk management purposes and hedge accounting**

Certain derivatives held for risk management as well as certain non-derivative financial instruments may be designated as hedging instruments in qualifying hedging relationships. Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge based on the principle of an economic relationship. Hedge effectiveness is the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of the hedged item (for example, when the hedged item is a risk component, the relevant change in fair value or cash flows of an item is the one that is attributable to the hedged risk). The above documentation is subsequently updated at each end of the reporting period in order to assess whether the hedge is still expected to be highly effective over the remaining life of the hedge. Hedge accounting is used for (1) Fair value hedge; (2) Cash flow hedge; and (3) Hedge of a net investment in a foreign operation. If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. The applicable derivatives and other hedging instruments used are described below in the notes to the financial statements.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Fair value measurement**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting period and in the event the fair values are disclosed in the relevant notes to the financial statements. In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

#### **2B. Other explanatory information**

##### **Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting period they occur.

## **ECOWISE HOLDINGS LIMITED**

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2B. Other explanatory information (cont'd)**

##### **Segment reporting**

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

##### **Treasury shares**

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

##### **Assets classified as held for sale**

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by SFRS(I) 5 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

**2. Significant accounting policies and other explanatory information (cont'd)**

**2C. Critical judgements, assumptions and estimation uncertainties**

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting period are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

(i) *Expected credit loss allowance on trade receivables*

The allowance for expected credit losses (ECL) assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting period but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period. The carrying amount is disclosed in the Note 21 on trade and other receivables.

(ii) *Impairment assessment of property, plant and equipment and land use rights in relation to Changyi Enersave Biomass to Energy Co Ltd ("CEBEC")*

As disclosed in Note 13C, the Group owns a 24 MW biomass co-generation power plant (the "CEBEC Plant") located in Changyi, Shandong Province, People's Republic of China ("PRC"). The CEBEC Plant is held by Changyi Enersave Biomass to Energy Co., Ltd. ("CEBEC"), a company registered in the PRC. The immediate parent company of CEBEC is Hivern Investments Pte. Ltd. ("Hivern"). Both CEBEC and Hivern are wholly-owned subsidiaries in the Group.

As at 30 April 2021, the carrying values of CEBEC Plant and land use rights where the plant is located were RMB11,300,000 (\$2,300,000) and RMB5,545,000 (\$1,100,000) respectively.

The CEBEC Plant has not commenced operations since it was acquired by the Group in the reporting period ended 2013. The plant requires major retrofitting and re-commissioning before it can be placed into commercial operations as the contractor engaged by CEBEC did not deliver the plant to the company in accordance with the technical specifications set out in the Engineering, Procurement and Construction Contract (the "EPC Contract").

For the purpose of assessment of impairment of the carrying values of CEBEC Plant and land use rights where the plant is located as at 30 April 2021, management had obtained an independent valuation report for CEBEC Plant and land use right. The indicative market value of CEBEC Plant and the land use rights owned by CEBEC is approximately RMB33,940,000 (approximately \$7 million). In relying on the independent valuation report, management has exercised judgement to ensure the valuation method and estimates are reflective of the current market conditions including implication from the Covid-19 pandemic.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

- (ii) *Impairment assessment of property, plant and equipment and land use rights in relation to Changyi Enersave Biomass to Energy Co Ltd ("CEBEC")*

Management is of the view that no impairment loss allowance is necessary as the indicative market value of CEBEC plant and land use rights was higher than the carrying value as at 30 April 2021.

- (iii) *Impairment assessment of investment in an associate*

As disclosed in Note 20, the Group owns a 20% equity interest in China-UK Low Carbon Enterprise Co. Ltd., ("CULCEC") The Group's application for the liquidation of CULCEC was approved by the court in PRC on 21 December 2020. The carrying value of the Group's investment in the associate net of foreign currency translation reserve amounts to approximately \$1.2 million as at 30 April 2021. Based on the valuation report prepared by a valuation firm for the liquidation of CULCEC that was obtained by management, the Group's share of the net assets of CULCEC is approximately RMB7 million (approximately \$1.5 million) as of 31 December 2020. Management has exercised and determined that the Group's share of net assets of CULCEC as of 30 April 2021 is not materially different from RMB7 million as the associate did not operate since the commencement of liquidation. Therefore, management concluded that there is no impairment in the carrying value of the investment in associate as the estimated recoverable amount approximates the carrying value.

- (iv) *Assessment of carrying values of other property, plant and equipment, right-of-use assets and intangible assets*

An assessment is made for the reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying values of property, plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 13, 14 and 16 respectively.

- (v) *Measurement of impairment of subsidiaries*

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment and loans in the investee have suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of investments in subsidiaries at the end of the reporting period is disclosed in Note 18.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

##### (vi) *Net realisable value of inventories*

The allowance for impairment of inventories assessment requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting period is disclosed in Note 24.

##### (vii) *Income tax*

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 11.

##### (viii) *Accrual of land use rights tax and property tax*

As disclosed in Notes 6A and 34, the Group accrued for the estimated property and land use taxes as at 30 April 2021 in these interim financial statements. Management has previously been submitting applications to local tax authority for waiver to pay land use rights tax and property tax in prior years in accordance with local regulations. Management has taken the view that the local tax authority would grant the waiver for payment of these taxes as they believe CEBEC met the conditions for the waiver and there was neither a response from nor enforcement by the local tax authority previously. Management submitted new applications to the local tax authority for waiver of these taxes after making payments in July, August and September 2021. If the outcome of CEBEC's application is favourable, the accrual made would be reversed in the relevant reporting period.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

(ix) *Estimation of useful lives of property, plant and equipment*

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying values of property, plant and equipment is disclosed in Note 13.

(x) *Classification of jointly-controlled entity*

The Group owns a 65% equity interest in a joint venture – Chongqing eco-CTIG Rubber Technology Co., Ltd (“CECRT”). Management has determined that CECRT is not a subsidiary even though the Group owns more than half of the voting power of the entity. This is because, under the terms in the shareholders’ agreement, the Group does not have the ability to affect the return through its power over CECRT. Consequently, management applied equity accounting in the consolidated financial statements to account for the Group’s interest in CECRT. Such determination requires significant judgement. The carrying value of the jointly-controlled entity at the end of the reporting period is disclosed in Note 19. In May 2021, the Group completed the acquisition of the remaining 35% equity interest in CECRT, which became a wholly owned subsidiary of the Group.

(xi) *Measurement of impairment of joint-controlled entity*

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying value of joint-controlled entity is disclosed in Note 19.

(xii) *Long outstanding liabilities*

As disclosed in Note 34, the Group’s other payables to outside parties included a long outstanding payable of a subsidiary in the People’s Republic of China amounting to RMB3,560,000 (approximately \$729,000), which arose in 2013. The external law firm engaged by the Group as management’s expert advised on 2 March 2022 that the subsidiary is not liable to repay the amount if there has been no request for repayment from the creditor concerned within the statutory time bar period. There are uncertainties on whether the creditor has been requesting for repayment of this amount, and hence whether the statutory time bar period has indeed been met.

## ECOWISE HOLDINGS LIMITED

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

##### *Legal claims*

The subsidiaries of the Group in Malaysia are involved in several legal claims, principally by former employees. The management, having obtained appropriate external legal advice and after taking into account the relevant facts and circumstances of each matter, has recorded accruals in accordance with accounting requirements. The amounts accrued are inherently judgmental and could change substantially over time as new facts emerge and each legal claim progresses. The ultimate liability for legal claims may vary from the amounts accrued and is dependent upon the outcome of litigation proceedings and possible settlement negotiations. As at 30 April 2021, the accruals for legal claims amounted to \$320,000 (31.10.2020: Nil) as disclosed in Note 34.

### 3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

#### 3A. Related party transactions

There are transactions and arrangements between the Group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intra-group transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related company transactions and balances.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
<u>Jointly-controlled entity:</u>		
Service income	-	(242)
Rental income	(62)	-
<u>Related parties:</u>		
Revenue – sale of goods	(1,903)	(1,658)
Purchase of goods and services	838	808

Significant transactions with related parties above are mainly with non-controlling interests of the Group's subsidiaries.

## ECOWISE HOLDINGS LIMITED

### 3. Related party relationships and transactions

#### 3B. Key management compensation

	Group	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Salaries and other short-term employee benefits	<u>746</u>	<u>690</u>
Included in the above amounts are the following items:		
Remuneration of directors of the Company	402	386
Remuneration of directors of the subsidiaries	19	26
Fees to directors of the Company	83	83
Fees to directors of the subsidiaries	<u>6</u>	<u>-</u>

Key management compensation, excluding directors' fees are included under employee benefits expense.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

### 4. Financial information by operating segments

#### 4A. Information about operating segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management reporting purposes, the Group is organised into three strategic operating segments that offer different products and services. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

## ECOWISE HOLDINGS LIMITED

### 4. Financial information by operating segments (cont'd)

#### 4A. Information about operating segment profit or loss, assets and liabilities (cont'd)

The segments and the types of products and services are as follows:

- Renewable Energy – Design, build and operate biomass co-generation systems, generate power for sale and provision of services related to the applications of heat.
- Resource Recovery – Process, recycle and repurpose waste and salvageable materials into environmentally friendly products for industrial applications, such as washed copper slag, compost and retreaded tyres.
- Integrated Environmental Management Solutions – Provision of resource management and integrated environmental engineering solutions for industrial waste and energy management, including designing, optimising, engineering, procurement, fabricating, commissioning, managing and maintenance of waste, energy management facilities and vertically integrated waste-to-feed process for fish and aquaculture business.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

Performance is measured based on segment results before allocation of corporate management fees, share of results from associates and jointly-controlled entity, finance income, dividend income, finance costs and income tax, as included in the internal management reports. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments relative to other entities that operate in similar industries.

Major revenue from external customers for products and services or similar group of products or services is as follows:

	<u>Group</u>	
	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>30.04.2020</u> \$'000 (Unaudited)
Revenue from major products and services:		
Sale of rubberised products	<u>19,489</u>	<u>17,385</u>

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**4. Financial information by operating segments (cont'd)**  
**4B. Profit or loss from continuing operations and reconciliations**

	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Eliminations		Group	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000
Revenue:										
Revenue from external customers	3,663	5,061	19,929	17,771	116	274	-	-	23,708	23,106
Inter-segment revenue	337	644	596	447	275	393	(1,208)	(1,484)	-	-
Segment revenue	4,000	5,705	20,525	18,218	391	667	(1,208)	(1,484)	23,708	23,106
Segment results before allocation of corporate management fees	(2,102)	778	2,988	385	(251)	371	(1,012)	(1,065)	(377)	469
Allocated corporate management fees	(343)	(688)	(669)	(377)	-	-	1,012	1,065	-	-
Segment results	(2,445)	90	2,319	8	(251)	371	-	-	(377)	469
Share of results from associates and jointly-controlled entity, allocated to operating segments	(47)	(32)	(219)	(36)	-	-	-	-	(266)	(68)
Unallocated corporate results									1,467	896
Profit before finance income, dividend income, finance costs and income tax expense									824	1,297
Finance income									11	26
Finance costs									(479)	(390)
Income tax expense									(196)	(324)
Profit, net of tax									160	609

**ECOWISE HOLDINGS LIMITED**

**4. Financial information by operating segments (cont'd)**

**4C. Assets and liabilities reconciliation**

<u>Group</u>	<u>Renewable Energy</u>		<u>Resource Recovery</u>		<u>Integrated Environmental Management Solutions</u>		<u>Eliminations</u>		<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	12,557	20,561	41,057	49,121	8,900	6,229	3,120	(2,545)	65,634	73,366
Investments in associates, allocated to operating segments	1,523	1,540	-	-	-	-	-	-	1,523	1,540
Investment in jointly-controlled entity, allocated to operating segments	-	-	1,750	1,832	-	-	-	-	1,750	1,832
Unallocated corporate assets									439	474
<b>Total assets</b>									<b>69,346</b>	<b>77,212</b>
Segment liabilities	24,980	26,565	12,724	16,555	9,891	10,130	(35,787)	(37,631)	11,808	15,619
Loans and borrowings allocated to operating segments	1,119	1,481	13,827	11,236	2,264	2,328	-	-	17,210	15,045
Income tax payable allocated to operating segments	450	390	126	246	5	(42)	-	-	581	594
Unallocated income tax payable									35	108
Deferred tax liabilities									1,284	1,819
Unallocated corporate liabilities									530	1,006
<b>Total liabilities</b>									<b>31,448</b>	<b>34,191</b>

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**4. Financial information by operating segments (cont'd)**

**4C. Assets and liabilities reconciliation (cont'd)**

<u>Group</u>	<u>Renewable Energy</u>		<u>Resource Recovery</u>		<u>Integrated Environmental Management Solutions</u>		<u>Eliminations</u>		<u>Group</u>	
	01.11.2020	01.11.2019	01.11.2020	01.11.2019	01.11.2020	01.11.2019	01.11.2020	01.11.2019	01.11.2020	01.11.2019
	to	to	to	to	to	to	to	to	to	to
	30.04.2021	31.10.2020	30.04.2021	31.10.2020	30.04.2021	31.10.2020	30.04.2021	31.10.2020	30.04.2021	31.10.2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure allocated to operating segments:										
Property, plant and equipment	328	328	3,542	5,158	23	-	-	-	3,893	5,486
Investment properties	-	-	-	-	-	1,642	-	-	-	1,642
Unallocated corporate capital expenditure on property, plant and equipment	-	-	-	-	-	-	-	-	285	1
<b>Total capital expenditure</b>	<b>328</b>	<b>328</b>	<b>3,542</b>	<b>5,158</b>	<b>23</b>	<b>1,642</b>	<b>-</b>	<b>-</b>	<b>4,178</b>	<b>7,129</b>

