ecoWise
ecoworld . better world

ANNUAL REPORT 2019

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.

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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.

CORPORATE PROFILE

RESOURCE RECOVERY (RR)

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

In Singapore, the Group prepares its own fuel feedstock for its biomass power plants and Tuas Power Utilities 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, the "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, STAP and Saiko Rubber. 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.

In China, through its joint venture company, Chongqing eco-CTIG Rubber Technology Co., Ltd, and a franchise agreement with SRR, the Group has utilised its technological know-how acquired in Malaysia to develop a tyre retreading facility in Chongqing, which adopts state-of-the-art technologies, and also implements total tyre management for its main customer, Chongqing Municipal Transport Development and Investment (Group) Co., Ltd. The Group has also expanded the applications of retreaded tyres and rubber compounds to the public transport, railways and aviation businesses in Chongqing.

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 operation 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，马来西亚和中国。

在新加坡，绿科通过在莎琳汶的再循环园收集和处理园艺木材废料，为集团在新加坡的生物质电厂和大士能源提供燃料。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，并拥有五大品牌 Sunrich, Sun Rubber, Sun Tyre, STAP 和 Saiko Rubber 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。

在中国市场，绿科通过集团下属合资公司重庆绿科开投橡胶科技有限公司，与日升集团签订了特许经营协议，利用在马来西亚的专有技术在重庆市投产轮胎翻新设备，并为其主要客户重庆公共交通有限公司提供综合轮胎管理服务，以及将我们的翻新轮胎及橡胶制品扩展到轨道、铁路及航空枢纽领域。

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质热电厂也是新加坡的第一个生物质热电厂。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，生物质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。集团的第二个生物质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。该生物质热电厂以设计、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,

2019 has been a challenging year as the global economy has been increasingly volatile with the ongoing US-China trade war, increasing uncertainties and complexities in the corporate and business environment. ecoWise Holdings Limited (the "Company" or "ecoWise", together with its subsidiaries, the "Group") like most other enterprises, had also been caught in the headwinds of global economic uncertainty as business growth slowed down under the unfavourable economic environment and intense competition in the industry.

Despite the rough times and tumultuous markets, the Group recorded profit before tax of S$0.37 million in the financial year ended 31 October ("FY") 2019, and a lower loss after tax of S$0.49 million in FY2019, as compared to a loss after tax of S$4.61 million in FY2018. This has been a laudable achievement given the highly competitive nature of recycling and renewable energy businesses. This is attributed to the strong business organics and adoption of best practices which focuses on optimizing the Group's capital structures, reviewing and revamping existing business models and embracing continuous innovation on all fronts.

In the coming year, the Group will continue to strive hard in maintaining its position as the premium environmental company and provider of sustainability solutions, in not only Singapore, but also the region. ecoWise seeks to improve its operational efficiencies as well as to promote and leverage on the capabilities of its human capital in order to achieve business excellence.

Key Achievements in 2019

The Group has implemented a series of strategic and structural adjustments in Singapore, Malaysia and China, which include policies revisions to significantly reduce operational costs, improve operational efficiency and consistency.

In year 2019, the Group had reviewed and optimised all major business operations in all regions by revising and renewing non-profiting business models. Further, effective cost cutting measures had been implemented at Group level aimed at improving its overall profit position. Through key initiatives, the Group has drastically reduced operational expenses by adopting prudent procurement practices and engineering optimizations of its various operating plants.

During the year, ecoWise has expanded its existing market share and opened up new sales channels in both local and overseas markets. The Group has diversified its product range and offerings, particularly in the new tyre (truck bus radial) segment where ecoWise has launched its brand of new tyre in both Malaysia and China. New tyres marketed under the brand name of "**Sunrich**" and "**ecoWise**" has attained technological maturity and is widely accepted by end users in key markets.

Outlook for the Group in 2020

Looking forward, the Group will focus on achieving long-term success in order to create the highest value for our Shareholders through realising the following objectives:

- Improve performance of loss-making entities in previous years;
- Optimize the Group's capital structure and maximise its asset value;
- Achieve steady growth in its share price; and
- Maintain stable cashflow through all its business operations, with particular emphasis in ramping up sales in Malaysia's rubber compounding and tyre retreading businesses, revamping the food waste recycling business in Singapore and recover investments in China.

The Group endeavours to maintain its position as an industry leader in the segment of waste management, recycling and renewable energy.

To achieve these goals, the Group will focus on the following key guiding frameworks:

- Apply and materialise the idea of circular economy and sustainability in core areas including but not limited to the recycling of food, municipal, horticultural and tyre waste;
- Continue to explore local and international collaborations with like-minded investors and key stakeholders such as government and commercial players to fulfil the macro objective of achieving environmental sustainability at corporate and global level, living up to its motto of building an **ecoworld, better world;**
- Continue to push for organic growth of its existing businesses through constant and continuous review of all business units' performance so as to maximise the top and bottom line; and
- Place strong emphasis on developing human resource capabilities. The Group believes that human talent is among the most important resources in ensuring a thriving enterprise. This includes the development of not only the functional hard skills necessary for maintaining the Group's business growth but also all personal attributes such as integrity, team-spiritedness and accountability, which forms the backbone of good corporate culture and corporate governance.

The COVID-19 pandemic has impacted businesses and lives around the world, likewise, the Group has not been spared given the interconnectedness and the widespread severity of the situation. The Group expects COVID-19 to have some impact to its business, however, at the present moment, it is unable to quantify the potential impact due to the evolving situation in the countries where its businesses are located.

Finally, the Group would like to take this opportunity to express its heartfelt gratitude to all its stakeholders, including all Shareholders, clients and business partners for their unwavering support. Over the past 4 years, amidst the unfavourable economic backdrop, the Group has remained resilient and progressed from a loss-making status to a profit before tax. All these cannot be done without the unwavering support of our Shareholders.

