

**THINK GREEN  
LIVE GREEN**



## **VISION**

To be the preferred environmental solutions and renewable energy provider with high integrity, corporate social responsibility and to create value for all stakeholders.

## **MISSION**

To establish successful operations and management of renewable energy projects that contribute to social, economic and environmental benefits to stakeholders.

To establish awareness, propagate, promote and encourage use of environmentally friendly products derived from recycled waste.

To establish best practices in the manufacture and distribution of innovative value-added products that are in harmony with ecological principles.

To emphasise on research and development to provide environmentally friendly solutions to industrial processes.

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "**Sponsor**").

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

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## CORPORATE PROFILE

Founded in 1979, ecoWise Holdings Limited (the “Company” or “ecoWise”, together with its subsidiaries, the “Group”) is a Singapore-based company that focuses on three core business segments namely, **Resource Recovery**, **Renewable Energy** and **Integrated Environmental Solutions Provider**. The Group has been listed on the Singapore Exchange since 2003.



**Resource Recovery**



**Renewable Energy**



**R&D**



**Integrated Environmental  
Solutions Provider**

# CORPORATE PROFILE



## RESOURCE RECOVERY (RR)

The Group's Resource Recovery business segment spans across Singapore and Malaysia.

In Singapore, the Group prepares its own fuel feedstock for its biomass power plants in Singapore through the collection and processing of horticultural and wood wastes at Sarimbun Recycling Park ("SRP"). SRP also houses the Group's unique in-vessel composting bays using the Group's proprietary thermophilic process in the manufacturing of organic compost. Using steam generated from our biomass power plant in Sungei Kadut, the Group is also able to recover and re-purpose various food wastes into higher value animal feed. Besides, ecoWise has successfully developed a range of organic aqua-culture feeds from recycled materials with the use of proprietary technologies, creating a unique brand of 'made-from-recycled-material' aqua-culture feeds for Singapore and Asian markets.

In Malaysia, the Group's wholly-owned subsidiary, Sunrich Resources Sdn. Bhd. ("SRR" and together with its subsidiaries ("SRR Group") is one of the largest rubber compound manufacturer and tyre retreading group. SRR Group's vertically integrated business model spans the manufacturing of mainstream and specialised rubber compounds, manufacturing of new tyres, to manufacturing of tyre products under the brand names of Sunrich, Sun Rubber, Sun Tyre and STAP. In addition, SRR focuses on the provision of package services including total tyre-management in Malaysia in a bid to increase awareness and confidence in retreaded tyres as greener alternatives to new tyres.



## RENEWABLE ENERGY (RE)

In the Renewable Energy segment, the Group's biomass co-generation power plant in Sungei Kadut is one of the first in Singapore. In addition to generating electricity for its own consumption, the waste steam produced is also used in a wide array of industrial applications (eg. processing food waste, providing ISO-tank heating services for major logistics companies). The waste steam application from the plant has the honour of being the first Clean Development Mechanism ("CDM") project registered by a Singapore company under the United Nations Framework Convention on Climate Change (UNFCCC). The Group's second biomass co-generation power plant in Singapore, situated at the iconic Gardens by the Bay, commenced operations in November 2011. The power plant supplies renewable energy in the form of electricity to the power grid and heat energy to cool the two conservatories.



## INTEGRATED ENVIRONMENTAL MANAGEMENT SOLUTIONS (IEMS)

In the segment of Integrated Environmental Management Solutions (IEMS), the Group provides 'low carbon' environmental solutions targeted at addressing issues related to clean energy as well as waste and resources management. This includes a wide array of technical and consultative services ranging from process design and optimisation; engineering, procurement and construction; testing and commissioning to operation and maintenance of the engineering facilities.



## RESEARCH AND DEVELOPMENT (R&D)

The R&D department in Singapore works in conjunction with different divisions of the Group. This team of researchers who are equipped with advanced technologies and know-hows with primary focus in the sustainable energy industry, will enable the Group to further its strategic interest and position it at the forefront of the circular economy. The R&D team also collaborates with renowned universities both locally and globally in pursuit of excellence and continuous improvement.



# 集团简介



绿科集团于 1979 年在新加坡成立。主营业务包括资源再生、再生能源和提供综合性环境解决方案。集团 2003 年起开始在新加坡交易所挂牌上市。

## 资源再生

绿科集团的资源回收业务遍布新加坡和马来西亚。

在新加坡，绿科通过在莎琳汶的再循环园收集和再处理园艺木材废料，为集团在新加坡的生物质电厂提供燃料。再循环园独有的仓式堆肥隔间配合仓内高温堆肥技术，可生产有机肥料。集团还利用新加坡双溪加株的生物质热电厂生产的蒸汽作为能源，把食品废料进行烘干处理，生产高品质的动物饲料。另外，绿科成功利用回收物料并透过相关专利技术制造出一系列有机水产饲料，为新加坡及亚洲市场创造出独有的「循环再造」品牌水产饲料。

集团的全资子公司日升集团是马来西亚最大的橡胶制品制造商和轮胎翻新公司之一。日升集团的垂直式综合管理商业模式，从事橡胶复合材料和特制橡胶复合材料的生产和新轮胎制造，并拥有四大品牌 Sunrich, Sun Rubber, Sun Tyre 和 STAP 的轮胎产品及橡胶制品。除此之外，日升集团还致力于为马来西亚最终用户提供综合轮胎管理服务，以提升当地社会对把翻新

轮胎作为新轮胎的更环保替代品的认识和信心。

## 再生能源

在可再生能源领域，集团在双溪加株的第一个生物热电厂也是新加坡的第一个生物热电厂。除了生产自用电力之外，所产生的蒸汽也被广泛利用作物废料处理，及向大型物流公司的 ISO 储罐提供加热服务，生物热电厂的热能应用项目更让公司成为首家在 UN- FCCC 成功注册清洁发展机制项目的新加坡注册公司。集团的第二个生物热电厂坐落在新加坡地标性建筑滨海湾花园，于 2011 年 11 月投产运行。该生物热电厂以设计、建造及营运为模式，为滨海湾花园两个冷却温室馆提供电力及制冷所需的再生能源。

## 集团简介

### 综合环境管理方案 (IEMS)

集团提供“低碳型”环境解决方案，旨在解决与清洁能源以及废物和资源管理相关的问题。广泛的服务范围涵盖技术和咨询服务，工艺流程设计及优化，工程设计、采购和施工，运行测试和调试及设备维护等多个领域。

### 研究与开发 (R&D)

集团的研发部门拥有能源环保产业的高科技环保技术和知识，通过与各部门的紧密合作，进一步帮助集团巩固于循环经济领域中的发展策略，保持其领导地位。此外，研发团队也积极与本地及世界各地的大学合作研究，务求精益求精、追求卓越。



## MESSAGE FROM CHAIRMAN

**Dear Shareholders,**

Looking back on FY2021, it was indeed a rough year with COVID-19 threatening to continue to pose challenges to our way of life, businesses and global economies. Within the Group, the Notice of Compliance from the SGX and the suspension from trading of our shares combined to make FY2021 the most difficult and challenging year for our Company.

On the COVID-19 front, the Group continues to face numerous challenges, including industry wide manpower disruptions, supply chain interruptions, and issues related to the continuous monitoring and implementation of safe-management practices to combat the ongoing COVID-19 pandemic.

Recently, we had a leadership transition with the cessation of Mr Cao Shixuan, as Executive Director and Deputy CEO, and the appointment of three new independent directors. The Board wishes to assure shareholders that leadership renewal and succession planning is a priority, and we will continue to identify and bring in key talent that can help enhance the management bench. Good leadership is critical to stabilise the Group's operations during this transformational period to return ecoWise into a leading environmental solutions company that leverages on its investments in people and technology to drive innovation.

With the revamp in our board composition, the new talents that will join the management bench and tenacity that our people have shown and solid foundations of our vision, mission and shared values, I am confident that we will steer through this challenging period and any challenges the future may bring. Moving forward into the new fiscal year, we will concentrate our efforts on the following to continue to capitalise on growth opportunities and deliver value for our shareholders while scaling new heights:

- Stabilise the operations in Singapore and Malaysia which will include (i) assessing and improving various aspects of the biomass plant in operations in Singapore; (ii) conducting repairs and refitting of equipment and re-start production activities in Malaysia to eventually increase the production capacity to increase sales; and (iii) discussion 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 settle overdue amounts and are working to re-activate certain frozen banking facilities.
- Monetise 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
- Explore opportunities to generate additional funds for working capital purposes.

On behalf of the Board of Directors, I would like to express my appreciation to all our stakeholders for their continued support.



## 主席致辞

### 尊敬的股东们：

回顾2021年确实是綠科集团（"ecoWise"或"集团"）极为艰难和前所未有的年，新冠肺炎爆发肆虐全球继续影响世界各国的经济及损害我们的生活方式，本集团因新加坡证卷交易所发出合规通知导致集团股票停牌，使2021财政年成为本集团最困难和最具挑战性的一年。

面对新冠肺炎疫情的战线上，集团将继续面临众多挑战，其中包括全行业的人力短缺问题、供应链中断与实施安全管理，以对抗持续的新冠肺炎大流行。

集团在最近进行了领导层交接，曹世宣先生不再担任执行董事兼副总裁。我们也委任了三名新的独立董事。董事会确认，领导层更新和继任计划是当务之急，我们将继续物色及聘请管理层的关键人才。良好的领导力对ecoWise的稳定及转型并打造成为一家领先的资源再生、再生能源和提供综合性环境解决方案公司至关重要，本集团将在人员和技术方面加大投资来推动创新。

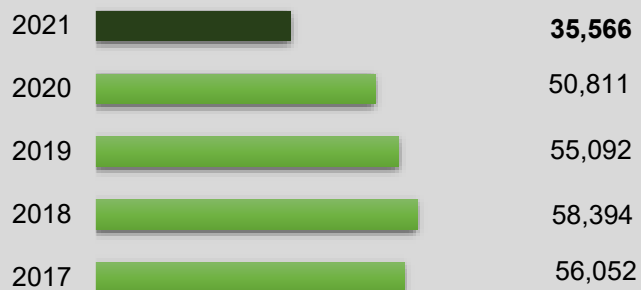
随着集团董事会的改组，新的人才将加入管理层。员工坚韧不拔的精神和共同价值观将会带领我们度过这个充满挑战的时期和面对未来任何挑战。迈入新的财政年度，我们将集中精力于以下方面，继续把握增长机会，为股东创造价值，同时更上一层楼：

- 我们将稳定新加坡及马来西亚的运营，包括 (i) 评估和改进在新加坡生物质电厂的营运；(ii) 在马来西亚进行设备维修和改装，以提高生产能力；(iii) 与马来西亚的银行商讨展延付款及债务重组。目前马来西亚的附属公司已恢复向银行偿还部分逾期款项。
- 集团将处理新加坡、马来西亚和中国的非核心资产。这将包括中国昌邑生物质能源有公司的资产和中英低碳企业有限公司的清盘收益。
- 管理团队将会以审慎的策略规划来继续改善业务并为股东创造最高价值。

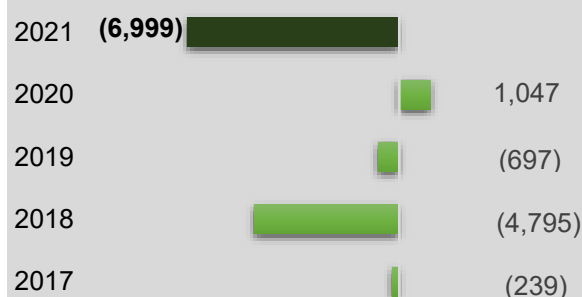
我谨代表董事会对各方的持续支持表示感谢。

# FINANCIAL HIGHLIGHTS

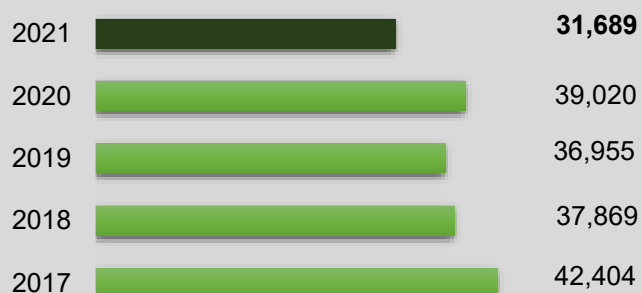
## GROUP REVENUE (\$'000)



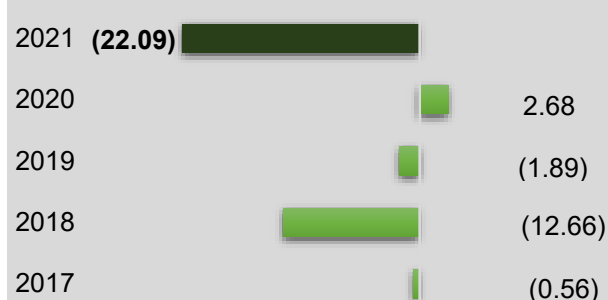
## PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$'000)



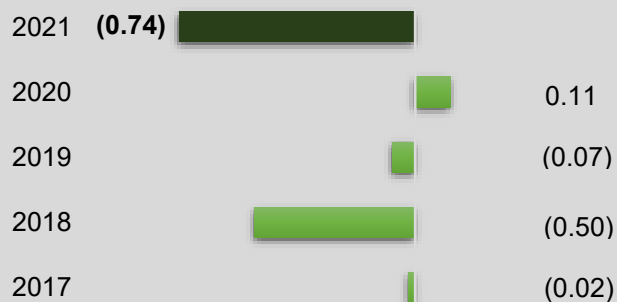
## EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$'000)



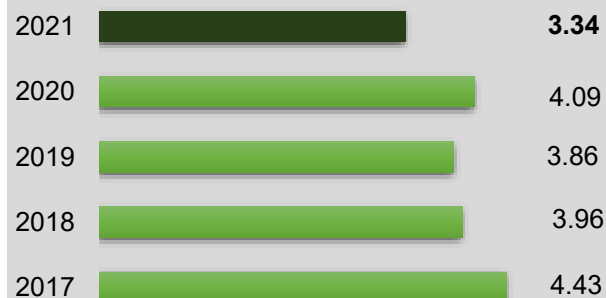
## RETURN OF EQUITY, ATTRIBUTABLE TO OWNERS OF THE COMPANY (%)



## BASIC EARNINGS/(LOSS) PER SHARE (CENTS)



## NET ASSETS VALUE PER SHARE (CENTS)



# FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS (\$'000)	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
<b>Revenue</b>	<b>35,566</b>	50,811	55,092	58,394	56,052
Gross profit	<b>4,846</b>	10,594	10,317	8,948	10,900
(Loss)/Profit before income tax	<b>(7,052)</b>	2,688	377	(3,639)	(422)
(Loss)/Profit after income tax	<b>(6,832)</b>	1,592	(487)	(4,610)	(29)
Non-controlling Interest	<b>167</b>	545	210	185	210
(Loss)/Profit attributable to owners of the Company	<b>(6,999)</b>	1,047	(697)	(4,795)	(239)

STATEMENT OF FINANCIAL POSITION (\$'000)	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Property, plant and equipment	<b>27,260</b>	29,315	27,336	30,705	29,279
Right-of-use assets	<b>1,309</b>	1,441	-	-	-
Investment properties	<b>1,678</b>	2,017	-	-	-
Cash and cash equivalents	<b>1,900</b>	6,768	5,501	3,938	5,278
Current assets	<b>16,946</b>	30,996	31,829	32,679	37,676
Total assets	<b>56,611</b>	77,212	74,185	80,094	87,185
Current liabilities	<b>17,022</b>	22,328	25,980	30,366	33,010
Total liabilities	<b>24,908</b>	34,191	32,941	39,556	42,536
Working capital	<b>(76)</b>	8,668	5,849	2,313	4,666
Equity attributable to owners of the Company	<b>31,689</b>	39,020	36,955	37,869	42,404

RATIOS	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Current ratio (times)	<b>0.99</b>	1.39	1.23	1.08	1.14
Return on equity, attributable to owners of the Company * (%)	<b>(22.09)</b>	2.68	(1.89)	(12.66)	(0.56)
Return on assets * (%)	<b>(0.12)</b>	1.36	(0.94)	(5.99)	(0.27)
Basic earnings/(loss) per share (cents)	<b>(0.74)</b>	0.11	(0.07)	(0.50)	(0.02)
Net assets value per share (cents)	<b>3.34</b>	4.09	3.86	3.96	4.43

- In calculating return on equity, attributable to owners of the Company and return on assets, profit/(loss) attributable owners of the Company has been used.

# FINANCIAL AND OPERATIONS REVIEW

## Statement of Comprehensive Income

Revenue for FY2021 of S\$35.57 million was S\$15.25 million or 30.0% lower as compared to FY2020. The decrease in revenue was mainly due to (i) a 9.7% decline in revenue from the Renewable Energy segment, attributable to the decrease in demand for ISO tank heating service due to intense competition and expiry of supply contract for spent grain with one of the customers in FY2020, (ii) a 33.6% decline in revenue from the Resource Recovery segment, attributable to decrease in the sales of rubber compounds and retreaded tyres under Sunrich Resources Sdn. Bhd. and its subsidiaries ("SRR Group") due to the effects of the implementation of extended MCO by the Malaysia government in FY2021 and the disposal of subsidiary in FY2021 and (iii) a 62.3% decline in revenue from the Integrated Environmental Management Solutions segment as a result of the cessation of the Group's waste-to-feed process for fish and aquaculture business in FY2020.

Gross profit of S\$4.85 million in FY2021 was lower as compared to S\$10.59 million in FY2020. This was mainly due to the fixed cost incurred by the Group's Resource Recovery segment under the SRR Group during the MCO period implemented in Malaysia where the productions were suspended. This also resulted in decline in gross profit margin from 20.85% in FY2020 to 13.63% in FY2021.

Other gains increased by S\$0.28 million to S\$2.22 million in FY2021 (as compared to FY2020), mainly due to (i) increase in gain from disposal of a subsidiary of S\$0.77 million and (ii) increase in foreign exchange gains in FY2021 (as compared to a foreign exchange loss in FY2020). The increase was partially offset by (i) decrease in government grants extended by the Singapore government (i.e. JSS and foreign worker levy rebate) of S\$0.41 million and (ii) decrease in waiver of expenses of S\$0.58 million.

Marketing and distribution expenses decreased by 21.9% to S\$1.38 million in FY2021 (as compared to FY2020), mainly due to tighter cost control measures undertaken by the Group as well as lesser marketing and distributing activities during the MCO period implemented in Malaysia.

Administrative expenses increased by 42.0% to S\$9.13 million in FY2021 (as compared to FY2020), mainly due to increase in (i) professional and audit fees incurred to comply with the Notice of Compliance ("NOC") issued by Singapore Exchange Regulation Pte. Ltd. on 25 June 2021 (ii) provision of property tax, land use tax and late penalty by CEBC from year 2016 to 2021 and (iii) provision of penalty due to accident incurred in prior years. The increase was partially offset by reduction in travelling expenses and repair and maintenance.

Finance costs remained constant at S\$0.82 million in FY2021 and FY2020.

Other losses increased by S\$1.49 million to S\$2.25 million in FY2021 (as compared to FY2020), mainly due to (i) the provision of impairment loss on intangible assets, investments properties, leasehold properties, land use right and other assets amounting to S\$1.41 million, (ii) increase in allowances of doubtful receivables in FY2021, (iii) potential fines and legal claims of S\$0.43 million

Share of results from an associate and a jointly-controlled entity relates to the Group's share of profit or loss in China-UK Low Carbon Enterprise Co. Ltd. ("CULCEC") and CECRT. In FY2021, the Group's share of results from an associate and a jointly-controlled entity comprised share of losses from CECRT of S\$0.45 million and share of losses from CULCEC of S\$0.10 million.

The Group recorded refundable income tax of S\$0.22 million in FY2021, as compared to income tax expense of S\$1.10 million in FY2020, respectively. The refundable income tax in FY2021 is the result of the Group recording a loss in FY2021.

As a result of the above, the Group recorded net loss of S\$6.83 million in FY2021 as compared to a net profit of S\$1.59 million in FY2020.



# FINANCIAL AND OPERATIONS REVIEW

## Statement of Financial Position

Property, plant and equipment decreased by S\$2.06 million, from S\$29.32 million as at 31 October 2020 to S\$27.26 million as at 31 October 2021. The decrease was mainly attributable to (i) disposal of property, plant and equipment of S\$1.98 million, (ii) disposal of a subsidiary with property, plant and equipment of S\$3.00 million, (iii) depreciation charges of S\$3.06 million, (iv) movements in foreign exchange rates of S\$0.22 million and (v) impairment of \$0.37 million. The decrease was partially offset by (i) the purchase of new property, plant and equipment of S\$4.59 million and assets acquired via acquisition of subsidiary of S\$1.82 million.

Right-of-use assets arose due to the adoption of SFRS(I) 16 in YTD FY2020, and relates to the Group's plants in Lim Chu Kang and Sungei Kadut.

Investment in a jointly-controlled entity relates to the Group's investment in a jointly-controlled entity, CECRT. In May 2021, the Group completed the acquisition of the remaining shares of 35% in CECRT. As a result, CECRT has become a wholly owned subsidiary of the Group.

Finance lease receivables (non-current and current) relate to the Group's investment in biomass co-generation power plant at Gardens by the Bay which is accounted for as a finance lease. Total non-current and current finance lease receivables decreased from S\$8.76 million as at 31 October 2020 to S\$7.73 million as at 31 October 2021, mainly attributable to the billing to, and the collections from, the customer.

Inventories decreased by S\$1.13 million, from S\$6.01 million as at 31 October 2020 to S\$4.88 million as at 31 October 2021, mainly due to the disposal of a subsidiary with inventories of S\$1.67 million.

Trade and other receivables decreased by S\$6.89 million, from S\$14.77 million as at 31 October 2020 to S\$7.88 million as at 31 October 2021, mainly due to (i) absence of receivables of a subsidiary of S\$2.64 million (as the subsidiary has been disposed), (ii) absence of receivables from a subsidiary of S\$1.12 million (previously held by the Group as a Jointly Controlled Entity where the amount due from this Jointly Controlled Entity was not eliminated from the Group), (iii) lower revenue recorded during the year.

Other non-financial assets relate to prepayments and deposit payment. Other non-financial assets (non-current and current) decreased by S\$1.15 million, from S\$2.47 million as at 31 October 2020 to S\$1.32 million as at 31 October 2021, due to the (i) utilisation of deposits placed for the purchase of factory in Sabah (which was completed on 2 December 2020) (ii) utilisation of legal fees prepaid in prior years and (iii) impairment of prepaid expenses as the subsidiaries are inactive.

Cash and cash equivalents decreased by S\$4.87 million, from S\$6.77 million as at 31 October 2020 to S\$1.90 million as at 31 October 2021. Please refer to "Statement of Cash Flow" section below for explanations on the increase in cash and cash equivalents of the Group.

Loans and borrowings (non-current and current) decreased by S\$3.50 million, from S\$15.05 million as at 31 October 2020 to S\$11.55 million as at 31 October 2021, mainly due to (i) repayment of loans and borrowings of S\$5.68 million in YTD FY2021 and (ii) the effects of movements in foreign exchange of S\$0.16 million partially offset by the additional loans and borrowings of S\$2.34 million for the acquisition of the factory located at Sabah.

Financial liabilities - lease liabilities (non-current and current) decreased by S\$1.20 million, from S\$3.50 million as at 31 October 2020 to S\$2.30 million as at 31 October 2021 due to repayment of S\$1.76 million, partially offset by new liabilities of S\$0.56 million.

Trade and other payables decreased by S\$3.32 million, from S\$11.90 million as at 31 October 2020 to S\$8.58 million as at 31 October 2021, mainly due to disposal of subsidiary in April 2021 and repayment to suppliers during the year.

Deferred tax liabilities decreased by S\$0.83 million, from S\$1.82 million as at 31 October 2020 to S\$0.99 million as at 31 October 2021, mainly due to (i) a reduction in temporary difference between accounting and tax treatment of assets and (ii) disposal of a subsidiary with deferred tax liabilities of S\$0.34 million.

Deferred income (current and non-current) decreased by S\$0.08 million to NIL as at 31 October 2021, mainly due to recognition of government grant received in FY2020.

The Group's working capital decreased by S\$8.74 million from S\$8.67 million as at 31 October 2020 to a negative working capital of S\$76,000 as at 31 October 2021.

# FINANCIAL AND OPERATIONS REVIEW

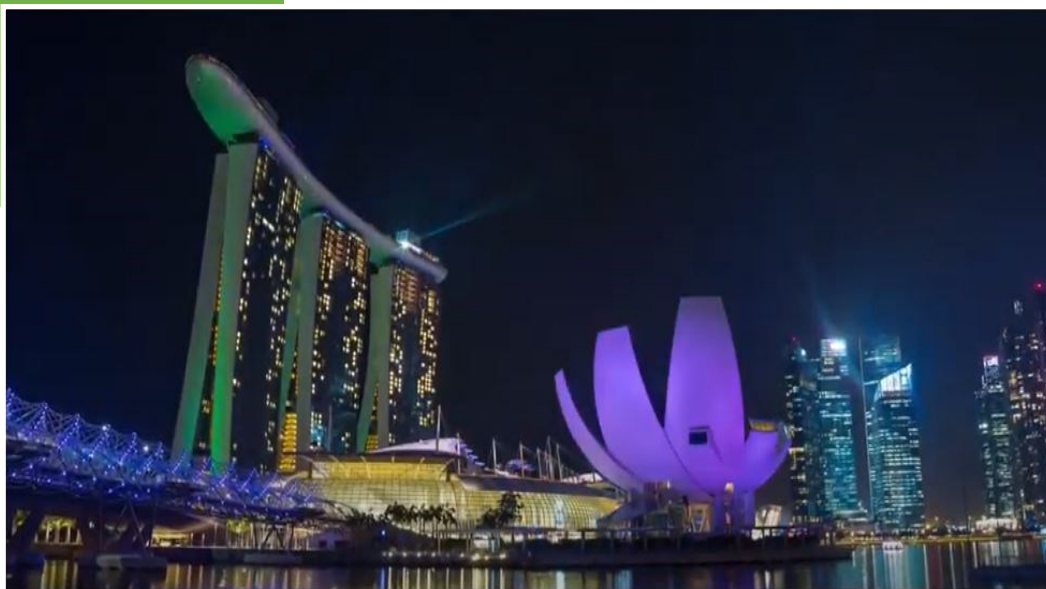
## Statement of Cash Flow

Net cash flows from operating activities for FY2021 was S\$2.12 million, mainly attributable to (i) negative operating cash flows before changes in working capital of S\$2.58 million, (ii) decrease in trade and other receivables of S\$5.38 million, (iii) decrease in finance lease receivables of S\$1.04 million, (iv) decrease in finance lease income received of S\$0.90 million, and (v) decrease in other assets of S\$1.04 million, partially offset by (i) decrease in trade and other payables by S\$2.98 million and (ii) income tax paid of S\$0.52 million.