## ECOWISE HOLDINGS LIMITED

### 4. Financial information by operating segments (cont'd)

#### 4D. Other material items

	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Elimination		Group	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)		
Depreciation of property, plant and equipment and investment properties										
Allocated to operating segments	303	874	1,074	2,091	157	371	-	-	1,534	3,336
Unallocated corporate depreciation									27	55
Total Depreciation of Property, Plant and Equipment and Investment Properties									1,561	3,391
Depreciation of right-of-use	150	-	84	-	-	-	-	-	234	-
Gain on disposal of property, plant and equipment										
Allocated to operating segments	(44)	33	15	27	108	-	-	-	79	60
Unallocated corporate gain									(41)	-
Total gain/(loss) of property, plant and equipment									38	60
Amortisation of intangible assets	-	-	37	46	-	-	-	-	37	46
Amortisation of land use rights	28	30	-	-	-	-	-	-	28	30
Provision for retirement benefit obligations expenses, net	-	-	13	19	-	-	-	-	13	19
Amortisation of deferred income	-	-	-	(4)	-	-	-	-	-	(4)
Allowance for inventory obsolescence – made/(reversed)	-	15	-	30	-	-	-	-	-	45
Allowance for doubtful receivables										
Allocated to operating segments	-	-	8	-	-	-	-	-	-	8
Unallocated corporate loss	-	-	-	-	-	-	-	-	-	138
Total allowance for doubtful receivables										146

## ECOWISE HOLDINGS LIMITED

### 4. Financial information by operating segments (cont'd)

#### 4E. Geographical information

<u>Group</u>	<u>Revenue</u>		<u>Non-current assets</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)	30.04.2021 \$'000	31.10.2020 \$'000
Singapore	4,470	5,472	11,219	13,100
Malaysia	10,215	12,074	19,644	20,453
Australia	7,449	4,539	–	–
People's Republic of China	19	333	4,621	5,027
Others	1,555	688	–	–
	<u>23,708</u>	<u>23,106</u>	<u>35,484</u>	<u>38,580</u>

Revenue are attributed to countries on the basis of the customers' location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

#### 4F. Information about major customers

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Top 1 customer in resource recovery segment	7,382	4,539
Top 2 customers in resource recovery segment and renewable energy segment	9,586	6,759
Top 3 customers in resource recovery segment and renewable energy segment	<u>10,131</u>	<u>8,614</u>

### 5. Revenue

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Revenue classified by type of good or service:		
Sale of goods	19,999	19,111
Service income	3,137	2,928
Finance lease income	462	513
Others	110	554
Total revenue	<u>23,708</u>	<u>23,106</u>
Revenue classified by duration of contract:		
Short-term contracts	21,364	20,246
Long-term contracts	2,344	2,860
Total revenue	<u>23,708</u>	<u>23,106</u>

## ECOWISE HOLDINGS LIMITED

### 5. Revenue (cont'd)

	Group	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Revenue classified by timing of revenue recognition		
Point in time	21,364	20,246
Over time	2,344	2,860
Total revenue	<u>23,708</u>	<u>23,106</u>

### 6. Other income and gains and (other losses)

	Group	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Gain on disposal of property, plant and equipment	38	60
Net fair value loss on derivative financial instruments	–	(32)
Amortisation of deferred income	–	4
Government grant income	94	211
Foreign exchange transaction gain, net	640	592
Allowance for impairment on other non-financial assets	(114)	–
Gain recognised on disposal of subsidiaries (Note 9)	1,467	431
Reversal of allowance for impairment on trade and other receivables	19	22
Fines	(105)	–
Legal claims	(320)	–
Write-off of land use rights	(167)	–
Interest income from financial institutions	11	26
Others	28	–
Net	<u>1,591</u>	<u>1,314</u>
Presented in profit or loss as:		
Other income and gains	2,297	1,346
Other losses	(706)	(32)
	<u>1,591</u>	<u>1,314</u>

## ECOWISE HOLDINGS LIMITED

### 6A. Administrative expenses

Included in administrative expense are the following items:

	Group 01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Prepaid legal fee written-off	308	-
Property and land use taxes (Note 34)	588	-
	<u>588</u>	<u>-</u>

### 7. Finance costs

	Group 01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Interest expense on:		
- Borrowings from financial institutions	321	312
- Lease liabilities	113	61
- Retirement benefit obligations	45	17
	<u>479</u>	<u>390</u>

### 8. Employee benefits expenses

	Group 01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Short term employee benefits expense	4,429	5,339
Contributions to defined contribution plans	344	383
Provision for retirement benefit obligations expense, net	69	20
Other benefits	382	326
	<u>5,224</u>	<u>6,068</u>

The employee benefits expenses are charged as follows:

Cost of sales	3,142	3,560
Administrative expenses	1,633	2,027
Marketing and distribution expenses	449	481
	<u>5,224</u>	<u>6,068</u>

## ECOWISE HOLDINGS LIMITED

### 9. Disposal of a subsidiary

On 23 April 2021, the Group entered into a Sale and Purchase Agreement with an acquirer to dispose its 51% equity interest in Saiko Rubber (Malaysia) Sdn. Bhd. subject to terms and conditions of the Sale and Purchase Agreement, for a cash consideration of RM18,000,000 (approximately \$5.83 million).

The following table is a summary of the carrying value of the consolidated assets and liabilities of the disposal group that was sold on 23 April 2021:

	<u>Group</u> At date of disposal in <u>2021</u> \$'000
Property, plant and equipment	2,970
Inventories	1,670
Trade and other receivables	2,640
Other non-financial assets	17
Cash and cash equivalent	<u>4,182</u>
	<u>11,479</u>
Trade and other payables	2,277
Income tax payable	188
Provision for retirement benefit obligations	126
Deferred tax liabilities	<u>344</u>
	<u>2,935</u>
Net carrying amount	8,544
Non-controlling interests	<u>(4,181)</u>
Net carrying value of disposal group	4,363
Gain on disposal of subsidiaries	<u>1,467</u>
Net consideration	<u><u>5,830</u></u>
Net cash inflow on disposal:	
Cash consideration	5,830
Cash balance disposed of	<u>(4,182)</u>
Net cash inflow	<u><u>1,648</u></u>

The cash flow of the disposal group for the period from the beginning of the reporting period to 23 April 2021, which have been included in the consolidated financial statements, were as follows:

	1.11.2020 to <u>23.04.2021</u> \$'000
Operating cash flows	<u><u>(133)</u></u>

## ECOWISE HOLDINGS LIMITED

### 10. Items in the statement of profit or loss and other comprehensive income

In addition to items of profit or loss disclosed elsewhere in the notes to the financial statements, items in the statement of profit or loss and other comprehensive income include the following:

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Auditors' remuneration:		
– Auditors of the Company	68	77
– Member firms of the auditors of the Company	28	32
Non-audit fees paid and payable to:		
– Auditors of the Company	–	–
	<u>          </u>	<u>          </u>

### 11. Income tax expense

#### 11A. Components of income tax expense recognised in profit or loss

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
<u>Current tax expense</u>		
Current tax expense	312	356
Withholding tax expense	18	18
Under adjustments in respect of prior periods	31	–
Subtotal	<u>361</u>	<u>374</u>
<u>Deferred tax expense</u>		
Deferred tax income	(50)	(50)
Over adjustments in respect of prior periods	(115)	–
Subtotal	<u>(165)</u>	<u>(50)</u>
Total income tax expense	<u>196</u>	<u>324</u>

## ECOWISE HOLDINGS LIMITED

### 11. Income tax expense (cont'd)

#### 11A. Components of income tax expense recognised in profit or loss (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (30.04.2020: 17%) to profit or loss before income tax as a result of the following differences:

	01.11.2020 to 30.04.2021 \$'000	<u>Group</u> 01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Profit before income tax	356	933
Share of losses from associate and jointly-controlled entity	266	68
	<u>622</u>	<u>1,001</u>
Income tax expense at the above rate	106	170
Effect of different tax rates in different countries	7	(3)
Withholding tax expense	18	18
Expenses non-deductible for tax purposes	334	323
Income not subject to tax	(147)	(268)
Tax incentives	(20)	(52)
Under adjustments to current tax in respect of prior periods	31	–
Over adjustments to deferred tax in respect of prior periods	(115)	–
Deferred tax assets not recognised	3	58
Others	(21)	78
Total income tax expense	<u>196</u>	<u>324</u>

**ECOWISE HOLDINGS LIMITED**

**11. Income tax expenses (cont'd)**

**11B. Movements in deferred tax (liabilities)/assets in the statements of financial position**

<u>Group</u>	At 31 October 2019 \$'000	Recognised in profit or loss \$'000	Expired during the year \$'000	Exchange differences \$'000	At 31 October 2020 \$'000	Recognised in profit or loss \$'000	Expired during the year \$'000	Disposal of subsidiary \$'000	Exchange differences \$'000	At 30 April 2021 \$'000
Property, plant and equipment	(1,603)	86	-	(8)	(1,525)	50	-	383	22	(1,070)
Unutilised tax losses	2,214	(300)	(124)	(4)	1,786	-	(124)	-	-	1,662
Unutilised capital allowances	266	-	-	-	266	-	-	-	-	266
Provision for retirement benefit obligations	151	20	-	(6)	165	72	-	(39)	4	202
Other items	79	(105)	-	-	(26)	43	-	-	-	17
Deferred tax assets not recognised	(2,575)	-	124	(34)	(2,485)	-	124	-	-	(2,361)
	<u>(1,468)</u>	<u>(299)</u>	<u>-</u>	<u>(52)</u>	<u>(1,819)</u>	<u>165</u>	<u>-</u>	<u>344</u>	<u>26</u>	<u>(1,284)</u>

## ECOWISE HOLDINGS LIMITED

### 11. Income tax expenses (cont'd)

#### 11C. Unrecognised deferred tax assets

<u>Group</u>	<u>30.04.2021</u>		<u>31.10.2020</u>	
	<u>Gross amount</u> \$'000	<u>Tax effect</u> \$'000	<u>Gross amount</u> \$'000	<u>Tax effect</u> \$'000
Unutilised tax losses	8,527	2,037	9,023	2,161
Excess of tax value over carrying value of plant and equipment	<u>1,905</u>	<u>324</u>	<u>1,905</u>	<u>324</u>
	<u>10,432</u>	<u>2,361</u>	<u>10,928</u>	<u>2,485</u>

No deferred tax asset has been recognised in respect of the above balance as the future profit streams are not probable.

For the Singapore and Malaysia entities, the realisation of the future income tax benefits from these unutilised tax losses is available for an unlimited future period subject to the conditions imposed by laws of the countries in which the entities in the Group operates, including the retention of majority shareholders as defined.

For the subsidiaries operating in People's Republic of China, the unutilised tax losses are expiring in the following years:

	<u>Unutilised tax losses</u>		<u>Unrecognised deferred tax assets</u>	
	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
Expiring in 31 December 2021	3,004	3,004	751	751
Expiring in 31 December 2022	902	902	225	225
Expiring in 31 December 2023	1,275	1,275	319	319
Expiring in 31 December 2024	1,603	1,603	401	401
Expiring in 31 December 2025	<u>1,049</u>	<u>673</u>	<u>262</u>	<u>168</u>
	<u>7,833</u>	<u>7,457</u>	<u>1,958</u>	<u>1,864</u>

## ECOWISE HOLDINGS LIMITED

### 12. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	<u>Group</u>	
	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>30.04.2020</u> \$'000 (Unaudited)
(Loss)/profit, net of tax attributable to owners of the Company	<u>(22)</u>	<u>388</u>
	<u>Number of shares</u>	
	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>30.04.2020</u> \$'000 (Unaudited)
Weighted average number of equity shares	<u>948,846</u>	<u>956,486</u>

The weighted average number of equity shares refers to shares in circulation during the reporting period.

Basic earnings per share are calculated by dividing profit, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during each reporting period.

Diluted earnings per share are calculated by dividing profit, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during each reporting period and the weighted average number of ordinary shares that would be issued on the conversion of all share options (potential dilutive ordinary shares) into ordinary shares.

Dilutive earnings per share for the reporting periods are computed using the same basis as basic earnings per share as the dilutive effect of performance shares is not significant.

## ECOWISE HOLDINGS LIMITED

### 13. Property, plant and equipment

<u>Group</u>	<u>Construction- in-progress</u>	<u>Leasehold land</u>	<u>Leasehold properties and improvements</u>	<u>Plant and equipment</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Cost</u>					
At 1 November 2019	18,173	1,344	13,105	46,932	79,554
Foreign exchange adjustments	697	14	138	271	1,120
Additions	–	–	4,497	990	5,487
Written off	–	–	–	(47)	(47)
Transfer	(450)	–	2,613	(2,163)	–
Transfer to investment properties (Note 15)	–	–	(1,948)	–	(1,948)
Disposals	–	–	–	(1,089)	(1,089)
At 31 October 2020	18,420	1,358	18,405	44,894	83,077
Foreign exchange adjustments	363	(20)	(198)	(349)	(204)
Additions	–	–	3,397	782	4,179
Disposal of subsidiary	–	(440)	(1,337)	(4,284)	(6,061)
Disposals	–	–	(1,627)	(1,029)	(2,656)
At 30 April 2021	18,783	898	18,640	40,014	78,335
<u>Accumulated depreciation and impairment loss</u>					
At 1 November 2019	15,306	175	5,899	30,838	52,218
Foreign exchange adjustments	607	2	12	141	762
Depreciation for the year	–	21	354	2,831	3,206
Written off	–	–	–	(14)	(14)
Disposals	–	–	–	(1,041)	(1,041)
Transfer	–	–	432	(432)	–
Transfer to investment properties (Note 15)	–	–	(1,369)	–	(1,369)
At 31 October 2020	15,913	198	5,328	32,323	53,762
Foreign exchange adjustments	317	(3)	(10)	(189)	115
Depreciation for the period	–	10	262	1,186	1,458
Disposal of subsidiary	–	(76)	(363)	(2,652)	(3,091)
Disposals	–	–	(157)	(623)	(780)
At 30 April 2021	16,230	129	5,060	30,045	51,464
<u>Carrying value</u>					
At 1 November 2019	2,867	1,169	7,206	16,094	27,336
At 31 October 2020	2,507	1,160	13,077	12,571	29,315
At 30 April 2021	2,553	769	13,580	9,969	26,871

## ECOWISE HOLDINGS LIMITED

### 13. Property, plant and equipment (cont'd)

<u>Company</u>	<u>Plant and equipment</u> \$'000
<u>Cost</u>	
At 1 November 2019	586
Additions	1
At 31 October 2020	<u>587</u>
Additions	285
Disposal	<u>(256)</u>
At 30 April 2021	<u>616</u>
<u>Accumulated depreciation</u>	
At 1 November 2019	229
Depreciation for the year	47
At 31 October 2020	<u>276</u>
Depreciation for the period	27
Disposal	<u>(93)</u>
At 30 April 2021	<u>210</u>
<u>Carrying value</u>	
At 1 November 2019	<u>357</u>
At 31 October 2020	<u>311</u>
At 30 April 2021	<u>406</u>

	<u>Group</u>	
	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>31.10.2020</u> \$'000
Allocation of depreciation:		
Cost of sales	995	2,353
Administrative expenses	409	775
Marketing and distribution expenses	54	78
Total	<u>1,458</u>	<u>3,206</u>

Fully depreciated property, plant and equipment of the Group still in use have a cost of \$19,270,000 (31.10.2020: \$20,839,000).