主席致辞

尊敬的股东们：

2019 年是充满挑战的一年，随着中美贸易战的持续，全球经济日益动荡，企业和商业环境的不确定性和复杂性不断增加。绿科集团（“集团公司”）和其他大多数企业一样，也陷入了全球经济不确定性的逆风之中，在不利的经济环境和激烈的行业竞争下，集团公司的业务增长也相应放缓。

尽管市场动荡，历经艰难，集团公司在 2019 年 10 月 31 日财政年税前盈利 S$0.37 百万和税后最低损失 S$0.49 百万相比于 2018 财政年税后亏损 S$4.61 百万。鉴于资源回收和可再生能源业务竞争激烈，这个成就值得称赞。集团公司的盈利归功于强大的业务扩展和实践优质的商业模式，注重于优化集团的资本结构、评估和改进现有业务模式以及在所有方面实现持续创新。

在未来一年，集团公司将继续努力保持其在新加坡，乃至亚洲区域，作为优质环保公司和可持续发展解决方案提供商的地位，提高运营效率，持续创新，以保证利润最大化，实现更卓越的业务。

回顾 2019

这一年内，集团公司已在新加坡、马来西亚和中国实施了一系列改革及结构调整措施，包括大幅修订政策，以大幅降低运营成本、提高运营效率。

其中，集团公司通过修订和更新非营利性业务模式，改善了所有地区的主要业务运营。同时，管理层也实施了有效的成本控制措施，旨在改善其总体盈利状况，其关键在于，集团公司通过采取严格谨慎的采购流程和改进各工厂的营运模式，大幅减少了运营开支。

2019 年，集团公司也扩大了现有市场份额，在本地和海外市场开辟了新的销售渠道。产品种类丰富多样，特别是在新轮胎（卡车及公共交通）领域，在马来西亚和中国都推出了自有新轮胎品牌 “Sunrich”和“ecoWise”，该自有品牌新轮胎的技术成熟，已被主要市场的终端用户所广泛接受。

集团 2020 年展望

展望未来，集团公司将专注于以下目标，努力为我们的股东实现价值最大化：

- 改善亏损的业绩；
- 优化集团资本结构，实现资产价值的最大增值；
- 实现股价稳定增长；
- 保持稳定的业务运营的现金流，特别是提高马来西亚复合橡胶和轮胎翻新业务的销售额，改进新加坡的食品废物回收业务，并逐步回收在中国的投资。

集团公司亦致力于维持其在废物管理、循环再造及可再生能源领域的行业领导者地位。

为实现这些目标，集团公司将侧重于以下关键措施：

- 在核心领域应用和实践循环经济和可持续发展的理念，包括但不限于食品、市政、园艺和轮胎废物的回收；
- 继续探索与志同道合的投资者以及政府和商业参与者等主要利益相关者开展地方和国际合作，以期在企业和全球层面实现环境可持续性的宏观目标，履行建设生态世界、更美好世界的座右铭；
- 持续审控所有业务单位的绩效，推动现有业务的稳定增长，从而最大限度地提高利润空间；
- 高度重视发展人力资本，以确保公司员工德才兼备。集 团公司认为，人才是确保企业蓬勃发展最重要资源之一。这不仅包括发展维持集团以期业务增长所需的硬技能，还包括所有个人属性的软技能，如诚信、团队精神和责任心等，这些特质将形成好的企业文化和公司治理的支柱。

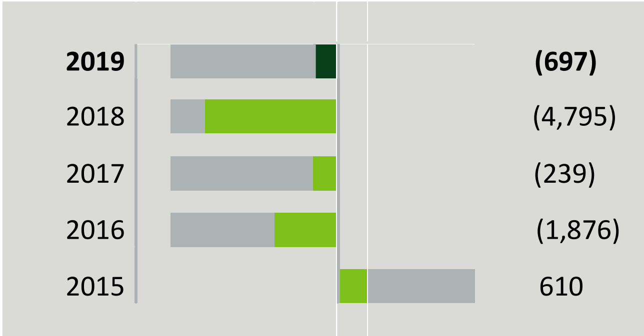
新冠肺炎影响了全球的企业和生活， 同样，鉴于局势的相互联系和严重程度，集团公司也未能幸免。本集团公司预期新冠肺炎将对其业务产生一定影响，但由于其业务所在地不断变化的情况，目前无法量化其潜在影响。

最后，集团公司愿借此机会向所有股东、客户和业务合作伙伴以及所有利益相关者的坚定支持表示衷心的感谢。过去 4 年，在经济萧条的情况下，集团公司弹性发展，从税前亏损状态向税前盈利状态迈进。没有股东的坚定支持，这些目标是不可能实现的。

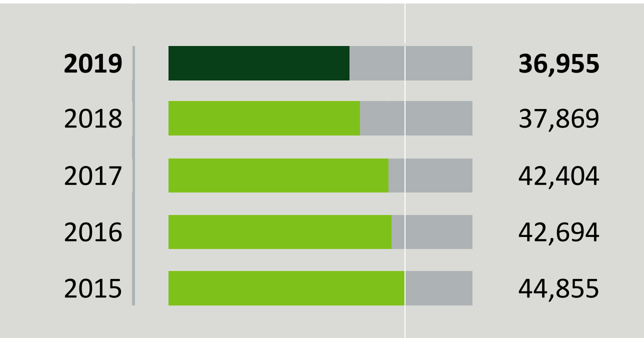
FINANCIAL HIGHLIGHTS

GROUP REVENUE ($'000)

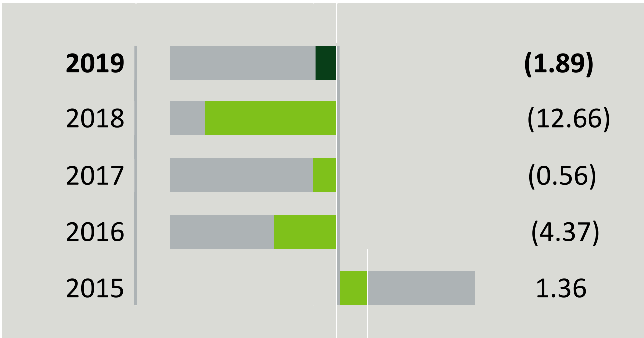
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY ($'000)



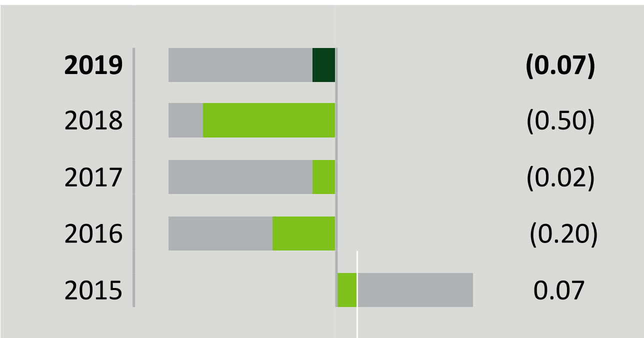
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY ($'000)