Cash flows generated from investing activities of S\$1.86 million for FY2021 comprised (i) proceed from the disposal of property, plant and equipment of S\$2.07 million and (ii) proceed from disposal of a subsidiary of S\$1.65 million partially offset by the purchase of new property, plant and equipment of S\$1.88 million.

Cash flows used in financing activities of S\$5.49 million for FY2021 comprised mainly (i) repayments of loans and borrowings of S\$4.35 million, (ii) repayment of lease liabilities of S\$1.71 million, (iii) interest expenses paid of S\$0.77 million (iv) consideration paid to acquire a subsidiary of \$0.41 million and (v) share buy-back of S\$0.20 million, partially offset by the decrease in the restricted cash placed with banks of S\$1.95

As a result of the above, the Group's cash and cash equivalents decreased by S\$1.51 million in FY2021. The cash and cash equivalents as at 31 October 2021 amounted to S\$1.90 million.



## BUSINESS OVERVIEW



The onset of COVID-19 pandemic has brought great disruptions and the way we live our lives and how businesses operate, which has necessitated a review of the Group's core businesses, to ensure that the various business segments will remain stable and can continue to bring about continued cash flow to the Group in times of need and uncertainty. As such, there is a need to focus on investing/generating assets which will at least preserve value, if not to appreciate over time. A stable cashflow, it will enable the Group to seize any investment/acquisition opportunities as and when it occurs.

While the Group's core businesses continue, there is a need to consider the possibility of disruptions to our supply chain activities. Hence, the Group is also considering consolidating a centralised procurement office to increase the efficiency of its business activities as well as cost savings brought about by economies of scale.

Lastly, the Group will continue to focus on research and development activities to remain relevant and to stay ahead of the competition.

# BUSINESS OVERVIEW

## Renewable Energy Segment

### Singapore

With a robust and resilient business model, the two biomass power plants – ecoWise Marina Power at Gardens By The Bay (“EMP”) and Co-Generation Biomass Power Plant at Sungei Kadut (“SK”) continues to contribute significantly to the Group’s revenue in Singapore. Concurrently, ecoWise is reviewing and optimising the operational efficiency and effectiveness on two fronts:

- In maximising the profitability of the operations at EMP and to maintain the level of support provided, critical components of the plant at EMP are being upgraded and major equipment are being renewed to enhance cost savings in the long run.
- Major upgrading works are also underway at SK to increase the overall efficiency and production capacity through the retrofitting of automation parts which will result in less downtime for scheduled maintenance.

Despite facing strong headwinds in this segment, ecoWise continues to remain as one of the most established biomass power plant designer, constructor and operator in Singapore with extensive know-how in this specific subject matter as evidenced by our operational stability over the years and the large network of stakeholders, business partners who have expressed continued interest in working with us in one way or another.

## Resource Recovery Segment

### Singapore

In line with the nation’s call towards a Zero Waste Nation, ecoWise has been working tirelessly to achieve a truly circular economy that embodies the vision of ecoWise – playing our part in corporate social responsibility and creating value for our shareholders at the same time.

In addition to being a primer in the provision of resource recovery methods, ecoWise is constantly sourcing for and evaluating opportunities in the resource recovery market within Singapore, placing emphasis on higher value-added businesses and phasing out less profitable operations. As the main contributor to the Group’s revenue for the Singapore business segment, our research and development team are working hard to identify gaps and opportunities in the recycling process that will enable us to work towards our goal of becoming a truly circular economy. We are also in close contact and collaboration with renowned research institutions to explore ways to maximise the value within the various waste materials which are commercially viable and feasible in the long run; such is the ethos and guiding principle in which ecoWise adopt towards the resource recovery segment.

As the resource recovery industry gains more traction, including new entrants to the industry, ecoWise will continue to remain focus and committed in providing quality products and services that aims to not only create value for both our customers and shareholders, but also benefit the society.



## BUSINESS OVERVIEW



### Malaysia

SRR Group remain as one of Malaysia's largest rubber compound and retread tyre manufacturer. It continues to produce and market high quality products such as general rubber and high value rubber compounds, high quality retreaded and new tyres.

The launching of Sunrich Tyres in year 2019 (which is the Company's in-house brand of new tyres that is specially designed and developed to be suitable for the local climate) has been widely accepted and the SRR Group plans to increase the capacity in the near future to cater for the high demand.

Through its subsidiary, the Company supplies its green retread (environmental friendly) tyres known as "Ekoprena Tyre", via its Tyre Management services to the local Mass Rapid Transit feeder buses in Malaysia. The Ekoprena Tyres consist of a specially developed epoxidised natural rubber compound that is developed in collaboration with the Malaysia Rubber Board (a local government authority). This reinforces the SRR Group's role in conserving the environment as one of the major benefits of using Ekoprena Tyres is to reduce carbon print.

SRR Group also exports rubber compound overseas and has plans to further increase the output line of its high value specialty rubber compounds in order to facilitate the high demands of the various rubber moulding industries.

Another carbon footprint reduction initiative identified in waste tyre management was in the recovery of carbon black, a material used abundantly in the fabrication of rubber compounds for many downstream applications. The production of recovered carbon black from end-of-life tyres presents an opportunity to reduce our reliance on virgin carbon black produced from fossil-based petroleum product such as coal tar, the initiative will at the same time introduce a regenerative cradle-to-cradle production platform increasing our business viability and sustainability.

# CORPORATE SOCIAL RESPONSIBILITY








## Sustainability and Corporate Social Responsibility Statement

We view sustainability and corporate social responsibility as integral parts of our business. At ecoWise, we believe in building sustainable businesses that deliver long-term shareholders' value and growth. We believe that a truly sustainable business not only creates economic value, but performs so in a way that benefits its stakeholders.

As a resource recovery, renewable energy and integrated environmental management solutions provider, we have embedded environmental, social and governance considerations in our business decisions and processes.

We believe that taking these considerations into our business decisions and processes, helps us understand our risks and responsibilities in a holistic manner to be sustainable and profitable organisation committed to improving the environment and well-being of the communities that we serve.

The Group has also been promoting, developing and pursuing businesses that are sustainable, together with our environmental friendly and conscious partners in Singapore and Malaysia.

Our Achievements	
	Hosting over <b>20</b> visitors to the biomass power plants in Singapore and tyre retreading facilities in Malaysia in 2021
	35,240 tons of tree and wood waste was recovered in 2021
	Creating an environment that enables employees work to their full potential irrespective of ethnicity, gender, nationality and age
	Reducing carbon footprint by arranging free minibus services for employees to commute to and from offices
	26,268 tons of food waste was recovered in 2021
	62,267 tons of carbon dioxide was reduced by the Group's green industrial processes in 2021
	61,508 tons of solid waste was converted into repurposed eco products in 2021

## CORPORATE SOCIAL RESPONSIBILITY

In the three key business segments, the Group contributes to the conservation of resources and reduction of carbon dioxide emission via the following areas:



Developing aquaculture feeds that is derived from multiple waste material sources



Reducing the consumption of new tyres by providing quality retreaded tyres and Total Tyre Management services to the logistics and transport industries



Recovering food wastes from food and beverages manufacturers such as wet spent grain and soya bean waste into useful ingredients for animal feeds

## CORPORATE SOCIAL RESPONSIBILITY



Recycling wood waste generated by industries as biomass fuel for producing “green” renewable energy



Recovering horticultural wastes as organic fertilizer



Focusing on biomass power plant development:

- Co-generation Biomass Power Plant at Sungei Kadut, Singapore
- ecoWise Marina Power at Gardens by the Bay, Singapore



Hosting power plant visits by educational institutions, business partners and worldwide government bodies to showcase the environmentally sustainable concepts adopted in the tri-generation power plant at Gardens by the Bay, Singapore and tyre retreading facilities in Malaysia.

## Looking Ahead



Our Group will continue to place the utmost importance on the development and improvement of corporate governance to ensure managerial transparency and efficiency, building trust with our shareholders and other stakeholders as well as contributing to society. In 2022, we will strive to identify gaps and opportunities that will enable us to work towards our goal of becoming a truly circular economy.



# BOARD OF DIRECTORS



## LEE THIAM SENG

*Chief Executive Officer & Executive Chairman*

*Date of first appointment as a director of the Company ("Director"):*  
12 November 2002

*Date of last re-election as a Director:*  
27 February 2021

*Length of service as a Director (as at 31 October 2021):*  
19 years

*Board committee(s) served on:*  
• NIL

*Other principal commitments (other than directorship):*  
• NIL

*Academic & professional qualifications:*  
• Master of Business Administration, National University of Singapore  
• Chartered Financial Consultant, The American College  
• Diploma (Merit) in Electrical Engineering, Singapore Polytechnic

*Present directorships other than ecoWise and subsidiaries:*  
Listed company  
• NIL  
Non-listed company  
• Ecohub Pte Ltd

*Past directorships held over the preceding three years:*  
• Asia Cleantech Hub Pte. Ltd.  
• Swee Chioh Fishery Pte. Ltd.



## THAM CHEE SOON

*Non-Executive Lead Independent Director*

*Date of first appointment as a Director:*  
3 September 2021

*Date of last re-election as a Director:*  
N.A.

*Length of service as a Director (as at 31 October 2021):*  
2 months

*Board committee(s) served on:*  
• Audit Committee (Chairman)  
• Nominating Committee (Member)

*Other principal commitments (other than directorship):*  
• See below

*Academic & professional qualifications:*  
• Bachelor of Accountancy, NUS  
• FCPA (Singapore)  
• US CPA (AICPA)  
• CPA Australia  
• CFA Charterholder  
• Licensed Insolvency Practitioner

*Present directorships other than ecoWise:*  
Listed company  
• Nil

Non-listed company  
• iCFO Advisors Pte. Ltd., Director/Shareholder  
• Temenggong Artists-in-Residence Ltd, Director  
• The Teng Company Ltd, Director  
• Bone Marrow Donor Programme, Board member  
• Dover Park Hospice, Audit Committee member

*Past directorships held over the preceding three years:*  
• Fragrance Group Limited  
• Hwa Hong Corporation Limited

# BOARD OF DIRECTORS



## MR LO KIM SENG

*Non-Executive Independent Director*

*Date of first appointment as a Director:*  
3 September 2021

*Date of last re-election as a Director:*  
N.A.

*Length of service as a Director (as at 31 October 2021):*  
2 months

*Board committee(s) served on:*

- Audit Committee (Member)
- Remuneration Committee (Chairman)
- Nominating Committee (Member)

*Other principal commitments (other than directorship):*  
• See below

*Academic & professional qualifications:*

- Advocate and Solicitor, Singapore
- Solicitor (non-practising) of New South Wales, Australia
- Solicitor (non-practising) of England and Wales

*Present directorships other than ecoWise:*

Listed company

- No Signboard Holdings Limited
- CFM Holdings Limited

Non-listed company

- AGE Intertrade Singapore Pte. Ltd.
- Vidor Services Pte. Ltd.
- Bayfront Law LLC
- Fragrance Group Limited (delisted on 08 October 2021)

*Past directorships held over the preceding three years:*

- Morgan Lewis Stamford LLC
- Bruxelles Investments Pte Ltd
- SGA Kaltim Pte Ltd



## MR TAN POH CHYE ALLAN

*Non-Executive Independent Director*

*Date of first appointment as a Director:*  
14 April 2022

*Date of last re-election as a Director:*  
N.A.

*Length of service as a Director (as at 31 October 2021):*  
N.A.

*Board committee(s) served on:*

- Remuneration Committee (Member)
- Nominating Committee (Chairman)

*Other principal commitments (other than directorship):*  
• See below

*Academic & professional qualifications:*

- LLB, Hon, University of Buckingham
- Bar Finals Examination, Gray's Inn
- MA, Comparative Business Law, London-Guildhall University (now London Metropolitan University)
- Barrister-at-law, England and Wales
- Advocate and Solicitor, Singapore

*Present directorships other than ecoWise:*

Listed company

- CNMC Goldmine Holdings Limited
- Nico Steel Holdings Limited
- Vibropower Corporation Limited

Non-listed company

- Altum Law Corporation

*Past directorships held over the preceding three years:*

- Colin Ng & Partners
- Virtus Law LLP
- Allan Tan Law Practice
- Novita Healthcare Limited (listed on ASX)
- Affinity Energy and Health Limited (listed on the ASX)
- Prima Ops Pte Ltd

# BOARD OF DIRECTORS



## DR DANNY OH BENG TECK

*Non-Executive Independent Director*

*Date of first appointment as a Director:*

14 April 2022

*Date of last re-election as a Director:*

N.A.

*Length of service as a Director (as at 31 October 2021):*

N.A.

*Board committee(s) served on:*

- Audit Committee (Member)
- Remuneration Committee (Member)
- Nominating Committee (Member)

*Other principal commitments (other than directorship):*

- See below

*Academic & professional qualifications:*

- PhD (Business Management), University of South Australia
- MSc (Construction Management), Dundee University, Scotland
- BSc (Geology), Beloit College, USA

*Present directorships other than ecoWise:*

Listed company

- Imperium Crown Limited

Non-listed company

- Cambrian Engineering Corporation Pte Ltd
- Cambrian Academy Pte Ltd
- Cables & Utilities Detection Services Pte Ltd
- D.O. Recruitment Agency Pte Ltd

*Past directorships held over the preceding three years:*

- China Powerplus Limited
- NM Backer Corporation Pte Ltd



## MR GAN FONG JEK

*Non-Executive Independent Director*

*Date of first appointment as a Director:*

14 April 2022

*Date of last re-election as a Director:*

N.A.

*Length of service as a Director (as at 31 October 2021):*

N.A.

*Board committee(s) served on:*

- Audit Committee (Member)
- Remuneration Committee (Member)

*Other principal commitments (other than directorship):*

- See below

*Academic & professional qualifications:*

- MSID, Member of Singapore Institute of Directors
- Fellow Chartered Accountant, Institute of Singapore Chartered Accountant
- EMBA, INSEAD
- EMBA, Tsinghua University
- Master of Business, Nanyang Business School
- Bachelor of Accountancy (Honours), Nanyang Technological University

*Present directorships other than ecoWise:*

Listed company

Nil

Non-listed company

- Jubilee Capital Management Pte Ltd
- Jubilee Technology Fund Pte Ltd
- Jubilee Technology Fund SPC
- Optimatic Pte Ltd
- Millennia Ventures Pte Ltd
- Idea Cable Holdings Pte Ltd
- Isatrade (Asia) Pte Ltd
- Jubilee Capital Partners Limited
- Bideford Global Holdings Limited
- Latitude Technologies Ltd
- Decentralized Cyberspace Foundation Limited
- Care Corner Senior Services Ltd (Non-Profit)
- Care Connexions Ltd (Non-Profit)

*Past directorships held over the preceding three years:*

- Alpha Supply Chain Group Pte Ltd
- Care Corner Singapore Ltd (Non-Profit)
- Tiger Capital Private Limited

## MANAGEMENT



### **LEE THIAM SENG**

Chief Executive Officer

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Mr Lee joined the Board in November 2002 and was appointed as Executive Chairman in April 2004 and Chief Executive Officer in March 2007.

Mr Lee has more than 25 years of experience in the fields of waste management and environmental engineering solutions in the region. Mr Lee has been with the Group for more than 18 years and has extensive knowledge and experience in the industries in which the Group operates.

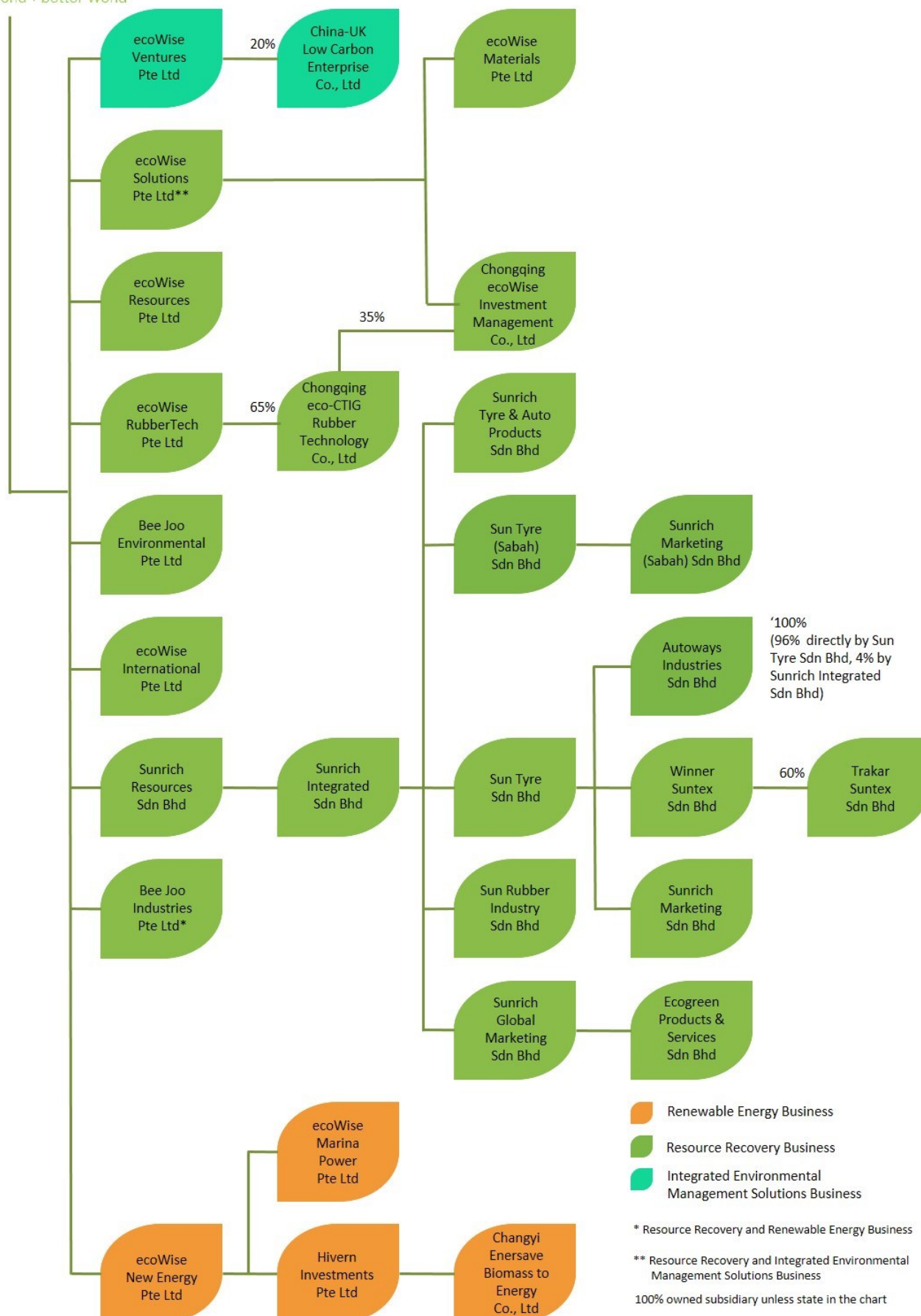
Mr Lee is responsible for setting strategic directions, formulating corporate strategies and overall management of the Group's businesses in the resource recovery, use of sustainable resources and renewable energy segments. He has been instrumental in the growth and diversification of the Group's business over the years, which has evolved from waste management in biomass energy generation and environmental engineering.

# SUBSIDIARIES MANAGEMENT

SINGAPORE	MALAYSIA
<p><b>MS LYNN LIN JIA YI</b> Head of Purchasing</p> <p><b>MS KHOO LAY FEN</b> Head of Accounts</p> <p><b>MS CHRISTINE CHEONG</b> Head of Human Resource</p> <p><b>MR RAJENDRAN AJAY PRABHAKARAN</b> Assistant Senior Manager Operations/Project</p>	<p><b>MR STEVEN GAN SENG POE</b> Sunrich Integrated Sdn Bhd Director cum Executive Officer</p> <p><b>MR LAI JIH SHEN</b> Sun Tyre (Sabah) Sdn Bhd General Manager</p> <p><b>MR LIM PENG KIAT</b> Sun Rubber Industry Sdn Bhd Head of R&amp;D</p> <p><b>MR CHEW TONY</b> Sunrich Integrated Sdn Bhd Head of QA&amp;QC</p> <p><b>MR TAM SIEW WAN</b> Sun Rubber Industry Sdn Bhd Head of Production</p> <p><b>MR RAYMOND WONG</b> Head of Sun Tyre Sdn Bhd</p> <p><b>MR CHU WUI NAM</b> Sun Rubber Industry Sdn Bhd Head of Sales</p>



# CORPORATE STRUCTURE



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTOR

Mr. Lee Thiam Seng (Chairman and CEO)  
Cao Shixuan (Executive Director; appointed on 17 November 2017 and resigned on 13 April 2022)

### INDEPENDENT DIRECTORS

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

### AUDIT COMMITTEE

Mr. Tham Chee Soon (Chairman)  
Mr. Lo Kim Seng  
Dr. Danny Oh Beng Teck  
Mr. Gan Fong Jek

### NOMINATING COMMITTEE

Mr. Tan Poh Chye Allan (Chairman)  
Mr. Tham Chee Soon  
Mr. Lo Kim Seng  
Dr. Danny Oh Beng Teck

### REMUNERATION COMMITTEE

Mr. Lo Kim Seng (Chairman)  
Dr. Danny Oh Beng Teck  
Mr. Gan Fong Jek  
Mr. Tan Poh Chye Allan

### COMPANY SECRETARY

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

## INDEPENDENT AUDITOR

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

## CONTINUING SPONSOR

W Capital Markets Pte. Ltd.  
65 Chulia Street,  
#43-01 OCBC Centre  
Singapore 049513

## SHARE REGISTRAR

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

## PRINCIPAL BANKERS

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

## REGISTER OFFICE/CONTACT DETAILS

Co. Registration No.: 200209835C

1 Commonwealth Lane,  
1 Commonwealth #07-28,  
Singapore 149544  
Tel: 65 6250 0001  
Fax: 65 6250 0003  
Website: [www.ecowise.com.sg](http://www.ecowise.com.sg)  
Email: [enquiries@ecowise.com.sg](mailto:enquiries@ecowise.com.sg)

# CORPORATE GOVERNANCE

The Board of Directors (“Board” or “Directors”) of ecoWise Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) recognises the importance of sound corporate governance in protecting the interests of shareholders and ensuring that investors can have confidence in the management and financial reporting of the Group. The Board is committed to high standards of corporate governance within the Group.

The Group adopts corporate governance practices which are in line with the recommendations of the Code of Corporate Governance 2018 (the “Code”) issued on 6 August 2018. This report describes the Group’s corporate governance practices that were in place throughout the financial year ended 31 October 2021 (“FY2021”), with specific reference made to the principles and provisions of the Code, which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”).

These principles of the Code set out broadly accepted characteristics of good corporate governance. Companies are required to describe their corporate governance practices with reference to both the principles and provisions, and how the company’s practices conform to the principles.

The provisions of the Code underpin the principles, and are designed to support compliance with the principles. The provisions are drafted in a simple and direct manner, and describe the ground rules of good corporate governance. Companies are expected to comply with the provisions, and variations from provisions are acceptable to the extent that companies explicitly disclose and explain how their practices are otherwise consistent with the aim and philosophy of the principle in question. The explanations should be comprehensive and meaningful.

The emphasis is for companies to provide thoughtful and meaningful explanations about their practices to enable shareholders and investors to understand their corporate governance practices. Frank and informed dialogue between companies and their shareholders is also a central tenet of good corporate governance. This encourages better stewardship of companies by directors, and better engagement with shareholders and investors.

## Statement of Compliance

For FY2021, the Board confirms that the Group has generally complied with the principles and provisions of the Code, save as otherwise explained in this report. The Company has also complied with certain guidelines of the Code of Corporate Governance 2012 which are still in effect. The Board continues to assess the needs of the Company, and will implement appropriate practices accordingly.

This report should be read as a whole to understand the impact certain disclosures in one section may have on the other sections.

## BOARD MATTERS

### The Board’s Conduct of Its Affairs

***Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

#### Provision 1.1

#### ***Principal Duties of the Board***

The primary functions of the Board are to lead and provide direction for the Group, act objectively in the best interests of the Company, hold key management personnel - which comprise both executive officers and non-executive officers (as defined in the Catalist Rules) (collectively referred to as “Management” where the context allows) - accountable for their performance, and enhance the value of the shareholders of the Company (“Shareholders”) in the long-term.

Apart from statutory and fiduciary responsibilities, each Director understands the Group’s businesses in addition to his or her specific role as executive, or non-executive and independent, director.

The Board sets the tone for the Group in respect of conduct and ethics, values and desired organisational culture, and also ensures proper accountability within the Group.