During the reporting period, Chongqing ecoWise Investment Management Co., Ltd. ("CQEIM"), a company registered in the People's Republic of China ("PRC") and a wholly-owned subsidiary of the group, entered into two service agreements with Hong Kong ChenBang Investments Ltd ("HKCB"), a company incorporated in Hong Kong, on 24 November 2020 and 24 December 2020. Under the service agreements, CQEIM appointed HKCB to manage and sell an office unit and a factory building for a minimum sum of RMB3,477,650 (approximately \$713,000) and RMB4,620,660 (approximately \$947,000) within 18 months and 12 months respectively. HKCB is also obligated to pay CQEIM the respective minimum sums in the event no buyer(s) can be found within the agreed periods.

## ECOWISE HOLDINGS LIMITED

### 13. Property, plant and equipment (cont'd)

The two service agreements have been accounted by the Group as disposals of property, plant and equipment based on sale prices of RMB3,477,650 (approximately \$713,000) and RMB4,620,660 (approximately \$947,000) for the office unit and factory building respectively. The gain on disposal of the office unit and factory building amounting to RMB420,000 (approximately \$86,000) and RMB108,610 (approximately \$22,000) respectively have been recorded in the consolidated interim statement of profit or loss.

### 13A. Plant and equipment acquired under lease arrangements

The Group and the Company acquired certain plant and equipment under lease agreements and the carrying value of these assets at the end of the reporting period are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
Plant and equipment	<u>202</u>	<u>4,325</u>	<u>165</u>	<u>303</u>

### 13B. Securities pledged

As at the end of the reporting period, the carrying values of the Group's property, plant and equipment that are pledged as securities to secure loans and borrowings (Notes 31D, 31E and 31F) are as follows:

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Leasehold land	768	1,163
Leasehold properties and improvements	8,199	10,977
Plant and equipment	<u>3,272</u>	<u>7,760</u>
	<u>12,239</u>	<u>19,900</u>

### 13C. Assessment of impairment of property, plant and equipment

The Group owns a 24 MW biomass co-generation power plant (the "CEBEC Plant") located in Changyi, Shandong Province through Changyi Enersave Biomass to Energy Co., Ltd. ("CEBEC"), a company which is a wholly-owned subsidiary in the Group. As at 30 April 2021, the carrying values of CEBEC Plant and land use rights where the plant is located were RMB11,300,000 (approximately \$2,300,000) and RMB5,545,000 (approximately \$1,100,000) respectively.

The CEBEC Plant has not commenced operations since it was acquired by the Group in the reporting period ended 2013. The plant requires major retrofitting and re-commissioning before it can be placed into commercial operations as the contractor engaged by CEBEC did not deliver the plant to the company in accordance with the technical specifications set out in the Engineering, Procurement and Construction Contract (the "EPC Contract").

## ECOWISE HOLDINGS LIMITED

### 13. Property, plant and equipment (cont'd)

#### 13C. Assessment of impairment of property, plant and equipment (cont'd)

For the purpose of assessment of impairment of the carrying values of CEBEC Plant and land use rights where the plant is located as at 30 April 2021, management obtained an independent valuation report for CEBEC Plant and land use rights. The indicative value of CEBEC Plant and the land use rights owned by CEBEC is approximately RMB33,940,000 (approximately S\$7,000,000). The market value was estimated by the independent valuation firm based on recent market prices of assets with similar used condition and configured for use. The non-recurring fair value measurement is categorised within the fair value hierarchy at Level 3. Management determined that the highest and best use of the assets is through sale as the CEBEC Plant has not commenced operations since it was acquired by the Group in the reporting year 2013.

Management is of the view that no impairment loss allowance is necessary as the indicative market value of CEBEC plant and land use rights was higher than the carrying amounts as at 30 April 2021.

See Note 38A on legal case relating to the CEBEC Plant.

### 14. Right-of-use assets

<u>Group</u>	Leasehold lands \$'000
<u>Costs</u>	
At 1 November 2019, 31 October 2020 and 30 April 2021	1,857
<u>Accumulated depreciation:</u>	
At 1 November 2019	–
Depreciation for the year	(416)
At 31 October 2020	(416)
Depreciation for the period	(234)
At 30 April 2021	(650)
<u>Carrying value:</u>	
At 1 November 2019	1,857
At 31 October 2020	1,441
At 30 April 2021	1,207

The depreciation expense is charged to cost of sales.

The leases are for leasehold lands. The lease contracts are usually for fixed periods of 3 to 5 years but may have extension options. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Two of the leases have variable payments linked to an index.

## ECOWISE HOLDINGS LIMITED

### 15. Investment properties

	<u>Group</u> \$'000
<u>Cost</u>	
At 1 November 2019	–
Transferred from property, plant and equipment (Note 13)	1,948
Additions	1,642
At 31 October 2020 and 30 April 2021	<u>3,590</u>
<u>Accumulated depreciation and impairment loss</u>	
At 1 November 2019	–
Transferred from property, plant and equipment (Note 13)	1,369
Depreciation for the year	204
At 31 October 2020	1,573
Depreciation for the period	103
At 30 April 2021	<u>1,676</u>
<u>Carrying value</u>	
At 1 November 2019	–
At 31 October 2020	<u>2,017</u>
At 30 April 2021	<u>1,914</u>

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 30.04.2020 \$'000 (Unaudited)
Rental and service income from investment properties	<u>385</u>	<u>–</u>
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	<u>178</u>	<u>–</u>
Allocation of the depreciation expense:		
Administrative expenses	<u>103</u>	<u>–</u>

For fair value disclosure categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Leasehold property at 7 Sungei Kadut Street 6, Singapore 728853
Gross floor area:	87,402 square feet
Fair value:	\$1,311,000
Fair value hierarchy:	Level 3
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties
Significant observable inputs and range (weighted average):	Price per square foot – \$15
Relationship of unobservable inputs to fair value:	N.A.
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$131,000; higher by \$131,000.

## ECOWISE HOLDINGS LIMITED

### 15. Investment properties (cont'd)

Asset:	2 office units at 1 Commonwealth Lane, One Commonwealth, Singapore 149544
Gross floor area:	2,864 square feet
Fair value:	\$1,400,000
Fair value hierarchy:	Level 3
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties
Significant observable inputs and range (weighted average):	Price per square foot – \$489
Relationship of unobservable inputs to fair value:	N.A.
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$140,000; higher by \$140,000.

As at the end of the reporting period, the carrying value of investment properties of \$1,508,000 are pledged as securities to secure loans and borrowings disclosed in Note 31C.

### 16. Intangible assets

<u>Group</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Goodwill</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Cost</u>				
At 1 November 2019	1,513	42	227	1,782
Foreign exchange adjustments	16	2	2	20
At 31 October 2020	1,529	44	229	1,802
Foreign exchange adjustments	(28)	(1)	(4)	(33)
At 30 April 2021	1,501	43	225	1,769
<u>Accumulated amortisation</u>				
At 1 November 2019	711	38	–	749
Foreign exchange adjustments	8	1	–	9
Amortisation for the year	79	5	–	84
Impairment	4	–	112	116
At 31 October 2020	802	44	112	958
Foreign exchange adjustments	(15)	(1)	(3)	(19)
Amortisation for the period	37	–	–	37
At 30 April 2021	824	43	109	976
<u>Carrying value</u>				
At 1 November 2019	802	4	227	1,033
At 31 October 2020	727	–	117	844
At 30 April 2021	677	–	116	793

The amortisation of trademarks and customer relationships were included in marketing and distribution expenses.

## ECOWISE HOLDINGS LIMITED

### 16. Intangible assets (cont'd)

#### 16A. Impairment testing for cash-generating units ("CGU") containing goodwill

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by each subsidiary as follows:

	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
<u>Name of subsidiary</u>		
Sunrich Resources Sdn. Bhd. (Resource Recovery segment)	<u>116</u>	<u>117</u>

The recoverable amount of goodwill allocated to the CGU, Sunrich Resources Sdn. Bhd. was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU. These calculations use cash flow projections estimated by management based on forecasted revenue, growth rates, profit margins, tax rates and discount rates.

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3).

The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	<u>Range (Weighted Average)</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
<u>CGU – Sunrich Resources Sdn. Bhd.</u>		
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	5% to 12%	5% to 12%
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	15%	15%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

Cash flows projections beyond that five-year period have been extrapolated on the basis of a 0% (2020: 0%) growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

No impairment allowance was recognised because the carrying amount of CGU was lower than its recoverable amount.

## ECOWISE HOLDINGS LIMITED

### 17. Land use rights

	<u>Group</u> \$'000
<u>Cost</u>	
At 1 November 2019	2,330
Foreign exchange adjustments	94
At 31 October 2020	<u>2,424</u>
Foreign exchange adjustments	48
Write-off	<u>(228)</u>
At 30 April 2021	<u>2,244</u>
<u>Accumulated amortisation</u>	
At 1 November 2019	1,023
Foreign exchange adjustments	35
Amortisation for the year included under administrative expenses	60
At 31 October 2020	<u>1,118</u>
Foreign exchange adjustments	22
Amortisation for the period included under administrative expenses	28
Write-off	<u>(61)</u>
At 30 April 2021	<u>1,107</u>
<u>Carrying values</u>	
At 1 November 2019	<u>1,307</u>
At 31 October 2020	<u>1,306</u>
At 30 April 2021	<u>1,137</u>

The land use rights relate to a parcel of land located in the People's Republic of China and will be expiring on 11 December 2057. See Note 13C for impairment assessment.

## ECOWISE HOLDINGS LIMITED

### 18. Investments in subsidiaries

	Company	
	30.04.2021	31.10.2020
	\$'000	\$'000
Unquoted equity shares at cost	28,724	28,724
Allowance for impairment	(6,861)	(3,810)
Subtotal	<u>21,863</u>	<u>24,914</u>
Loans due from subsidiaries	16,136	16,136
Allowance for impairment	(10,529)	(9,217)
Subtotal	<u>5,607</u>	<u>6,919</u>
Total carrying amount	<u>27,470</u>	<u>31,833</u>
Analysis of amounts denominated in non-functional currency		
Malaysia Ringgit	<u>12,168</u>	<u>12,168</u>
Movements in unquoted equity shares during the period/year:		
Balance at beginning and end of the period/year	<u>28,724</u>	<u>28,724</u>
Movements in loans due from subsidiaries during the period/year:		
Balance at beginning of the period/year	16,136	17,227
Repayment from subsidiaries	–	(1,064)
Written-off	–	(27)
Balance at the end of the period/year	<u>16,136</u>	<u>16,136</u>
Movements in above allowance for impairment:		
Balance at beginning of the period/year	3,810	3,810
Addition	3,051	–
Balance at end of the period/year	<u>6,861</u>	<u>3,810</u>
Movements in above allowance for loans due from subsidiaries:		
Balance at beginning of the period/year	9,217	9,244
Used	–	(27)
Addition	1,312	–
Balance at end of the period/year	<u>10,529</u>	<u>9,217</u>

Loans due from subsidiaries are unsecured and interest-free. The settlement of these amounts is neither planned nor likely to occur in the future. As these amounts are in substance, a part of the Company's net investments in subsidiaries, they are stated at cost less accumulated impairment losses.

## ECOWISE HOLDINGS LIMITED

### 18. Investments in subsidiaries (cont'd)

The subsidiaries held by the Group and the Company are as follows:

#### Held by the Company

<u>Name of subsidiary and principal activities</u>	<u>Country of incorporation/ place of operation</u>	<u>Cost of investment held by the Company</u>		<u>Effective equity interests held by the Group</u>	
		<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>%</u>
Bee Joo Environmental Pte. Ltd. <sup>(a)</sup> General waste management services	Singapore	2,611	2,611	100	100
Bee Joo Industries Pte. Ltd. <sup>(a)</sup> Processing and recycling of horticultural and other waste and operating of biomass co-generation plant	Singapore	2,155	2,155	100	100
ecoWise International Pte. Ltd. <sup>(e)</sup> International procurement and trading of rubberised related goods and research and experimental development on environment and clean technologies	Singapore	1,000	1,000	100	100
ecoWise Resources Pte. Ltd. <sup>(e)</sup> Processing and recycling of horticultural and other waste	Singapore	1,450	1,450	100	100
ecoWise RubberTech Pte. Ltd. <sup>(e)</sup> Processing of rubberised related goods and investment holding	Singapore	1,000	1,000	100	100

## ECOWISE HOLDINGS LIMITED

### 18. Investments in subsidiaries (cont'd)

#### Held by the Company (cont'd)

<u>Name of subsidiary and principal activities</u>	<u>Country of incorporation/ place of operation</u>	<u>Cost of investment held by the Company</u>		<u>Effective equity interests held by the Group</u>	
		<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>%</u>
ecoWise Solutions Pte. Ltd. <sup>(e)</sup> Developing and commercialising ecology solutions, research and development of technologies relating to environmental solutions	Singapore	8,340	8,340	100	100
ecoWise Ventures Pte. Ltd. <sup>(e)</sup> Investment holding	Singapore	*	*	100	100
ecoWise New Energy Pte. Ltd. <sup>(e)</sup> Investment holding	Singapore	*	*	100	100
Sunrich Resources Sdn. Bhd. <sup>(b)</sup> Investment holding	Malaysia	12,168	12,168	100	100