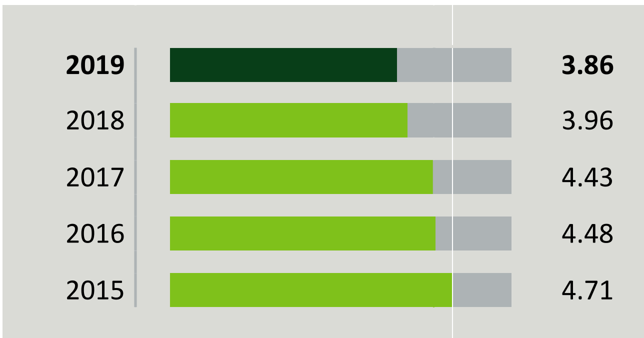
RETURN OF EQUITY, ATTRIBUTABLE TO OWNERS OF THE COMPANY (%)



BASIC (LOSS)/EARNINGS PER SHARE (CENTS)



NET ASSETS VALUE PER SHARE (CENTS)



FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS ($'000)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Revenue	**55,092**	58,394	56,052	56,941	63,120
Gross profit	**10,317**	8,948	10,900	11,460	14,015
Profit/(Loss) before income tax	**377**	(3,639)	(422)	(1,791)	1,559
(Loss)/Profit after income tax	**(487)**	(4,610)	(29)	(1,811)	904
Non-controlling Interest	**210**	185	210	56	294
(Loss)/Profit attributable to owners of the Company	**(697)**	(4,795)	(239)	(1,867)	610

STATEMENT OF FINANCIAL POSITION ($'000)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Property, plant and equipment	**27,336**	30,705	29,279	24,963	23,792
Cash and cash equivalents	**5,501**	3,938	5,278	8,174	7,732
Current assets	**31,829**	32,679	37,676	35,218	40,568
Total assets	**74,185**	80,094	87,185	83,804	88,683
Current liabilities	**25,980**	30,366	33,010	26,266	26,869
Total liabilities	**32,941**	39,556	42,536	38,424	41,096
Working capital	**5,849**	2,313	4,666	8,952	13,699
Equity attributable to owners of the Company	**36,955**	37,869	42,404	42,694	44,855

RATIOS	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Current ratio (times)	**1.23**	1.08	1.14	1.34	1.51
Return on equity, attributable to owners of the Company * (%)	**(1.89)**	(12.66)	(0.56)	(4.37)	1.36
Return on assets * (%)	**(0.94)**	(5.99)	(0.27)	(2.23)	0.69
Basic (loss)/earnings per share (cents)	**(0.07)**	(0.50)	(0.02)	(0.20)	0.07
Net assets value per share (cents)	**3.86**	3.96	4.43	4.48	4.71

* 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 FY2019 of S$55.09 million was S$3.30 million or 5.7% lower, as compared to FY2018 of S$58.39 million. The decrease in revenue was mainly due to lower revenue recorded by the Group's Resource Recovery segment, as a result of (i) the cessation of copper slag business, and (ii) decrease in sales of rubber compounds and retreaded tyres due to challenging market conditions under Sunrich Resources Sdn. Bhd. and its subsidiaries ("SRR Group").

The Group's gross profit of S$10.32 million in FY2019 was higher as compared to S$8.95 million in FY2018. This was mainly due to (i) lower direct cost incurred by the Group's Resource Recovery segment under the SRR Group, and (ii) decrease in manpower cost, and lower upkeep and repair cost for machinery and equipment.

Gross profit margin of 18.7% in FY2019 was higher, as compared to 15.3% in FY2018. The improved margins were mainly due to (i) lower direct costs incurred by the Group's Resource Recovery segment from the sale of retreaded tyres and other materials; and (ii) decrease in manpower cost, material cost and other operating cost due to stringent cost control measures undertaken in FY2019.

Other income and gains increased by S$0.40 million to S$0.79 million in FY2019 (as compared to S$0.39 million in FY2018), mainly due to (i) foreign currency exchange gain as a result of weakening of the Chinese Yuan ("RMB") and the Malaysia Ringgit ("MYR") against the Singapore dollar ("SGD"), and (ii) a one-off gain of S$0.25 million in respect of the disposal of a subsidiary, ecoWise Energy Pte. Ltd. together with its subsidiary (Wuhan ecoWise Energy Co., Ltd), completed on 15 July 2019.

Marketing and distribution expenses decreased by 13.0% to S$2.00 million in FY2019 (as compared to S$2.30 million in FY2018), mainly due to tighter cost control measures undertaken by the Group.

Administrative expenses decreased by 13.1% to S$7.23 million in FY2019, from S$8.32 million in FY2018, mainly due to decrease in (i) manpower cost attributed to lower headcount, (ii) office expenses (iii) professional and legal fees, (iv) tax agent fees, and (v) insurance, partially offset by increase in employee benefits and travelling expenses due mainly to gratuity allowance paid to certain management staff who left the Company and increased overseas business trips.

Finance costs decreased by 19.5% to S$0.91 million in FY2019, from S$1.13 million in FY2018, mainly due to decrease in loans and borrowings in FY2019.

Other losses decreased by 43.2% to S$0.50 million in FY2019, from S$0.88 million in FY2018, mainly due to lower allowances for doubtful receivables and inventory obsolescence, partially offset by written off of property, plant and equipment.

Share of losses from equity-accounted associates 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 Chongqing eco-CTIG Rubber Technology Co. Ltd. ("CECRT"). In FY2019, it comprised share of losses from CECRT of S$0.02 million and share of losses from CULCEC of S$0.06 million. The share of losses decreased by 77.87% from S$0.36 million in FY2018 to S$0.08 million in FY2019 mainly due to decrease in losses from CECRT in FY2019 as a result of cost control measures being undertaken.

The Group recorded tax expense of S$0.86 million in FY2019, as compared to tax expense of S$0.97 million in FY2018. The lower tax expense in FY2019 was mainly due to reversal of deferred tax assets.

As a result of the above, the Group recorded a net loss of S$0.49 million in FY2019, as compared to a net loss of S$4.61 million in FY2018.