# CORPORATE GOVERNANCE

The primary role of the Board includes the following:

- setting the strategic directions and long-term goals of the Group, and ensuring that adequate resources are available to meet these objectives;
- reviewing and approving corporate plans, annual budgets, investment and divestment proposals, major funding proposals and financial plans of the Group;
- monitoring management performance in achieving organisational goals;
- reviewing and evaluating the adequacy and integrity of the Group's internal controls, risk management and financial reporting systems;
- ensuring the Group's compliance with laws, regulations, policies and guidelines;
- reviewing and approving interested person transactions and significant transactions that require announcements under the Catalist Rules;
- ensuring accurate and timely reporting in communication with Shareholders;
- determining the Group's values and standards including ethical standards;
- considering sustainability issues including environmental and social factors in the formulation of the Group's sustainability strategies;
- identifying key stakeholders groups and recognizing that their perception of the Company affects its reputation;
- ensuring that the Group meets good corporate governance standards; and
- exercising due diligence and independent judgement and acting in good faith and considering at all times the interests of the Company. In this regard, if any Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare and provide details of his/her interests and conflict at the Board meeting, and recuse himself/herself from any discussions on the matter and abstain from participating in any Board decisions.

All Directors are also required to update the Board on a timely basis, through the Company Secretary, of interests in new companies that were not previously disclosed to the Board. Additionally, at the start of each financial year, all Directors must submit a letter to the Company Secretary of all their interest in other companies to be read and acknowledged by the Board as a whole.

## Provision 1.2

### ***Appointment Letter***

Upon the appointment of a new Director, the Company will provide a formal letter of appointment to the Director explaining, among other matters, his/her role, obligations, duties and responsibilities, and membership of any of the Audit, Nominee and Remuneration Committees.

### ***Board Orientation and Training***

The Company recognises the importance of appropriate training for the Directors. All newly appointed Directors are given an orientation on the Group's business strategies and operations, as well as information about the Company's history, missions and values. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company, organized by the Singapore Institute of Directors as required under Rule 406(3)(a) of the Catalist Rules.

All Directors are encouraged to undergo continuous training to broaden their perspectives and keep abreast with new statutory and regulatory requirements. Training is provided to Directors through a mix of in-house and external training programmes. In keeping with the Board's open policy for occasional training for all the Directors, a training budget has been set aside for Directors to select and attend external training to develop their skills, knowledge and keep updated on statutory and regulatory changes.

# CORPORATE GOVERNANCE

The following Directors were appointed in FY2021:

- Lo Kim Seng (Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee, appointed on 3 September 2021)
- Tham Chee Soon (Lead Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee, appointed on 3 September 2021)

The following Directors were appointed in FY2022:

- Danny Oh Beng Teck (Independent Non-Executive Director, member of the Audit Committee, the Nominating Committee and the Remuneration Committee, appointed on 14 April 2022)
- Gan Fong Jek (Independent Non-Executive Director, member of the Audit Committee and the Remuneration Committee, appointed on 14 April 2022)
- Tan Poh Chye Allan (Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Remuneration Committee, appointed on 14 April 2022)

Save for Mr Gan Fong Jek, all new Directors appointed in FY2022 have prior experience as a director of companies listed on the SGX-ST. Mr Gan Fong Jek has completed the training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST.

The following Directors resigned in FY2021:

- Hew Koon Chan (Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee, resigned on 4 May 2021)
- Tan Wei Shyan (Independent Non-Executive Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee, resigned on 7 May 2021)

The following Directors resigned in FY2022:

- Cao ShiXuan (Executive Director and Deputy Chief Executive Officer, resigned on 13 April 2022)
- Er Kwong Wah (Independent Non-Executive Director, Chairman of the Nominating Committee, and a member of the Audit Committee and the Remuneration Committee, resigned on 13 April 2022)

In FY2021, briefings and updates provided to the Directors included but not limited to the following:-

- updates on the developments in financial reporting and governance standards, where relevant, by the external auditors of the Company to the audit committee and the Board; and
- updates on business and material developments pertaining to the Group's business by the Management to the Non-Executive Directors.

For the year under review, the Directors were briefed by the Company Secretary on changes to the Catalist Rules, the Code and Companies Act, and by its external auditor on changes to financial reporting standards. In respect of the newly appointed Directors, Mr Gan Fong Jek completed training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST.

As part of the Company's continuing education for the Directors, the Company Secretary and Management circulate to the Board relevant articles, reports and press releases pertaining to material statutory and regulatory developments and the Group's business to keep Directors updated on current requirements, industry trends and issues. News releases and guidance issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are also circulated to the Board. Directors are also briefed by the external auditor on developments in the Singapore Financial Reporting Standards (International) and the related changes that affect the Group.



# CORPORATE GOVERNANCE

## Provision 1.3

### ***Matters Requiring Board's Approval***

The Group will adopt and formalize the following internal guidelines setting forth matters that require Board's approval. Matters which are specifically reserved for the decision of the Board include:

- entering into contractual obligations, other than in the ordinary course of business;
- undertaking any corporate action, other than in the ordinary course of business;
- approving the policies, strategies and financial objectives and monitoring the performance of Management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointments of persons to positions of Management;
- approving annual budgets, major funding proposals, corporate or financial restructuring, and investments or divestment proposals;
- declaration of interim dividends and proposal of final dividends, and interested person transactions,

(collectively, the "Reserved Matters").

The Management has been instructed by the Board that all Reserved Matters must be referred to the Board for approval. Save for the Reserved Matters which require the Board's decision and approval, Management is responsible for the day-to-day operation and administration of the Group.

## Provision 1.4

### ***Delegation of Authority to Board Committees***

The Board has delegated specific responsibilities to three (3) committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees") to assist the Board in the execution of its responsibilities and duties.

The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance and efficacy. Each Board Committee discharges its function by dealing with issues that are pertinent to their written terms of references, and makes recommendations to the Board, which will take into consideration such recommendations prior to making a decision. Minutes of all Board Committees meetings are circulated to the Board so that all Directors are aware of and kept updated as to the proceedings and matters discussed during such Board Committee meetings. While the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board. The composition of the respective Board Committees, terms of reference and a summary of activities of each Board Committee are set out in this report.

## Provision 1.5

### ***Meetings of Board and Board Committees***

The Board and Board Committees meet on a scheduled basis, at least two (2) meetings each year to approve the Company's half-yearly and full year results announcement, and to oversee the business affairs of the Group. The schedule of all the Board and Board Committees meetings and Annual General Meeting ("AGM") for the next financial year is planned ahead at the beginning of the financial year, in consultation with the Directors. The Board and Board Committees also hold ad-hoc meetings as and when circumstances require. Telephonic attendance at Board meetings is allowed under the Company's Constitution (the "Constitution"). The Board and Board Committees may also make decisions by way of circulating written resolutions.

# CORPORATE GOVERNANCE

The attendance of the Directors at Board and Board Committees meetings held during FY2021 is disclosed as follows:-

	Board	Board Committees		
		Audit	Nominating	Remuneration
<b>No. of meetings held</b>	7	19	3	2
<b>Board Members</b>				
Lee Thiam Seng	7	14 <sup>^</sup>	3 <sup>^</sup>	2 <sup>^</sup>
Cao Shixuan <sup>(4)</sup>	7	14 <sup>^</sup>	3 <sup>^</sup>	2 <sup>^</sup>
Er Kwong Wah <sup>(4)</sup>	7	19	3	2
Hew Koon Chan <sup>(1)</sup>	3	5	3	2
Tan Wei Shyan <sup>(2)</sup>	3	5	3	2
Lo Kim Seng <sup>(3)</sup>	1	14	Nil	Nil
Tham Chee Soon <sup>(3)</sup>	1	14	Nil	Nil
Danny Oh Beng Teck <sup>(5)</sup>	N.A	N.A	N.A	N.A
Gan Fong Jek <sup>(5)</sup>	N.A	N.A	N.A	N.A
Tan Poh Chye Allan <sup>(5)</sup>	N.A	N.A	N.A	N.A

Notes

<sup>^</sup> By invitation

(1) Resigned on 4 May 2021

(2) Resigned on 7 May 2021

(3) Appointed on 3 September 2021

(4) Resigned on 13 April 2022

(5) Appointed on 14 April 2022

## Provision 1.6

### Board's Access to Information

The Management acknowledges the importance of the complete, adequate and timely supply of information. Agenda, board papers and related materials, background or explanatory information relating to matters to be discussed at the half-yearly, full year, and/or ad-hoc Board meeting and Board Committee meetings are distributed to all Directors in advance for Directors to prepare for and facilitate effective discussion during the meetings. Any additional materials or information requested by the Directors are promptly furnished. In matters for which an announcement via SGXNET is required, the rationale and analysis (where applicable) of the Management for entering into the transaction are also furnished to the Board. The Board also has separate and independent access to the Management.

All Directors are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis to enable them to make informed decisions and to discharge their duties and responsibilities.

### Provision of Information to the Board and/or individual Directors

Management's proposals submitted to the Board for approval are accompanied with detailed background and explanatory information such as background facts, resource requirement, projected outcomes, financial impact, risk analysis, specific disclosure requirements under the Catalyst Rules, conclusions and recommendations. Any material variance between the actual results and the budgets will be explained to the Board at the Board meetings.

From time to time, when the Company proposes to enter into a material transaction, a presentation will be made by the relevant Management personnel to the Board (either via a face-to-face meeting or by circulation of a proposal and/or presentation). The presentation sets out the analyses made by the relevant Management personnel and any specific issues which the Board should be appraised so that the Board may make informed decision in respect of the proposed transaction.

# CORPORATE GOVERNANCE

## Provision 1.7

### ***Board's Access to Company Secretary***

The Company Secretary's responsibilities include, among other things, assisting the Board in ensuring that all relevant procedures set out in the Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act 1967 of Singapore, and the Catalyst Rules are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Board Committees, and between the Management and the Independent Non-Executive Directors, and advising the Board on all corporate governance matters.

The Company Secretary or their representative attends all Board meetings and is responsible for advising on the implementation of the Group's compliance requirements pursuant to relevant statutes and regulations.

All Directors have separate and independent access to advice and services of the Company Secretary.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

### ***Board's Access to Management and Independent Professional Advice***

The Board has, at all times, separate and independent access to the Management and may request for any additional information needed at any time to enable them to make informed decisions.

Management recognises the importance of ensuring the flow of information to Directors on an ongoing basis to enable them to make informed decisions in the discharge of their duties and responsibilities. All Board and Board Committees papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings.

Key management, the Company's auditors and external consultants are invited to attend Board and Board Committees meetings to update and provide independent professional advice on specific issues, if required. The Independent Directors may seek independent professional advice as and when required in furtherance of their duties, and the cost of such advice is borne by the Company.

## **Board Composition and Guidance**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

## Provision 2.1

### ***Board Independence***

The Board adopts as the criteria for determining the independence of the Board the definition set out in the Code and Practice Guidance, and takes into consideration whether any Director falls under any of the circumstances set out in Rule 406(3)(d) of the Catalyst Rules. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial Shareholders or its officers or any other relationship that could interfere, or be reasonably perceived to interfere with the exercise by the Director of his independent business judgment in the best interests of the Group.

The NC assesses and determines the independence of a Director at the time of his appointment and periodically, at the end of each financial year.

For FY2021, the Independent Directors have confirmed that they do not have any relationships, including immediate family relationships with the Company, its related corporations, its substantial Shareholders or its officers and any other relationships that could interfere, or be perceived to interfere, with the exercise of their independent business judgement in the best interest of the Company. They have also confirmed that they do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalyst Rules. The Independent Non-Executive Directors did not own shares of the Company during the period under review, and were not or deemed to be in any situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined the Directors to be independent.

# CORPORATE GOVERNANCE

## ***Duration of Independent Directors' Tenure***

The independence of each Independent Non-Executive Director is assessed at least annually by the NC. Particular scrutiny is applied in assessing the independence of Directors who have served beyond nine (9) years from the date of their first appointment to ensure that their interests remains clearly aligned with shareholders'. As at the date of this report, none of the Independent Non-Executive Directors has served more than nine (9) years from the date of his first appointment.

### Provisions 2.2 and 2.3

## ***Proportion of Independent Non-Executive Directors***

As at the date of the Report, the Board comprises (6) six Directors, comprising five (5) who are Independent Non-Executive Directors and one (1) who is the Chairman and Executive Director of the Company. The Board has satisfied the requirements for (i) independent directors to make up a majority of the Board where the Chairman of the Board is not independent; and (ii) non-executive directors to make up a majority of the Board.

### Provision 2.4

## ***Board Composition and Size***

In FY2021 and as at the date of this report, the compositions of the Board and Board Committees are as follows:

Name of Director	Designation	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Lee Thiam Seng	CEO and Executive Chairman	-	-	-
Cao Shixuan <sup>(4)</sup>	Deputy CEO and Executive Director	-	-	-
Er Kwong Wah <sup>(4)</sup>	Lead Independent Director	Member	Chairman	Member
Hew Koon Chan <sup>(1)</sup>	Independent Non-Executive Director	Chairman	Member	Member
Tan Wei Shyan <sup>(2)</sup>	Independent Non-Executive Director	Member	Member	Chairman
Lo Kim Seng <sup>(3)</sup>	Independent Non-Executive Director	Member	Member	Chairman
Tham Chee Soon <sup>(3)</sup>	Independent Non-Executive Director	Chairman	Member	-
Danny Oh Beng Teck <sup>(5)</sup>	Independent Non-Executive Director	Member	Member	Member
Gan Fong Jek <sup>(5)</sup>	Independent Non-Executive Director	Member	-	Member
Tan Poh Chye Allan <sup>(5)</sup>	Independent Non-Executive Director	-	Chairman	Member

Notes:

(1) Resigned on 4 May 2021

(2) Resigned on 7 May 2021

(3) Appointed on 3 September 2021

(4) Resigned on 13 April 2022

(5) Appointed on 14 April 2022

The Board's composition, size, and balance are reviewed annually by the NC to ensure that the Board has the core competencies for effective functioning and informed decision-making. Board renewal and tenure are considered together and weighed for relevant benefits in the foreseeable circumstances which are appropriate for the size and nature of activities of the Group's businesses.

# CORPORATE GOVERNANCE

As a result of concerns raised by the CEO and Executive Chairman relating to the Company's financial results for the financial period ended 30 April 2021 ("1HFY2021 Results") and certain corporate transactions that had been undertaken, the Company's Shares were suspended from trading on 18 June 2021. In May 2021, prior to the suspension from trading of its Shares, two (2) out of three (3) of the Company's Independent Non-Executive Directors, namely, Mr. Hew Koon Chan and Mr. Tan Wei Shyan, resigned, leaving the Company without a well constituted Board and without a sufficient number of independent directors.

On 25 June 2021, the SGX RegCo issued a notice of compliance ("NOC") to the Company which notice contained a number of directives for the Company to comply with. One of the directives was that the Company appoint two (2) new independent directors based on recommendations from independent and reputable professional associations. Accordingly, Mr Tham Chee Soon and Mr Lo Kim Seng were appointed Independent Non-Executive Directors of the Company pursuant to the NOC.

On 14 April 2022, following an extraordinary general meeting requisitioned by certain Shareholders, Mr Danny Oh Beng Teck, Mr Gan Fong Jek and Mr Tan Poh Chye Allan were appointed Independent Non-Executive Directors by the Shareholders. ***For more information regarding the aforementioned events and issues arising from these events, please refer to the announcements released by the Company on the SGXNET and also to the section on Accountability and Audit.***

The Directors are of the opinion that the current size and composition of the Board is appropriate taking into account the diversity of skillsets and knowledge possessed by the current Board that are helpful to guide and lead the Company to completing the directives under the NOC and to stabilise the Group's operations.

## ***Diversity and Competency of the Board***

The current Board comprises high-calibre individuals who have a wide range of expertise, experience and knowledge in the accounting and legal professions, and business management. The current NC is satisfied that taking into account the issues arising from the disagreements, the directives under the NOC and the nature and scope of the Group's current operations, the current size and the composition of the Board and the Board Committees are appropriate to guide the Company in resolving the issues arising from the disagreement, ensure its compliance with the directives under the NOC and to stabilise the Group's operations.

In view of the above and the strong element of independence on the Board, the NC believes that the Group will benefit from the diverse experience and skillsets possessed by members of the current Board. The biographies of the Directors are set out in "Board of Directors" section this Annual Report.

At the current time, the Company is intent on resolving all issues arising from the disagreement and fulfilling the directives under the NOC while stabilizing the Group's current operations. In respect of having and implementing a board diversity policy, the Company is in the process of formulating one and will endeavour to implement the policy in FY2022. In the meantime, notwithstanding not having implemented a formal board diversity policy, the current Board does, in fact, possess a good mixture of individuals from different personal, professional and industry background, ethnicity, geographical experience and expertise and diversity of thought.

The Board would like to emphasise that it is aware that gender diversity on the Board is one of the recommendations of the Code to provide an appropriate balance of diversity and it values gender and age diversity. However, there is, at the current time, no female member of the Board. In this connection, while the Board will prioritise the appointment of females for any new future director appointments, it takes the view that the right blend of skillsets, industry knowledge, relevant experiences and overall suitability will remain the objective and overriding assessment of the suitability of a candidate.

The Company will announce its board diversity policy once it is finalised for implementation in due course.

## Provision 2.5

### ***Role of Non-Executive Directors***

The Independent Non-Executive Directors participate actively in Board meetings. With their professional expertise and competency in their respective fields of legal, finance, accounting and commercial sectors, the Independent Non-Executive Directors collectively provide constructive advice and guidance and an independence of thought for effective discharge by the Board of its principal functions in respect of the Group's overall strategy, financial statements, business operations, internal controls and risk management, and related matters.



# CORPORATE GOVERNANCE

All Directors have equal responsibility for the performance of the Group, although the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and rigorously examined, taking into account the long-term interests of its stakeholders, comprising Shareholders, employees, customers, suppliers and the communities in which the Group conducts its business.

## ***Meeting of Independent Directors without Management***

The Independent Non-Executive Directors meet, without the presence of Management, as and when necessary to facilitate a more effective system of checks and balances in respect of the authority and powers of Management. During FY2021, the Independent Non-Executive Directors, led by the Lead Independent Director have met and/or communicated on a number of occasions, without the presence of Management, to discuss and propose solutions to issues that have arisen in the course of business of the Group, comply with the directives under the NOC and for the purpose of guiding Management with respect to the Group's current operations. Where appropriate, the Lead Independent Director provides feedback to the Board and/or the Chairman of the Board as appropriate.

## **Chairman and Chief Executive Officer**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

### Provision 3.1

#### ***Separate Role of Chairman and CEO***

Mr Lee Thiam Seng ("Mr Lee") currently assumes the roles of both the Chairman of the Board and the CEO of the Company. Given the scope and nature of business activities of the Group, the Board is of the view that with Mr Lee's extensive knowledge and experience in the waste management, resource recovery and biomass energy business in the region, it is more effective for him to guide the Board in discussions on the issues and challenges faced by the Group in its business operations. In view of the strong element of independence of the Board (as independent directors make up a majority of the Board), while it is not pertinent to separate the functions of the Chairman and the CEO, Mr Tham Chee Soon was appointed Lead Independent Director.

### Provision 3.2

#### ***Responsibilities of Chairman and CEO***

As Chairman of the Board, Mr Lee is responsible for:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the Board agenda and ensuring the information flow and timing are adequate for discussion of all set agenda items, in particular strategic issues;
- setting the tone of Board discussion to promote open and frank debate and effective decision-making;
- ensuring effective communication with Shareholders;
- encouraging constructive relations within the Board, and between the Board and Management;
- facilitating the effective contribution of Non-Executive Directors; and
- continuous pursuit of high standards of corporate governance.

As CEO of the Company, Mr Lee is responsible for the Group's business strategy and operations, the implementation of the Group's corporate plans, policies and executive decision-makings.

# CORPORATE GOVERNANCE

## Provision 3.3

### ***Appointment of Lead Independent Director***

Mr Tham Chee Soon was appointed as Lead Independent Director as recommended by the Code. The Lead Independent Director is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman and/or Management have failed to resolve or are inappropriate.

## **Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

## Provision 4.1

### ***Roles and Duties of the NC***

The Board established the NC with written terms of reference which clearly set out its duties and responsibilities which include, amongst others:

- reviewing the Board structure, size and composition, having regard to the scope, nature and requirements of the Group's business operations, the diversity of skills, experience, gender and core competencies required for effective leadership and decision making on the Board;
- recommending to the Board on matters relating to (i) the board succession plans for the Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (ii) training and professional development programs for the Directors; and (iii) the appointment and re-appointment of the Directors;
- assessing the process and criteria for evaluating the performance of the Board as a whole, the Board Committees, as well as the contribution by each Director to the overall effectiveness of the Board;
- determining on an annual basis the independence of directors; and
- identifying and making recommendations to the Board as to which Directors are to retire by rotation and be put for re-election at each AGM of the Company.

## Provision 4.2

### ***Composition of the NC***

As at the date of this report, the NC comprises four (4) members, all of whom, including the NC Chairman are independent. The Lead Independent Director is a member of the NC. The NC comprises the following members:

- Mr Tan Poh Chye Allan (NC Chairman, appointed on 14 April 2022)
- Dr Danny Oh Beng Teck (Independent Director, appointed on 14 April 2022)
- Mr Lo Kim Seng (Independent Director, appointed on 3 September 2021)
- Mr Tham Chee Soon (Independent Director, appointed on 3 September 2021)

Mr Er Kwong Wah, Mr Hew Koon Chan and Mr Tan Wei Shyan, the former members of the NC resigned as Directors on 13 April 2022, 4 May 2021 and 7 May 2021, respectively.

# CORPORATE GOVERNANCE

## Provision 4.3

### ***Selection, Appointment and Re-appointment of Directors***

The NC reviews the composition of the Board and identifies the skillsets which are required and will enhance the Board's overall effectiveness in the selection process for the appointment of new directors. Potential candidates are identified from various sources such as referrals from existing Board members and/or referrals from external sources, such as the Singapore Institute of Directors. Once suitable candidates have been identified, the NC will conduct an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and the right skills will be considered before the NC makes its recommendations to the Board. The NC recognizes gender diversity requirements in its selection process of any new appointment to the Board and will prioritise female candidates so long as such candidates are determined to possess the right blend of skillsets, industry knowledge, relevant experiences and overall suitability. Furthermore, it is a practice of the NC and the Board to engage independent third party service provider to conduct a review on the candidates' background and experience, especially any record of public reprimand and/or criminal record and to require two (2) testimonials on the candidates' experience and expertise from the senior executives of his/her employers or the directors of the other companies where he/she serves as board member.

### ***Re-election of Directors***

The Constitution of the Company requires all Directors to submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. Regulation 107 of the Constitution provides that one-third of the Board or the number nearest to one-third is to retire by rotation at every AGM. Regulation 117 of the Constitution provides that newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM following any casual appointment by the Board. Rule 720(4) of the Catalist Rules also requires that all Directors submit themselves for re-nomination and re-appointment at least once every three years.

Accordingly, the NC has recommended, and the Board has agreed that at the forthcoming AGM, Mr Lee Thiam Seng and Mr Tan Poh Chye Allan will be retiring pursuant to Regulation 107 of the Constitution. Mr Lee and Mr Tan have offered themselves up for re-election at the forthcoming AGM. Mr Lo Kim Seng and Mr Tham Chee Soon will be retiring pursuant to Regulation 117 of the Constitution and offering themselves up for re-election.

Each member of the NC is required to abstain from voting, approving or making a recommendation on any resolution of the NC in which he/she has an interest in the subject matter under consideration.

In its deliberations on the re-election and re-appointment of existing Directors, the NC takes into consideration the relevant Director's competency, commitment, contribution and performance (including, if applicable, his direct contribution and performance as a director). This assessment includes attendance record, preparedness, level of participation and candour at meetings of the Board and Board Committees, as well as the quality of input and contributions. Please refer to the section entitled "Additional Information on Director Nominated for Re-election - Appendix 7F to the Catalist Rules" of this annual report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr Lim Thiam Seng, Mr Tan Poh Chye Allan, Mr Lo Kim Seng and Mr Tham Chee Soon.

## Provision 4.4

### ***The NC to Determine Directors' Independence***

The NC reviews, annually, the independence declarations made by the Independent Non-Executive Directors based on the criteria of independence provided in the Code and Practice Guidance, Rule 406(3)(d) of the Catalist Rules and any other salient factors. None of the Independent Non-Executive Directors or their immediate family members has any relationship with the Company, its related corporations, its substantial Shareholders or its officers, that may affect their independence. The NC has reviewed and determined that Mr Lo Kim Seng, Mr Tham Chee Soon, Mr Tan Poh Chye Allan, Mr Gan Fong Jek and Dr Danny Oh Beng Teck are independent.

# CORPORATE GOVERNANCE

## ***Appointment of Alternate Directors***

While the Constitution allows for the appointment of alternate directors, the Board will only agree to such appointments in exceptional cases, such as when a Director has a medical emergency. The Board will employ the same criteria for the selection of any alternate Directors as it does when appointing a new Director. The Company does not currently have any alternate director.

## ***Key Information on Directors***

Key information on the Directors, including their academic and professional qualifications, listed company directorships and principal commitments, are set out in “Board of Directors” section of this Annual Report. Information pertaining to the Directors’ interests in shares, options and other convertible securities are set out in the “Directors’ Statement” section of this Annual Report.

## **Board Performance**

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

Provisions 5.1 and 5.2

## ***Assessment of the Board and Board Committees***

The NC is responsible for recommending and implementing a process to assess the effectiveness of the Board and the Board Committees and the contribution made by the Chairman and each Director to the overall effectiveness of the Board.

Assessment checklists are disseminated to each member of the NC and the Chairman at the end of each financial year. The assessment results are discussed and the key areas for improvement and follow-up actions proposed are discussed at the NC meeting. No external facilitator has been used for the assessment process in FY2021.

## ***Objective Performance Criteria for Board Evaluation***

The Board assessment checklist includes factors such as Board structure and size and strong element of independence, the conduct and frequency of meetings held, whether decisions are made after due consideration, corporate strategy and planning, risk management and internal control, recruitment, financial reporting and communication with Shareholders. The assessment also includes measuring and monitoring whether objectives and targets set for the year have been met. The results of evaluation are then presented to the Board.