#### Held by subsidiaries

<u>Name of subsidiary</u>	<u>Country of incorporation/ place of operation</u>	<u>Principal activities</u>	<u>Effective equity interests held by the Group</u>	
			<u>30.04.2021</u>	<u>31.10.2020</u>
			<u>%</u>	<u>%</u>
ecoWise Marina Power Pte. Ltd. <sup>(a)</sup>	Singapore	Operation and maintenance of biomass co-generation plant	100	100
Hivern Investments Pte. Ltd. <sup>(e)</sup>	Singapore	Investment holding	100	100
ecoWise Materials Pte. Ltd. (formally known as Geocycle Singapore Pte. Ltd.) <sup>(e)</sup>	Singapore	Processing and recycling of used copper slag	100	100

## ECOWISE HOLDINGS LIMITED

### 18. Investments in subsidiaries (cont'd)

#### Held by subsidiaries (cont'd)

<u>Name of subsidiary</u>	<u>Country of incorporation/ place of operation</u>	<u>Principal activities</u>	<u>Effective equity interests held by the Group</u>	
			<u>30.04.2021</u> %	<u>31.10.2020</u> %
Chongqing ecoWise Investment Management Co., Ltd. <sup>(c)</sup>	People's Republic of China	Service provider for project and investment consultancy and management	100	100
Changyi Enersave Biomass to Energy Co., Ltd <sup>(c)</sup>	People's Republic of China	Generation and sale of electricity and heat	100	100
Sunrich Integrated Sdn. Bhd. <sup>(b)</sup>	Malaysia	Investment holding	100	100
Autoways Industries Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of retread tyres and related rubberised products	100	100
Ecogreen Products and Services Sdn. Bhd. <sup>(b)</sup>	Malaysia	Production, trading and consultancy services related to biomass products	100	100
Sun Tyre (Sabah) Sdn. Bhd. (formerly known as Gulf Rubber (M) Sdn. Bhd.) <sup>(b)</sup>	Malaysia	Retreading of tyres, dealing in rubberised products and investment holding	100	100
Sunrich Marketing (Sabah) Sdn. Bhd. (formerly known as Gulf Rubber Suntex Sdn. Bhd.) <sup>(b)</sup>	Malaysia	Trading of retread tyres and related rubberised products	100	100
Saiko Rubber (Malaysia) Sdn. Bhd. <sup>(b), (d)</sup>	Malaysia	Manufacturing and trading of rubberised products and investment holding	–	51
Sun Rubber Industry Sdn. Bhd. <sup>(b)</sup>	Malaysia	Manufacturing and trading of rubberised products and investment holding	100	100
Sunrich Global Marketing Sdn Bhd. <sup>(b)</sup>	Malaysia	Dormant	100	100

## ECOWISE HOLDINGS LIMITED

### 18. Investments in subsidiaries (cont'd)

#### Held by subsidiaries (cont'd)

<u>Name of subsidiary</u>	<u>Country of incorporation/ place of operation</u>	<u>Principal activities</u>	<u>Effective equity interests held by the Group</u>	
			<u>30.04.2021</u> %	<u>31.10.2020</u> %
Sun Tyre & Auto Products Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of new and retread tyres and related rubberised products	100	100
Sun Tyre Sdn. Bhd. (formerly known as Sun Tyre Industries Sdn. Bhd.) <sup>(b)</sup>	Malaysia	Retreading of tyres, dealing in rubberised products and investment holding	100	100
Sunrich Marketing Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of retread tyres and related rubberised products	100	100
Trakar Suntex Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of retread tyres and related rubberised products	60	60
Winner Suntex Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of retread tyres and related rubberised products	100	100

\* Cost of investment is less than \$1,000.

(a) Audited by RSM Chio Lim LLP.

(b) Audited by RSM Malaysia, member firm of RSM International.

(c) Audited by SBA Stone Forest CPA Ltd, an alliance firm of RSM Chio Lim LLP, for consolidation purpose.

(d) Disposed on 23 April 2021 (Note 9).

(e) Not audited, as it is immaterial.

## ECOWISE HOLDINGS LIMITED

### 18. Investments in subsidiaries (cont'd)

#### 18A. Subsidiaries by geographical location

Geographical information about the carrying amounts of Company's subsidiaries are as follows:

	<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Carrying amounts of investment in subsidiaries		
Singapore	9,695	12,746
Malaysia	12,168	12,168
	<u>21,863</u>	<u>24,914</u>
Carrying amounts of loans due from subsidiaries		
Singapore	<u>5,607</u>	<u>6,919</u>

#### 18B. Subsidiaries with material non-controlling interests ("NCI")

The summarised financial information of the subsidiaries with non-controlling interests that were material to the Group, not adjusted for the percentage ownership held by the Group is, as follows:

	<u>Group</u>
	<u>31.10.2020</u>
	\$'000
<u>Saiko Rubber (Malaysia) Sdn. Bhd.</u>	
Profit for the year allocated to NCI	611
NCI at the end of the reporting period	4,059

Summarised financial information of the subsidiary not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations:

Dividends paid to non-controlling interest	626
Current assets	8,043
Non-current assets	2,318
Current liabilities	2,376
Non-current liabilities	326
Revenue	10,555
Profit for the reporting period	1,247
Total comprehensive income	1,234
Operating cash flows	3,257
Net cash flows	<u>1,570</u>

## ECOWISE HOLDINGS LIMITED

### 19. Investment in a jointly-controlled entity

	Group	
	30.04.2021 \$'000	31.10.2020 \$'000
Unquoted equity interest, at cost	5,126	5,126
<u>Share of comprehensive income or loss:</u>		
At beginning of the period/year	(3,294)	(3,485)
Share of loss for the period/year	(219)	(13)
Share of foreign currency translation reserve	137	204
At end of the period/year	<u>(3,376)</u>	<u>(3,294)</u>
Carrying amount	<u>1,750</u>	<u>1,832</u>

The jointly-controlled entity held by the Group is as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation/ place of operation</u>	<u>Principal activities</u>	Effective equity interests held by the Group	
			30.04.2021 %	31.10.2020 %
<u>Held by a subsidiary</u>				
Chongqing eco-CTIG Rubber Technology Co., Ltd. ("CECRT") <sup>(a)</sup>	People's Republic of China	Retreading of tyres and dealing in rubberised products	65	65

(a) Audited by SBA Stone Forest CPA Ltd, an alliance firm of RSM Chio Lim LLP, for consolidation purpose.

CECRT is not consolidated although the Company owns, indirectly through a subsidiary, more than half of the voting power of the entity as, under the shareholders' agreement, the Company does not have the ability to control and is not exposed or has rights, to all variable returns from its involvement with the investee and does not have the ability to affect those returns through its power over the investee.

On 28 May 2021, the Group acquired the remaining 35% equity interest of CECRT for a cash consideration of RMB3,497,000 (approximately \$727,000). See Note 41.

## ECOWISE HOLDINGS LIMITED

### 19. Investment in a jointly-controlled entity (cont'd)

The summarised financial information of the jointly-controlled entity based on the statements of the jointly-controlled entity and adjusted to reflect adjustments made by the Group when using the equity method, is as follows:

	<u>Group</u>	
	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
Revenue	1,510	3,311
Total comprehensive loss	(337)	(20)
Depreciation and amortisation	(1)	(282)
Current assets	2,393	2,076
Non-current assets	3,031	3,161
Current liabilities	(2,732)	(2,419)
<u>Reconciliation:</u>		
Net assets of the jointly-controlled entity	2,692	2,818
Proportion of the Group's interest in the jointly-controlled entity	<u>65%</u>	<u>65%</u>
Carrying amount of the interest in the jointly-controlled entity	<u>1,750</u>	<u>1,832</u>

There are no significant restrictions on the ability of the jointly-controlled entity to transfer funds to the Group in the form of cash dividends.

### 20. Investment in an associate

	<u>Group</u>	
	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
Unquoted equity interest at cost	1,846	1,846
Share of post-acquisition loss, net of dividends received	(323)	(306)
	<u>1,523</u>	<u>1,540</u>
<u>Movements in carrying value:</u>		
Balance at beginning of the period/year	1,540	1,681
Share of loss for the period/year	(47)	(77)
Share of foreign currency translation reserve	30	(64)
Balance at end of the period/year	<u>1,523</u>	<u>1,540</u>

The associate held by the Group is as follows:

<u>Name of associate</u>	<u>Country of incorporation/ place of operation</u>	<u>Principal activity</u>	<u>Effective equity interests held by the Group</u>	
			<u>30.04.2021</u> %	<u>31.10.2020</u> \$
<u>Held by subsidiaries</u>				
China-UK Low Carbon Enterprise Co., Ltd	People's Republic of China	Investment holding	20	20

## ECOWISE HOLDINGS LIMITED

### 20. Investment in an associate (cont'd)

In March 2020, the business license of China-UK Low Carbon Enterprise Co., Ltd ("CULCEC") expired and the Group applied to the court in China for the liquidation of CULCEC so that residual assets of this associate CULCEC could be distributed to its shareholders. On 21 December 2020, the court in China approved the liquidation of CULCEC. As of the date of approval of these interim financial statements by the board of directors for issue, the liquidation has not been completed.

As at 30 April 2021, the carrying value of the Group's investment in the associate net of foreign currency translation reserve was approximately \$1.2 million (31.10.2020: approximately \$1.2 million). Based on the valuation report prepared by a valuation firm for the liquidation of CULCEC that was obtained by management, the Group's share of the net assets of CULCEC is approximately RMB7 million (approximately \$1.5 million) as of 31 December 2020. Since the associate did not operate after the commencement of liquidation, management is of the view that there is no impairment in the carrying value of the investment in associate as the estimated recoverable amount approximates the carrying value.

### 21. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables</u>				
Outside parties	12,006	12,881	40	25
Less: Allowance for impairment	(1,152)	(1,187)	(25)	–
Net	10,854	11,694	15	25
Subsidiaries	–	–	1,551	738
Jointly-controlled entity	971	1,025	–	–
Subtotal	<u>11,825</u>	<u>12,719</u>	<u>1,566</u>	<u>763</u>
<u>Other receivables</u>				
Outside parties	1,491	2,065	2	2
Less: Allowance for impairment	(19)	(19)	–	–
Net	1,472	2,046	2	2
Subsidiaries	–	–	100	234
Jointly-controlled entity	33	–	–	–
Subtotal	<u>1,505</u>	<u>2,046</u>	<u>102</u>	<u>236</u>
Total trade and other receivables	<u>13,330</u>	<u>14,765</u>	<u>1,668</u>	<u>999</u>

	<u>Group</u>	
	<u>01.11.2020</u>	<u>01.11.2019</u>
	to	to
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Movements in above allowance for trade receivables:		
Balance at beginning of the period/year	1,187	969
Foreign exchange adjustments	(16)	(33)
(Reversed)/charged to profit or loss included in other income and gain and other losses	(19)	251
Balance at end of the period/year	<u>1,152</u>	<u>1,187</u>

## ECOWISE HOLDINGS LIMITED

### 21. Trade and other receivables (cont'd)

	<u>Group</u>	
	01.11.2020 to <u>30.04.2021</u> \$'000	01.11.2019 to <u>31.10.2020</u> \$'000
Movements in above allowance for other receivables:		
Balance at beginning of the period/year	19	18
Foreign exchange adjustments	–	1
Balance at end of the period/year	<u>19</u>	<u>19</u>

Trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group has established a credit policy, whereby each new customer is analysed individually for credit worthiness. Each entity within the Group is responsible for managing and analysing the credit risk of each of its new customers before payment and delivery terms and conditions are offered. For existing customers, an on-going credit evaluation is performed on customers' financial conditions. The exposure to credit risk is controlled by setting credit limits to individual customers.

The credit terms granted to customers are generally between 14 to 90 days (31.10.2020: 14 to 90 days).

(a) Ageing analysis of trade receivables that are past due at the end of the reporting period/year but not impaired is as follows:

<u>Group</u>	<u>Gross amount</u>		<u>Loss allowance</u>	
	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
Current	9,316	9,455	–	–
Past due less than 60 days	774	1,656	–	–
Past due 61 to 90 days	485	128	–	–
Past due 91 to 180 days	189	72	–	–
Past due over 180 days	<u>2,213</u>	<u>2,595</u>	<u>(1,152)</u>	<u>(1,187)</u>
	<u>12,977</u>	<u>13,906</u>	<u>(1,152)</u>	<u>(1,187)</u>

## ECOWISE HOLDINGS LIMITED

### 21. Trade and other receivables (cont'd)

- (b) Ageing analysis of trade receivables at the end of the reporting period/year that are impaired is as follows:

	<u>30.04.2021</u>	<u>Group</u> <u>31.10.2020</u>
	\$'000	\$'000
Past due over 180 days	<u>1,152</u>	<u>1,187</u>

The allowance for doubtful trade receivables is based on individual accounts totalling \$1,152,000 (31.10.2020: \$1,187,000) that are determined to be impaired at the end of the reporting period.

There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

At end of the reporting period, approximately 57% (31.10.2020: 48%) of trade receivables are due from three customers as follows:

	<u>30.04.2021</u>	<u>Group</u> <u>31.10.2020</u>
	\$'000	\$'000
Top 1 customer	5,856	4,448
Top 2 customers	6,401	5,422
Top 3 customers	<u>6,850</u>	<u>6,060</u>

Other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk.

At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Other receivables due from subsidiaries and jointly-controlled entity are unsecured, non-interest bearing and have no fixed terms of repayment.

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### 22. Lease receivables

In the reporting year ended 31 October 2012, the Group completed the construction of a biomass co-generation plant under a Design, Build and Operate Agreement ("DBO Agreement") entered with a customer. Under the DBO Agreement, the Group will operate and maintain the plant to supply electricity and heat to the customer for a term of 15 years since February 2012.

The Group assessed that the terms and conditions of the DBO Agreement contains a lease arrangement under SFRS(I) 16 on leases. The lease is classified as a finance lease as the present value of the minimum lease receivables amount to at least substantially all of the fair value of the biomass co-generation plant at the inception of the lease. Consequently, the Group accounts for its investment in the biomass co-generation plant from plant and equipment as finance lease receivables. The Group continues to be the legal owner of the plant.