FINANCIAL AND OPERATIONS REVIEW

Statement of Financial Position

Property, plant and equipment decreased by S$3.37 million, from S$30.71 million as at 31 October 2018 to S$27.34 million as at 31 October 2019. The decrease was mainly attributable to (i) the disposal of plant and equipment of S$0.21 million, (ii) depreciation charges of S$3.39 million, (iii) effects of movements in foreign exchange rates of S$0.55 million, and (iv) reclassification of S$1.77 million to assets held for sale, partially offset by acquisition of new plant and equipment of S$2.88 million.

Intangible assets, which relate mainly to the Group's trademarks and goodwill, decreased by S$0.56 million, from S$1.59 million as at 31 October 2018 to S$1.03 million as at 31 October 2019, mainly due to (i) amortization charges of S$0.08 million, and (ii) reclassification of goodwill of S$0.45 million, arising from the acquisition of Swee Chioh Fishery Pte Ltd, to assets held for sale.

Investments in an associate increased by S$0.09 million, from S$1.59 million as at 31 October 2018 to S$1.68 million as at 31 October 2019, mainly due to positive effects of movements in foreign exchange rates of S$0.15 million, partially offset by the Group's share of losses from an associate of S$0.06 million.

Investments in a jointly-controlled entity decreased by S$0.04 million, from S$1.68 million as at 31 October 2018 to S$1.64 million as at 31 October 2019, due to negative effects of movements in foreign exchange rates of S$0.02 million as well as the Group's share of losses from a jointly-controlled entity of S$0.02 million.

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$10.54 million as at 31 October 2018 to S$9.70 million as at 31 October 2019, mainly attributable to the collections of receivables from the customer.

Inventories decreased by S$1.53 million, from S$6.59 million as at 31 October 2018 to S$5.06 million as at 31 October 2019, mainly due to tighter purchasing control implemented by the Group.

Income tax receivables decreased by S$0.25 million, from S$0.27 million as at 31 October 2018 to S$0.02 million as at 31 October 2019, mainly due to tax refunded from the tax authority and no further tax recoverable provided as at 31 October 2019.

Trade and other receivables decreased by S$2.94 million, from S$18.60 million as at 31 October 2018 to S$15.66 million as at 31 October 2019, mainly due to lower revenue recorded under the Group's Resource Recovery segment and collections of receivables from customers.

Other non-financial assets (non-current and current) increased by S$0.82 million, from S$1.53 million as at 31 October 2018 to S$2.35 million as at 31 October 2019, due to an increase in deposits from S$0.28 million as at 31 October 2018 to S$1.18 million as at 31 October 2019, partially offset by a decrease in prepayments from S$1.25 million as at 31 October 2018 to S$1.17 million as at 31 October 2019.

Cash and cash equivalents increased by S$1.56 million, from S$3.94 million as at 31 October 2018 to S$5.50 million as at 31 October 2019. Please refer to "Statement of Cash Flow" section for explanations on the increase in cash and cash equivalents of the Group.

Assets of disposal group classified as held for sale of S$1.10 million as at 31 October 2018 relate to the Company's investment in ecoWise Energy Pte Ltd and Wuhan ecoWise Energy Co. Ltd. to be disposed of (the "**Previous Disposals**"). The Previous Disposals were subsequently completed on 15 July 2019. Assets of disposal group classified as held for sale of S$2.50 million as at 31 October 2019 relate to the Company's investment in Asia Cleantech Hub Pte. Ltd. and Swee Chioh Fisheries Pte Ltd to be disposed of (the "**Disposals**"). The Disposals were completed on 25 February 2020.

Loans and borrowings (non-current and current) decreased by S$3.55 million, from S$18.40 million as at 31 October 2018 to S$14.85 million as at 31 October 2019, mainly due to (i) repayment of loans and borrowings of S$3.14 million, (ii) decrease in bank overdraft of S$1.13 million, and (iii) effects of movements in foreign exchange of S$0.11 million, partially offset by proceeds from loans and borrowings of S$0.83 million.

Deferred tax liabilities decreased by S$0.45 million, from S$2.31 million as at 31 October 2018 to S$1.86 million as at 31 October 2019, mainly due to temporary difference between accounting and tax treatment of assets and reclassification to liabilities directly associated with assets held for sale of S$0.31 million.

FINANCIAL AND OPERATIONS REVIEW

Income tax payables increased by S$0.35 million, from S$0.41 million as at 31 October 2018 to S$0.76 million as at 31 October 2019, mainly due to higher profit recorded by the Group in FY2019.

Trade and other payables decreased by S$2.13 million, from S$14.05 million as at 31 October 2018 to S$11.92 million as at 31 October 2019, mainly due to decrease in trade payables and accrued liabilities of S$4.21 million, partially offset by increase in other payables of S$2.08 million.

Provisions (current) of S$1.77 million as at 31 October 2018 (31 October 2019: Nil), relate to the contingent liability payable for future cost of land lease renewals and funding for future operations of Swee Chioh Fishery Pte Ltd during the acquisition in FY2018.

Liabilities directly associated with assets held for sale relate to the Previous Disposals as at 31 October 2018 and the Disposals as at 31 October 2019.

The Group's working capital increased by S$3.54 million, from S$2.31 million as at 31 October 2018 to S$5.85 million as at 31 October 2019.

Statement of Cash Flow

Net cash flows from operating activities for FY2019 was S$7.22 million, mainly attributable to (i) operating cash flows before changes in working capital of S$3.44 million, (ii) decrease in inventories of S$1.44 million, (iii) decrease in trade and other receivables of S$2.72 million, (iv) decrease in finance lease receivables of S$0.84 million, (v) finance lease income received of S$1.12 million, partially offset by (i) increase in other non-financial assets of S$0.83 million, (ii) decrease in trade and other payables of S$1.26 million, and (iii) income tax paid of S$0.19 million.

Cash flows used in investing activities of S$0.37 million for FY2019 comprised the Group's capital expenditure on property, plant and equipment of S$2.01 million, partially offset by proceeds from disposal of subsidiaries of S$1.19 million, proceeds from disposal of property, plant and equipment of S$0.34 million, repayment from a jointly-controlled entity of S$0.07 million and interest received of S$0.04 million.

Cash flows used in financing activities of S$4.58 million for FY2019 comprised repayments of loans and borrowings of S$3.14 million, interest paid of S$0.79 million, dividends paid to non-controlling interests of subsidiaries of S$0.20 million, share bought back of S$0.03 million and increased in cash restricted in use of S$0.42 million.