For the period under review, the current NC noted from previous minutes of NC meetings that an assessment was undertaken in respect of the performance of the Board (as a whole) and each Board Committee based on criteria similar to FY2020.

## ***Evaluation of Individual Directors***

For the period under review, the current NC noted from previous minutes of NC meetings that an assessment was undertaken in respect of the performance of the Chairman and each individual Director based on criteria similar to FY2020.

The NC did not undertake an assessment of the Board, Board Committees and individual Director for FY2021 due to substantial changes in the composition of the Board and Board Committees which render such assessments not meaningful. The current NC will undertake an assessment of the Board, each Board Committee and each individual Director for the financial year ending 31 October 2022, and will disclose the criteria used in the annual report for financial year ending 31 October 2022.

# CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

### Composition of the RC and Key Terms of Reference

#### Provision 6.1

#### ***Roles and Duties of the RC***

The key terms of reference of the RC are:

- recommending to the Board all matters relating to remuneration, including but not limited to recommending a framework of remuneration for Directors' fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind, of the Directors and top five (5) key management personnel;
- reviewing and recommending to the Board the terms of the service agreements for executive Directors;
- determining the appropriateness of the remuneration of Directors;
- considering the disclosure requirements for Directors' and top five (5) key management personnel's remuneration as required by the Code; and
- administering the ecoWise Performance Share Plan ("PSP").

For the period under review and for the immediate future, the RC has, in addition to the usual criteria, reviewed and recommended the remuneration of Directors and key management personnel based on the additional scope of work and time commitment the Directors and key management personnel have to put in to comply with the directives of the NOC as well as to stabilise the Group's operations.

#### Provision 6.2

#### ***Composition of the RC***

As at the date of this report, the RC comprises the following four (4) members, all of whom, including the RC Chairman, are Independent Non-Executive Directors:

- Mr Lo Kim Seng (RC Chairman and Independent Director, appointed on 3 September 2021)
- Dr Danny Oh Beng Teck (Independent Director, appointed on 14 April 2022)
- Mr Gan Fong Jek (Independent director, appointed on 14 April 2022)
- Mr Tan Poh Chye Allan (Independent director, appointed on 14 April 2022)

Mr Er Kwong Wah, Mr Hew Koon Chan and Mr Tan Wei Shyan, the former members of the RC resigned as Directors on 13 April 2022, 4 May 2021 and 7 May 2021, respectively.



# CORPORATE GOVERNANCE

## Provision 6.3

### ***Procedure for Setting Remuneration***

The Group's remuneration policy is to provide compensation packages at market rates with a view to reward, attract, retain and motivate Management and Directors.

In particular, the RC reviews the specific remuneration package for each Executive Director and each key management personnel for fairness. The RC's recommendation is, thereafter, submitted to the Board for its approval and implementation.

The Executive Directors' remuneration packages are based on the terms of the service contracts entered into by them. Independent Non-Executive Directors are normally paid directors' fees at half yearly intervals of an agreed amount, and these fees are subject to Shareholders' approval at the AGM. Independent Non-executive Directors are also eligible for share-based incentive awards.

No Director individually decides or is involved in the determination of his own remuneration. The RC's recommendations are submitted for endorsement and implementation by the Board.

### ***Service Contracts***

The Company's obligations arising in the event of termination of Executive Directors and key management personnel are contained in the respective service contracts. The RC is satisfied that the termination clauses therein are fair and reasonable. It should also be noted that the notice period for Executive Directors and key management personnel is longer than other staff of the Company. The RC, having reviewed all Executive Directors' and key management personnel's service contracts, is of the view that in light of their deep-rooted involvement in the operations of the Company, a longer notice period is warranted to ensure sufficient time to identify a capable successor and to effect a smooth hand-over.

## Provision 6.4

### ***RC's Access to Advice on Remuneration Matters***

The Directors, either individually or as a group, may seek independent professional advice in furtherance of their duties and cost of such service shall be borne by the Company. For FY2021, the RC did not seek any external professional advice on remuneration of the Directors.

# CORPORATE GOVERNANCE

## Level and Mix of Remuneration

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

Provisions 7.1, 7.2 and 7.3

### ***Remuneration of Executive Directors and Key Management Personnel***

The RC ensures the Executive Directors and key management personnel are adequately but not excessively remunerated when compared to the industry and comparable companies.

The compensation of Executive Directors and key management personnel is reviewed annually by the RC to ensure that such compensation is commensurate with their performance and that of the Company, with due regard given to the financial and commercial health and business needs of the Group.

Executive Directors of the Company do not receive directors' fees but are remunerated in accordance with their service contracts. The remuneration for Executive Directors comprises a fixed and variable component. The fixed component takes the form of a fixed monthly salary, while the variable component is linked to the performance of the Group (e.g. net profit after tax of the Group against their key performance indication) and the relevant individual. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance to promote the long-term sustainability of the Group.

Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

### ***Long-term Incentive Scheme***

The RC is responsible for administering the Company's PSP. The Company aspires to foster a greater ownership culture within the Group by aligning the interests of PSP participants with that of Shareholders. Through the PSP, the Group aims to strengthen its competitiveness in attracting key talents and retaining employees, particularly those with requisite knowledge, skills and experience whom the Group believes could contribute to the development and growth of the Group.

The PSP was approved by Shareholders at the extraordinary general meeting held on 23 March 2007 and has been extended at the AGM held on 28 February 2017. The PSP will continue in force at the discretion of the RC, subject to a maximum period of 10 years, i.e. 22 March 2027 ("PSP Term").

A participant's award is determined at the discretion of the RC. Awards are granted based principally on performance, and incorporates performance targets to be achieved at agreed timelines by the Company and the grantees, which are aimed at delivering long-term shareholders' value.

Awards represent the right to receive fully paid shares, their equivalent cash value or a combination thereof, free of charge. Awards will be released to participants when the prescribed performance targets or service conditions have been achieved and within the vesting period.

The maximum number of ordinary shares that may be issued, when aggregated with new shares already issued pursuant to past awards granted, may not exceed fifteen (15%) of the issued share capital of the Company from time to time during the PSP Term.

# CORPORATE GOVERNANCE

## Remuneration of Non-Executive Directors

The Independent Non-Executive Directors receive directors' fees, in accordance with their contributions, taking into account factors such as responsibilities, effort and time spent serving the Board and Board Committees. For FY2021, directors' fees of S\$165,000 (FY2020: \$165,000) was approved at the AGM held on 27 Feb 2021 and S\$111,000 is payable or has been paid. However, due to the further appointment of two new Independent Directors on 3 September 2021, further fees of S\$33,000 for FY2021 has been recommended by the Board for approval of Shareholders at the forthcoming AGM of the Company.

At the forthcoming AGM, the RC has also recommended to the Board, and the Board has included for approval by Shareholders, directors' fees of S\$323,000 for the financial year ending 31 October 2022 to be paid to the Independent Directors monthly in arrears to take into account the additional scope and time commitment expected of each Independent Director arising from issues pertaining to the NOC and the stabilisation of the Group's business operations.

## Contractual Provisions to Reclaim Incentive Components of Remuneration from Executive Directors

The current service agreement entered into with the Executive Director is for a three-year period. This has been approved by the RC and it does not contain contractual provisions permitting the Company to reclaim the incentive components of remuneration except in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. As Directors owe a fiduciary duty to the Company, the RC is of the view that the Company should be able to avail itself of remedies against any Executive Director in the event of a breach of his fiduciary duties.

## Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

### Provision 8.1

The breakdown of the remuneration and fees of each individual Directors (including the CEO who is a Director) in percentage terms for FY2021 is set out below:

Directors	Directors Fees	Base/Fixed Salary	Variable or Performance Related Income/Bonus	Benefits in kind and other allowances	ecoWise PSP <sup>(1)</sup>	Total	Total
	%	%	%	%	%	%	S\$'000
Lee Thiam Seng <sup>(1)</sup>	-	100	-	-	-	100	442
Cao Shixuan <sup>(2)</sup>	-	100	-	-	-	100	389
Er Kwong Wah <sup>(6)</sup>	100	-	-	-	-	100	55
Hew Koon Chan <sup>(3)</sup>	100	-	-	-	-	100	29
Tan Wei Shyan <sup>(4)</sup>	100	-	-	-	-	100	27
Lo Kim Seng <sup>(5)</sup>	100	-	-	-	-	100	15
Tham Chee Soon <sup>(5)</sup>	100	-	-	-	-	100	18
Danny Oh Beng Teck <sup>(7)</sup>	-	-	-	-	-	-	-
Gan Fong Jek <sup>(7)</sup>	-	-	-	-	-	-	-
Tan Poh Chye Allan <sup>(7)</sup>	-	-	-	-	-	-	-

Notes:

(1) Mr Lee Thiam Seng is the Executive Chairman and CEO of the Company.

(2) Mr Cao Shixuan was the Executive Director and Deputy CEO of the Company. He resigned on 13 April 2022

(3) Resigned on 4 May 2021

(4) Resigned on 7 May 2021

(5) Appointed on 3 September 2021

(6) Resigned on 13 April 2022

(7) Appointed on 14 April 2022

# CORPORATE GOVERNANCE

The details of the remuneration of top five (5) key management personnel (based on annual remuneration) of the Group for FY2021 is set out below.

Key Management Personnel	Base/Fixed Salary %	Variable or Performance Related Income/Bonus %	Benefits in kind and other allowances %	ecoWise PSP <sup>(1)</sup> %	Total %
<b>Below \$250,000</b>					
Ivan Lye Kar Choon (Former Group FC and Company Secretary – Resigned on 25 March 2022)	75	15	10	-	100
Lynn Lin Jia Yi	82	12	6	-	100
Carol Zhang Gaopin (Former Senior Manager – Finance and HR – Resigned on 12 January 2022)	74	17	9	-	100
Qiu Liang (Former Assistant Manager – IT/Logistics/Sales/Warehouse – Resigned on 26 March 2022)	81	12	7	-	100
Stevan Gan Seng Poe	73	7	20	-	100

In FY2021, total remuneration paid to the top five (5) key management personnel (based on annual remuneration) in aggregate amounted to approximately S\$629,000.

## **Information on the Link between Remuneration Paid to Executive Directors and Key Management Personnel**

The fixed component of the remuneration paid to Executive Directors is based on the terms of their respective service agreements with the Company. Similarly, the fixed component of the remuneration paid to the top five (5) key management personnel is also based on the terms of their respective employment contracts with the Company. The variable component of the remuneration paid to Executive Directors and Management is linked to the performance of the Group and individual.

### Provision 8.2

#### **Remuneration of Employees Related to Directors or the CEO**

Save for Mr. Lee Thiam Seng who is the Executive Chairman and CEO and a controlling shareholder of the Company, none of the employees in the Group is a substantial shareholder, or is an immediate family member of a Director, the CEO or a substantial shareholder.

### Provision 8.3

#### **Employee Share Schemes**

The PSP is administered by the RC in accordance with the rules contained therein. No share awards were granted under the PSP in FY2021, and no share awards remained outstanding as at 31 October 2021. The details of the PSP is illustrated under Principle 7 - “Long-term Incentive Scheme” of this report.

# CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

#### Provision 9.1

#### ***Structure of Risk Management and Internal Control***

Currently, the AC assumes the responsibility of the risk management function with the assistance of internal and external auditors and the Management. Management is tasked to review, on a regular basis, the Group's business and operations to identify areas of significant risks and implement appropriate measures to control and mitigate these risks. Management is tasked to review all significant risk-management policies and procedures and highlight all significant risks to the Board and the AC. During FY2021, as a result of the significant amount of time that Management needed to spend on addressing the requirements of the NOC issued by the SGX RegCo on 25 June 2021, Management has not completed such reviews. Management plans to undertake such reviews in FY2022. The Board is of the view that the current size of the Group does not warrant a separate risk committee to be formed for the time being.

#### ***Review of Risk Management and Internal Control***

While Management has not completed the above-mentioned reviews, pursuant to the NOC, the Company had commissioned an internal audit by Ernst & Young Advisory Pte. Ltd. ("Messrs. E&Y") on 27 August 2021 on the adequacy and effectiveness of internal controls in relation to the Group's financial reporting, release of announcements, escalation and information flow to the Board, and safeguarding of assets of the Group ("Internal Audit"). On 11 May 2022, the SGX RegCo has further directed Messrs. E&Y to expand the scope of the Internal Audit to include, *inter alia*, (i) the service agreements by Chongqing ecoWise Investment Management Co., Ltd; (ii) disclosures of related party relationships, transactions and balances; (iii) the unconsolidated entities highlighted in the external auditor's independent auditor's reported dated 11 May 2022; (iv) the recoverability of assets in a jointly controlled entity; and (v) potential breaches of the Catalist Rules. As of the date of this report, the Internal Audit is in progress.

Due to the focus by Management on addressing the requirements of the NOC, the regular internal audit activities addressing other financial, operational, compliance and information technology controls, and risk management systems were not performed in FY2021. Such internal audit activities were performed by Wensen Consulting Asia (S) Pte. Ltd. in FY2020 and by NGL Tricor Governance Sdn Bhd in FY2019. Management plans to resume such internal audit activities in FY2022.

#### ***Risk Committee***

Having considered the scale of the Group's operation and current existing risk management and internal control system, the Board is of the view that no separate risk committee is required for the time being.

# CORPORATE GOVERNANCE

## Provision 9.2

### ***Assurance from the CEO, the Deputy CEO and the Group Financial Controller***

The Deputy CEO, Mr Cao Shixuan, resigned on 13 April 2022 while the Group Financial Controller, Mr Ivan Lye, resigned on 23 March 2022. While the external auditors have not highlighted significant deficiencies in internal controls based on the external audit procedures performed, Management has not completed the reviews of significant risks, mitigating measures and internal controls and the Internal Audit by Messrs. EY in progress. Further, the regular internal audit activities addressing other financial, operational, compliance and information technology controls, and risk management systems were not performed in FY2021.

As a result, the AC and the Board were unable to obtain assurance from Management (including the CEO) that they had evaluated the adequacy and effectiveness of the Group's risk management and internal controls and that there had been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process and report financial data during FY2021. To the best of their knowledge and belief, having made such inquiries as they considered necessary for the purpose of appropriately informing themselves, Management (including the CEO) has confirmed to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

In FY2022, the AC and the Board will work together with Management to ensure that Management complete their reviews of significant risks, mitigating measures and internal controls and resume the regular Internal Audit activities addressing financial, operational, compliance and information technology controls, and risk management systems. Once the Internal Audit by Messrs. E&Y is completed, the AC will also discuss with Messrs. E&Y and other relevant professionals to address the findings of the Internal Audit.

## **AUDIT COMMITTEE**

### ***Principle 10: The Board has an Audit Committee which discharges its duties objectively.***

## Provision 10.1

### ***Roles and Duties of the AC***

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Group's financial reporting system, management of financial, operational, compliance and information technology risks, and monitoring of the internal control systems.

The duties of the AC include:

- reviewing the external auditor's audit plans and auditors' findings and ensuring the effectiveness and adequacy of the Group's system of accounting controls;
- reviewing the internal auditor's internal audit plans and report of the Group and follow up actions, to ensure the effectiveness and adequacy of the internal control functions and risk management systems of the Group;
- reviewing the periodic financial statements and results announcement of the Group before submission to the Board for approval and announcement on SGXNet, so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance;
- reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- reviewing the adequacy, effectiveness, independence, scope, results and objectivity of the external auditors and internal auditors;
- reviewing the nature and extent of non-audit services provided by the external auditors;
- reviewing the assistance given by the Group's officers to the internal auditors and external auditors;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;



# CORPORATE GOVERNANCE

- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, and by such amendments made thereto from time to time;
- reviewing interested person transactions in accordance with the requirements of the Catalist Rules;
- reviewing the assurance from the CEO, the Deputy CEO, and the Group Financial Controller on the financial records and financial statements; and
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

## **Authority of AC**

The AC has the explicit power to conduct or authorise investigations into any matters within the AC's scope of responsibility, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

## **AC Activities**

The following are the activities carried out by AC during FY2021:-

- reviewing and agreeing the external auditors' scope for the half-year audit & Messrs. E&Y's scope of internal audit, with the concurrence of SGX RegCo;
- reviewing and approving the half-year and annual audit plans of the external auditors;
- undertaking regular update meetings with the external auditors and Messrs. E&Y on the status of their respective audits;
- reviewing the preliminary internal audit findings by Messrs. E&Y;
- reviewing the reports to the AC by the external auditors;
- reviewing half-yearly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- reviewing the annual re-appointment of the external auditors and determining their remuneration, and making recommendations to the Board for approval;
- reviewing and approving the interested/related parties' transactions; and
- meeting with the external auditors and internal auditors without the presence of Management.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings.

## **Whistle-blowing Policy**

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware of and to ensure that:

- independent investigations are carried out in an appropriate and timely manner;
- appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The Group is committed to the high standard of ethical, moral and legal business conduct. In line with this commitment and the Group's commitment to open communication, this policy aims to provide avenue for anyone to raise concerns about misconducts in the Group and at the same time assure them that their identity will be kept confidential, and they will be protected from victimisation for whistle blowing in good faith.

# CORPORATE GOVERNANCE

The AC is responsible for oversight and monitoring of whistleblowing and will report to the Board on such matters at Board meetings. Cases that are significant are reviewed by the AC for adequacy and independence of investigation actions and resolutions. The whistle-blowing policy, its procedures and contact details of the AC have been made available in the Company's website. There was no such incident reported to the AC during FY2021.

## Provisions 10.2 and 10.3

### **Composition of the AC**

As at the date of this report, the AC comprises four (4) Directors, all of whom (including the Chairman) are Independent Non-Executive Directors. The AC comprises the following members:

- Mr Tham Chee Soon (AC Chairman and Lead Independent Director, appointed on 3 September 2021)
- Mr Lo Kim Seng (Independent Director, appointed on 3 September 2021)
- Dr Danny Oh Beng Teck (Independent Director, appointed on 14 April 2022)
- Mr Gan Fong Jek (Independent director, appointed on 14 April 2022)

At least 2 members of the AC have appropriate accounting or related financial management experience or expertise. Mr Tham Chee Soon holds a Bachelor's degree in Accountancy, National University of Singapore, Fellow of Chartered Accountant (Singapore), licensed Insolvency Practitioner, Certified Public Accountant (US and Australia) and CFA Charterholder. Mr Tham is also the founder and Director of iCFO Advisors Pte. Ltd and was an Audit Partner with a Big 4 accounting firm in Singapore until his retirement in June 2018, after 31 years in accounting profession. Mr Gan Fong Jek graduated with a Bachelor of Accountancy from the Nanyang Technological University and is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountant. The Board is of the view that the members of the AC, collectively, are adequately qualified to discharge their responsibilities and they have the relevant financial management expertise or experience. Please refer to the 'Board of Directors' section in the Annual Report for detailed information on the AC members, including their academic and professional qualifications.

Mr Er Kwong Wah, Mr Hew Koon Chan and Mr Tan Wei Shyan, the former members of the AC resigned as Directors on 13 April 2022, 4 May 2021 and 7 May 2021, respectively.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation, none of the AC members have financial interest in the Company's existing auditing or auditing corporation.

## Provision 10.4

### **External Auditor Function**

Annually, the AC reviews the independence and objectivity of the external auditors through discussions with the external auditors, as well as reviewing the non-audit services provided and the fees paid to them. The AC will review all non-audit services provided by the external auditors, to ensure that the non-audit services provided by the external auditors would not affect the independence and objectivity of the external auditors.

RSM Chio Lim LLP ("RSM") was re-appointed as the external auditors of the Company at the AGM held on 27 February 2021 until the conclusion of the forthcoming AGM. Following is a breakdown of fees paid to RSM for FY2021:-

Audit fees: S\$509,000 (FY2020: S\$202,000)  
 Non-audit fees: S\$27,000 (FY2020: NIL)  
 Total: S\$536,000 (FY2020: S\$202,000)

# CORPORATE GOVERNANCE

In reviewing the nomination of RSM for re-appointment for the financial year ending 31 October 2022, the AC has considered the performance, adequacy of resources and experience of RSM. Consideration was also given to the experience of the audit engagement partners and audit team assigned to the Group's audit, as well as the size and complexity of the Group. Accordingly, the AC and the Board are satisfied with the standard and quality of work performed by RSM and have recommended the nomination of RSM for reappointment as external auditors of the Company for the ensuing year be tabled for Shareholders' approval at the forthcoming AGM.

For FY2021, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies of the Group, other than those of the Company.

## ***Appointment of Internal Auditors***

The internal auditors' primary line of reporting is to the AC Chairman. The AC approves the engagement, removal, evaluation and compensation of the internal auditors. The internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, amongst others, ensure that (i) the internal audit function is adequately resourced and has appropriate standing within the Group; (ii) the majority of the identified risks are audited by cycle; (iii) the recommendations of the internal auditors are properly implemented; and (iv) the effectiveness and independence of the internal auditors.

## ***Adequately Resourced Internal Audit Function***

The regular internal audit activities addressing financial, operational, compliance and information technology controls, and risk management systems have been outsourced to external service providers. Such internal audit activities were performed by Wensen Consulting Asia (S) Pte. Ltd. in FY2020 and by NGL Tricor Governance Sdn Bhd in FY2019. No such internal audit was performed in FY2021. Management plans to resume such internal audit activities in FY2022.

## ***Qualified Internal Auditors***

For FY2022, the AC will ensure that the external service provider selected to perform the regular internal audit activities is independent, effective and adequately resourced, and staffed by suitably qualified and experienced professionals with the relevant experience.

## ***Standards for Internal Audit***

For FY2022, the AC will confirm with the external service provider selected to perform the regular internal audit activities that they will conduct their work in accordance with the International Professional Practices Framework for Internal Auditing set by The Institute of Internal Auditors.

## ***Internal Audit Function Reviewed by AC***

On an annual basis, the AC reviews the internal audit program of the Group so as to align it to the evolving needs and risk profile of the Group's activities.

The Group engages external independent audit firms to perform the internal audit function and they report directly to the AC which assists the Board in monitoring and managing risks and internal controls of the Group. The internal audit function primarily focus on whether the current system of internal control provides reasonable assurance on:

- compliance with applicable laws, regulations, policy and procedures;
- reliability and integrity of information; and
- safeguarding of assets.

# CORPORATE GOVERNANCE

## Provision 10.5

### ***Meeting with External and Internal Auditors without Management***

The AC has met with the external auditors and the internal auditors without the presence of Management, at least once during FY2021.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Shareholder Rights and Conduct of General Meetings**

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

## Provision 11.1

### ***Shareholders Participation at General Meetings***

Shareholders are informed of shareholders' meetings through notice contained in the Company's annual report or circulars sent to all Shareholders. These notices are also published in Business Times and posted onto the SGXNet within the mandatory period. For FY2021, due the COVID-19 outbreak, the Company's AGM will be held by way of electronic means, through "live webcast" and "audio-only means". The notice of AGM was not published on the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's website. The Company also published a letter to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the AGM to be held on 30 May 2022. Shareholders may submit questions in relation to any resolution set out in the notice of AGM to the Company in advance of the AGM. The Company will provide responses to substantial queries and relevant comments from Shareholders prior to the AGM within the stipulated times set out in the notice of AGM. Minutes of the AGM will subsequently be published on the SGXNet and the Company's website together within one calendar month of the AGM.

Proxy forms are sent with notice of general meeting to all Shareholders. A Shareholder may appoint up to two (2) proxies to attend and vote on his behalf at the meeting through proxy forms deposited seventy-two (72) hours before the meeting. The Company strongly encourages and supports Shareholders to participate at the general meetings of the Company. While the Company's Constitution currently provides for a limit of up to two (2) proxies for each Shareholder (including nominee companies), the Company has, in compliance with the spirit of the Code, allowed nominee companies to specify, in writing, the names of the beneficial Shareholders of the Company who are attending the Company's general meetings as observers.

### ***Voting by Poll at General Meetings of the Company***

To enhance Shareholder participation, the Group puts all resolutions at general meetings of the Company to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings of the Company. All votes will be counted and announced immediately at the meeting, and the detailed results of the total number and percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting on the same day.

For FY2021, as the AGM will be held by electronic means, voting at the AGM will be conducted by proxy only. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy by completing the proxy form for the AGM, and submit the proxy form by post or by email to the Company seventy-two (72) hours before the AGM.

# CORPORATE GOVERNANCE

## Provision 11.2

### ***Conduct of Resolution***

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, the Company will explain the reasons and material implications in the notice of the meeting.

The Company typically ensures there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the general meeting's agenda is provided in the explanatory notes to the notice of the general meeting.

## Provision 11.3

### ***Attendees at General Meeting***

All Directors, key management staff, the Company's external auditors and legal advisors (if necessary) attend the general meetings of the Company. The procedures of general meetings provide Shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the Shareholders with the Directors on their views on matters relating to the Company. The Company's external auditors will also normally be present to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

## Provision 11.4

### ***Absentia Voting***

As the authentication of Shareholder identity information and other related security issues still remains a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

## Provision 11.5

### ***Minutes of General Meeting***

The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available for inspection of Shareholders upon their request (upon approval by the Board). For the forthcoming AGM, the Company will publish the minutes of the AGM on its corporate website and the SGXNet within one month from the conclusion of the AGM.

## Provision 11.6

### ***Dividend Policy***

The Company recognises Shareholders' desire to receive return on their investment and always endeavours to maximise their return. The Company does not have a formal dividend policy in place. In determining whether dividends should be paid, the Board takes into consideration the Company's working capital requirements and the need to retain profits for future investment. The Board is not recommending dividend distribution to Shareholders for FY2021 in light of the need to stabilise the Group's operations and the COVID-19 pandemic that has severely affected businesses the world over. The Board is of the opinion that having sufficient cash reserves is critical for the Group as the world emerges from the pandemic.