A summary of the maturity analysis of lease payments receivables that shows undiscounted lease payments to be received on an annual basis is as follows:

	<u>30.04.2021</u>	<u>Group</u> <u>31.10.2020</u>
	\$'000	\$'000
Minimum lease payments receivable:		
Not later than one year	1,932	1,932
Between 1 and 2 years	1,932	1,932
Between 2 and 3 years	1,938	1,932
Between 3 and 4 years	1,932	1,938
Between 4 and 5 years	1,932	1,932
Receivable after 5 years	<u>1,453</u>	<u>2,420</u>
Total	11,119	12,086
Unearned finance income	<u>(2,861)</u>	<u>(3,323)</u>
Net investment in the leases	<u>8,258</u>	<u>8,763</u>
Presented in statements of financial position as:		
Non-current	7,069	7,636
Current	<u>1,189</u>	<u>1,127</u>
	<u>8,258</u>	<u>8,763</u>

The imputed finance income on the lease receivables was determined based on the interest rate implicit in the lease. The effective interest rate is 10.6% (31.10.2020: 10.6%) per annum.

The finance lease income is disclosed in Note 5.

The lease receivables are pledged as security to secure loans and borrowings (Note 31D).

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

## ECOWISE HOLDINGS LIMITED

### 23. Other non-financial assets

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
Income tax recoverable	12	24	–	–
Prepayments	978	1,107	23	15
Deposits to secure services	1,030	1,340	116	114
Less: Allowance for impairment	(114)	–	(114)	–
Net	<u>916</u>	<u>1,340</u>	<u>2</u>	<u>114</u>
	<u>1,906</u>	<u>2,471</u>	<u>25</u>	<u>129</u>
Presented in statements of financial position as:				
Non-current	289	285	–	–
Current	<u>1,617</u>	<u>2,186</u>	<u>25</u>	<u>129</u>
	<u>1,906</u>	<u>2,471</u>	<u>25</u>	<u>129</u>

	<u>Group and Company</u>	
	<u>01.11.2020</u>	<u>01.11.2019</u>
	<u>to</u>	<u>to</u>
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Movements in above allowance for trade receivables:		
Balance at beginning of the period/year	–	–
Charge to profit or loss included in other losses	<u>114</u>	<u>–</u>
Balance at end of the period/year	<u>114</u>	<u>–</u>

### 24. Inventories

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Raw materials	3,271	2,931
Work-in-progress	528	429
Finished goods	1,365	1,680
Consumables	545	971
	<u>5,709</u>	<u>6,011</u>

Inventories are stated after allowance for inventory obsolescence as follows:

	<u>Group</u>	
	<u>01.11.2020</u>	<u>01.11.2019</u>
	<u>to</u>	<u>to</u>
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Balance at beginning of the period/year	204	204
Foreign exchange adjustments	<u>(1)</u>	<u>–</u>
Balance at end of the period/year	<u>203</u>	<u>204</u>

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales during the reporting period amounted to \$12,476,000 (31.10.2020: \$24,755,000).

## ECOWISE HOLDINGS LIMITED

### 24. Inventories (cont'd)

A floating charge amounting to \$4,935,000 (31.10.2020: \$4,267,000) has been created over certain inventories of the Group as security to secure loans and borrowings (Note 31E).

### 25. Derivative financial instruments

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
<u>Current assets</u>		
<u>Derivative financial instruments with positive fair values</u>		
Forward foreign exchange contracts – cash flow hedges	–	139
<u>Current liabilities</u>		
<u>Derivative financial instruments with negative fair values</u>		
Forward foreign exchange contracts – cash flow hedges	(376)	(1)

The movements during the reporting period/year are as follows:

Balance at beginning of the period/year	138	(127)
Foreign exchange adjustments	4	(1)
Loss recognised in profit or loss	–	(24)
Loss recognised in other comprehensive income	(518)	290
Balance at end of the period/year	(376)	138

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

<u>Group</u>	<u>Reference currency</u>	<u>Notional amount</u>		<u>Fair value</u>	
		<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
		\$'000	\$'000	\$'000	\$'000
Forward currency contracts	AUD/MYR	9,259	6,509	(376)	139
Forward currency contracts	USD/MYR	–	8	–	(1)

Forward foreign currency contracts are utilised to hedge against significant future transactions and cash flows. They are used where possible to reduce the exposure in the fluctuations of foreign currency rates. The forward foreign currency contracts are primarily denominated in the currencies of the Group's principal markets. The Group does not enter into derivative contracts for speculative purposes.

The forward foreign currency contracts are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

The fair value (Level 2) of forward foreign currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting period. The valuation technique uses market observable inputs.

**ECOWISE HOLDINGS LIMITED**

**26. Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	4,818	4,685	7	33
Restricted in use	130	2,083	–	–
	<u>4,948</u>	<u>6,768</u>	<u>7</u>	<u>33</u>
Interest earning balances	<u>128</u>	<u>1,841</u>	<u>–</u>	<u>–</u>

Details of restricted cash balances are as follows:

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
<u>Under operating activities:</u>		
Fixed deposits held by banks as security deposits for performance bonds	92	92
<u>Under financing activities:</u>		
Fixed deposits held by banks as security deposits for loans and borrowings	38	1,991
	<u>130</u>	<u>2,083</u>

Other than the amounts that are restricted in use, cash and cash equivalents represent amounts with less than 90 days maturity.

The rates of interest for the cash on interest earning accounts are between 0.10% and 2.75% (31.10.2020: 0.05% to 2.75%) per annum.

**26A. Cash and cash equivalents in the consolidated statement of cash flows**

	<u>Group</u>	
	<u>30.04.2021</u>	<u>30.04.2020</u>
	\$'000	\$'000
		(Unaudited)
Cash and cash equivalents in the statement of financial position	4,948	3,157
Cash and cash equivalents restricted in use	(130)	(1,802)
Bank overdrafts (Note 31)	(26)	(1,311)
	<u>4,792</u>	<u>44</u>

**26B. Reconciliation of liabilities arising from financing activities**

	<u>At beginning of the period</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>Notes</u>	<u>At end of the period</u>
	\$'000	\$'000	\$'000		\$'000
<u>01.11.2020 to 30.04.2021:</u>					
Loans and borrowings	15,045	53	2,112	(a)	17,210
Gross lease liabilities	3,501	(922)	184	(b)	2,763
<u>01.11.2019 to 30.04.2020</u>					
<u>(Unaudited):</u>					
Loans and borrowings	11,845	(607)	19	(a)	11,257
Gross lease liabilities	3,002	(963)	56	(b)	2,059

(a) Non-cash movement pertains to acquisition of assets using borrowings and foreign exchange movements.

(b) Non-cash movement pertains to acquisition of assets under leases and foreign exchange movements.

## ECOWISE HOLDINGS LIMITED

### 27. Share capital

<u>Group and Company</u>	<u>Number of ordinary shares with no par value</u>		<u>Share capital</u>	
	<u>01.11.2020 to 30.04.2021 '000</u>	<u>01.11.2019 to 31.10.2020 '000</u>	<u>01.11.2020 to 30.04.2021 \$'000</u>	<u>01.11.2019 to 31.10.2020 \$'000</u>
Balance at beginning of the period/year	954,816	957,483	48,090	48,170
Treasury shares purchased	(5,970)	(2,667)	(200)	(80)
Balance at end of the period/year	<u>948,846</u>	<u>954,816</u>	<u>47,890</u>	<u>48,090</u>

#### Ordinary shares

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

#### Treasury shares

	<u>Number of treasury shares</u>		<u>Fair value</u>	
	<u>01.11.2020 to 30.04.2021 '000</u>	<u>01.11.2019 to 31.10.2020 '000</u>	<u>01.11.2020 to 30.04.2021 \$'000</u>	<u>01.11.2019 to 31.10.2020 \$'000</u>
Balance at beginning of the period/year	2,667	997	80	29
Treasury shares purchased	5,970	1,670	200	51
Balance at end of the period/year	<u>8,637</u>	<u>2,667</u>	<u>280</u>	<u>80</u>

Under the mandate approved at the last annual general meeting, 5,970,000 (31.10.2020: 1,670,000) treasury shares were acquired during the reporting period on the Singapore Exchange for a consideration of \$200,000 (31.10.2020: \$51,000).

#### Externally imposed capital requirement

The Company is subject to externally imposed capital requirement which is to have share capital with a free float of at least 10% of the shares to maintain its listing on the Singapore Exchange Securities Trading Limited. The Company has met the externally imposed capital requirement. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting period.

#### Capital management

The Company is committed to maintain an optimal capital structure to safeguard the Company's ability to continue as a going concern, to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing products and services commensurately with the level of risk. The management sets the amount of capital in proportion to risk. There were no changes in the approach to capital management during the reporting period.

## ECOWISE HOLDINGS LIMITED

### 27. Share capital (cont'd)

The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debts.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital. Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity, that is, its total equity.

The debt-to-adjusted capital ratio is set out below:

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
Loans and borrowings (Note 31)	17,210	15,045	–	–
Lease liabilities (Note 32)	2,763	3,501	208	126
Less: Cash and cash equivalents (Note 26)	<u>(4,948)</u>	<u>(6,768)</u>	<u>(7)</u>	<u>(33)</u>
Net debt	<u>15,025</u>	<u>11,778</u>	<u>201</u>	<u>93</u>
Adjusted capital:				
Total equity	39,237	43,021	22,225	27,068
Less: Amount accumulated in equity in relation to cash flow hedge	<u>(375)</u>	<u>139</u>	<u>–</u>	<u>–</u>
Adjusted capital	<u>38,862</u>	<u>43,160</u>	<u>22,225</u>	<u>27,068</u>
Debt-to-adjusted capital ratio	<u>38.7%</u>	<u>27.3%</u>	<u>0.9%</u>	<u>0.3%</u>

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting period resulted primarily from the increase in new debt and lower cash balance.

### 28. Foreign currency translation reserve

	<u>Group</u>	
	<u>01.11.2020</u>	<u>01.11.2019</u>
	to	to
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
At beginning of the period/year	(5,018)	(5,671)
Exchange differences on translating foreign operations	<u>(409)</u>	<u>653</u>
At end of the period/year	<u>(5,427)</u>	<u>(5,018)</u>

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

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### 29. Other reserves

	Group	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Hedging reserve (Note 29A)	(375)	139
Other reserve (Note 29B)	<u>2,203</u>	<u>2,270</u>
	<u>1,828</u>	<u>2,409</u>

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

### 29A. Hedging reserve

The hedging reserve relates to the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### 29B. Other reserve

	Group	
	01.11.2020	01.11.2019
	to	to
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
At beginning of the period/year	2,270	2,232
Acquisition of interest in a subsidiary from non-controlling interest without a change in control	(24)	–
Foreign exchange adjustments	<u>(43)</u>	<u>38</u>
At end of the period/year	<u>2,203</u>	<u>2,270</u>

Other reserve relates to the difference between the change in non-controlling interests when acquiring additional equity interests in subsidiaries and the fair value of the consideration given for the acquisitions.

### 30. Provisions

	Group	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Provision for retirement benefit obligations (Note 30A)	397	790
Provision for reinstatement cost (Note 30B)	<u>350</u>	<u>350</u>
	<u>747</u>	<u>1,140</u>

## ECOWISE HOLDINGS LIMITED

### 30. Provisions (cont'd)

#### 30A. Retirement benefit obligations

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Malaysia. Under the plan, the employees are entitled to two weeks of their last drawn salary for every year of employment served after fulfilling certain conditions. No other post-retirement benefits are provided. The plan is not held separately by an independent administered fund as the plan is not a funded arrangement. Those employees who joined the subsidiaries in Malaysia on or after 15 July 2010 are not entitled to such retirement benefits.

The movements in the provision for retirement benefit obligations and the amounts recognised in the profit or loss during the reporting period are as follows:

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 31.10.2020 \$'000
At beginning of the period/year	790	844
Foreign exchange adjustments	(49)	10
Current service cost	13	26
Interest expense on retirement benefit obligations	45	22
Defined benefit plan actuarial gains	(76)	(84)
Disposal of subsidiary	(126)	–
Retirement benefit obligations payable	(200)	–
Retirement benefit obligations paid	–	(28)
At end of the period/year	<u>397</u>	<u>790</u>

The principal actuarial assumptions used in respect of the Group's defined benefit plan are as follows:

	<u>Group</u>	
	30.04.2021 %	31.10.2020 %
Discount rate	5.0	5.0
Expected rate of salaries increase	<u>4.0</u>	<u>4.0</u>

The assumptions relating to longevity used to compute the retirement benefit obligations are based on the published mortality tables commonly used by the actuarial professionals in Malaysia.

#### 30B. Provision for reinstatement cost

	<u>Group</u>	
	01.11.2020 to 30.04.2021 \$'000	01.11.2019 to 31.10.2020 \$'000
Balance at beginning and end of the year/period 31 October 2020 and 30 April 2021	<u>350</u>	<u>350</u>

The provision is based on the present value of costs to be incurred to remove leasehold improvements and a biomass plant from a subsidiary's leasehold property. The estimate is based on a quotation from an external contractor.

## ECOWISE HOLDINGS LIMITED

### 31. Loans and borrowings

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
<u>Non-current liabilities</u>		
Loans and borrowings with fixed interest rate:		
Bank loan A (Note 31A)	–	17
Bank loan B (Note 31B)	1,144	1,308
Bank loan C (Note 31C)	637	674
Subtotal	<u>1,781</u>	<u>1,999</u>
Loans and borrowings with floating interest rate:		
Bank loan E (Note 31E)	5,190	3,427
Bank loan F (Note 31F)	1,465	1,510
Subtotal	<u>6,655</u>	<u>4,937</u>
Total non-current portion	<u>8,436</u>	<u>6,936</u>
<u>Current liabilities</u>		
Loans and borrowings with fixed interest rate:		
Bank loan A (Note 31A)	–	66
Bank loan B (Note 31B)	327	322
Bank loan C (Note 31C)	74	73
Subtotal	<u>401</u>	<u>461</u>
Loans and borrowings with floating interest rate:		
Bank loan D (Note 31D)	–	280
Bank loan E (Note 31E)	590	375
Bank overdraft A (Note 31E)	26	508
Bankers' acceptances A (Note 31E)	7,668	5,238
Bank loan F (Note 31F)	89	71
Bank overdrafts B (Note 31G)	–	822
Bankers' acceptances B (Note 31H)	–	354
Subtotal	<u>8,373</u>	<u>7,648</u>
Total current portion	<u>8,774</u>	<u>8,109</u>
Total non-current and current loans and borrowings	<u>17,210</u>	<u>15,045</u>
The non-current portion is repayable as follows:		
Due within 2 to 5 years	4,343	3,337
Due after 5 years	4,093	3,599
	<u>8,436</u>	<u>6,936</u>

The carrying amounts of the current and non-current portions are reasonable approximation of fair values (Level 2).