As a result of the above, the Group's cash and cash equivalents increased by S$2.27 million in FY2019. The cash and cash equivalents as at 31 October 2019 amounted to S$5.50 million.

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:

(i) 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.

(ii) 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 evident 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.

BUSINESS OVERVIEW

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.

Malaysia

The Group's wholly owned subsidiary, Sunrich Resources Sdn. Bhd. ("SRR") together with its group of companies ("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 tires.

The launching of Sunrich Tyres this year (which is the Company's in house brand of new tires that is specially designed and developed to be suitable for the local climate) has been widely accepted and the Company plans to increase its capacity in the coming year ahead to cater for the high demand.

Through its subsidiary, the Company has also managed to enter into a contract this year to supply its green retread (environmental friendly) tyres known as Ekoprena Tyre via its Tyre Management services to the local Mass Rapid Transit feeder buses. 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 role in conserving the environment as one of the major benefits of using Ekoprena tyres is to reduce carbon print.

In 2019, the Company increased its export of 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 recovering 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.

Integrated Environmental Management Solutions Segment

China

Aside from the total tyre management system which are already in place for the Chongqing public transport company, we have also finalised the contractual arrangements and are currently developing the public transportation market with Chongqing south public transport company（南部公交公司）and Chongqing west public transport company（西部公交公司）.

Concurrently, we are exploring and pushing into other geographical locations within the domestic market such as Chengdu public transport company and are looking at business alliances with logistical companies to target the Qingdao, Shandong transportation market such as Qingdao public transport company（青岛运输事业）, large state-owned enterprise and private enterprises which have sizeable number of heavy vehicles. Likewise, discussion with Wuhan public transport company （武汉运输事业） are also in progress. We are also currently exploring the development of new railway tyres with Chongqing railway company（重庆轨道集团）.

Talks and collaboration with China central enterprise（中央企业）are also in progress to explore the development of biomass and waste to energy plant in Changyi.

Last but not least, with respect to our subsidiary – Chongqing eco-CTIG Rubber Technology Co. Ltd, we are contemplating increasing the scale of our investments to capture and increase our market share in the future. However, this would have to be discussed and negotiated with our partners and in accordance with the financial status at the relevant point of time.

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 the three key countries (Singapore, Malaysia and China) that we operate in.

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 2020, 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:
28 February 2019

Length of service as a Director (as at 31 October 2019):
17 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:
Listed company
- NIL

Non-listed company
- NIL

Past directorships (other than ecoWise) held over the preceding three years:
- NIL

CAO SHIXUAN

Deputy Chief Executive Officer & Executive Director

Date of first appointment as a Director:
17 November 2017

Date of last re-election as a Director:
28 February 2018

Length of service as a Director (as at 31 October 2019):
1 Year 11 months

Board committee(s) served on:
- NIL

Other principal commitments (other than directorship):
- NIL

Academic & professional qualifications:
- Executive Master of Business Administration, National University of Singapore
- Executive Master of Business Administration, Huazhong University of Science and Technology, China

Present directorships other than ecoWise:
Listed company
- NIL

Non-listed company
- Fubon Investment (China) Co., Ltd.

Past directorships (other than ecoWise) held over the preceding three years:
- NIL

BOARD OF DIRECTORS

MR ER KWONG WAH

Lead Independent Director

Date of first appointment as a Director:
3 July 2017
Date of last re-election as a Director:
28 February 2018
Length of service as a Director (as at 31 October 2019):
2 year 3 months

Board committee(s) served on:
- Audit Committee (Member)[1]
- Remuneration Committee (Member)[1]
- Nominating Committee (Chairman)[1]

Other principal commitments (other than directorship):
- NIL

Academic & professional qualifications:
- Bachelor of Applied Science (Hons) (Electrical Engineering), University of Toronto, Canada
- Master in Business Administration (Manchester Business School), University of Manchester, England

Present directorships other than ecoWise:
Listed company
- COSCO Shipping International (Singapore) Co., Ltd
- CFM Holdings Limited
- The Place Holdings Limited
- Luxking Group Holdings Ltd
- Chaswood Resources Holdings Ltd (Suspended)

Non-listed company
- China Essence Group Ltd (delisted on 14 Feb 2020)
- The Thai Prime Fund Limited

Past directorships (other than ecoWise) held over the preceding three years:
- China Environment Ltd
- China Oilfield Technology Services Group Ltd,
- Success Dragon International Holdings Ltd.
- GKE Corporation Ltd,
- China Sky Chemical Fiber Co., Ltd
- Firstlink Investment Corp Ltd
- USP Group Limited

Note:
[1]Appointed on 3 July 2017

MR HEW KOON CHAN

Independent Director

Date of first appointment as a Director:
12 September 2019
Date of last re-election as a Director:
Not Applicable
Length of service as a Director (as at 31 October 2019):
1 month 20 days

Board committee(s) served on:
- Audit Committee (Chairman)[2]
- Remuneration Committee (Member)[2]
- Nominating Committee (Member)[2]

Other principal commitments (other than directorship):
- Integer Capital Pte Ltd, Founder and Managing Director

Academic & professional qualifications:
- Bachelor of Engineering (Mechanical), National University of Singapore
- Graduate Diploma in Financial Management, Singapore Institute of Management
- Certified Diploma in Accounting and Finance, Chartered Association of Certified Accountants (UK)

Present directorships other than ecoWise:
Listed company
- Far East Group Limited
- shopper360 Limited
- Resources Global Development Limited

Non-listed company
- ATXL Invest Pte. Ltd.
- SEA Family Trust Pte. Ltd.
- SP Manufacturing Pte. Ltd.
- Integer Capital Pte. Ltd.

Past directorships (other than ecoWise) held over the preceding three years:
- Nordic Group Ltd
- DeClout Pte. Ltd. (Formerly known as DeClout Limited)
- Roxy-Pacific Holdings Ltd
- Livingstone Health Ltd (formerly known as Ardmore Medical Group Ltd)
- Plasmotech Pte Ltd
- Tai Icon Sdn Bhd (Struck Off on 25 July 2018)
- Trinity Christian Centre Ltd

Note:
[2]Appointed on 12 September 2019

BOARD OF DIRECTORS

MR TAN WEI SHYAN

Independent Director

Date of first appointment as a Director:
27 August 2019
Date of last re-election as a Director:
Not Applicable
Length of service as Director (as at 31 October 2019):
2 months 5 days

Board committee(s) served on:
- Audit Committee (Member)[3]
- Remuneration Committee (Chairman)[3]
- Nominating Committee (Member)[3]

Other principal commitments (other than directorship):
- Shook Lin & Bok LLP, Partner

Academic & professional qualifications:
- Bachelor of Laws with Honours (First Class), University of Exeter

Present directorships other than ecoWise:
Listed company
- NIL

Non-listed company
- NIL

Past directorships (other than ecoWise) held over the preceding three years:
- NIL

Note:
[3]Appointed on 27 August 2019

MANAGEMENT

LEE THIAM SENG

Chief Executive Officer

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 17 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.