# CORPORATE GOVERNANCE

## ENGAGEMENT WITH SHAREHOLDERS

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

Provisions 12.1, 12.2 and 12.3

### ***Communication with Shareholders***

The Company believes that prompt disclosure of pertinent information and high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with Shareholders. In line with the continuous disclosure obligations of the Group pursuant to the Corporate Disclosure Policy of the SGX-ST, the Group's policy is that all Shareholders should be equally and timely informed of all major developments that impact the Group. Shareholders with any queries are encouraged to reach out to the Company via enquiries@ecowise.com.sg, or by calling our office at +65 6250 0001, during office hours.

### ***Timely Information to Shareholders via SGXNET***

Information is communicated to Shareholders on a timely basis and made through:

- Annual Reports of the Company. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments, disclosures required by the Singapore Companies Act, Chapter 50, the Catalist Rules and the Singapore Financial Reporting Standards;
- SGXNET and news releases; and
- the Group's website at [www.ecowise.com.sg](http://www.ecowise.com.sg) on which Shareholders can access information relating to the Group.

### ***Regular Dialogue with Shareholders***

The Group is committed to providing regular communication with its shareholders. For FY2021, the Company, through its internal public relations department, regularly sent out greeting cards during festive periods. This is consistent with the Company's constant outreach to its Shareholders in hopes of encouraging greater participation and ownership of the Company. Particularly, the Company strongly encourages participation at general meetings, which provide a major platform for shareholders to engage in dialogue with the Company directly. All Directors, key management staff, the Company's external auditors and legal advisors (if necessary) attend the general meetings of the Company. Shareholders are encouraged to have open communication with the Directors on their views on matters relating to the Company. General meetings of the Company also provide excellent opportunities for the Company to understand the views of the Shareholders. To further enhance the process of soliciting input from Shareholders and stakeholders, a template enquiry form is embedded in the Company's website and both Shareholders and stakeholders can utilise the form to facilitate communication with the Company.



# CORPORATE GOVERNANCE

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement With Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

#### Provisions 13.1 and 13.2

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include employees, lenders, investors, clients and regulators / Government.

Detailed approach to the stakeholder engagement and materiality assessment are disclosed in the Company's Sustainability Report. The Company's sustainability report for FY2021 will be published separately on the SGXNET.

#### Provision 13.3

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at <http://ecowise.com.sg>, through which Shareholders are able to access up-to-date information on the Group. The website provides, amongst others, the Company's annual reports, announcements, and the profiles of the Company, Directors and Management. Members of public who has enquiry, may also email the Company at [enquires@ecowise.com.sg](mailto:enquires@ecowise.com.sg).

## OTHER CORPORATE GOVERNANCE MATTERS

### ***Code of Business Conduct***

As a part of the process to further strengthen the Group's internal control, the Code of Business Conduct has been established. By the Code of Business Conduct, the Group aims to conduct its business fairly, honestly and in compliance with all applicable laws, rules and regulations of the countries in which the Group operates. All Directors, officers and other employees of the Group are to adhere to this Code of Business Conduct.

### ***Interested Party Transactions ("IPT")***

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC for review and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and the Company's minority shareholders.

The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

There were no IPTs, as defined in Chapter 9 of the Catalist Rules, above S\$100,000 entered into by the Group during FY2021.

# CORPORATE GOVERNANCE

## ***Dealings in Company's Securities***

The Group has put in place an internal code on dealings with securities ("Internal Code") which, amongst others, prohibits the dealing in securities of the Company by Directors and key management personnel (as defined in the Code) while in possession of price-sensitive information. This Internal Code has been issued to Directors and officers setting up the implications on insider trading.

The Internal Code prohibits the dealing in securities of the Company by Directors and officers while in possession of price-sensitive information, and during the period one (1) month before the announcement of the Group's half-year and full-year results, ending on the date of the announcement. Further, Directors and officers are advised not to deal in the Company's securities on short-term considerations. Directors are required to notify the Company their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNET within one (1) business day of receiving such notifications.

In addition, Directors and key management personnel (as defined in the Code) are cautioned to observe insider trading laws at all times.

## ***Material Contracts***

No material contracts (including loans) were entered into between the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, which are either subsisting at the end of the financial year reported on or, if not then subsisting, entered into since the end of the previous financial year except for Director's remuneration as disclosed in the Notes to Financial Statements in this Annual Report.

## ***Non-Sponsorship Fees***

With reference to Rule 1204(21) of the Catalist Rules, the following were the non-sponsorship fees paid in FY2021:

- (1) ZICO Capital Pte. Ltd (terminated on 29 August 2021) – Nil
- (2) W Capital Markets Pte. Ltd. (appointed on 22 November 2021) - Nil

# STATEMENT BY DIRECTORS

The directors present their statement to the members (the “Statement”) together with the accompanying audited financial statements of ecoWise Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the statement of financial position and the statement of changes in equity of the Company for the reporting year ended 31 October 2021.

## 1. Opinion of the directors

Consistent with its observations in the Statement by Directors accompanying the Company’s and the Group’s interim financial statements issued on 11 May 2022, the Board observed that since the reconstitution of the Audit Committee (the “AC”) with new members on 3 September 2021, while the AC has expended significant time and efforts to facilitate the smooth completion of the external audit, 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 Company’s and the Group’s financial statements for the reporting year ended 31 October 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 financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements.

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 to address all matters raised in the external auditor’s report.

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 avenues 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 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.

# STATEMENT BY DIRECTORS

## 2. Directors

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)

Mr. Cao Shixuan (Executive Director) and Mr. Er Kwong Wah (Lead Independent Director) were directors of the Company until they resigned as directors of the Company on 13 April 2022.

Mr. Tham Chee Soon has been appointed as Lead Independent Director after Mr. Er's resignation.

## 3. Directors' interests in shares

The directors of the Company holding office at the end of the reporting year had no interests in the shares of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 (the "Act") except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>Direct interests</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>The Company – ecoWise Holdings Limited</u>	<u>Number of ordinary shares with no par value</u>	
Lee Thiam Seng	35,509,388	35,509,388
Cao Shixuan	42,535,114	42,535,114

<u>Name of directors and companies in which interests are held</u>	<u>Deemed interests</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>The Company – ecoWise Holdings Limited</u>	<u>Number of ordinary shares with no par value</u>	
Lee Thiam Seng	218,229,375	218,229,375

The directors' interests in the ordinary shares of the Company at 21 November 2021 were the same at 31 October 2021.

By virtue of section 7 of the Act, Mr Lee Thiam Seng is deemed to have an interest in all related body corporates of the Company.

# STATEMENT BY DIRECTORS

## 4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate, except as mentioned below.

## 5. Share options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted and there were no shares issued by virtue of the exercise or an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

## 6. ecoWise Performance Share Plan

The ecoWise Performance Share Plan (the “Share Plan”) was approved by the members of the Company at an extraordinary general meeting held on 23 March 2007 and further extended for a period of 10 years at the annual general meeting held on 28 February 2017. The Share Plan provides for the grant of ordinary shares of the Company, their equivalent cash value or combinations thereof, to selected employees of the Company and its subsidiaries, including the directors of the Company, and other selected participants. Under the Share Plan, the maximum number of ordinary shares to be awarded to eligible participants shall not exceed 15% of the issued ordinary shares of the Company on the date preceding the grant of the award.

The Share Plan shall continue in force at the discretion of the remuneration committee, subject to a maximum period of 10 years commencing from 23 March 2017. The Share Plan may continue beyond the above stipulated period with the approval of members of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The Share Plan is administered by the remuneration committee comprising four independent directors, Mr. Lo Kim Seng (Chairman), Dr Danny Oh Beng Teck, Mr. Gan Fong Jek and Mr. Tan Poh Chye Allan. Ordinary shares are vested when the remuneration committee is satisfied that the prescribed performance target(s) have been achieved and the vesting period (if any) has expired. The vesting periods may be extended beyond the performance achievement periods as set out by the remuneration committee.

The lapsing of the award is provided for upon the occurrence of certain events, which include:

- (a) the misconduct of an eligible participant;
- (b) the termination of the employment of an eligible participant;
- (c) the bankruptcy of an eligible participant;
- (d) the retirement, ill health, injury, disability or death of an eligible participant; and/or
- (e) a take-over, amalgamation, winding-up or restructuring of the Company.

# STATEMENT BY DIRECTORS

## 6. ecoWise Performance Share Plan (cont'd)

The Company may deliver ordinary shares pursuant to awards granted under the Share Plan by way of:

- (a) issuance of new ordinary shares;
- (b) delivery of existing ordinary shares purchased from the market or ordinary shares held in treasury; and/or
- (c) cash in lieu of ordinary shares, based on the aggregate market value of such ordinary shares.

There were no outstanding performance shares as at 31 October 2021.

Performance shares vested at the vesting date are dependent on the level of achievement against the pre-set performance conditions and targets.

Details of performance shares granted under the Share Plan to directors and other participants are as follows:

	<u>Number of ecoWise performance shares</u>				
	Performance shares granted during reporting year ended 31 October <u>2021</u>	Aggregate performance shares granted since commencement of Share Plan to 31 October <u>2021</u> <sup>(1)</sup>	Aggregate performance shares vested since commencement of Share Plan to 31 October <u>2021</u> <sup>(1)</sup>	Aggregate performance shares cancelled / lapsed since commencement of Share Plan to 31 October <u>2021</u> <sup>(1)</sup>	Aggregate performance shares outstanding at 31 October <u>2021</u>
Lee Thiam Seng*	–	13,767,825	13,219,388	548,437	–
Cao Shixuan*	–	4,500,000	4,500,000	–	–
Other participants	–	31,464,400	29,474,400	1,990,000	–
	–	49,732,225	47,193,788	2,538,437	–

\* Executive directors

<sup>(1)</sup> After adjustments for rights cum warrants issue on 1 November 2007 and rights issue on 26 September 2008 and net of cancellations.

## 7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Tham Chee Soon	(Chairman of audit committee and Lead Independent Director)
Lo Kim Seng	(Independent director)
Dr Danny Oh Beng Teck	(Independent director)
Gan Fong Jek	(Independent director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- (a) Reviewed with the independent external auditor their audit plan.
- (b) Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls that are relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.



# STATEMENT BY DIRECTORS

## 7. Report of audit committee (cont'd)

- (c) Reviewed with Ernst & Young Advisory Pte. Ltd. ("EY"), the internal auditor engaged by the Company pursuant to the Notice of Compliance issued by Singapore Exchange Regulation Pte. Ltd. ("SGX RegCo") on 25 June 2021, the preliminary results of the specific internal audit procedures, the scope of which was agreed with the concurrence of SGX RegCo.
- (d) Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- (e) Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how the independent auditor's objectivity and independence are safeguarded where the independent auditor provides non-audit services.

On behalf of the directors

.....  
Lee Thiam Seng  
Director

14 May 2022

.....  
Dr Danny Oh Beng Teck  
Director

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

### Report on the audit of the financial statements

#### Disclaimer of opinion

We were engaged to audit the financial statements of ecoWise Holdings Limited (the "Company ") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 October 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the reporting year ended 31 October 2021, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and statement of financial position and 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 financial statements.

#### Basis for disclaimer of opinion

Pursuant to a Notice of Compliance dated 25 June 2021 ("NOC") issued by Singapore Exchange Regulation Pte Ltd, we were commissioned by the Company to audit the interim financial statements of the Group for the six months ended 30 April 2021.

We issued a disclaimer of opinion independent auditor's report dated 11 May 2022 in respect of the interim financial statements of the Group for the six months ended 30 April 2021 (the "1HFY2021 Auditor's Report"). The matters described in the basis for disclaimer of opinion section in our 1HFY2021 Auditor's Report were:

1. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd.
2. Disclosures of related party relationships, transactions and balances
3. Unconsolidated entities
4. Bank confirmation reply not received
5. Recoverability of assets in a jointly-controlled entity
6. Accounting of long outstanding payable
7. Documents required for review of subsequent events
8. Internal audit under NOC
9. Going concern

Other than Item 5, our opinion on the above matters in relation to the audit of the accompanying financial statements of the Group and of the Company for the reporting year ended 31 October 2021 remained unchanged as there were no facts and circumstances that provide new audit evidence. Please refer to A, B, C, D, E, F, G and J in the *Basis of Disclaimer of Opinion* section of our report below.

In respect of Item 5 – recoverability of assets in a jointly-controlled entity, the Group acquired the remaining 35% equity interest in the jointly-controlled entity in the second half of the reporting year ended 31 October 2021 (see Notes 18B and 19). After the acquisition, the joint-controlled entity became a wholly-owned subsidiary in the Group. As at 31 October 2021, the carrying amounts of inventories and trade receivables of the subsidiary were approximately \$88,000 and \$200,000 respectively. The carrying amount of inventories is not material and the carrying amount of trade receivables is included in H below.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

#### 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.

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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

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.

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. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

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

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. A gain on disposal of the office unit amounting to RMB220,000 (approximately \$45,000) and a loss on disposal of the factory building of RMB91,000 (approximately \$19,000) have been recorded in the consolidated statement of profit or loss.

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 financial statements. Please also refer to Item B below relating to disclosures of related party transactions.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 year.

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 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 had resigned from their positions in the Group as of the date of this report.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

#### 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.

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 financial statements.

#### D. Internal audit under NOC

On 25 June 2021, Singapore Exchange Regulation Pte Ltd ("SGX RegCo") issued a notice of compliance ("NOC") which required the Company to commission an internal audit.

On 28 August 2021, the Company announced the appointment of an internal auditor in accordance with the NOC. Pursuant to the NOC, the Company commissioned the internal auditor to test the 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

#### D. Internal audit under NOC (cont'd)

On 11 May 2022, the SGX RegCo directed the internal auditor to expand the scope of the internal audit to include, *inter alia*, the following: (a) the service agreements entered by Chongqing ecoWise Investment Management Co., Ltd.; (b) disclosures of related party relationships, transactions and balances; (c) the unconsolidated entities; (d) recoverability of assets in a jointly controlled entity; and (e) potential breaches of the Listing Manual Section B: Rules of Catalyst.

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 financial statements.

#### E. 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 financial statements. Consequently, we were unable satisfy ourselves as to whether any adjustment to the said payable is necessary.

#### F. Bank confirmation replies not received

A bank did not respond to the request for confirmation of bank balances, assets held as security, guarantees, commitments, contingencies and other arrangements, if any, of a subsidiary in the People's Republic of China as of 30 April 2021. The cash balance recorded by the subsidiary amounted to RMB200 (approximately \$42) as at 30 April 2021.

Three banks did not respond to the requests for confirmations of bank balances, assets held as security, guarantees, commitments, contingencies and other arrangements, if any, of subsidiaries in Malaysia as of 31 October 2021. The cash balances and borrowings recorded by the subsidiaries amounted to RM1,290,000 (approximately \$418,000) and RM17,134,000 (approximately \$5,558,000) respectively as at 31 October 2021.

There are no other satisfactory audit procedures that we could perform to obtain sufficient appropriate evidence regarding the carrying amounts of the bank balances, 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 subsidiaries. Consequently, we are unable to quantify possible adjustments, if any, and related information that may require disclosure in the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

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

We and the 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. We have also not been provided with bank statements of subsidiaries in the People's Republic of China 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 financial statements from subsequent events.

### H. Recoverability of receivables

As disclosed in Note 21, management determined there are uncertainties over the recoverability of certain trade and other receivables amounting to \$200,000 and \$1,690,000 respectively for which no allowance for impairment is made. Consequently, we were unable to determine whether adjustments to these receivables may be necessary.

### I. Impairment assessment of property, plant and equipment in Malaysia

As at 31 October 2021, the carrying value of the Group's property, plant and equipment in Malaysia was approximately \$16,800,000. Management carried out an impairment assessment of the Group's property, plant and equipment using the value in use method in the determination of the recoverable amounts as at the end of the reporting year. Management's assessment was provided to the component auditor in Malaysia on 12 May 2022. As disclosed in Note 1 to the financial statements, the Group's operations in Malaysia have been significantly affected by the Covid-19 pandemic, in particular, the Movement Control Order implemented by the Malaysian government caused production activities to be suspended for about two months in the second half of the reporting year. There are also uncertainties as to the timing when the Group's factories in Malaysia will resume full operations and continue to receive new orders from the customers as of the date of these financial statements. In addition, the Group received letters of demands from the Group's bankers on overdue payments. These events have caused significant uncertainties over the assumptions and basis used in the value in use calculation. Consequently, we were unable to obtain sufficient appropriate evidence to ascertain whether any impairment is required as at the end of the reporting year.

### J. Going concern

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

- There are material uncertainties on the ability of the Group and the Company to continue as going concerns due to reasons more fully disclosed in Note 1.
- The subsidiaries in Malaysia received letters of demand from banks on overdue payments. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

#### J. Going concern (cont'd)

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.

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

Management has prepared the 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 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.

The ability of the Group and of the Company to meet their liabilities as and when they fall due depends on the successful conclusion of the above course of actions taken and to be taken by management. 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, and investment in 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 financial statements.

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the 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 financial statements and to maintain accountability of assets.

In preparing the 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

Our responsibility is to conduct an audit of the 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 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 financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### **Report on other legal and regulatory requirements**

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

14 May 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2021

	<u>Notes</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
<b>Revenue</b>	5	35,566	50,811
Cost of sales		(30,720)	(40,217)
<b>Gross profit</b>		4,846	10,594
Other income and gains	6	2,234	1,964
Marketing and distribution expenses		(1,382)	(1,769)
Administrative expenses		(9,125)	(6,433)
Finance costs	7	(822)	(822)
Other losses	6	(2,250)	(756)
Share of losses from equity-accounted associate and jointly-controlled entity		(553)	(90)
<b>(Loss) / profit before income tax</b>		(7,052)	2,688
Income tax credit / (expense)	11	220	(1,096)
<b>(Loss) / profit, net of tax</b>		(6,832)	1,592
<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		(43)	691
Cash flow hedges, net of tax	25	(129)	290
<i>Item that may not be reclassified subsequently to profit or loss</i>			
Defined benefit plan - actuarial gain		79	85
<b>Other comprehensive (loss) / income, net of tax</b>		(93)	1,066
<b>Total comprehensive (loss) / income</b>		(6,925)	2,658
 (Loss) / profit attributable to:			
Owners of the Company, net of tax		(6,999)	1,047
Non-controlling interests, net of tax		167	545
		(6,832)	1,592
 Total comprehensive (loss) / profit attributable to:			
Owners of the Company		(7,107)	2,116
Non-controlling interests		182	542
		(6,925)	2,658
		<u>Cents</u>	<u>Cents</u>
<b>(Loss) / earnings per share</b>			
Basic and diluted (loss) / earnings per share	12	(0.74)	0.11

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

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 OCTOBER 2021

		<u>Group</u>		<u>Company</u>	
	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	13	27,260	29,315	372	311
Right-of-use assets	14	1,309	1,441	–	–
Investment properties	15	1,678	2,017	–	–
Intangible assets	16	–	844	–	–
Land use rights	17	1,140	1,306	–	–
Investments in subsidiaries	18	–	–	26,470	31,833
Investment in a jointly-controlled entity	19	–	1,832	–	–
Investment in an associate	20	1,513	1,540	–	–
Lease receivables, non-current	22	6,472	7,636	–	–
Other non-financial assets, non-current	23	293	285	–	–
<b>Total non-current assets</b>		<b>39,665</b>	<b>46,216</b>	<b>26,842</b>	<b>32,144</b>
<b><u>Current assets</u></b>					
Inventories	24	4,876	6,011	–	–
Trade and other receivables	21	7,881	14,765	1,362	999
Lease receivables, current	22	1,254	1,127	–	–
Other non-financial assets, current	23	1,026	2,186	59	129
Derivative financial assets	25	9	139	–	–
Cash and cash equivalents	26	1,900	6,768	12	33
<b>Total current assets</b>		<b>16,946</b>	<b>30,996</b>	<b>1,433</b>	<b>1,161</b>
<b>Total assets</b>		<b>56,611</b>	<b>77,212</b>	<b>28,275</b>	<b>33,305</b>



# STATEMENTS OF FINANCIAL POSITION (CONT'D)

## AS AT 31 OCTOBER 2021

	Notes	<u>Group</u>		<u>Company</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		\$'000	\$'000	\$'000	\$'000
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity</u></b>					
Share capital	27	47,890	48,090	47,890	48,090
Accumulated losses		(13,396)	(6,461)	(27,506)	(21,022)
Foreign currency translation reserve	28	(5,025)	(5,018)	–	–
Other reserves	29	2,220	2,409	–	–
<b>Equity attributable to owners of the Company</b>		<b>31,689</b>	<b>39,020</b>	<b>20,384</b>	<b>27,068</b>
Non-controlling interests		14	4,001	–	–
<b>Total equity</b>		<b>31,703</b>	<b>43,021</b>	<b>20,384</b>	<b>27,068</b>
<b><u>Non-current liabilities</u></b>					
Provisions	30	1,121	1,140	–	–
Loans and borrowings	31	4,384	6,936	–	–
Lease liabilities	32	1,388	1,870	138	82
Deferred tax liabilities	11	993	1,819	–	–
Deferred income, non-current	33	–	50	–	–
<b>Total non-current liabilities</b>		<b>7,886</b>	<b>11,815</b>	<b>138</b>	<b>82</b>
<b><u>Current liabilities</u></b>					
Income tax payables		361	702	44	41
Trade and other payables	34	8,583	11,902	7,661	6,070
Derivative financial liabilities	25	2	1	–	–
Loans and borrowings	31	7,161	8,109	–	–
Lease liabilities	32	915	1,631	48	44
Deferred income, current	33	–	31	–	–
<b>Total current liabilities</b>		<b>17,022</b>	<b>22,376</b>	<b>7,753</b>	<b>6,155</b>
<b>Total liabilities</b>		<b>24,908</b>	<b>34,191</b>	<b>7,891</b>	<b>6,237</b>
<b>Total equity and liabilities</b>		<b>56,611</b>	<b>77,212</b>	<b>28,275</b>	<b>33,305</b>

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

# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED 31 OCTOBER 2021

<b>Group</b>	<b>Total equity \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Attributable to owners of the company subtotal \$'000</b>	<b>Share capital \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Other reserves \$'000</b>	<b>Foreign currency translation reserve \$'000</b>
<b>Current year</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 year	(7,004)	167	(7,171)	–	(6,999)	(165)	(7)
Disposal of a subsidiary (Note 9)	(4,181)	(4,181)	–	–	–	–	–
Acquisitions of non-controlling interests (Note 18C)	(12)	12	(24)	–	–	(24)	–
Purchase of treasury shares (Note 27)	(200)	–	(200)	(200)	–	–	–
Defined benefit plan (Note 30A)	79	15	64	–	64	–	–
	(11,318)	(3,987)	(7,331)	(200)	(6,935)	(189)	(7)
At 31 October 2021	31,703	14	31,689	47,890	(13,396)	2,220	(5,025)
<b>Previous year</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 for the year	2,573	545	2,028	–	1,047	328	653
Disposal of subsidiaries with a change in control	(203)	(203)	–	–	–	–	–
Purchase of treasury shares (Note 27)	(51)	–	(51)	(51)	–	–	–
Dividends paid to non-controlling interests of subsidiaries	(627)	(627)	–	–	–	–	–
Defined benefit plan (Note 30A)	85	(3)	88	–	88	–	–
	1,777	(288)	2,065	(51)	1,135	328	653
At 31 October 2020	43,021	4,001	39,020	48,090	(6,461)	2,409	(5,018)

# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED 31 OCTOBER 2021

<b><u>Company</u></b>	<b><u>Total equity</u></b> \$'000	<b><u>Share capital</u></b> \$'000	<b><u>Accumulated losses</u></b> \$'000
<b>Current year</b>			
At 1 November 2020	27,068	48,090	(21,022)
Changes in equity:			
Total comprehensive loss for the year	(6,484)	–	(6,484)
Purchase of treasury shares (Note 27)	(200)	(200)	–
	<u>(6,684)</u>	<u>(200)</u>	<u>(6,484)</u>
At 31 October 2021	<u>20,384</u>	<u>47,890</u>	<u>(27,506)</u>
<b>Prior year</b>			
At 1 November 2019	27,720	48,141	(20,421)
Changes in equity:			
Total comprehensive loss for the year	(601)	–	(601)
Purchase of treasury shares (Note 27)	(51)	(51)	–
	<u>(652)</u>	<u>(51)</u>	<u>(601)</u>
At 31 October 2020	<u>27,068</u>	<u>48,090</u>	<u>(21,022)</u>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

### YEAR ENDED 31 OCTOBER 2021

	<u>2021</u> \$'000	<u>2020</u> \$'000
<b><u>Cash flows from operating activities</u></b>		
(Loss)/profit before income tax	(7,052)	2,688
Depreciation of property, plant and equipment	2,907	3,206
Depreciation of right-of-use assets	468	416
Depreciation of investment properties	246	204
Gain on disposal of property, plant and equipment	(86)	(43)
Impairment loss on investment properties	283	–
Write-off of property, plant and equipment	–	33
Impairment loss on goodwill	115	112
Impairment loss on trademark	645	4
Impairment loss on property, plant and equipment	367	–
Write down of land use right	166	–
Amortisation of intangible assets	73	84
Amortisation of land use rights	56	60
Share of loss from associates and jointly-controlled entity	553	90
Gain on disposal of subsidiaries (Note 9)	(1,467)	(696)
Net fair value loss on derivative financial instruments	–	24
Provision for retirement benefit obligations expenses, net	23	26
Amortisation of deferred income	–	(7)
Finance income	(12)	(24)
Finance costs	822	822
Net foreign exchange (gain) / loss	(449)	201
<b>Operating cash flows before changes in working capital</b>	<u>(2,342)</u>	<u>7,200</u>
Inventories	139	(913)
Trade and other receivables	5,381	1,315
Lease receivables	1,037	936
Other non-financial assets	1,705	(95)
Trade and other payables	(2,957)	522
Deferred income	(82)	79
Provisions	(238)	(54)
<b>Net cash flows from operations</b>	<u>2,643</u>	<u>8,990</u>
Income tax paid	(522)	(741)
<b>Net cash flows from operating activities</b>	<u>2,121</u>	<u>8,249</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

### YEAR ENDED 31 OCTOBER 2021

#### Consolidated Statement of Cash Flows (cont'd) Year Ended 31 October 2021

	<u>2021</u> \$'000	<u>2020</u> \$'000
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment	(1,876)	(5,088)
Acquisition of investment properties	–	(842)
Proceeds from disposal of property, plant and equipment	2,071	91
Repayment from a jointly-controlled entity	–	(235)
Interest income received	12	24
Net cash outflow on acquisition of a subsidiary (Note 18B)	(397)	–
Net cash inflow on disposal of a subsidiary (Note 9)	1,648	–
<b>Net cash flows from / (used in) investing activities</b>	<u>1,458</u>	<u>(6,050)</u>
<b><u>Cash flows from financing activities</u></b>		
Proceeds from new loans and borrowings	–	5,655
Repayments of loans and borrowings	(4,354)	(3,389)
Lease liabilities – principal portion paid	(1,714)	(1,771)
Retirement benefit obligations paid	–	(28)
Interest expense paid	(768)	(800)
Purchase of treasury shares	(200)	(51)
Dividends paid to non-controlling interests of subsidiaries	–	(627)
Acquisitions of non-controlling interests (Note 18C)	(12)	–
(Decrease) / increase in cash restricted in use over 3 months	1,955	(89)
<b>Net cash flows used in financing activities</b>	<u>(5,093)</u>	<u>(1,100)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(1,514)	1,099
Effect of exchange rate changes on cash and cash equivalents	(69)	45
Cash and cash equivalents, beginning balance	3,355	2,211
<b>Cash and cash equivalents, ending balance (Note 26A)</b>	<u>1,772</u>	<u>3,355</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 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").