## ECOWISE HOLDINGS LIMITED

### 31. Loans and borrowings (cont'd)

The range of interest rates per annum paid were as follows:

	<u>30.04.2021</u>	<u>Group</u> <u>31.10.2020</u>
<u>Fixed rate interest:</u>		
Bank loans	3%	2.45% to 5.25%
<u>Floating interest rates:</u>		
Bank loans	3.87 % to 5.56 %	1.61% to 6.31%
Bankers' acceptances	3.01% to 4.30 %	3.80% to 6.60%
Bank overdrafts	<u>6.40 % to 6.65 %</u>	<u>6.56% to 9.51%</u>

#### 31A. Bank loan A

Bank loan A is unsecured and covered by a corporate guarantee from the Company. The loan bears a fixed interest rate of 5.25% (31.10.2020: 5.25%) per annum. The loan is repayable over 5 years commencing from January 2017.

The bank loan was fully repaid during the reporting period.

#### 31B. Bank loans B

Bank loans B are secured by corporate guarantees from the Company and/or the related companies. These loans bear fixed interest rate of 3% per annum and are payable over 5 years commencing from June 2020, August 2020 and September 2020 respectively.

These bank loans were fully repaid subsequent to the reporting period.

#### 31C. Bank loan C

Bank loan C is secured by a charge over the leasehold properties of Note 15 and bears fixed rate of 2.45% per annum. The loan is payable over 10 years commencing from February 2020.

#### 31D. Bank loan D

The loan is secured by a legal assignment of the DBO Agreement with a customer, a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation plant of a subsidiary as disclosed in Note 22 and pledges of fixed deposits amounting to \$nil (31.10.2020: \$242,000) as disclosed in Note 26 at a fixed rate of 0.05% per annum. The loan is guaranteed by the Company.

The loan was fully repaid during the reporting period.

## ECOWISE HOLDINGS LIMITED

### 31. Loans and borrowings (cont'd)

#### 31E. Bank loans E, bankers' acceptances A and bank overdraft A

These borrowings are secured by a charge over the Group's leasehold land, leasehold properties and improvements, plant and equipment and pledges of inventories and fixed deposits as disclosed in Notes 13B, 24 and 26.

Bank loans E consist of 4 amounts which are repayable over 4 years, 5 years, 10 years and 15 years commencing from April 2020, April 2020, January 2021 and June 2020 respectively.

The bankers' acceptances A and bank overdraft A are repayable within the next 12 months.

##### Borrowings from Affin Bank Berhad

On 25 February 2022, the Group received a reminder letter for overdue payment from Affin Bank Berhad which requested the sub subsidiary to repay an overdue amount of RM155,708 (approximately \$50,000) within seven (7) days from date of the letter. The bank has also reminded the Group to ensure there are sufficient amount for settlement of bills upon their respective maturity date in the next few months.

##### Borrowings from Malayan Banking Berhad

On 7 March 2022, the Group received a letter of demand (the "First MBB Letter") from Malayan Banking Berhad ("MBB") for the repayment of an amount of RM883,572 (the "MBB Overdue Amount") within seven (7) days from the receipt of the First MBB Letter.

On 9 March 2022, the Group received a letter of demand (the "Second MBB Letter") from MBB for the repayment of an amount of RM1,242,813 (the "MBB Amount") within seven (7) days from the receipt of the Second MBB Letter, which also highlighted other amounts (in aggregate of approximately RM8.6 million) that will mature and/or are due and payable in the months of March to May 2022 and the Group is to ensure that these amounts are settled on the maturity/due date.

In the event that the MBB Overdue Amount and MBB Amount are not paid by the repayment due dates, MBB shall proceed to declare, inter alia, that event(s) of default have occurred whereupon the indebtedness shall become immediately due and the Group shall be obligated to pay the indebtedness or any part thereof that remains outstanding and any other monies howsoever due and payable to MBB. Further, MBB shall also be entitled to declare no further utilization of the banking facilities comprising, inter alia, Letters of Credit, Trust Receipt, Bankers Acceptance and Invoice Financing (collectively, the "Facilities") and that the Facilities be cancelled and terminated.

##### Borrowings from Al Rajhi Banking & Investment Corporation (Malaysia) Bhd

On 7 March 2022, the Group received a letter of demand from Al Rajhi Banking & Investment Corporation (Malaysia) Bhd ("Al Rajhi") for the repayment of outstanding amounts of RM407,841 under its Structured Commodity Financing i-2 facility (the "Al Rajhi Outstanding Amount") within three (3) days from the date of the letter of demand.

In the event that the Al Rajhi Outstanding Amount is not settled within three days, Al Rajhi will foreclose and dispose two units of detached light industrial warehouse owned by the Group, which is located in Kota Kinabalu, Sabah, Malaysia.

## ECOWISE HOLDINGS LIMITED

### 31. Loans and borrowings (cont'd)

#### 31E. Bank loan E, bankers' acceptances A and bank overdraft A (cont'd)

##### Borrowings from Al Rajhi Banking & Investment Corporation (Malaysia) Bhd (cont'd)

On 18 March 2022, the Group received two (2) letters from the solicitors representing Al Rajhi (the "Letters") for the full repayment of the amounts of RM78,881 (approximately \$25,000) and RM407,841 (approximately \$132,000) respectively (collectively, the "Overdue Amounts") within fourteen (14) days from the date of the Letters (the "Repayment Due Date"). In the event that the Overdue Amounts are not paid by the Repayment Due Date, Al Rajhi shall proceed to commence legal action against the subsidiaries to recover the total amount due to Al Rajhi in which event all legal costs and expenses shall be borne by the subsidiaries.

Subsequent to the end of the reporting period, there was a breach of loan agreement terms. The required gearing ratio of 1.5 and debt service coverage ratio of 1.35 for the credit facilities under Al Rajhi are not maintained. The breach remained unresolved. The matter is still under negotiation with the lender.

##### Total overdue payments

As of 25 March 2022, total overdue payments to the banks were approximately RM9,096,000 (approximately \$3,000,000).

#### 31F. Bank loan F

Bank loan F is secured by a charge over the leasehold property of Note 13 and bears a floating interest rate. It is also covered by corporate guarantee from the Company and a related company. The loan is payable over 15 years commencing from January 2018.

#### 31G. Bank overdrafts B

Bank overdrafts B are unsecured and are covered by a corporate guarantee from the Company and bears a floating interest rate. Bank overdrafts B are repayable within the next 12 months.

The bank overdrafts were fully repaid during the reporting period.

#### 31H. Bankers' acceptances B

Bankers' acceptance B is unsecured and is repayable within the next 12 months. The bankers' acceptances is covered by a corporate guarantee from the Company and bears a floating interest rate.

The bankers' acceptances was fully repaid during the reporting period.

## ECOWISE HOLDINGS LIMITED

### 32. Lease liabilities

	Group		Company	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
Current	1,243	1,631	46	44
Non-current	<u>1,520</u>	<u>1,870</u>	<u>162</u>	<u>82</u>
	<u>2,763</u>	<u>3,501</u>	<u>208</u>	<u>126</u>

A summary of the maturity analysis of lease liabilities is disclosed in Note 37E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use-assets are disclosed in Note 14.

The range of interest rates paid were as follows:

	Group	
	<u>30.04.2021</u>	<u>31.10.2020</u>
Finance lease liabilities	<u>2.28% to 4.15%</u>	<u>2.36% to 4.15%</u>

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group	
	<u>01.11.2020</u> to <u>30.04.2021</u> \$'000	<u>01.11.2019</u> to <u>30.04.2020</u> \$'000 (Unaudited)
Expense relating to short-term leases and leases of low-value assets included in administrative expenses	<u>73</u>	<u>92</u>
Total commitments on short-term leases at period end date	<u>31</u>	<u>159</u>

### 33. Deferred income

	Group	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Deferred government grant income	<u>80</u>	<u>81</u>
Presented in statements of financial position as:		
Non-current	50	50
Current	<u>30</u>	<u>31</u>
	<u>80</u>	<u>81</u>

## ECOWISE HOLDINGS LIMITED

### 34. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	3,969	9,393	341	952
Subsidiaries	–	–	781	600
Jointly-controlled entity	600	600	–	–
Subtotal	<u>4,569</u>	<u>9,993</u>	<u>1,122</u>	<u>1,552</u>
<u>Other payables</u>				
Outside parties and accrued liabilities	3,803	1,909	188	3
Subsidiaries	–	–	5,959	4,515
Subtotal	<u>3,803</u>	<u>1,909</u>	<u>6,147</u>	<u>4,518</u>
Total trade and other payables	<u>8,372</u>	<u>11,902</u>	<u>7,269</u>	<u>6,070</u>

Other payables to subsidiaries and jointly-controlled entity are unsecured, interest free and repayable on demand.

Included in accrued liabilities under other payables are accrued property and land use taxes of Changyi Enersave Biomass to Energy Co., Ltd. ("CEBEC"), a company which is a wholly-owned subsidiary in the Group., amounting to \$1,090,000 (31.10.2020: \$502,000). Under the regulations in the People's Republic of China ("PRC"), CEBEC is obliged to pay property and land use taxes on properties that it owns. The local regulations also provide that CEBEC can apply to the local tax authority for waiver of these taxes if certain conditions are met. Management has previously been submitting applications to local tax authority for waiver to pay land use rights tax and property tax in prior years in accordance with local regulations. Management has taken the view that the local tax authority would grant the waiver for payment of these taxes as they believe CEBEC met the conditions for the waiver and there was neither a response from nor enforcement by the local tax authority previously. Subsequent to 30 April 2021, CEBEC received a tax reminder letter dated 23 July 2021 from the local tax authority demanding payments of taxes in arrears. The total estimated land use rights tax and property tax payable as at 30 April 2021 was approximately RMB5.2 million (approximately \$1,090,000), accumulated since 2016. The Group recorded the total estimated tax payable as at 30 April 2021 in these interim financial statements by recognising an additional accrual of \$588,000 which is charged to the interim statement of profit or loss under administrative expenses (see Note 6A). CEBEC paid a total sum of RMB2,611,864 (approximately \$544,000) for these taxes in July, August and September 2021, and has submitted new applications to the local tax authority for waiver of these taxes subsequently.

Included in accrued liabilities under other payables are accruals for legal claims, based on appropriate legal advice, principally by former employees of the Group's subsidiaries in Malaysia amounting to \$320,000 (31.10.2020: Nil).

Included in other payables to outside parties is a long outstanding payable of CEBEC amounting to RMB3,560,000 (approximately \$729,000), which arose in 2013.

## ECOWISE HOLDINGS LIMITED

### 35. Capital commitments

Estimated amounts committed at the end of the reporting period for future capital expenditure but not recognised in the financial statements are as follows:

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Commitments to purchase of property, plant and equipment	<u>–</u>	<u>3,149</u>

### 36. Operating lease income commitments – as lessor

A maturity analysis of the undiscounted lease amounts to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

	<u>Group</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000
Not later than 1 year	151	155
Later than 1 year and not later than 5 years	73	147
	<u>224</u>	<u>302</u>

### 37. Financial instruments: information on financial risks

#### 37A. Categories of financial assets and liabilities

The following table categorises the carrying amounts of financial assets and financial liabilities recorded at the end of the reporting period:

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>				
Financial assets at amortised cost	26,536	30,296	1,675	1,032
Derivative financial assets at FVTOCI	–	139	–	–
	<u>26,536</u>	<u>30,435</u>	<u>1,675</u>	<u>1,032</u>
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	28,345	30,448	7,477	6,196
Derivative financial liabilities at FVTOCI	376	1	–	–
	<u>28,721</u>	<u>30,449</u>	<u>7,477</u>	<u>6,196</u>

Further quantitative disclosures are included throughout these financial statements.

## ECOWISE HOLDINGS LIMITED

### 37. Financial instruments: information on financial risks (cont'd)

#### 37B. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

#### 37C. Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management is carried out under policies approved by the board of directors.

Risks management policies are established to identify and analyse the risks faced by the Group, to set appropriate risks' limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Group's activities and market conditions.

The Group has exposure to the following financial risks:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and
- Foreign currency risk.

The Group's overall financial risk management strategy seeks to minimise the potential material adverse effects from these exposures. The information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risks are presented below.

#### 37D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting period. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. Management considers the demographics of the Group's customer bases, including the default risk of the industry and country which customers operate, as these factors may have an influence on credit risk.

## ECOWISE HOLDINGS LIMITED

### 37. Financial instruments: information on financial risks (cont'd)

#### 37D. Credit risk on financial assets (cont'd)

Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 26 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

#### 37E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows) at the end of the reporting year/period:

	Less than 1 year \$'000	Due within 2 to 5 years \$'000	Due after 5 years \$'000	Total \$'000
<u>Group</u>				
<u>30.04.2021:</u>				
Loans and borrowings	8,904	4,200	4,674	17,778
Lease liabilities	1,390	1,643	12	3,045
Trade and other payables	8,372	–	–	8,372
	<u>18,666</u>	<u>5,843</u>	<u>4,686</u>	<u>29,195</u>
<u>31.10.2020:</u>				
Loans and borrowings	8,414	3,825	3,905	16,144
Lease liabilities	1,813	2,056	–	3,869
Trade and other payables	11,902	–	–	11,902
	<u>22,129</u>	<u>5,881</u>	<u>3,905</u>	<u>31,915</u>
<u>Company</u>				
<u>30.04.2021:</u>				
Lease Liabilities	56	167	12	235
Trade and other payables	7,269	–	–	7,269
	<u>7,325</u>	<u>167</u>	<u>12</u>	<u>7,504</u>
<u>31.10.2020:</u>				
Lease Liabilities	52	97	–	149
Trade and other payables	6,070	–	–	6,070
	<u>6,122</u>	<u>97</u>	<u>–</u>	<u>6,219</u>

## ECOWISE HOLDINGS LIMITED

### 37. Financial instruments: information on financial risks (cont'd)

#### 37E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows) at the end of the reporting period/year:

<u>Group</u>	Less than <u>1 year</u> \$'000	Due within <u>2 to 5 years</u> \$'000	More than <u>5 years</u> \$'000	<u>Total</u> \$'000
<u>30.04.2021:</u>				
Foreign currency contracts	<u>376</u>	<u>–</u>	<u>–</u>	<u>376</u>
<u>31.10.2020:</u>				
Foreign currency contracts	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>

The undiscounted amounts on the loans and borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the end of the reporting period/year.