CAO SHIXUAN

Deputy Chief Executive Officer

Mr Cao joined the Group in January 2016 and was appointed as the Deputy Chief Executive Officer on 17 November 2017. Mr Cao oversees the overall management and synergistic operations of the Group. As an important member of the leadership team, he is responsible for the formulation of the Group's strategic development plan and its implementation.

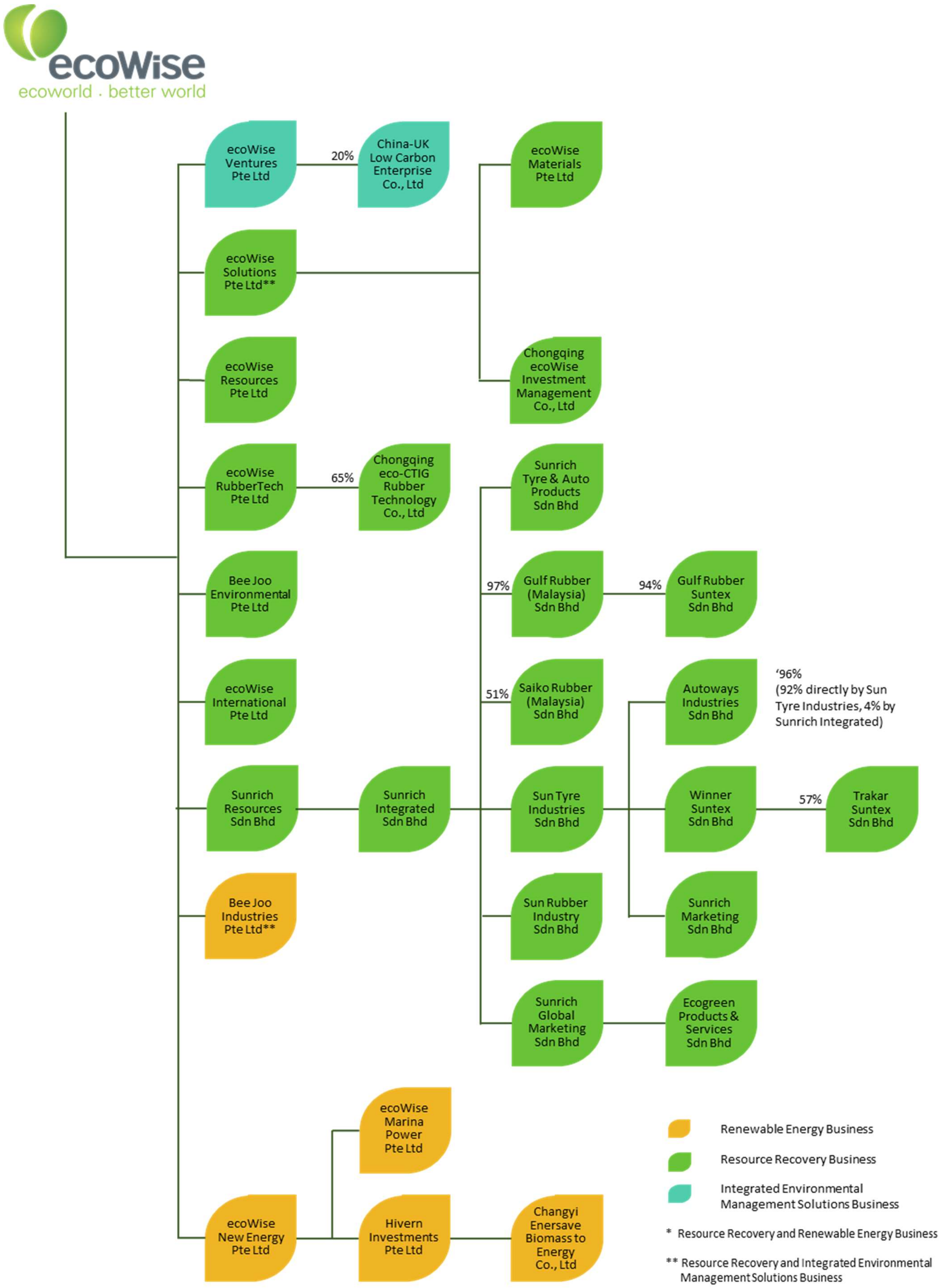
Mr Cao has more than 20 years of extensive experience in large-scale real estate projects, financial investment, crisis management, IT, mass media and the energy industry. He held notable senior positions in sizeable private and state-owned companies in Taiwan and China. His areas of expertise include strategic planning and implementation of sophisticated plans. He also has a broad experience working with government bodies.

Mr Cao holds an Executive Master of Business Administration from National University of Singapore and an Executive Master of Business Administration from Huazhong University of Science and Technology, China.