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 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.

#### Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 (the "Act") and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 1. General (cont'd)

#### Material uncertainties related to going concern

As at the date of approval of these 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 loss before tax of \$7,052,000 for the current reporting year (2020: profit before tax of \$2,688,000), it had net current liabilities of \$76,000 at 31 October 2021 (2020: net current assets of \$8,620,000), and generated net cash of \$2,121,000 (2020: \$8,249,000) from operating activities for the current reporting year.

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 during the reporting year ended 31 October 2021. The disruptions caused by the pandemic have resulted in the following:

- (a) The revenue for the current reporting year ended 31 October 2021 has declined significantly to \$35,566,000 (2020: \$50,811,000), 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. 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 details.

The Board of Directors has appointed an independent 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 advisers will assist the Group in discussions with the banks on the overdue payments and payments coming due.

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

Management has prepared the 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 adviser, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 1. General (cont'd)

#### Materiality uncertainties related to going concern (cont'd)

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 40 below for other events after 31 October 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 year. 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 financial statements include the financial statements made up to the end of the reporting year 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. 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 financial statements have been prepared on the same basis, and as permitted by the Act, the Company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### 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 year.

###### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### **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.

##### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### Income tax (cont'd)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

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

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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##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### **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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

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

###### 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.

##### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### **Subsidiaries (cont'd)**

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### 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.

##### 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 year, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### **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.

##### **Financial instruments**

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

A financial asset or a financial liability is recognised in the statements 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### *Classification and measurement of financial assets (cont'd)*

- (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.

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### Derivatives held for risk management purposes and hedge accounting (cont'd)

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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 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 year they occur.

##### 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 statements 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 re-measurement.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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 year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. 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 31 October 2021, the carrying values of CEBEC Plant and land use rights where the plant is located were RMB10,800,000 (approximately \$2,300,000) and RMB5,421,000 (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").

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 31 October 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 RMB33,400,000 (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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") (cont'd)*

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 31 October 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 31 October 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 31 October 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 year 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 year 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 year 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 year is disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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 year 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 estimated property and land use taxes in the 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 accruals made would be reversed in the relevant reporting year.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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 year 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) *Accounting for acquisition of the remaining 35% equity interest in CECRT*

As disclosed in Note 18B, the Group acquired the remaining 35% equity interest in Chongqing eco-CTIG Rubber Technology Co. Ltd ("CECRT"). With this, CECRT will become a wholly-owned subsidiary of the Group. CECRT was previously accounted as a jointly-controlled entity as, under a shareholders' agreement, the Group did not have the ability to affect its returns through the power over the investee. Management has exercised judgement in their assessment and concluded that the acquisition is not a business combination under SFRS(I) 3, Business Combinations. Among the factors considered by management were (i) the two production lines of CECRT were relocated to the Group's factories in Malaysia after the acquisition; (ii) the factory building occupied by CECRT previously were disposed by a related Company during the reporting year and (iii) there are no substantial business activities in CECRT after the production lines were relocated to Malaysia. Management also exercised judgement and determined the carrying amounts of the identifiable assets and liabilities at the acquisition date which are stated at approximately their fair values.

#### (xi) *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.

#### (xii) *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 financial reporting 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 31 October 2021, the accruals for legal claims amounted to \$320,000 (2020: Nil) as disclosed in Note 34.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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.

The ultimate controlling party is Lee Thiam Seng, a director and controlling shareholder.

#### 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>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
<u>Jointly-controlled entity:</u>		
Service income	–	(409)
Rental income	(74)	–
<u>Related parties:</u>		
Revenue – sale of goods	(1,903)	(3,679)
Purchase of goods and services	<u>838</u>	<u>1,671</u>

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

#### 3B. Key management compensation

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
Salaries and other short-term employee benefits	<u>1,597</u>	<u>1,394</u>
Included in the above amounts are the following items:		
Remuneration of directors of the Company	909	788
Remuneration of directors of the subsidiaries	29	27
Fees to directors of the Company	145	167
Fees to directors of the subsidiaries	<u>26</u>	<u>63</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 3. Related party relationships and transactions (cont'd)

#### 3B. Key management compensation (cont'd)

Further information about the remuneration of individual directors is provided in the report on corporate governance.

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.

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 was-to-feed process for fish and aquiculture 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

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

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Sale of rubberised products	<u>27,019</u>	<u>40,239</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue:										
Revenue from external customers	7,486	8,288	27,896	42,035	184	488	–	–	35,566	50,811
Inter-segment revenue	811	1,470	1,277	916	812	995	(2,900)	(3,381)	–	–
Segment revenue	<u>8,297</u>	<u>9,758</u>	<u>29,173</u>	<u>42,951</u>	<u>996</u>	<u>1,483</u>	<u>(2,900)</u>	<u>(3,381)</u>	<u>35,566</u>	<u>50,811</u>
Segment results before allocation of corporate management fees	(1,052)	3,859	713	3,810	(595)	(260)	(2,348)	(2,124)	(3,282)	5,285
Allocated corporate management fees	(1,007)	(1,345)	(1,341)	(779)	–	–	2,348	2,124	–	–
Segment results	<u>(2,059)</u>	<u>2,514</u>	<u>(628)</u>	<u>3,031</u>	<u>(595)</u>	<u>(260)</u>	<u>–</u>	<u>–</u>	<u>(3,282)</u>	<u>5,285</u>
Share of results from associates and jointly-controlled entity, allocated to operating segments	(95)	(77)	(458)	(13)	–	–	–	–	(553)	(90)
Unallocated corporate results									<u>(2,407)</u>	<u>(1,709)</u>
(Loss)/profit before finance income, dividend income, finance costs and income tax expense									(6,242)	3,486
Finance income									12	24
Finance costs									(822)	(822)
Income tax expense									220	(1,096)
(Loss)/profit net of tax									<u>(6,832)</u>	<u>1,592</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 4C. Assets and liabilities reconciliation

Group	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Eliminations		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Segment assets	15,399	20,561	32,594	49,121	3,567	6,229	2,979	(2,545)	54,539	73,366
Investments in associates, allocated to operating segments	1,513	1,540	—	—	—	—	—	—	1,513	1,540
Investment in jointly-controlled entity, allocated to operating segments	—	—	—	1,832	—	—	—	—	—	1,832
Unallocated corporate assets									559	474
Total assets									56,611	77,212
Segment liabilities	32,738	26,565	12,715	16,555	10,394	10,130	(44,818)	(37,631)	11,029	15,619
Loans and borrowings allocated to operating segments	—	1,481	9,363	11,236	2,182	2,328	—	—	11,545	15,045
Income tax payable allocated to operating segments	107	390	168	246	42	(42)	—	—	317	594
Unallocated income tax payable									44	108
Deferred tax liabilities									993	1,819
Unallocated corporate liabilities									980	1,006
Total liabilities									24,908	34,191

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2021

## 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>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure allocated to operating segments:										
Property, plant and equipment	584	328	3,694	5,159	23	–	–	–	4,301	5,487
Investment properties	–	–	–	–	190	1,642	–	–	190	1,642
Unallocated corporate capital expenditure on property, plant and equipment									285	1
Total capital expenditure									<u>4,776</u>	<u>7,130</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 4D. Other material items

<u>Group</u>	<u>Renewable Energy</u>		<u>Resource Recovery</u>		<u>Integrated Environmental Management Solutions</u>		<u>Elimination</u>		<u>Group</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment and investment properties:										
Allocated to operating segments	676	858	2,113	2,137	304	369	—	—	3,093	3,364
Unallocated corporate depreciation									60	46
									<u>3,153</u>	<u>3,410</u>
Depreciation of right-of-use assets	303	257	165	159	—	—	—	—	468	416
Gain on disposal of property, plant and equipment:										
Allocated to operating segments	(2,399)	(20)	97	(23)	89	—	2,341	—	128	(43)
Unallocated corporate depreciation									(42)	—
									<u>86</u>	<u>(43)</u>
Amortisation of intangible assets	—	—	73	84	—	—	—	—	73	84
Amortisation of land use rights	56	60	—	—	—	—	—	—	56	60
Impairment loss on property, plant and equipment	—	—	—	—	367	—	—	—	367	—
Impairment loss on investment properties	—	—	—	—	283	—	—	—	283	—
Provision for retirement benefit obligations expenses, net	—	—	23	26	—	—	—	—	23	26
Allowance for doubtful receivables	105	16	(1)	233	—	2	26	—	130	251



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 4E. Geographical information

<u>Group</u>	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	8,862	9,585	8,100	13,100
Malaysia	13,735	25,644	21,322	20,453
Australia	10,170	12,780	–	–
People's Republic of China	515	974	3,771	5,027
Others	2,284	1,828	–	–
	<u>35,566</u>	<u>50,811</u>	<u>33,193</u>	<u>38,580</u>

Revenue are attributed to countries on the basis of the customer's 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.

#### 4F. Information about major customers

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Top 1 customer in resource recovery segment	10,104	12,714
Top 2 customers in resource recovery and renewable energy segments	14,491	17,121
Top 3 customers in resource recovery and renewable energy segments	<u>15,703</u>	<u>20,800</u>

### 5. Revenue

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
#A. Revenue classified by type of good or service:		
Sale of goods	28,258	42,856
Service income	6,147	6,409
Finance lease income	896	1,001
Others	265	545
Total revenue	<u>35,566</u>	<u>50,811</u>
#B. Revenue classified by duration of contract:		
Short term contracts	30,333	45,876
Long term contracts	5,233	4,935
Total revenue	<u>35,566</u>	<u>50,811</u>
#C. Revenue classified by timing of revenue recognition		
Point in time	30,333	45,876
Over time	5,233	4,935
Total revenue	<u>35,566</u>	<u>50,811</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

	Group	
	2021 \$'000	2020 \$'000
Gain on disposal of property, plant and equipment	86	43
Net fair value loss on derivative financial instruments	–	(24)
Amortisation of deferred income	–	7
Government grant income	207	613
Foreign exchange transaction gain / (loss), net	424	(325)
Allowance for impairment on trade and other receivables	(130)	(251)
Impairment loss on investment properties	(283)	–
Allowance for impairment on non-financial assets	(114)	–
Write-off of property, plant and equipment	–	(33)
Gain on disposal of subsidiaries (Note 9)	1,467	696
Interest income from financial institutions	12	24
Impairment loss on goodwill	(115)	(112)
Impairment loss on trademark	(645)	(4)
Impairment loss on property, plant and equipment	(367)	–
Write down of land use right	(166)	–
Fines	(105)	–
Legal claims	(320)	–
Derecognition of long outstanding liabilities	–	581
Bad debts written-off	(5)	(6)
Others	38	(1)
Net	<u>(16)</u>	<u>1,208</u>
Presented in profit or loss as:		
Other income and gains	2,234	1,964
Other losses	<u>(2,250)</u>	<u>(756)</u>
	<u>(16)</u>	<u>1,208</u>

### 6A. Administrative expenses

Included in administrative expense are the following items:

	Group	
	2021 \$'000	2020 \$'000
Prepaid expenses written-off	971	–
Property and land use taxes (Note 34)	<u>732</u>	<u>–</u>

### 7. Finance costs

	Group	
	2021 \$'000	2020 \$'000
Interest expense on:		
- Borrowings from financial institutions	594	599
- Lease liabilities	174	201
- Others	54	22
	<u>822</u>	<u>822</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. Employee benefits expenses

	Group
	2021 \$'000
	2020 \$'000
Short term employee benefits expense	7,831
Contributions to defined contribution plans	641
Provision for retirement benefit obligations expense, net	79
Other benefits	474
	<u>9,025</u>
	<u>10,823</u>

The employee benefits expenses are charged as follows:

Cost of sales	4,843	6,621
Administrative expenses	3,394	3,288
Marketing and distribution expenses	788	914
	<u>9,025</u>	<u>10,823</u>

## 9. Disposal of a subsidiary

On 23 April 2021, the Group entered into a Sale and Purchase Agreement 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:

	Group At date of disposal in 2021 \$'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	4,182
	<u>11,479</u>
Trade and other payables	2,277
Income tax payable	188
Provision for retirement benefit obligations	126
Deferred tax liabilities	344
	<u>2,935</u>
Net carrying amount	8,544
Non-controlling interests	(4,181)
Net carrying value of disposal Group	4,363
Gain on disposal	1,467
Net consideration	<u>5,830</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 9. Disposal of subsidiary (cont'd)

	Group At date of disposal in 2021 \$'000
Net cash inflow on disposal:	
Cash consideration	5,830
Cash balance disposed of	(4,182)
Net cash inflow	<u>1,648</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:

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

### 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:

	Group 2021 \$'000	2020 \$'000
Auditors' remuneration:		
– Auditors of the Company	456	151
– Member firms of the auditors of the Company	53	50
– Other auditors	<u>–</u>	<u>2</u>

### 11. Income tax

#### 11A. Components of income tax (credit) / expense recognised in profit or loss

	Group 2021 \$'000	2020 \$'000
<u>Current tax expense</u>		
Current tax expense	317	920
Withholding tax expense	37	(30)
Over adjustments in respect of prior periods	(113)	(93)
Subtotal	<u>241</u>	<u>797</u>
<u>Deferred tax expense</u>		
Deferred tax (credit) / expense	(320)	82
(Over) / under adjustments in respect of prior periods	(141)	217
Subtotal	<u>(461)</u>	<u>299</u>
Total income tax (credit) / expense	<u>(220)</u>	<u>1,096</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 11A. Components of income tax (credit) / expense recognised in profit or loss

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% (2020: 17%) to profit or loss before income tax as a result of the following differences:

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
(Loss) / profit before income tax	(7,052)	2,688
Add: Share of losses from associates and a jointly-controlled entity	553	90
	<u>(6,499)</u>	<u>2,778</u>
Income tax expense at the above rate	(1,105)	472
Effect of different tax rates in different countries	(414)	129
Withholding tax expense	37	(30)
Expenses non-deductible for tax purposes	426	905
Income not subject to tax	(103)	(408)
Tax incentives	(39)	(74)
Over adjustments to current tax in respect of prior periods	(113)	(93)
(Over) / under adjustments to deferred tax in respect of prior periods	(141)	217
Deferred tax assets not recognised	1,034	—
Adjustments to unrecognised deferred tax in respect of prior years	—	16
Others	198	(38)
Total income tax (credit) / expense	<u>(220)</u>	<u>1,096</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

<u>Group</u>	At 1 November <u>2019</u> \$'000	Recognised in profit or loss \$'000	Expired during the year \$'000	Exchange differences \$'000	At 31 October <u>2020</u> \$'000	Recognised in profit or loss \$'000	Expired during the year \$'000	Disposal of subsidiary \$'000	Exchange differences \$'000	At 31 October <u>2021</u> \$'000
Property, plant and equipment	(1,603)	86	–	(8)	(1,525)	483	–	383	23	(636)
Unutilised tax losses	2,214	(300)	(124)	(4)	1,786	–	(276)	–	–	1,510
Unutilised capital allowances	266	–	–	–	266	–	–	–	–	266
Provision for retirement benefit obligations	151	20	–	(6)	165	(7)	–	(39)	(2)	117
Other items	79	(105)	–	–	(26)	(15)	–	–	–	(41)
Deferred tax assets not recognised	(2,575)	–	124	(34)	(2,485)	–	276	–	–	(2,209)
	<u>(1,468)</u>	<u>(299)</u>	<u>–</u>	<u>(52)</u>	<u>(1,819)</u>	<u>461</u>	<u>–</u>	<u>344</u>	<u>21</u>	<u>(993)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 11C. Unrecognised deferred tax assets

<u>Group</u>	<u>2021</u>		<u>2020</u>	
	<u>Gross amount</u>	<u>Tax effect</u>	<u>Gross amount</u>	<u>Tax effect</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Unutilised tax losses	7,885	1,885	9,023	2,161
Excess of tax value over carrying value of plant and equipment	1,905	324	1,905	324
	<u>9,790</u>	<u>2,209</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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Expiring in 31 December 2021	–	3,004	–	751
Expiring in 31 December 2022	943	902	236	225
Expiring in 31 December 2023	1,334	1,275	334	319
Expiring in 31 December 2024	1,677	1,603	419	401
Expiring in 31 December 2025	704	673	168	168
	<u>4,658</u>	<u>7,457</u>	<u>1,157</u>	<u>1,864</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 12. (Loss)/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>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
(Loss)/profit, net of tax attributable to owners of the Company	<u>(6,999)</u>	<u>1,047</u>
	<u>Number of shares</u>	
	<u>2021</u>	<u>2020</u>
	'000	'000
Weighted average number of equity shares	<u>950,582</u>	<u>954,816</u>

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

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

Diluted (loss)/earnings per share are calculated by dividing (loss)/profit, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during each reporting year 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 (loss)/earnings per share for the reporting years are computed using the same basis as basic (loss)/earnings per share as the dilutive effect of performance shares is not significant.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 13. Property, plant and equipment

<u>Group</u>	<u>Construction- in-progress</u> \$'000	<u>Leasehold land</u> \$'000	<u>Leasehold properties and improvements</u> \$'000	<u>Plant and equipment</u> \$'000	<u>Total</u> \$'000
<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	731	(18)	(109)	(283)	321
Additions	137	1,767	1,151	1,531	4,586
Disposal of subsidiary	–	(440)	(1,337)	(4,284)	(6,061)
Acquisition of subsidiary	–	–	–	4,646	4,646
Disposals	–	–	(1,645)	(2,135)	(3,780)
At 31 October 2021	19,288	2,667	16,465	44,369	82,789
<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	714	(3)	(19)	(140)	552
Depreciation for the year	–	106	428	2,373	2,907
Disposals	–	–	(159)	(1,636)	(1,795)
Disposal of subsidiary	–	(76)	(363)	(2,652)	(3,091)
Acquisition of subsidiary	–	–	–	2,827	2,827
Impairment loss for the year	59	–	239	69	367
At 31 October 2021	16,686	225	5,454	33,164	55,529
<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 31 October 2021	2,602	2,442	11,011	11,205	27,260

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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	587
Additions	285
Disposal	(256)
At 31 October 2021	616
<u>Accumulated depreciation</u>	
At 1 November 2019	229
Depreciation for the year	47
At 31 October 2020	276
Depreciation for the year	60
Disposal	(92)
At 31 October 2021	244
<u>Carrying value</u>	
At 1 November 2019	357
At 31 October 2020	311
At 31 October 2021	372

The depreciation expense is charged as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Cost of sales	1,852	2,353	–	–
Administrative expenses	943	775	60	47
Marketing and distribution expenses	112	78	–	–
Total	2,907	3,206	60	47

Fully depreciated property, plant and equipment of the Group still in use have a cost of \$22,064,750 (2020: \$20,839,000).

During the reporting year, the Group acquired property, plant and equipment using bank loans and finance leases amounting to \$2,338,000 (2020: \$800,000) and \$202,000 (2020: \$399,000) respectively.

Included within additions during the reporting year are reinstatement costs amounting to \$170,000 (2020: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

During the reporting year, 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.

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. A gain on disposal of the office unit amounting to RMB220,000 (approximately \$86,000) and a loss on disposal of factory building amounting to RMB91,000 (approximately \$19,000) have been recorded in the consolidated 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 year are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Plant and equipment	202	4,325	165	303

#### 13B. Securities pledged

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Leasehold land	2,440	1,163	—	—
Leasehold properties and improvements	5,956	10,977	—	—
Plant and equipment	3,194	7,760	365	303
	<u>11,590</u>	<u>19,900</u>	<u>365</u>	<u>303</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 31 October 2021, the carrying values of CEBEC Plant and land use rights where the plant is located were RMB10,800,000 (approximately \$2,300,000) and RMB5,421,000 (approximately \$1,100,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

The CEBEC Plant has not commenced operations since it was acquired by the Group in the reporting year 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 31 October 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 RMB33,400,000 (approximately \$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 31 October 2021.

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

As disclosed in Note 1 to the financial statements, the Group's operation in Malaysia have been significantly affected by the Covid-19 pandemic, in particular, the Movement Control Order implemented by Malaysia government caused production activities in Malaysia to be suspended for about two months in the second half of the reporting year. There are uncertainties as to the timing when the Group's factories in Malaysia will resume full operations and continue to receive new orders from the customers as of the date of these financial statements. In addition, the group received letters of demands from the banks on overdue payments (see Note 31E). These are indicators of impairment.

At the end of the reporting year, the carrying value of the Group's property, plant and equipment in Malaysia was approximately \$16,800,000 (2020: \$19,600,000). The recoverable amount of these assets was based on their value in use and determined by discounting the future cash flows to be generated from the continuing use of the assets. These calculations use cash flow projections estimated by management based on forecasted revenue, growth rates, profit margins, tax rates and discount rates.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

The value in use was measured by management. The key assumptions for the value in use calculations based significant unobservable inputs are as follows:

	<u>Range (Weighted Average)</u>	
	2021	2020
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	5% to 12%	—
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	15%	—
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	—

The value in use is a recurring fair value measurement (Level 3).

Management carried out an impairment test and concluded that there is no impairment because the carrying value of the affected property, plant and equipment was lower than its recoverable amount.

### 14. Right-of-use assets

<u>Group</u>	<u>Leasehold lands</u> \$'000
<u>Costs</u>	
At 1 November 2019 and 31 October 2020	1,857
Addition	336
At 31 October 2021	<u>2,193</u>
<u>Accumulated depreciation:</u>	
At 1 November 2019	—
Depreciation for the year	(416)
At 31 October 2020	(416)
Depreciation for the year	(468)
At 31 October 2021	<u>(884)</u>
<u>Carrying value:</u>	
At 1 November 2019	1,857
At 31 October 2020	<u>1,441</u>
At 31 October 2021	<u><u>1,309</u></u>

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 15. Investment properties

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
<u>Cost</u>		
At beginning of the year	3,590	–
Transferred from property, plant and equipment (Note 13)	–	1,948
Additions	190	1,642
At end of the year	<u>3,780</u>	<u>3,590</u>
<u>Accumulated depreciation and impairment loss</u>		
At beginning of the year	1,573	–
Transferred from property, plant and equipment (Note 13)	–	1,369
Depreciation for the year	246	204
Impairment loss for the year	283	–
At end of the year	<u>2,102</u>	<u>1,573</u>
<u>Carrying value</u>		
At beginning of the year	<u>2,017</u>	<u>–</u>
At end of the year	<u>1,678</u>	<u>2,017</u>
 Rental and service income from investment properties	 957	 713
 Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the year	 366	 336
 Allocation of the depreciation expense:		
Administrative expenses	<u>246</u>	<u>204</u>

Included within additions during the reporting year are reinstatement costs amounting to \$190,000 (2020: Nil).

As at the end of the reporting year, the carrying value of investment properties of \$1,180,000 are pledged as securities to secure loans and borrowings disclosed in Note 31C.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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 (2020: \$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.
Asset:	2 office units at 1 Commonwealth Lane, One Commonwealth, Singapore 149544
Gross floor area:	2,864 square feet
Fair value:	\$1,180,000 (2020: \$1,497,000)
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 – \$412 (2020:\$489)
Relationship of unobservable inputs to fair value:	N.A.
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$118,000; higher by \$118,000.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 16. Intangible assets

<u>Group</u>	<u>Trademarks</u> \$'000	<u>Customer relationships</u> \$'000	<u>Goodwill</u> \$'000	<u>Total</u> \$'000
<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	(21)	(1)	(4)	(26)
At 31 October 2021	1,508	43	225	1,776
<u>Accumulated amortisation and impairment loss</u>				
At 1 November 2019	711	38	–	749
Foreign exchange adjustments	8	1	–	9
Amortisation for the year	79	5	–	84
Impairment loss for the year	4	–	112	116
At 31 October 2020	802	44	112	958
Foreign exchange adjustments	(12)	(1)	(2)	(15)
Amortisation for the year	73	–	–	73
Impairment loss for the year	645	–	115	760
At 31 October 2021	1,508	43	225	1,776
<u>Carrying value</u>				
At 1 November 2019	802	4	227	1,033
At 31 October 2020	727	–	117	844
At 31 October 2021	–	–	–	–

The amortisation is included in marketing and distribution expenses.