The average credit period taken to settle trade payables is approximately 84 days (31.10.2020: 84 days). The other payables are with short-term durations.

Refer Notes 1 and 31E for material uncertainty over going concern and demand letters received from financial institutions after the end of the reporting period respectively.

#### 37F. Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The breakdown of the significant financial instruments by type of interest rate is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
<u>Financial assets</u>				
Fixed rates	<u>8,386</u>	<u>10,846</u>	<u>–</u>	<u>–</u>
<u>Financial liabilities</u>				
Floating rates	15,028	12,585	–	–
Fixed rates	<u>4,945</u>	<u>5,961</u>	<u>208</u>	<u>126</u>
	<u>19,973</u>	<u>18,546</u>	<u>208</u>	<u>126</u>

#### Sensitivity analysis:

	<u>Group</u>	
	<u>30.04.2021</u> \$'000	<u>31.10.2020</u> \$'000
<u>Financial liabilities:</u>		
A hypothetical variation in floating interest rates by 100 basis points with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by	<u>157</u>	<u>126</u>

## ECOWISE HOLDINGS LIMITED

### 37. Financial instruments: information on financial risks (cont'd)

#### 37F. Interest rate risk (cont'd)

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

#### 37G. Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also has foreign currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk is primarily the Australian dollar, Chinese Renminbi, United States Dollar and Euro. The Group hedges its foreign currency exposure should the need arise through the use of forward foreign currency contracts.

Other than as disclosed elsewhere in the financial statements, the Group's significant exposures to foreign currencies are as follows:

<u>Group</u>	<u>Australian Dollar \$'000</u>	<u>Chinese Renminbi \$'000</u>	<u>United States Dollar \$'000</u>	<u>Euro \$'000</u>	<u>Total \$'000</u>
<u>30.04.2021:</u>					
<u>Financial assets</u>					
Cash and cash equivalents	2	–	1,330	–	1,332
Trade and other receivables	6,029	1	1,187	165	7,382
Total financial assets	6,031	1	2,517	165	8,714
<u>Financial liabilities</u>					
Trade and other payables	(444)	(1)	(362)	–	(807)
Net financial assets	5,587	–	2,155	165	7,907

#### 31.10.2020:

<u>Financial assets</u>					
Cash and cash equivalents	2	–	5	–	7
Trade and other receivables	4,431	16	2,131	176	6,754
Total financial assets	4,433	16	2,136	176	6,761
<u>Financial liabilities</u>					
Trade and other payables	(255)	(5)	(1,945)	–	(2,205)
Net financial assets	4,178	11	191	176	4,556

#### Company

	<u>Malaysia Ringgit</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Financial assets</u>		
Trade and other receivables	204	138

## ECOWISE HOLDINGS LIMITED

### 37. Financial instruments: information on financial risks (cont'd)

#### 37G. Foreign currency risk (cont'd)

##### Sensitivity analysis

A hypothetical 10% (31.10.2020: 10%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group at the end of the reporting period would increase/(decrease) pre-tax profit for the reporting period by the amounts shown below. A 10% (31.10.2020: 10%) weakening of the above currencies against the functional currency of the respective subsidiaries would have an equal but opposite effect. This analysis has been carried out without taking into consideration of hedged transactions and assumes all other variables remain constant.

	<u>Group</u>		<u>Company</u>	
	<u>30.04.2021</u>	<u>31.10.2020</u>	<u>30.04.2021</u>	<u>31.10.2020</u>
	\$'000	\$'000	\$'000	\$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against AUD with all other variables held constant would have an unfavourable effect on pre-tax profit of	502	379	–	–
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against all other currencies with all other variables held constant would have an unfavourable effect on pre-tax profit of	<u>209</u>	<u>34</u>	<u>20</u>	<u>14</u>

### 38. Contingent liabilities

#### 38A. Legal case

In September 2016, Changyi Enersave Biomass to Energy Co., Ltd, ("CEBEC"), a wholly-owned subsidiary in the Group, commenced arbitration proceedings in Weifang Arbitration Commission in Shandong, People's Republic of China against its contractor, China Huadian Engineering Co., Ltd. ("Hua Dian"), for failure to perform the Engineering, Procurement and Construction Contract ("EPC Contract") between the two parties in relation to the CEBEC Plant. See further details in Note 13C.

## ECOWISE HOLDINGS LIMITED

### 38. Contingent liabilities (cont'd)

#### 38A. Legal case (cont'd)

On 23 December 2017, the decisions of the arbitral tribunal (the "2017 arbitration award") were as follows:

- (i) Hua Dian is to abide by the EPC Contract and deliver to CEBEC a CEBEC plant in accordance with the technical specifications set out thereunder, within 6 months from 23 December 2017;
- (ii) Hua Dian's counter-claim in the amount of RMB31,657,659 (approximately \$6,299,000) (the "Remainder Amount"), representing the unpaid amounts under the EPC Contract, is in abeyance until delivery of a CEBEC plant compliant with the technical specifications as laid out in the EPC Contract; and
- (iii) An interim award of RMB18,800,000 (approximately \$3,860,000) is awarded to CEBEC for failure to perform the EPC contract, which shall be set-off against the Remainder Amount.

On 26 July 2018, CEBEC applied to the Beijing Court to enforce the 2017 arbitration award as Hua Dian failed to deliver a plant in accordance to the technical specifications within 6 months from 23 December 2017. On 24 May 2019, the Beijing Court rejected CEBEC's application due to unclear enforcement criteria, especially the different understanding about delivering a up to standard biomass power plant. Subsequently, management appealed to Beijing High Court. On 24 December 2019, the Beijing High Court rejected the appeal for the same reason as Beijing Court.

During the reporting year 2020, CEBEC commenced a second arbitration proceeding against Hua Dian in Weifang Arbitration Commission in Shandong, People's Republic of China. CEBEC sought for the dispute to be resolved at the Weifang Arbitration Commission despite obtaining an earlier arbitration award due to Hua Dian's insistence for payments of the remaining contract sum before carrying out any rectification work at the plant and the lack of specific definition in the EPC contract of a up to standard biomass power plant. The claims were as follows:

- (a) The EPC contract signed between Hua Dian and CEBEC be nullified or voided;
- (b) Hua Dian was responsible to reinstate the land where the CEBEC Plant is located to its original condition by removing all equipment and machinery relating to the CEBEC Plant within 90 days from the date of the arbitration award;
- (c) Hua Dian was obliged to refund the contract sum paid by CEBEC under the EPC contract and expenses paid on behalf of Hua Dian by CEBEC amounting to RMB148,326,885 (approximately \$29,600,000) and RMB2,577,957 (approximately \$515,000) respectively;
- (d) Hua Dian was required to compensate CEBEC for operating losses amounting to RMB41,259,848 million (approximately \$8,200,000); and
- (e) Hua Dian was required to bear the cost of arbitration.

On 3 March 2021, Weifang Arbitration Commission rejected the second arbitration application by CEBEC and rejected Hua Dian's counterclaim to dismiss the arbitration.

In a legal opinion dated 9 February 2022 obtained by management, the Group's external legal counsel in the PRC stated that the Weifang Arbitration Commission's adjudication does not affect the validity of the 2017 arbitral award disclosed above.

No further legal actions were taken since 3 March 2021.

## ECOWISE HOLDINGS LIMITED

### 39. Changes and adoption of financial reporting standards

For the current reporting period new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Group are listed below.

<u>SFRS (I) No.</u>	<u>Title</u>
SFRS (I) 3	Definition of a Business – Amendments
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to
SFRS (I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to The Conceptual Framework for Financial Reporting
SFRS (I) 16	Covid-19 Related Rent Concessions - Amendment to (effective from 30 June 2020)

Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

### 40. New or amended standards in issue but not yet effective

For the future reporting periods certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting periods. Those applicable to the Group for future reporting periods are listed below.

<u>SFRS (I) No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
SFRS (I) 1-1	<i>Presentation of Financial Statements</i> - amendment relating to <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments to	1 January 2022
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to	1 January 2022
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to	1 January 2022
SFRS (I) 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (Annual Improvement Project)	1 January 2022
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
SFRS (I) 16	Covid-19-Related Rent Concessions – Amendments to	1 June 2020
SFRS (I) 17	Insurance Contracts	1 January 2021
SFRS (I)10 and SFRS (I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not fixed yet
Various	Annual Improvements to SFRS(I)s 2019-2020	1 January 2022

The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

## ECOWISE HOLDINGS LIMITED

### 41. Events after the end of the reporting period

#### Suspension of trading and receipt of Notice of Compliance

On 18 June 2021, the trading of the Company's shares was suspended.

On 25 June 2021, the Company received a Notice of Compliance from Singapore Exchange Regulation ("SGX Regco"). On 28 June 2021, the Company received SGX Regco's directives in relation to the Notice of Compliance.

#### Extraordinary general meeting

On 19 May 2021, the Company received a Requisition Notice from three (3) of the shareholders to convene an extraordinary general meeting ("EGM") for the purposes of considering and voting on the following resolutions: -

- a. That Cao Shixuan be removed from his office as a Director of the Company with effect from the date of the EGM;
- b. That Damien Seah Yang Hwee be appointed as a Director of the Company with effect from the date of the EGM;
- c. That Yeo Lai Hock, Nichol be appointed as a Director of the Company with effect from the date of the EGM;
- d. That Tan Siok Sing Calvin be appointed as a Director of the Company with effect from the date of the EGM;
- e. that any directors of the Company who may be appointed between the date of this Notice and the date of the EGM be removed; and
- f. To transact any other business.

On 10 August 2021, the Company had been served with (i) a writ of summons ("Writ of Summons") as the 4th Defendant, and (ii) an application for immediate interim injunctions dated 10 August 2021, filed by CNPLaw LLP, solicitors for Mr Cao Shixuan (Deputy Chief Executive Officer and Executive Director) ("Plaintiff") in the High Court of Singapore. The other defendants are Mr Lee Thiam Seng (Executive Chairman and Chief Executive Officer) ("1st Defendant") and the remaining Requisitionists, being Mr Tan Jin Beng Winston ("2nd Defendant") and Mr Tan Swee Boon ("3rd Defendant") (collectively, the "1st to 3rd Defendants"). The Plaintiff's lawyers have stated that the Company is a nominee defendant and the Plaintiff is not seeking any remedies against the Company. The application for the interim injunctions, in response to the requisitioning of the first EGM that the Company received on 19 May 2021, was heard on 12 August 2021 by the High Court of Singapore. After hearing lawyers for the parties, the High Court granted an interim injunction in favour of the Plaintiff ("Injunction Order"), prohibiting the 1st to 3rd Defendants from convening the EGM on 13 August 2021. On 24 February 2022, the Company received a notice of discontinuance of the Writ of Summons ("Notice of Discontinuance") from the lawyers acting for Mr Cao Shixuan ("Mr Cao") to inform that Mr Cao has wholly discontinued any action against all four Defendants, including the Company and Mr Lee Thiam Seng, pursuant to the Writ of Summons. The Notice of Discontinuance was filed with the Court on 23 February 2022.

## ECOWISE HOLDINGS LIMITED

### 41. Events after the end of the reporting period (cont'd)

#### Extraordinary general meeting (cont'd)

On 22 October 2021, the Company received a letter (the "Special Notice") from Lee Thiam Seng (Chief Executive Officer and Executive Director), Tan Swee Boon, Tan Jin Beng Winston, Cheong Hwei Keng, Ang Boon Meng, Poh Yuan Rui, Mok Tang Heng, Zhang Fan, Liu Bin, Heng Choon Cher, Teo Boon Ling, Yang Shuqin, Tan Kok Huat and Tan Chee Chew (collectively, the "Relevant Shareholders"), constituting a special notice under Section 152(2)1 read with Section 185 of the Companies Act (Cap. 50) of Singapore ("Companies Act") of the intention of the Relevant Shareholders to convene an extraordinary general meeting of the Company ("EGM") pursuant to Section 177 of the Companies Act. A notice of the EGM dated 22 October 2021 was issued by the Relevant Shareholders, to convene an EGM pursuant to Section 177 of the Companies Act ("Notice of EGM"). The EGM to be held by way of electronic means at 2 pm on 26 November 2021, for the purposes of considering the resolutions set out in the Notice of EGM.

On 12 November 2021, Mr Cao had applied for injunction filed by CNPLaw LLP, solicitors for Mr Cao in the High Court of Singapore, against the convening of the EGM by Mr Lee Thiam Seng, Mr Tan Jin Beng Winston and Mr Tan Swee Boon.

On 26 November 2021, the Company has been informed by Mr Lee Thiam Seng, for and on behalf of the Relevant Shareholders, that the Relevant Shareholders have voluntarily postponed the EGM. The Relevant Shareholders will inform the Company of the new date and time of the EGM. Accordingly, the Relevant Shareholders did not convene the EGM on 26 November 2021.

On 16 March 2022, the Company received an email (the "Special Notice 2") from Tan Swee Boon, Tan Jin Beng Winston, Liu Bin, Poh Yuan Rui, Heng Choon Cher, Teo Boon Ling, Yang Shuqin and Tan Kok Huat (collectively, the "Relevant Shareholders of Special Notice 2"), constituting a special notice under Section 152(2)1 read with Section 185 of the Companies Act (Cap. 50) of Singapore ("Companies Act") of the intention of the Relevant Shareholders of Special Notice 2 to convene an extraordinary general meeting of the Company ("EGM 2022") pursuant to Section 177 of the Companies Act. A notice of the EGM 2022 dated 15 March 2022 was issued by the Relevant Shareholders of Special Notice 2, to convene an EGM 2022 pursuant to Section 177 of the Companies Act ("Notice of EGM 14 April 2022"). The EGM 2022 was to be held by way of electronic means at 2.30 pm on 14 April 2022, for the purposes of considering the resolutions set out in the Notice of EGM 14 April 2022.