SUBSIDIARIES MANAGEMENT

SINGAPORE	MALAYSIA	CHINA
MR IVAN LYE KAR CHOON Group Assistant Financial Controller **MR ALAGESAN MUTHUKUMARASAMY** Head of Group Project Management **MR TANG SONG CHYE** Head of Engineering & Operations **MS LYNN LIN JIA YI** Head of Purchasing **MR KAMAL BASHA MOHAMED KALIBULLA** Head of EMP's Operations **MR EASWARAN VINODEASWAR** Head of SK5/7's Operations **MR CHONG SHEAU NAN** Head of Lim Chu Kang's Operations **MR LO LOONG CHUENG** Head of Research & Development	**MR STEVEN GAN SENG POE** Sunrich Integrated SB Executive Director **MR LAI JIH SHEN** Gulf Rubber (M) SB General Manager **MR DEREK NG YEONG HOCK** Sunrich Integrated SB Group Assistant Financial Controller **MR LIM PENG KIAT** Sunrich Integrated SB / Sun Tyre Industries SB Head of R&D / Head of Productions **MR CHEW TONY** Sunrich Integrated SB Assistant General Manager, QA&QC **MS WOO MEI KEAN** Sunrich Integrated SB General Manager **MR JOHNNY KOH YONG HUAT** Sun Tyre Industries SB Head of Production **MR TAM SIEW WAN** Sun Rubber Industry SB Head of Production **MR LOH YOON HON** Saiko Rubber (M) SB General Manager **MR ETSUJIRO TAKANASHI** Saiko Rubber (M) SB Technical Director	**MS CAROL ZHANG GAO PIN** China Region, Financial Controller & Chief HR/Admin Officer **MR WU YONG ZHI** Central and North China Region, Assistant Financial Controller **MR WANG RUI BING** Southwest China Region, Assistant Financial Controller & HR/Admin Officer **MR WANG HUI WU** North China Region, Assistant General Manager, Administration **MR LU ZHEN BO** North China Region, Assistant General Manager, Production

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
Lee Thiam Seng (Chairman and CEO)
Cao Shixuan (Deputy CEO)

INDEPENDENT DIRECTORS
Er Kwong Wah (Lead Independent Director)
Hew Koon Chan
Tan Wei Shyan

AUDIT COMMITTEE
Hew Koon Chan (Chairman)
Er Kwong Wah
Tan Wei Shyan

NOMINATING COMMITTEE
Er Kwong Wah (Chairman)
Hew Koon Chan
Tan Wei Shyan

REMUNERATION COMMITTEE
Tan Wei Shyan (Chairman)
Er Kwong Wah
Hew Koon Chan

COMPANY SECRETARY
Lye Kar Choon

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

Partner-in-charge: Derek How Beng Tiong
Effective from reporting year ended 31 October 2016

CONTINUING SPONSOR
ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

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

PRINCIPAL BANKERS
DBS Bank Ltd
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank Limited

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
Email: enquiries@ecowise.com.sg

CORPORATE GOVERNANCE

The Board of Directors (the "Board" or "Directors") and the management ("Management") of ecoWise Holdings Limited (the "Company", and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance practices which are in line with the recommendations of the Code of Corporate Governance 2012 ("Code"). The Board recognizes the importance of practicing good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholders' value, the financial performance, accountability, integrity and the sustainable development of the Group.

This report sets out the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code for the financial year ended 31 October 2019 ("FY2019"). The Board confirms that the Group has generally adhered to the principles and guidelines set out in the Code for FY2019. Where there are deviations from the recommendations of the Code, the reasons and explanations in relation to the Group's practices have been provided, where appropriate.

The new Code of Corporate Governance 2018 was issued on 6 August 2018 (the "Revised Code"), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Company's latest financial year ended 31 October 2019, and accordingly, the Group will only make reference to the Code in reviewing and implementing its corporate governance structures and practices.

BOARD MATTERS

PRINCIPLE 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guideline 1.1
Board's Role

The principal duties of the Board are:

- 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 towards 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 material transactions requiring announcement under the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules");

- ensuring accurate and timely reporting in communication with shareholders of the Company ("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 strategies; and

- identifying key stakeholders groups and recognise that their perceptions affects the Company's reputation.

CORPORATE GOVERNANCE

Guideline 1.2
Objective Discharge of Directors' Duties and Responsibilities

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with Management to make objective decisions in the interests of the Company and its stakeholders. In line with the Board's enduring commitment to high level of corporate governance, all Directors update the Board on a timely basis through the Company Secretary of interest in new companies that were not previously disclosed to the Board. Additionally, at the start of each financial year, all Directors submit a letter to the Company Secretary of all their interest in other companies to be read and acknowledged by the Board.

Guideline 1.3
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 its execution of its responsibilities. 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 examines issues pursuant to their written terms of references and makes recommendations to the Board, who shall then decide after taking into consideration such recommendations. Minutes of all Board Committees meetings are circulated to the Board so that 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 still lies with the entire Board.

Guideline 1.4
Meetings of Board and Board Committees

The Board holds at least four (4) meetings each year to approve the quarterly 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 calendar year is planned ahead at the beginning of each financial year, in consultation with the Directors. The Board also holds 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.

The table below sets out the number of Board and Board Committees meetings held during FY2019 and the attendance of each Directors at these meetings:

	AGM	**Board**	**Board Committees**		
			Audit	**Nominating**	**Remuneration**
No. of meetings held	1	4	4	3	1
Board Members	**No. of Meetings Attended**				
Lee Thiam Seng	–	4	4[1]	–	–
Cao Shixuan	1	4	4[1]	–	–
Er Kwong Wah	1	4	4	3	1
Tan Wei Shyan [2]	–	1	1	1	–
Hew Koon Chan [3]	–	1	1	–	–
Pok Mee Yau [4]	1	2	2	–	–
Wong Joo Wan [5]	1	2	3	1	–

Notes:
(1) By way of invitation.
(2) Mr Tan Wei Shyan was appointed as an Independent Non-Executive Director with effect from 27 August 2019.
(3) Mr Hew Koon Chan was appointed as an Independent Non-Executive Director with effect from 12 September 2019.
(4) Ms Pok Mee Yau resigned as an Independent Non-Executive Director with effect from 23 May 2019.
(5) Mr Wong Joo Wan resigned as an Independent Non-Executive Director with effect from 2 September 2019.

Guideline 1.5
Matters Requiring Board Approval

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

- Group strategy, business plan and annual budget;
- material acquisition and disposal of assets;
- capital-related matters including financial re-structuring and market fund-raising;
- share issuances, interim dividends and other returns to shareholders; and
- any investment or expenditures exceeding the material limit set.

While matters relating to the Group's objectives, strategies and policies require the Board's decision and approval, Management is responsible for the day-to-day operation and administration of the Group.

Guideline 1.6
Board Orientation and Training

The Company has in place an orientation programme for newly appointed directors to familiarise themselves with the businesses, operations, financial performance and key management staff of the Group. They are also briefed on the governance practice, including board processes, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

The orientation programme involves presentation by Executive Directors and briefings by key management staff and on-site visit to the selected operational facilities of the Group. These programmes are usually carried out at appropriate time so that the new Director is sufficiently equipped with knowledge on the main aspects of the Group's business for participation at the Board and Board committee meetings. Directors are at liberty to request for any further explanations, briefings or information on other aspects of the Group's operations or business issues when required.