During the reporting year, trademarks and goodwill were impaired due to weaker performance. This arose from review by management of the recoverable amounts.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 17. Land use rights

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
<u>Cost</u>		
At beginning of the year	2,424	2,330
Foreign exchange adjustments	107	94
Write down	(230)	–
At end of the year	<u>2,301</u>	<u>2,424</u>
<u>Accumulated amortisation</u>		
At beginning of the year	1,118	1,023
Foreign exchange adjustments	51	35
Amortisation for the year included under administrative expenses	56	60
Write down	(64)	–
At end of the year	<u>1,161</u>	<u>1,118</u>
<u>Carrying value</u>		
At beginning of the year	<u>1,306</u>	<u>1,307</u>
At end of the year	<u>1,140</u>	<u>1,306</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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 18. Investments in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	28,724	28,724
Allowance for impairment	(7,861)	(3,810)
Subtotal	20,863	24,914
Loans due from subsidiaries	16,136	16,136
Allowance for impairment	(10,529)	(9,217)
Subtotal	5,607	6,919
Total carrying amount	26,470	31,833
Analysis of amounts denominated in non-functional currency Malaysia Ringgit	12,168	12,168
Movements in unquoted equity shares during the year: Balance at beginning and end of the year	28,724	28,724
Movements in loans due from subsidiaries during the year: Balance at beginning of the year	16,136	17,227
Repayment from subsidiaries	—	(1,064)
Written off	—	(27)
Balance at end of the year	16,136	16,136
Movements in above allowance for impairment: Balance at beginning of the year	3,810	3,810
Charge to profit or loss included in other losses	4,051	—
Balance at end of the year	7,861	3,810
Movements in above allowance for loans due from subsidiaries: Balance at beginning of the year	9,217	9,244
Charge to profit or loss included in other losses	1,312	—
Used	—	(27)
Balance at end of the year	10,529	9,217

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

Name of subsidiary and principal activities	Country of incorporation/ place of operation	Cost of investment held by the Company		Effective equity interests held by the Group	
		2021	2020	2021	2020
		\$'000	\$'000	%	%
<u>Held by the Company</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>(a)</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>(c)</sup> Processing and recycling of horticultural and other waste	Singapore	1,450	1,450	100	100
ecoWise RubberTech Pte. Ltd. <sup>(c)</sup> Processing of rubberised related goods and investment holding	Singapore	1,000	1,000	100	100
ecoWise Solutions Pte. Ltd. <sup>(a)</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>(a)</sup> Investment holding	Singapore	*	*	100	100
EcoWise New Energy Pte. Ltd. <sup>(c)</sup> Investment holding	Singapore	*	*	100	100
Sunrich Resources Sdn. Bhd. <sup>(b)</sup> Investment holding	Malaysia	12,168	12,168	100	100

\* Less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group	
			2021 %	2020 %
Held by subsidiaries				
ecoWise Marina Power Pte. Ltd. <sup>(a)</sup>	Singapore	Operation and maintenance of biomass co-generation plant	100	100
Hivern Investments Pte. Ltd. <sup>(c)</sup>	Singapore	Investment holding	100	100
ecoWise Materials Pte. Ltd. <sup>(a)</sup>	Singapore	Processing and recycling of used copper slag	100	100
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	96
Ecogreen Products and Services Sdn. Bhd. <sup>(b)</sup>	Malaysia	Production, trading and consultancy services related to biomass products	100	100

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group	
			2021 %	2020 %
Held by subsidiaries (cont'd)				
Sun Tyre (Sabah) Sdn. Bhd. <sup>(b)</sup>	Malaysia	Re-treading of tyres, dealing in rubberised products and investment holding	100	97
Sunrich Marketing (Sabah) Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of re-tread tyres and related rubberised products	100	97
Saiko Rubber (Malaysia) Sdn. Bhd. <sup>(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
Sun Tyre & Auto Products Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of new and re-tread tyres and related rubberised products	100	100
Sun Tyre Sdn. Bhd. <sup>(b)</sup>	Malaysia	Re-treading of tyres, dealing in rubberised products and investment holding	100	100
Sunrich Marketing Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of re-tread tyres and related rubberised products	100	100
Trakar Suntex Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of re-tread tyres and related rubberised products	60	56
Winner Suntex Sdn. Bhd. <sup>(b)</sup>	Malaysia	Trading of re-tread tyres and related rubberised products	100	100
Chongqing eco-CTIG Rubber Technology Co., Ltd. <sup>(e)</sup>	People's Republic of China	Re-treading of tyres and dealing in rubberised products	100	65

(a) Audited by RSM Chio Lim LLP.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

- (c) For the purpose of consolidation, the unaudited management financial statements for the reporting year ended 31 October 2021 have been used. The impact arising from the use of the subsidiaries' unaudited management financial statements is not expected to be significant to the financial statements of the Group.
- (d) Disposed on 23 April 2021 (Note 9).
- (e) Acquired during the year (See Note 18B and Note 19).

### 18A. 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>2020</u> \$'000
<u>Saiko Rubber (Malaysia) Sdn. Bhd.</u>	
Profit for the year allocated to NCI	611
Accumulated NCI at the end of the reporting year	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 year	1,247
Total comprehensive income	1,234
Operating cash flows, increase	3,257
Net cash flows, increase	<u>1,570</u>

The subsidiary was disposed on 23 April 2021 (Note 9).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 18B. Acquisition of remaining 35% equity interest of Chongqing eco-CTIG Rubber Technology Co., Ltd. ("CECRT")

On 28 May 2021, the Group acquired the remaining 35% equity interest of CECRT, previously classified as jointly-controlled entity (Note 19), for a cash consideration of RMB3,497,000 (approximately \$727,000).

Management assessed and concluded that acquisition is not a business combination under SFRS(I) 3, Business Combinations. Among the factors considered by management were (i) the two production lines of CECRT were relocated to the Group's factories in Malaysia after the acquisition; (ii) the factory building occupied by CECRT previously were disposed by related Company during the reporting year and (iii) there are no substantial business activities in CECRT after the production lines were relocated to Malaysia.

The assets of CECRT consisted mainly its two production lines of machines and equipment for retread of tyres. As the machines and equipment are specialised assets, management assessed and determined that the carrying amounts of the identifiable assets and liabilities at the acquisition approximate their fair values.

<u>Group</u>	<u>2021</u> <u>\$'000</u>
Inventories	624
Trade and other receivables	1,124
Other assets	109
Cash and bank balances	330
Property, plant and equipment	1,819
Other assets (non-current)	324
Trade and other payables	(1,898)
Net identifiable assets	<u>2,432</u>
Satisfied by:	
Cash consideration transferred	727
Deemed disposal of a jointly-controlled entity (Note 19)	1,705
	<u>2,432</u>
Net cash outflow on acquisition:	
Cash consideration	(727)
Less: Cash and cash equivalents transferred	330
Cash outflow on acquisition	<u>(397)</u>

From the date of acquisition to 31 October 2021, the business acquired contributed revenue of \$441,000 and net loss of \$200,000 to the Group. If the acquisition had taken place at the beginning of the financial year, there will be no significant change to the revenue and net profit contributed to the Group by the business acquired.

#### 18C. Acquisitions of non-controlling interests without a change in control

During the reporting year, the Group acquired additional equity interests in the following subsidiaries from the non-controlling interests:

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 18C. Acquisitions of non-controlling interests without a change in control (cont'd)

- Acquired remaining 4% equity interest in Autoways Industries Sdn. Bhd. ("AIW") at a consideration of RM20,835 (approximately \$6,600). After the acquisition, AIW became a wholly-owned subsidiary in the Group.
- Acquired additional 3% equity interest in Trakar Suntex Sdn. Bhd. ("TS") at a consideration of RM8,210 (approximately \$2,600). After the acquisition, TS became a 60% owned subsidiary in the Group.
- Acquired remaining 3% equity interest in Sun Tyre (Sabah) Sdn Bhd ("ST Sabah") at a consideration of RM1. After the acquisition, ST Sabah became a wholly-owned subsidiary in the Group.
- Acquired remaining 3% equity interest in Sunrich Marketing (Sabah) Sdn Bhd ("SM Sabah") at a consideration of RM1. After the acquisition, SM Sabah became a wholly-owned subsidiary in the Group.

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

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
Unquoted equity shares, at cost	5,126	5,126
Share of profit or loss:		
At beginning of the year	(3,294)	(3,485)
Share of loss for the year	(457)	(13)
Share of foreign currency translation reserve	330	204
At end of the year	(3,421)	(3,294)
Deemed disposal of investment in jointly-controlled entity (Note 18B)	(1,705)	—
Carrying amount	<u>—</u>	<u>1,832</u>

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

<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>2021</u> %	<u>2020</u> %
<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	100 <sup>(a)</sup>	65	

- (a) 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). Consequently, the interest held by the Group increased from 65% to 100%. Refer Note 18B.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

For the purpose of equity accounting of the jointly-controlled entity, the unaudited management financial statements were used. The impact arising from the use of the jointly-controlled entity's unaudited management financial statements is not expected to be significant to the financial statements of the Group.

CECRT was not consolidated previously although the Company owns, indirectly through a subsidiary, more than half of its voting power as, under the shareholders' agreement, all major decisions over the relevant activities of CECRT required consent of the Company and the other shareholder.

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

	<u>2020</u> \$'000
<u>Group</u>	
Revenue	3,311
Total comprehensive loss	(20)
Depreciation and amortisation	(282)
Current assets	2,076
Non-current assets	3,161
Current liabilities	(2,419)
Reconciliation:	
Net assets of the jointly-controlled entity	2,818
Proportion of the Group's interest in the jointly-controlled entity	65%
Carrying amount of the interest in the jointly-controlled entity	<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>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
Unquoted equity interest at cost	1,846	1,846
Share of post-acquisition loss, net of dividends received	<u>(333)</u>	<u>(306)</u>
	<u>1,513</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>	Effective equity interests held by the Group	
			<u>2021</u>	<u>2020</u>
			%	%
<u>Held by a subsidiary</u>				
China-UK Low Carbon Enterprise Co., Ltd	People's Republic of China	Investment holding. In the process of liquidation	20	20

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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 consolidated financial statements by the board of directors for issue, the liquidation has not been completed.

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables</u>				
Outside parties	6,505	12,881	25	25
Less: allowance for impairment	(1,214)	(1,187)	(25)	—
Net	5,291	11,694	—	25
Subsidiaries	—	—	737	738
Jointly-controlled entity	—	1,025	—	—
Subtotal	5,291	12,719	737	763
<u>Other receivables</u>				
Outside parties	2,609	2,065	2	2
Less: allowance for impairment	(19)	(19)	—	—
Net	2,590	2,046	2	2
Subsidiaries	—	—	623	234
Subtotal	2,590	2,046	625	236
Total trade and other receivables	7,881	14,765	1,362	999

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Movements in above allowance for trade receivables:		
Balance at beginning of the year	1,187	969
Foreign exchange adjustments	(103)	(33)
Charge to profit or loss included in other losses	130	251
Balance at end of the year	1,214	1,187
Movements in above allowance for other receivables:		
Balance at beginning of the year	19	18
Foreign exchange adjustments	—	1
Balance at end of the year	19	19

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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 (2020: 14 to 90 days).

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

<u>Group</u>	<u>Gross amount</u>		<u>Loss allowance</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Current	3,537	9,455	—	—
Past due less than 60 days	435	1,656	—	—
Past due 61 to 90 days	182	128	—	—
Past due 91 to 180 days	622	72	—	—
Past due over 180 days	1,729	2,595	(1,214)	(1,187)
	<u>6,505</u>	<u>13,906</u>	<u>(1,214)</u>	<u>(1,187)</u>

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

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Past due over 180 days	<u>1,214</u>	<u>1,187</u>

The above estimated credit loss allowance for trade receivables is based on individual accounts at the end of the reporting year.

Management determined there are uncertainties over the recoverability of certain trade receivables and other receivables amounting to \$200,000 and \$1,690,000 respectively. No allowance for impairment is made for these receivables as management requires time to ascertain the collectability of these receivables.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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 year, approximately 31% (2020: 48%) of trade receivables are due from three customers as follows:

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
Top 1 customer	1,225	4,448
Top 2 customers	1,794	5,422
Top 3 customers	<u>1,992</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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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>Group</u>	
	<u>2021</u>	<u>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	487	2,420
Total	10,153	12,086
Unearned finance income	(2,427)	(3,323)
Net investment in the leases	<u>7,726</u>	<u>8,763</u>
Presented in statements of financial position as:		
Non-current	6,472	7,636
Current	1,254	1,127
	<u>7,726</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% (2020: 10.6%) per annum.

The finance lease income is disclosed in Note 5.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 23. Other non-financial assets

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income tax receivables	154	24	–	–
Prepayments	420	1,107	9	15
Deposits to secure services	859	1,340	164	114
Less: Allowance for impairment	(114)	–	(114)	–
Net	745	1,340	50	114
	<u>1,319</u>	<u>2,471</u>	<u>59</u>	<u>129</u>
Presented as:				
Non-current assets	293	285	–	–
Current assets	1,026	2,186	59	129
	<u>1,319</u>	<u>2,471</u>	<u>59</u>	<u>129</u>
	Group and Company			
	2021	2020		
	\$'000	\$'000		
Movements in above allowance:				
Balance at beginning of the year	–	–		
Charge to profit or loss included in other losses	114	–		
Balance at end of the year	<u>114</u>	<u>–</u>		

### 24. Inventories

	Group	
	2021 \$'000	2020 \$'000
Raw materials	2,319	2,931
Work-in-progress	405	429
Finished goods	1,275	1,680
Consumables	505	971
Goods in transits	372	–
	<u>4,876</u>	<u>6,011</u>

Inventories are stated after allowance for obsolescence as follows:

Balance at beginning of the year	204	204
Charge to profit or loss included in cost of sales	36	–
Balance at end of the year	<u>240</u>	<u>204</u>

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales during the reporting year amounted to \$18,843,000 (2020: \$24,755,000).

A floating charge amounting to \$3,946,000 (2020: \$4,267,000) has been created over certain inventories of the Group as security to secure loans and borrowings (Note 31E).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 25. Derivative financial instruments

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Current assets:</u>		
<u>Derivative financial instruments with positive fair values</u>		
Forward foreign exchange contracts – cash flow hedges	<u>9</u>	<u>139</u>
<u>Current liabilities:</u>		
<u>Derivative financial instruments with negative fair values</u>		
Forward foreign exchange contracts – cash flow hedges	<u>(2)</u>	<u>(1)</u>
The movements during the reporting year are as follows:		
Balance at beginning of the year	138	(127)
Foreign exchange adjustments	(2)	(1)
Loss recognised in profit or loss	–	(24)
(Loss) / gain recognised in other comprehensive income	<u>(129)</u>	<u>290</u>
Balance at end of the year	<u>7</u>	<u>138</u>

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>Principal</u>		<u>Fair value</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Forward currency contracts	AUD/MYR	2,723	6,509	7	139
Forward currency contracts	USD/MYR	<u>–</u>	<u>8</u>	<u>–</u>	<u>(1)</u>

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 year. The valuation technique uses market observable inputs.

# NOTES TO THE FINANCIAL STATEMENTS

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### 26. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	1,772	4,685	12	33
Restricted in use	<u>128</u>	<u>2,083</u>	<u>–</u>	<u>–</u>
	<u>1,900</u>	<u>6,768</u>	<u>12</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>2021</u>	<u>2020</u>
	\$'000	\$'000
Under operating activities:		
Fixed deposits held by banks as security for performance bonds	92	92
Under financing activities:		
Fixed deposits held by banks as security for loans and borrowings	<u>36</u>	<u>1,991</u>
	<u>128</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 0.05% to 2.75% (2020: 0.05% to 2.75%) per annum.

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

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Cash and cash equivalents in the statements of financial position	1,900	6,768
Cash and cash equivalents restricted in use	(128)	(2,083)
Bank overdrafts (Note 31)	<u>–</u>	<u>(1,330)</u>
	<u>1,772</u>	<u>3,355</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 26. Cash and cash equivalents (cont'd)

#### 26B. Reconciliation of liabilities arising from financing activity

	At beginning of the year \$'000	Cash flows \$'000	Non-cash changes \$'000	Notes	At end of the year \$'000
<u>2021:</u>					
Loans and borrowings <sup>#</sup>	13,715	(4,354)	2,184	(a)	11,545
Gross lease liabilities	3,501	(1,714)	516	(b)	2,303
<u>2020:</u>					
Loans and borrowings <sup>#</sup>	10,549	2,266	900	(a)	13,715
Gross lease liabilities	3,002	(1,771)	2,270	(b)	3,501

<sup>#</sup> excluded bank overdrafts

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.

### 27. Share capital

<u>Group and Company</u>	Number of ordinary shares with no par value		Share capital	
	<u>2021</u> '000	<u>2020</u> '000	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of the year	957,483	957,483	48,170	48,170
Treasury shares purchased	(8,637)	(2,667)	(280)	(80)
Balance at end of the 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

	Number of treasury shares		Fair value	
	<u>2021</u> '000	<u>2020</u> '000	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of the year	(2,667)	(997)	(80)	(29)
Treasury shares purchased	(5,970)	(1,670)	(200)	(51)
Balance at end of the 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 (2020: 1,670,000) treasury shares were acquired during the reporting year on the Singapore Exchange in order to be held as Treasury Shares for a consideration of \$200,000 (2020: \$51,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 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 year.

#### 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 year.

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Loans and borrowings (Note 31)	11,545	15,045	—	—
Lease liabilities (Note 32)	2,303	3,501	186	126
Less: Cash and cash equivalents (Note 26)	(1,900)	(6,768)	(12)	(33)
Net debt	<u>11,948</u>	<u>11,778</u>	<u>174</u>	<u>93</u>
Adjusted capital:				
Total equity	31,703	43,021	20,384	27,068
Less: Amount accumulated in equity in relation to cash flow hedge	7	139	—	—
Adjusted capital	<u>31,696</u>	<u>43,160</u>	<u>20,384</u>	<u>27,068</u>
Debt-to-adjusted capital ratio	<u>37.7%</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 year resulted primarily from the unfavourable change with increased in accumulated losses and lower cash and cash equivalents balance.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 28. Foreign currency translation reserve

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
At beginning of the year	(5,018)	(5,671)
Exchange differences on translating foreign operations	(7)	653
At end of the year	<u>(5,025)</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.

### 29. Other reserves

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
Hedging reserve (Note 29A)	7	139
Other reserve (Note 29B)	2,213	2,270
	<u>2,220</u>	<u>2,409</u>

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

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
At beginning of the year	2,270	2,232
Acquisition of interest in a subsidiary from non-controlling interest without a change in control	(24)	—
Foreign exchange adjustments	(33)	38
At end of the year	<u>2,213</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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 30. Provisions

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
Provision for retirement benefit obligations (Note 30A)	411	790
Provision for reinstatement cost (Note 30B)	710	350
	<u>1,121</u>	<u>1,140</u>

### 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 administrated 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 year are as follows:

	<u>2021</u> \$'000	<u>Group</u> <u>2020</u> \$'000
At beginning of the year	790	844
Foreign exchange adjustments	(13)	11
Current service cost	23	26
Interest expense on retirement benefit obligations	54	22
Defined benefit plan actuarial gains	(79)	(85)
Reclassified to other payables	(232)	–
Disposal of subsidiary	(126)	–
Retirement benefit obligations paid	(6)	(28)
At end of the year	<u>411</u>	<u>790</u>

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

	<u>2021</u> %	<u>Group</u> <u>2020</u> %
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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 30B. Provision for reinstatement cost

	2021 \$'000	Group 2020 \$'000
Balance at beginning of the year	350	350
Addition	360	–
Balance at end of the year	<u>710</u>	<u>350</u>

The provision is based on the estimated costs to be incurred to reinstate leasehold properties and an investment property to their original condition at the end of the lease. The estimate is based on a quotation from an external contractor.

### 31. Loans and borrowings

	2021 \$'000	Group 2020 \$'000
<u>Non-current liabilities</u>		
<u>Loans and borrowings with fixed interest rate</u>		
Bank loan A (Note 31A)	–	17
Bank loan B (Note 31B)	–	1,308
Bank loan C (Note 31C)	–	674
Subtotal	<u>–</u>	<u>1,999</u>
<u>Loans and borrowings with floating interest rate</u>		
Bank loan E (Note 31E)	2,992	3,427
Bank loan F (Note 31F)	1,392	1,510
Subtotal	<u>4,384</u>	<u>4,937</u>
Total non-current portion	<u>4,384</u>	<u>6,936</u>
<u>Current liabilities</u>		
<u>Loans and borrowings with fixed interest rate</u>		
Bank loan A (Note 31A)	–	66
Bank loan B (Note 31B)	–	322
Bank loan C (Note 31C)	–	73
Subtotal	<u>–</u>	<u>461</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### Loans and borrowings with floating interest rate

Bank loan C (Note 31C)	674	–
Bank loan D (Note 31D)	–	280
Bank loan E (Note 31E)	2,526	375
Bank overdraft A (Note 31E)	–	508
Bankers' acceptances A (Note 31E)	3,065	5,238
Bank loan F (Note 31F)	116	71
Bank overdrafts B (Note 31G)	–	822
Bankers' acceptances B (Note 31H)	–	354
Revolving credit (Note 31E)	780	–
Subtotal	<u>7,161</u>	<u>7,648</u>
Total current portion	<u>7,161</u>	<u>8,109</u>
Total non-current and current loans and borrowings	<u>11,545</u>	<u>15,045</u>

The non-current portion is repayable as follows:

Due within 2 to 5 years	1,506	3,337
Due after 5 years	<u>2,878</u>	<u>3,599</u>
Total non-current portion	<u>4,384</u>	<u>6,936</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

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

	<u>2021</u>	<u>Group</u>	<u>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 4.05%		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% (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 year.

#### 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 during the reporting year.

#### 31C. Bank loan C

Bank loan C bears floating interest rates (2020: fixed interest rate of 2.45% per annum). The loan is secured by a charge over two office units classified under investment properties (Note 15) and guaranteed by the Company. It is repayable in monthly instalments over 10 years commencing from February 2020.

The Group did not comply with one of the covenants in the loan facility agreement that requires the total loan not to exceed 50% of the fair market value of the properties held as security.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 31D. Bank loan D

The loan was 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 (2020: \$242,000) as disclosed in Note 26. The loan was guaranteed by the Company.

The loan was fully repaid during the reporting year.

#### 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, June 2020, April 2020 and January 2021 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 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 would 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. As of the date of these financial statements, the Group has not made repayment of these amounts.

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 utilisation 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### 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 (3) 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.

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.

There was a breach of loan agreement terms at the end of the reporting year. 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.

In addition, the Group did not comply with one of the specific conditions in the loan facility agreements that requires two executive directors of the Company to maintain their executive position in the subsidiaries throughout the tenures of the facilities as one of the executive directors has resigned.

##### 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 bears floating interest rates. The loan is secured by a charge over three office units classified under property, plant and equipment (Note 13) and guaranteed by the Company and a related company. It is repayable in monthly instalments 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 year.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 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 year.

### 32. Lease liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Current	915	1,631	48	44
Non-current	1,388	1,870	138	82
	<u>2,303</u>	<u>3,501</u>	<u>186</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 consolidated statement of cash flows. The related right-of-use-assets are disclosed in Note 14.

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

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	%	%
Finance lease liabilities	<u>2.28% to 4.15%</u>	<u>2.36% to 4.15%</u>

Total cash outflows for leases for the year ended 31 October 2021 are shown in the statement of cash flows.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 32. Lease liabilities (cont'd)

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

	<u>Group</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Expense relating to short-term leases and leases of low-value assets included in administrative expenses	<u>74</u>	<u>220</u>
Total commitments on short-term leases at year end date	<u>12</u>	<u>75</u>

### 33. Deferred income

	<u>Group</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Deferred government grant income	<u>—</u>	<u>81</u>
Presented in statements of financial position as:		
Non-current	<u>—</u>	<u>50</u>
Current	<u>—</u>	<u>31</u>
	<u>—</u>	<u>81</u>

### 34. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	5,348	9,393	1,162	952
Subsidiaries	—	—	1,022	600
Jointly-controlled entity	—	600	—	—
Subtotal	<u>5,348</u>	<u>9,993</u>	<u>2,184</u>	<u>1,552</u>
<u>Other payables</u>				
Outside parties	3,235	1,909	3	3
Subsidiaries	—	—	5,474	4,515
Subtotal	<u>3,235</u>	<u>1,909</u>	<u>5,477</u>	<u>4,518</u>
Total trade and other payables	<u>8,583</u>	<u>11,902</u>	<u>7,661</u>	<u>6,070</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 34. Trade and other payables (cont'd)

Included in accrued liabilities are accrued property and land use taxes of Changyi Enersave Biomass to Energy Co., Ltd. ("CEBEC"), a wholly-owned subsidiary of Group, amounting to \$690,000 (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. During the reporting year, CEBEC received a tax reminder letter dated 23 July 2021 from the local tax authority demanding payments of taxes in arrears. 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. The Group recorded the total estimated tax payable as at 31 October 2021 in these financial statements by recognising an additional accrual of \$732,000 which is charged to the statement of profit or loss under administrative expenses (see Note 6A).

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 (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 (See Note 2C).

### 35. Capital commitments

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

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Commitments to purchase of property, plant and equipment	<u>101</u>	<u>3,149</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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>2021</u> \$'000	<u>2020</u> \$'000
Not later than 1 year	129	155
Later than 1 year and not later than 5 years	18	147
	<u>147</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 year:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
<u>Financial assets</u>				
Financial assets at amortised cost	17,507	30,296	1,374	1,032
Derivative financial assets at FVTOCI	9	139	–	–
	<u>17,516</u>	<u>30,435</u>	<u>1,374</u>	<u>1,032</u>
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	22,431	30,448	7,847	6,196
Derivative financial liabilities at FVTOCI	2	1	–	–
	<u>22,433</u>	<u>30,449</u>	<u>7,847</u>	<u>6,196</u>

Further quantitative disclosures are included throughout these financial statements.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 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 year. 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 standards 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

#### 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):

<u>Group</u>	<u>Less than 1 year \$'000</u>	<u>Due within 2 to 5 years \$'000</u>	<u>Due after 5 years \$'000</u>	<u>Total \$'000</u>
<u>2021:</u>				
Loans and borrowings	7,571	1,426	2,951	11,948
Lease liabilities	1,027	1,475	5	2,507
Trade and other payables	8,583	–	–	8,583
	<u>17,181</u>	<u>2,901</u>	<u>2,956</u>	<u>23,038</u>
<u>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>2021:</u>				
Lease liabilities	57	146	5	208
Trade and other payables	7,661	–	–	7,661
	<u>7,718</u>	<u>146</u>	<u>5</u>	<u>7,869</u>
<u>2020:</u>				
Loans and borrowings	52	97	–	149
Trade and other payables	6,070	–	–	6,070
	<u>6,122</u>	<u>97</u>	<u>–</u>	<u>6,219</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 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 year:

	Less than 1 year \$'000	Due within 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<u>Group</u>				
<u>2021:</u>				
Financial guarantee contracts	<u>2</u>	<u>–</u>	<u>–</u>	<u>2</u>
<u>2020:</u>				
Financial guarantee 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 year.