On 13 April 2022, Mr Cao Shixuan and Mr Er Kwong Wah, Executive Director and Lead Independent Director, resigned as directors of the Company.

On 14 April 2022, the company received the scrutineers' report on the results of the EGM 2022 from the Relevant Shareholders of Special Notice 2. The scrutineers' report showed that resolutions set out in the Notice of EGM 14 April 2022 were approved by majority shareholders who voted at EGM 2022. Following the conclusion of EGM 2022, Dr Danny Oh Beng Teck, Mr Gan Fong Jek and Mr Tan Poh Chye Allan were appointed as Non-Executive Independent Directors of the Company with effect from 14 April 2022.

## ECOWISE HOLDINGS LIMITED

### 41. Events after the end of the reporting period (cont'd)

#### Acquisition of a subsidiary

On 28 May 2021, Chongqing ecoWise Investment Management Co., Ltd., a wholly-owned subsidiary of the Company, acquired the balance of 35% shares in Chongqing eco-CTIG Rubber Technology Co. Ltd ("CECRT") from an existing shareholder, Chongqing Municipal Transport Development and Investment (Group) Co., Ltd. ("重庆城市交通开发投(集团)有限公司") at a consideration of RMB3,497,000 (approximately \$727,000). Following the acquisition, CECRT became a wholly-owned subsidiary in the Group and its production lines were relocated to the Group's subsidiaries in Malaysia.

The detailed disclosures required by the financial accounting standards could not be made because the initial accounting is incomplete at the time the financial statements were authorised for issue.

#### Letters of demand and appointment of financial advisor

Subsequent to the end of the reporting period, the Group received letters of demand from financial institutions (refer Note 31E).

On 16 March 2022, the Company announced that it has invited proposals from external professional firms to assist the Group in negotiations with the banks and in assessing the longer-term viability of various aspects of the Group's business.

On 25 March 2022, the Company announced that it has appointed Rodgers Reidy & Co. as the Financial Adviser of the Group to perform independent business review and position assessments as well as to advise the Board on the longer-term viability of various aspects of the Group's business. Rodgers Reidy & Co. will assist the Group in discussions with the banks on the overdue payments and payments coming due.

**Appendix 2**

**Material Variances Between Audited and Unaudited Figures for 1HFY2021**

**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income  
For the Six-Month Period Ended 30 April 2021**

	1H FY2021 (S\$'000) Audited	1H FY2021 (S\$'000) Unaudited	1H FY2021 (S\$'000) Variances	Note
Revenue	23,708	23,708	-	
Cost of Sales	(19,371)	(19,371)	-	
Gross Profit	4,337	4,337	-	
Other Items of Income:				
Finance Income	11	11	-	
Other Gains	2,286	2,317	31	1
Other Items of Expenses:				
Marketing and Distribution Expenses	(823)	(823)	-	
Administrative Expenses	(4,004)	(3,015)	989	2
Finance Costs	(479)	(479)	-	
Other Losses	(706)	(8)	698	1
Share of Losses from Associate and Jointly Controlled Entity, Net of Tax	(266)	(266)	-	
Profit Before Income Tax	356	2,074	1,718	
Income Tax Expense	(196)	(331)	(135)	3
Profit for the Period	160	1,743	1,583	
<b>Other Comprehensive (Loss)/Income</b>				
Exchange Differences on Translating Foreign Operations, Net of Tax	(449)	(451)	(2)	
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(518)	(518)	-	
Defined Benefit Plan - Actuarial Gain	76	76	-	
<b>Other Comprehensive Loss, Net of Tax</b>	(891)	(893)	(2)	
<b>Total Comprehensive (Loss)/Income, Net of Tax</b>	(731)	850	1,581	
<b>(Loss)/profit, Net of Tax, attributable to:</b>				
Owners of the Company	(22)	1,561	1,583	
Non-Controlling Interests	182	182	-	
	160	1,743	1,583	
<b>Total Comprehensive (Loss)/Income, Net of Tax, attributable to:</b>				
Owners of the Company	(926)	655	1,581	
Non-Controlling Interests	195	195	-	
<b>Total Comprehensive Income, Net of Tax</b>	(731)	850	1,581	

**Notes:**

- (1) Provisions for (i) potential legal claims of \$320,000 arising due to the claims from former employees against the subsidiaries in Malaysia, (ii) potential fines of \$105,000 against a subsidiary in Singapore, (iii) allowance for impairment of receivables and deposits due to the Company of \$137,000 and (iv) Impairment of land use right of \$167,000 of a subsidiary in China.
- (2) Provision for (i) additional land use tax and property tax of \$588,000 for the power plant owned by a subsidiary in China, (ii) legal fees of \$308,000 previously recorded as prepayment by a subsidiary in China now expensed off, and (iii) accrual of professional fees of \$130,000 for Singapore. The increase in provision was partially offset by the reversal of over-accrued bonus of \$23,000 and over-accrued property tax of \$14,000 for Singapore.
- (3) Write-back of over-provision of income tax for FY2020.

**Interim Statements of Financial Position**  
**As at 30 April 2021**

	30.04.2021	Group		Note
	30.04.2021	30.04.2021	30.04.2021	
	\$'000	\$'000	\$'000	
<b>Assets</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Variances</b>	
Non-current assets				
Property, plant and equipment	26,871	26,871	-	
Right-of-use assets	1,207	1,207	-	
Investment properties	1,914	1,914	-	
Intangible assets	793	793	-	
Land use rights	1,137	1,304	(167)	1
Investments in subsidiaries	-	-	-	
Investment in a jointly-controlled entity	1,750	1,750	-	
Investment in an associate	1,523	1,523	-	
Lease receivables	7,069	7,069	-	
Other non-financial assets	289	289	-	
<b>Total non-current assets</b>	<b>42,553</b>	<b>42,720</b>	<b>(167)</b>	
Current assets				
Inventories	5,709	5,709	-	
Trade and other receivables	13,330	13,355	(25)	2
Lease receivables	1,189	1,189	-	
Other non-financial assets	1,617	2,037	(420)	2
Derivative financial assets	-	-	-	
Cash and cash equivalents	4,948	4,948	-	
<b>Total current assets</b>	<b>26,793</b>	<b>27,238</b>	<b>(445)</b>	
<b>Total assets</b>	<b>69,346</b>	<b>69,958</b>	<b>(612)</b>	
<b>Equity</b>				
Share capital	47,890	47,890	-	
Accumulated losses	(6,421)	(4,837)	(1,584)	3
Foreign currency translation reserve	(5,427)	(5,430)	3	
Other reserves	1,828	1,828	-	
<b>Equity attributable to owners of the Company</b>	<b>37,870</b>	<b>39,451</b>	<b>(1,581)</b>	
Non-controlling interests	28	28	-	
<b>Total equity</b>	<b>37,898</b>	<b>39,479</b>	<b>(1,581)</b>	
<b>Non-current liabilities</b>				
Provisions	747	747	-	
Loans and borrowings	8,436	8,436	-	
Lease liabilities	1,520	1,520	-	
Deferred tax liabilities	1,284	1,327	(43)	5
Deferred income	50	50	-	
<b>Total non-current liabilities</b>	<b>12,037</b>	<b>12,080</b>	<b>(43)</b>	
<b>Current liabilities</b>				
Income tax payables	616	708	(92)	5
Trade and other payables	8,372	7,268	1,104	4
Derivative financial liabilities	376	376	-	
Loans and borrowings	8,774	8,774	-	
Lease liabilities	1,243	1,243	-	
Deferred income	30	30	-	
<b>Total current liabilities</b>	<b>19,411</b>	<b>18,399</b>	<b>1,012</b>	
<b>Total liabilities</b>	<b>31,448</b>	<b>30,479</b>	<b>969</b>	
<b>Total equity and liabilities</b>	<b>69,346</b>	<b>69,958</b>	<b>(612)</b>	

**Notes:**

- (1) Impairment of land use right of \$167,000 for a subsidiary in China.
- (2) Legal fees of \$308,000 previously recorded as prepayment by a subsidiary in China now expensed off. Furthermore, allowance for impairment of receivables and deposits of \$137,000 was provided.
- (3) Refer to the variances for Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.
- (4) Being (i) accrual of legal claims of \$320,000 and fines of \$105,000, (ii) accrual of property tax and land use tax for China of \$588,000, and (iii) accrual of professional fees of \$130,000. The increase was offset by the write-back of over-provision of bonus of \$25,000 and over-provision of property tax for Singapore of \$14,000.
- (5) Write-back of over-provision of income tax for FY2020.

**Interim Statements of Financial Position  
As at 30 April 2021**

	Company			Note
	30.04.2021 \$'000 Audited	30.04.2021 \$'000 (Unaudited)	30.04.2021 \$'000 Variances	
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment	406	406	-	
Investments in subsidiaries	27,470	31,833	(4,363)	1
<b>Total non-current assets</b>	<b>27,876</b>	<b>32,239</b>	<b>(4,363)</b>	
Current assets				
Trade and other receivables	1,693	1,693	-	
Other non-financial assets	-	137	(137)	2
Cash and cash equivalents	7	7	-	
<b>Total current assets</b>	<b>1,700</b>	<b>1,837</b>	<b>(137)</b>	
<b>Total assets</b>	<b>29,576</b>	<b>34,076</b>	<b>(4,500)</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	47,890	47,890	-	
Accumulated losses	(25,850)	(21,165)	(4,685)	
<b>Total equity</b>	<b>22,040</b>	<b>26,725</b>	<b>(4,685)</b>	
<b>Non-current liabilities</b>				
Lease liabilities	162	162	-	
<b>Total non-current liabilities</b>	<b>162</b>	<b>162</b>	<b>-</b>	
<b>Current liabilities</b>				
Income tax payables	59	59	-	
Trade and other payables	7,269	7,084	185	3
Lease liabilities	46	46	-	
<b>Total current liabilities</b>	<b>7,374</b>	<b>7,189</b>	<b>185</b>	
<b>Total liabilities</b>	<b>7,536</b>	<b>7,351</b>	<b>185</b>	
<b>Total equity and liabilities</b>	<b>29,576</b>	<b>34,076</b>	<b>(4,500)</b>	

**Notes:**

- (1) Provision for impairment of cost of investment in subsidiaries.
- (2) Provision for impairment of receivables.
- (3) Accrual of professional fees of \$130,000 and bonus of \$55,000.

**Consolidated Interim Statement of Cash Flows  
For the Six-Month Period Ended 30 April 2021**

	<b>01.11.2020 to 30.04.2021 \$'000 Unaudited</b>	<b>01.11.2020 to 30.04.2021 \$'000 Audited</b>	<b>01.11.2020 to 30.04.2021 \$'000 Variances</b>	<b>Note</b>
<b><u>Cash flows from operating activities</u></b>				
Profit before income tax	2,074	356	(1,718)	1
Depreciation of property, plant and equipment	1,459	1,458	(1)	
Depreciation of right-of-use assets	234	234	-	
Depreciation of investment properties	102	103	1	
Gain on disposal of property, plant and equipment	(38)	(38)	-	
Amortisation of intangible assets	37	37	-	
Amortisation of land use rights	28	28	-	
Share of loss from associates and jointly-controlled entity	266	266	-	
Gain on disposal of subsidiaries	(1,467)	(1,467)	-	
Provision for retirement benefit obligations expenses, net	13	13	-	
Impairment of land use right	-	167	167	
Finance income	(11)	(11)	-	
Finance costs	479	479	-	
Net foreign exchange gain	(537)	(533)	4	
<b>Operating cash flows before changes in working capital</b>	<b>2,639</b>	<b>1,092</b>	<b>(1,547)</b>	
Inventories	(1,318)	(1,318)	-	
Trade and other receivables	(1,304)	(1,304)	-	
Lease receivables	505	505	-	
Other non-financial assets	122	567	445	2
Trade and other payables	(2,612)	(1,274)	1,338	3
Deferred income	8	8	-	
Retirement benefit obligations paid	-	(235)	(235)	3
<b>Net cash flows from operations</b>	<b>(1,960)</b>	<b>(1,959)</b>	<b>1</b>	
Income tax paid	(245)	(245)	-	
<b>Net cash flows from operating activities</b>	<b>(2,205)</b>	<b>(2,204)</b>	<b>1</b>	
<b><u>Cash flows from investing activities</u></b>				
Acquisition of property, plant and equipment	(1,787)	(1,623)	164	
Proceeds from disposal of property, plant and equipment	1,913	1,914	1	
Repayment from a jointly-controlled entity	82	82	-	
Acquisition of subsidiaries	(11)	(12)	(1)	
Interest income received	11	11	-	
Proceeds from disposal of subsidiaries	1,648	1,648	-	
<b>Net cash flows used in investing activities</b>	<b>1,856</b>	<b>2,020</b>	<b>164</b>	
<b><u>Cash flows from financing activities</u></b>				
Proceeds from new loans and borrowings	2,206	2,206	-	
Repayments of loans and borrowings	(868)	(868)	-	
Lease liabilities – principal portion paid	(757)	(922)	(165)	
Retirement benefit obligations paid	(436)	(436)	-	
Interest expense paid	(200)	(200)	-	
Increase in cash restricted in use over 3 months	1,953	1,953	-	
<b>Net cash flows used in financing activities</b>	<b>1,898</b>	<b>1,733</b>	<b>(165)</b>	
<b>Net increase in cash and cash equivalents</b>	<b>1,549</b>	<b>1,549</b>	<b>-</b>	
Effect of exchange rate changes on cash and cash equivalents	(112)	(112)	-	
Cash and cash equivalents (overdrawn), beginning balance	3,355	3,355	-	
<b>Cash and cash equivalents, ending balance</b>	<b>4,792</b>	<b>4,792</b>	<b>-</b>	

**Notes:**

- (1) Refer to the variances for Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.
- (2) Legal fees of \$308,000 previously recorded as prepayment by a subsidiary in China was expensed off. Furthermore, allowance for impairment of receivables and deposits of \$137,000 was provided.
- (3) Being (i) accrual of legal claims of \$320,000 and fines of \$105,000 (ii) accrual of property tax and land use tax for China of \$588,000, (iii) accrual of professional fees of \$130,000, (and (iv) retirement benefit paid of \$235,000 wrongly classified as trade and other payables. The increase was offset by the written back of over-provision of bonus of \$25,000 and over-provision of property tax for Singapore of \$14,000