The average credit period taken to settle trade payables is approximately 99 (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 year 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>				
Fixed rates	<u>7,854</u>	<u>10,846</u>	<u>–</u>	<u>–</u>
<u>Financial liabilities</u>				
Floating rates	11,545	12,585	–	–
Fixed rates	2,303	5,961	186	126
	<u>13,848</u>	<u>18,546</u>	<u>186</u>	<u>126</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

##### Sensitivity analysis:

	<u>2021</u> \$'000	<u>Group</u> <u>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>115</u>	<u>126</u>

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</u> <u>Dollar</u> \$'000	<u>Chinese</u> <u>Renminbi</u> \$'000	<u>United</u> <u>States</u> <u>Dollar</u> \$'000	<u>Euro</u> \$'000	<u>Total</u> \$'000
<u>2021:</u>					
<u>Financial assets</u>					
Cash and cash equivalents	2	–	1	–	3
Trade and other receivables	1,759	1	1,304	147	3,211
Total financial assets	<u>1,761</u>	<u>1</u>	<u>1,305</u>	<u>147</u>	<u>3,214</u>
<u>Financial liabilities</u>					
Trade and other payables	–	(6)	(426)	(1)	(433)
Net financial assets	<u>1,761</u>	<u>(5)</u>	<u>879</u>	<u>146</u>	<u>2,781</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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

<u>Group</u>	Australian Dollar \$'000	Chinese Renminbi \$'000	United States Dollar \$'000	Euro \$'000	Total \$'000
<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
<u>Company</u>				<u>Malaysia Ringgit</u>	
				<u>2021</u>	<u>2020</u>
				\$'000	\$'000
<u>Financial assets</u>					
Trade and other receivables				136	138

#### Sensitivity analysis:

A hypothetical 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 year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>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	176	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	102	34	14	14

The hypothetical sensitivity rate used in the above table is the reasonably possible change in foreign exchange rates.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 38. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

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

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.

### 39. Notice of Compliance and Extraordinary General Meeting

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

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

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: -

- That Cao Shixuan be removed from his office as a Director of the Company with effect from the date of the EGM;
- That Damien Seah Yang Hwee be appointed as a Director of the Company with effect from the date of the EGM;
- That Yeo Lai Hock, Nichol be appointed as a Director of the Company with effect from the date of the EGM;
- That Tan Siok Sing Calvin be appointed as a Director of the Company with effect from the date of the EGM;
- 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
- 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 39. Notice of Compliance and Extraordinary General Meeting (cont'd)

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

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.

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 1967 ("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 was 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 the 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 ("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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 39. Notice of Compliance and Extraordinary General Meeting (cont'd)

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

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.

### 40. Events after the end of the reporting year

#### 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.

#### Extension of internal audit scope under NOC

On 11 May 2022, the audit of the interim financial statements of the Group for the six-month period ended 30 April 2021 as required under the NOC disclosed in Note 39 was completed.

On 11 May 2022, SGX RegCo directed the internal auditor, who is commissioned by the Company under the NOC disclosed in Note 39, to expand the scope of the internal audit to include, inter alia, the following: (a) the service agreements entered by Chongqing ecoWise Investment Management Co., Ltd.; (b) disclosures of related party relationships, transactions and balances; (c) the unconsolidated entities; (d) recoverability of assets in a jointly controlled entity; and (e) potential breaches of the Listing Manual Section B: Rules of Catalist.

### 41. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2021

### 42. 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	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	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) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
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 Group's financial statements in the period of initial application.

# STATISTICS OF SHAREHOLDINGS

AS AT 29 APRIL 2022

Class of Shares	: Ordinary Share
Number of Issued Shares (excluding treasury shares and subsidiary holdings)	: 948,845,729
Issued and fully paid-up capital	: S\$53,886,908.57
Voting Rights	: One vote per share (excluding treasury shares and subsidiary holdings)
Number of Treasury Shares and as a percentage of total number of shares outstanding	: 8,637,300 (0.91%)
Subsidiary Holdings and as a percentage of total number of shares outstanding	: Nil

## DISTRIBUTION OF SHAREHOLDINGS

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>%</u>	<u>NO. OF SHARES</u>	<u>%</u>
1 - 99	19	1.04	912	0.00
100 - 1,000	60	3.30	41,417	0.00
1,001 - 10,000	260	14.29	1,913,033	0.20
10,001 - 1,000,000	1,418	77.91	163,343,919	17.22
1,000,001 AND ABOVE	63	3.46	783,546,448	82.58
<b>TOTAL</b>	<b>1,820</b>	<b>100.00</b>	<b>948,845,729</b>	<b>100.00</b>

## PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company as at 29 April 2022, approximately 57.19% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires that at least 10% of the issued ordinary shares (excluding preference shares, convertible equity securities and treasury shares) of the Company in a class that is listed is at all times held in the hands of the public.

## TWENTY LARGEST SHAREHOLDERS

<u>NO</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1	CITIBANK NOMINEES SINGAPORE PTE LTD	304,214,487	32.06
2	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	88,015,500	9.28
3	TAN JIN BENG WINSTON	64,566,833	6.80
4	CAO SHIXUAN	42,535,114	4.48
5	SOLIGNY BRUNO LUDOVIC	27,898,700	2.94
6	TAN SWEE BOON	25,950,000	2.73
7	SUNNY ONG KENG HUA	25,000,000	2.63
8	PHILLIP SECURITIES PTE LTD	21,204,315	2.23
9	CHING WEE LING (ZHONG HUILING)	12,148,000	1.28
10	KWOK HOI SUI	10,538,200	1.11
11	LEE THIAM SENG	10,009,388	1.05
12	CHAN BUANG HENG	8,119,850	0.86
13	NG CHEOW BOO	7,094,000	0.75
14	TEO BOON LING	5,732,950	0.60
15	KOH YEW CHOO	5,683,000	0.60
16	JENNY KWOK	5,650,000	0.60
17	KNG CHIN KAIT	5,094,000	0.54
18	DBS NOMINEES (PRIVATE) LIMITED	5,023,700	0.53
19	ANG CHIAN SHOW	5,009,000	0.53
20	GAN CHIN CHYE EDMUND (YAN JINCAI)	4,764,300	0.50
<b>TOTAL</b>		<b>684,251,337</b>	<b>72.10</b>



# STATISTICS OF SHAREHOLDINGS

AS AT 29 APRIL 2022

## SUBSTANTIAL SHAREHOLDERS AS AT 29 APRIL 2022

AS shown in the Register of Substantial Shareholders:

NAME OF SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
ecoHub Pte. Ltd.	218,229,375	23.00	-	-
Ma Ong Kee	88,000,000 <sup>1</sup>	9.27	-	-
Tan Jin Beng Winston	64,566,833	6.80	-	-
Lee Thiam Seng	35,509,388 <sup>2</sup>	3.74	218,229,375 <sup>3</sup>	23.00

### Notes:

- (1) Mr Ma Ong Kee holds 88,000,000 shares through his nominee account with Morgan Stanley Asia (Singapore) Securities Pte Ltd, representing 9.27% of the issued share capital of the Company.
- (2) Mr Lee Thiam Seng holds 25,500,000 shares through his nominee account with Citibank Nominees Singapore Pte Ltd. and 10,009,388 shares with CDP.
- (3) Mr Lee Thiam Seng is the sole shareholder of ecoHub Pte. Ltd. which in turn holds 218,229,375 shares (of which all are held through Citibank Nominees Singapore Pte Ltd). Accordingly, Lee Thiam Seng has a deemed interest in the 218,229,375 shares held by ecoHub Pte. Ltd.

# ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Mr. Lee Thiam Seng, Mr. Lo Kim Seng, Mr. Tham Chee Soon and Mr. Tan Poh Chye Allan are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 May 2022 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

NAME OF DIRECTOR	MR. LEE THIAM SENG	MR. LO KIM SENG	MR. THAM CHEE SOON	MR. TAN POH CHYE ALLAN
Date of Appointment	12 November 2002	3 September 2021	3 September 2021	14 April 2022
Date of last re-appointment	27 February 2021	Not Applicable	Not Applicable	Not Applicable
Age	61	60	57	57
Country of principal	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“<b>NC</b>”) and has reviewed and considered the qualification, work experience and suitability of Mr. Lee Thiam Seng for re-appointment as Executive Chairman and Chief Executive Officer.</p> <p>The Board has reviewed and concluded that Mr. Lee Thiam Seng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“<b>NC</b>”) and has reviewed and considered the qualification, work experience and suitability of Mr. Lo Kim Seng for re-appointment as Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Lo Kim Seng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“<b>NC</b>”) and has reviewed and considered the qualification, work experience and suitability of Mr. Tham Chee Soon for re-appointment as Lead Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Tham Chee Soon possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“<b>NC</b>”) and has reviewed and considered the qualification, work experience and suitability of Mr. Tan Poh Chye Allan for re-appointment as Independent Non-Executive Director, the Chairman of the Nominating Committee and a member of the Remuneration Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Tan Poh Chye Allan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	<p>Executive</p> <p>Mr. Lee Thiam Seng is responsible for setting directions, formulating corporate strategies and overall management of the Group's businesses in the resource recovery, use of sustainable resources of renewable energy segments.</p>	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee	Lead Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee	Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Remuneration Committee

# ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

NAME OF DIRECTOR	MR. LEE THIAM SENG	MR. LO KIM SENG	MR. THAM CHEE SOON	MR. TAN POH CHYE ALLAN
Working experience and occupation(s) during the past 10 years	2002 – present: Executive Chairman and Chief Executive Officer – of the Company	April 2018 - present: Director, Bayfront Law LLC July 2020 - present: Independent director, CFM Holdings Limited Nov 2020 - present: Independent director, No Signboard Holdings Ltd May 2021 - present: Independent director, Fragrance Group Limited Mar 2013 - Mar 2018: Director, Morgan Lewis Stamford LLC	2018 – present: Founder, iCFO Advisors Pte Ltd 2004 – 2018: Partner, Ernst & Young, Singapore	2020 to present – Director at Altum Law Corporation 2006 to 2013 – Partner at Colin Ng & Partners LLP 2019 to 2020 – Principal Lawyer at Allan Tan Law Practice 2013 to 2018 – Partner at Virtus Law LLP (informal alliance with Stephenson Harwood LLP)
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 35,509,388 Shares Deemed interest: 218,229,375 Shares	Nil	Nil	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries)	Nil	Nil	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years)	<b>Present Directorship:</b> (1) EcoWise Holdings Limited – Executive Chairman and Chief Executive Officer. Director of the subsidiaries of the EcoWise Holdings Limited Group. (2) ecoHub Pte Ltd  <b>Past Directorship:</b> Nil	<b>Present Directorship:</b> (1) Bayfront Law LLC (2) CFM Holdings Limited (3) No Signboard Holdings Ltd (4) Fragrance Group Limited  <b>Past Directorship:</b> (1) Morgan Lewis Stamford LLC (2) Bruxelles Investments Private Limited (3) SGA Kaltim Pte Ltd	<b>Present Directorship:</b> (1) iCFO Advisors Pte. Ltd. (2) Temenggong Artists-in-Residence Ltd. (3) The Teng Company Ltd. (4) Bone Marrow Donor Programme (5) Dover Park Hospice  <b>Past Directorship:</b> (1) Fragrance Group Ltd. (2) Hwa Hong Corporation Limited.	<b>Present Directorship:</b> (1) Altum Law Corporation (2) CNMC Goldmine Holdings Limited (3) Nico Steel Holdings Limited (4) Vibropower Corporation Limited  <b>Past Directorship:</b> (1) Partner – Colin Ng & Partners (2) Partner – Virtus Law LLP (3) Principal Lawyer – Allan Tan Law Practice (4) Novita Healthcare Limited (listed on ASX) (5) Affinity Energy and Health Limited (listed on the ASX) (6) Prima Ops Pte Ltd

\* “Principal Commitments” has the same meaning as defined in the Code.

# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)

# ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

NAME OF DIRECTOR	MR. LEE THIAM SENG	MR. LO KIM SENG	MR. THAM CHEE SOON	MR. TAN POH CHYE ALLAN
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	Yes. Mr. Tan was appointed nominee director of Prima Ops Pte Ltd. (“Prima”), a private company, on March 2018 when it was first incorporated. Prima was a start-up company whose business was in the teaching of the English and Chinese languages via an app on mobile and hand-held devices (the “business”). Mr. Tan was appointed nominee director of Prima as part of the legal services he provided to the controlling shareholder of Prima when said controlling shareholder acquired the business from the vendor in order to satisfy the resident director requirement under the Companies Act. Mr. Tan was not involved the management of the business. Mr. Tan resigned in February of 2019 after Prima reconstituted its board. Prima was put into liquidation due to creditors’ voluntary winding up as at 15 January 2020.
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

# ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

NAME OF DIRECTOR	MR. LEE THIAM SENG	MR. LO KIM SENG	MR. THAM CHEE SOON	MR. TAN POH CHYE ALLAN
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No

# ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

NAME OF DIRECTOR	MR. LEE THIAM SENG	MR. LO KIM SENG	MR. THAM CHEE SOON	MR. TAN POH CHYE ALLAN
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No	No

# ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

NAME OF DIRECTOR	MR. LEE THIAM SENG	MR. LO KIM SENG	MR. THAM CHEE SOON	MR. TAN POH CHYE ALLAN
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
<b>Disclosure applicable to the appointment of Director only</b>				
Any prior experience as a director of a listed company?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A  Not applicable. This is a re-election of a Director and Mr. Lee Thiam Seng has prior experience as a director of an issuer listed on the SGX-ST.	Yes.  <b><u>Present</u></b> (1) No Signboard Holdings Ltd (2) Fragrance Group Limited (3) CFM Holdings Limited  <b><u>Past</u></b> Nil	Yes.  <b><u>Present</u></b> Nil  <b><u>Past</u></b> (1) Fragrance Group Ltd (2) Hwa Hong Corporation Limited	Yes.  <b><u>Present</u></b> (1) CNMC Goldmine Holdings Limited (2) Nico Steel Holdings Limited (3) Vibropower Corporation Limited  <b><u>Past</u></b> (1) Novita Healthcare Limited (listed on ASX) (2) Affinity Energy and Health Limited (listed on the ASX)

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of ECOWISE HOLDINGS LIMITED (the “**Company**”) will be held by way of electronic means on Monday, 30 May 2022 at 10.00 a.m., to transact the business set out below

This Notice has been made available on SGXNet and the Company’s website and may be accessed at the URL <https://www.ecowise.com.sg/en/investor-relations/agm-2022>. A printed copy of this Notice will NOT be despatched to shareholders.

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the audited financial statements for the financial year ended 31 October 2021, together with the Directors’ Statement and Independent Auditors’ Report.  
(Resolution 1)
2. To re-elect Mr. Lee Thiam Seng who is retiring by rotation pursuant to Regulation 107 of the Company’s constitution (“**Constitution**”) and who, being eligible, offers himself for re-election as a Director.  
[See Explanatory Note (i)] (Resolution 2)
3. To re-elect Mr. Tan Poh Chye Allan who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.  
[See Explanatory Note (i)] (Resolution 3)
4. To re-elect Mr. Lo Kim Seng who is retiring pursuant to Regulation 117 of the Constitution and who, being eligible, offers himself for re-election as a Director.  
[See Explanatory Note (i)] (Resolution 4)
5. To re-elect Mr. Tham Chee Soon who is retiring pursuant to Regulation 117 of the Constitution and who, being eligible, offers himself for re-election as a Director.  
[See Explanatory Note (i)] (Resolution 5)
6. To approve the payment of Directors’ fees of up to S\$33,000 for the financial year ended 31 October 2021 [FY2020: S\$165,000].  
[See Explanatory Note (ii)] (Resolution 6)
7. To approve the payment of Directors’ fees of up to S\$323,000 for the financial year ending 31 October 2022, to be paid monthly in arrears [FY2021: S\$145,000].  
(Resolution 7)
8. To re-appoint Messrs RSM Chio Lim LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration.  
(Resolution 8)
9. To transact any other ordinary business which may be properly transacted at an AGM of the Company.



# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

### 10. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act 1967 and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)(the “**Catalist Rules**”), authority be and is hereby given to the Directors of the Company to:-

- (A) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

- (1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) (“**Issued Shares**”), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of Issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:-
  - (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (ii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

(Resolution 9)

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

# NOTICE OF ANNUAL GENERAL MEETING

## 11. Authority to allot and issue Shares under the ecoWise Performance Share Plan

That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards in accordance with the provisions of the ecoWise Performance Share Plan (the “**Share Plan**”) and to allot and issue from time to time, such number of Shares as may be required to be allotted and issued pursuant to the awards granted under the Share Plan (including but not limited to allotment and issuance of Shares at any time, whether during the continuance of such authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided always that the total number of new Shares issued and/or issuable pursuant to the Share Plan, and any other share option schemes of the Company shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time, and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 10)

By Order of the Board

Lissa Siau Kuei Lian  
Secretary  
Singapore, 15 May 2022

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Mr Lee Thiam Seng will, upon re-election as an Executive Director, remain as a Chairman and Chief Executive Officer of the Company. Detailed information on Mr. Lee Thiam Seng can be found under the sections entitled "Board of Directors", "Management" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2021.
- Mr Tan Poh Chye Allan will, upon re-election as a Director, remain as Independent Non-Executive Director, Chairman of the Nominating Committee, and a member of the Remuneration Committee. Mr Tan Poh Chye Allan is considered by the Board of Directors of the Company (the "**Board**") to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Tan Poh Chye Allan can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2021. Mr Tan Poh Chye Allan has no relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.
- Mr Lo Kim Seng was appointed by the Board on 3 September 2021 pursuant to the requirements of a Notice of Compliance issued by the Singapore Exchange Regulation Pte. Ltd. to the Company on 25 June 2021 ("**NOC**"). He will, upon re-election as a Director, remain as Independent Non-Executive Director, Chairman of the Remuneration Committee, and a member of the Nominating Committee and Audit Committee. Mr Lo Kim Seng is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Lo Kim Seng can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2021. Mr Lo Kim Seng has no relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.
- Mr Tham Chee Soon Seng was appointed by the Board on 3 September 2021 pursuant to the requirements of the NOC. He will, upon re-election as a Director, remain as Lead Independent Non-Executive Director, Chairman of the Audit Committee, and a member of the Nominating Committee. Mr Tham Chee Soon is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Tham Chee Soon can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2021. Mr Tham Chee Soon has no relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.
- (ii) The directors' fees of S\$33,000 pertained to Mr Tham and Mr Lo who were appointed as Independent Directors, pursuant to the NOC, on 3 September 2021.
- (iii) Ordinary Resolution 9 proposed in item 10 above is to empower the Directors of the Company to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding, in total, 100% of the total number of Issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which not exceeding 50% may be issued other than on a pro rata basis to existing shareholders. For determining the aggregate number of Shares that may be issued, the percentage of Issued Shares shall be based on the total number of Issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.
- (iv) Ordinary Resolution 10 proposed in item 11 above is to empower the Directors of the Company to offer and grant awards, and to allot and issue new Shares pursuant to the Share Plan (which was approved by Shareholders at the Extraordinary General Meeting of the Company held on 23 March 2007 and extended accordingly for a period of 10 years at the AGM of the Company held on 28 February 2017), as may be modified by the Remuneration Committee from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan shall not exceed 15% of the total number of Issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. The Annual General Meeting of the Company ("**Meeting**") is being convened, and will be held, by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting even where the Company is permitted under safe distancing regulations to hold a physical meeting. Printed copies of this Notice of AGM will NOT be sent to members of the Company. Instead, this Notice of AGM will be made available to members of the Company solely by electronic means via publication on SGXNet and the Company's corporate website at <https://www.ecowise.com.sg/en/investor-relations/agm-2022>.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio-only stream ("**AUDIO ONLY MEANS**"), submission of questions in advance of the Meeting, addressing of substantial and relevant questions, are set out in the Company's announcement dated 15 May 2022 (the "**Announcement**"), which has been uploaded together with the Notice of AGM on SGXNet on the same day. The Announcement may also be assessed at <https://www.ecowise.com.sg/en/investor-relations/agm-2022>. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of this Notice of AGM in respect of the Meeting.
3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting, if such member wishes to exercise his/her/its voting rights at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - (a) if submitted by email, be received by the Company at [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com); or
  - (b) if submitted by post, be lodged at the registered office of the Company at 1 Commonwealth Lane, One Commonwealth, #07-28 Singapore 149544,
 in either case, **by 10.00 a.m. on 27 May 2022** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.
 

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**
6. This instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
7. A corporation which is a member may authorise by resolution its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

## Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to attend the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the Meeting in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as a proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy list, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

# NOTICE OF ANNUAL GENERAL MEETING

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This notice 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 notice 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 notice.*

*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.*

**ECOWISE HOLDINGS LIMITED**

Company Registration No. 200209835C  
(Incorporated In the Republic of Singapore)

**PROXY FORM****FOR ANNUAL GENERAL MEETING**

(Please see notes overleaf before completing this Form)

**IMPORTANT:**

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will NOT be sent to members of the Company. Instead, this Notice of AGM will be made available to members solely by electronic means via publication on SGXNet and the Company's corporate website at <https://www.ecowise.com.sg/en/investor-relations/aggm-2022>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("LIVE WEBCAST") or "live" audio only stream ("AUDIO ONLY MEANS"), submission of questions in advance of the Meeting, addressing of substantial queries and relevant comments, prior to, or at, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in this Notice of AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. Please read the notes to this Proxy Form.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (\*NRIC/Passport/Co. Reg No.) of  
\_\_\_\_\_ (Address)

being a member/members of ECOWISE HOLDINGS LIMITED (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting of the Company (the "**Meeting**") as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Meeting to be held by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Monday, 30 May 2022 at 10.00 a.m. and at any adjournment thereof. \*I/We direct the Chairman of the Meeting, being \*my/our proxy to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the Meeting as indicated hereunder.

**If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as \*my/our proxy will be treated as invalid. All Resolutions put to vote at the Meeting shall be decided by way of poll.**

No.	Resolutions relating to:	No. of votes 'For'***	No. of votes 'Against'***	No. of votes 'Abstain'***
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 October 2021, together with the Auditors' Report thereon			
2	Re-election of Mr Lee Thiam Seng as a Director of the Company			
3	Re-election of Mr Tan Poh Chye Allan as a Director of the Company			
4	Re-election of Mr Lo Kim Seng as a Director of the Company			
5	Re-election of Mr Tham Chee Soon as a Director of the Company			
6	Approval of Directors' fees amounting to S\$33,000 for the financial year ended 31 October 2021			
7	Approval of Directors' fees amounting to S\$323,000 for the financial year ending 31 October 2022, to be paid monthly in arrears			
8	Re-appointment of Messrs RSM Chio Lim LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration			
9	Authority to Allot and Issue Shares			
10	Authority to grant awards, allot and issue shares under the ecoWise Performance Share Plan			

**Notes:**

\* Delete accordingly

\*\* If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please mark an "X" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided in respect of that resolution. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Member(s) or,  
Common Seal of Corporate Member

**Notes:**

**Due to the fast-evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. The Company is taking the relevant steps in accordance with Part 4 of the COVID-19 (Temporary Measures) Act 2020.**

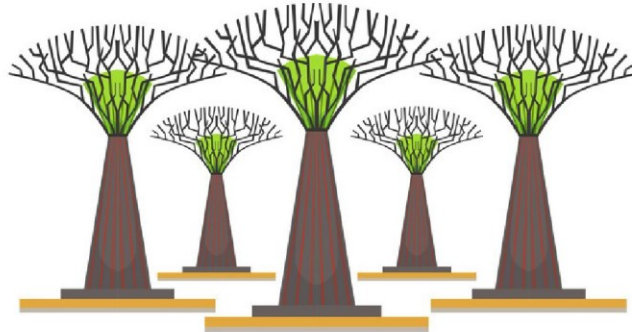
1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting a proxy shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGXNet and the Company's corporate website at <https://www.ecowise.com.sg/en/investor-relations/agm-2022>. A printed copy of the proxy form will **NOT** be despatched to members.
3. This duly executed proxy form, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must:
  - (a) if submitted by email, be received by the Company at [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com); or
  - (b) if sent personally or by post, be lodged at the registered office of the Company at 1 Commonwealth Lane, One Commonwealth, #07-28 Singapore 149544,

in either case, **by 10.00 a.m. on 27 May 2022** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy form by post, members of the Company are strongly encouraged to submit the completed proxy forms electronically via email.**
4. This proxy form must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruction of the appointor specified in the instrument appointing the Chairman of the Meeting as a proxy. In addition, in the case of member of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
6. A Depositor shall not be regarded as a member of the Company entitled to attend the Meeting and vote thereat unless his/her name appears on the Depository Register seventy-two (72) before the time appointed for holding the Meeting.
7. For investors who hold Shares in the capital of the Company under Supplementary Retirement Scheme ("SRS Investors"), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to appoint the Chairman of the Meeting to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) workings days before the Meeting (i.e. by 10.00 a.m. on 18 May 2022).

**Personal Data Privacy**

By submitting an instrument appointing the Chairman of the meeting as a proxy to vote at the Meeting and/or any adjournment thereof, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 May 2022.



## **ecoWise Holdings Ltd**

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