Every Executive Director receives appropriate training to develop individual skills in order to discharge his duties. The Directors also participate in seminars and discussions to keep themselves updated on the latest changes and developments concerning the Group (indeed, the Company informs and encourages Directors to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to better discharge their duties; all these costs are borne by the Company). The Directors are also provided with updates on the relevant new laws and regulations relevant to the Group's operating environment through emails and regular meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations. In the case of new investment proposals, where appropriate, the Independent Non-Executive Directors are also invited for site visits to the investee company's sites of business so as to facilitate their evaluation of the proposal. A formal letter of appointment would be furnished to every Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board. Subsequent to their appointment as Directors in FY2019, the Company arranged for Mr Tan Wei Shyan and Mr Hew Koon Chan, together with Mr Er Kwong Wah, to visit the Group's operations in Singapore and Malaysia.

New releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Company are regularly circulated to the Board. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group. The Directors are also updated on changes to the Catalist Rules, risk management, corporate governance, and key changes to the relevant regulatory requirements, financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as members of the Board or Board Committees. The Chief Executive Officer ("CEO") and Deputy CEO would update the Board at quarterly meetings on strategic and business development of the Group. The Deputy CEO and Group Assistant Financial Controller would update the Board at quarterly meetings on the segmental business operation and development of the Group.

CORPORATE GOVERNANCE

Directors can also request for further explanations, briefings or information on any aspect of the Company's operation and business issues from Management.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guideline 2.1
Independent Element on the Board

As at the date of this Annual Report, the Board comprises two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors made up more than half of the Board.

As Independent Non-Executive Directors make up more than half of the Board, the Board was able to exercise objective judgment independently from management, and no individual or small group of individuals dominate the decisions of the Board. Also, none of the Directors is related to one another.

Each Independent Non-Executive Director is also required to complete an independence declaration form annually to confirm his independence.

Guideline 2.2
Composition of Independent Non-Executive Directors on the Board

As the Chairman of the Board and the CEO of the Group is the same person, Independent Non-Executive Directors should make up at least half of the Board. The current composition of the Board and Board Committees are as follows:

Name of Directors	Board of Directors	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Lee Thiam Seng	CEO and Executive Chairman	-	-	-
Cao Shixuan	Deputy CEO and Executive Director	-	-	-
Er Kwong Wah	Lead Independent Director	Member	Chairman	Member
Tan Wei Shyan	Independent Non-Executive Director	Member	Member	Chairman
Hew Koon Chan	Independent Non-Executive Director	Chairman	Member	Member

CORPORATE GOVERNANCE

Guideline 2.3
Board Independence

The criterion of independence is based on the guidelines provided in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in carrying out the functions as an independent director with a view to the best interests of the Group.

The NC assesses and determines the independence of a Director at the time of his appointment. There is presently a strong and independent element on the Board. Majority of the Board is made up of Independent Directors whose independence is reviewed on an annual basis by the NC. The Independent Directors do not have any relationships including immediate family relationships between the Directors, the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgement in the best interest of the Company.

Guideline 2.4
Independence of Directors Who Have Served on the Board beyond Nine (9) Years

The independence of each Independent Non-Executive Director is assessed at least annually by the NC. Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine (9) years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with shareholders' interest. None of the Independent Non-Executive Directors has served more than nine (9) years from the date of his first appointment.

Guideline 2.5
Board Composition and Size

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 benefit in the foreseeable circumstances which are appropriate for the size and nature of activities of the Group's businesses.

The Directors consider the Board's present size of five (5) members and composition appropriate to facilitate effective decision making, taking into account the nature and scope of the Group's operations and the wide spectrum of skills and knowledge of the Directors.

Guideline 2.6
Diversity and Competency of the Board

The Board comprises high calibre individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge to lead and manage the Company. The Board is able to provide the Management with a diverse and objective perspective on the issues at hand and there is no individual or small group of individuals who dominates the Board's decision making. The biographies of the Directors are set out in "Board of Directors" section this Annual Report.

The Board noted that gender diversity on the Board is one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

Guideline 2.7
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 in the legal, finance, accounting and commercial sectors, collectively, the Independent Non-Executive Directors provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs.

CORPORATE GOVERNANCE

None of the Independent Non-Executive Directors have been appointed as director to the Company's principal subsidiaries, and each of them do not exercise management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, 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 and take into account the long-term interests of not only Shareholders, but also of employees, customers, suppliers and the communities in which the Group conducts its business. Well equipped with their expertise, experience and knowledge, the Independent Non-Executive Directors constructively challenge and help develop directions on strategy and review the performance of Management in achieving agreed targets and objectives and monitor the reporting of performance.

Guideline 2.8
Regular Meetings of Non-Executive Directors

Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Guideline 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 on the discussions on issues and challenges faced by the Group. In view of the strong element of independence of the Board, it is not pertinent to separate the functions of the Chairman and CEO.

Guideline 3.2
Responsibilities of Chairman

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 direction setting, the implementation of Group's corporate plans, policies and executive decision-makings.

Guideline 3.3
Appointment of Lead Independent Director

As recommended by the Code, the Board has appointed Independent Non-Executive Director, Mr Er Kwong Wah, as the Lead Independent Director. Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman of the Board, CEO, Deputy CEO or Group Assistant Financial Controller have failed to resolve or is inappropriate, can contact Mr Er Kwong Wah or any of the members of the AC.

Guideline 3.4
Independent Non-Executive Directors to Meet Periodically

The Independent Non-Executive Directors of the Company discuss issues via physically meetings, telephone, electronic devices as the situations require without the presence of the Executive Directors. The Lead Independent Director will provide feedback to the Chairman of the Board after such meetings, if necessary.

BOARD MEMBERSHIP

PRINCIPLE 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1
Composition of the NC and Key Terms of Reference

The NC comprises Mr Er Kwong Wah, the Lead Independent Director, as the Chairman, Mr Tan Wei Shyan and Mr Hew Koon Chan as members, all of whom are Independent Directors. The NC meets at least once a year.

The key terms of reference of the NC are as follows:

- reviewing regularly the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group;

- recommending to the Board relevant matters relating to (i) the review of board succession plans for the Directors; (ii) the review of training and professional development programs for the Directors; and (iii) the appointment and re-appointment of the Directors;

- assessing the effectiveness of the Board as a whole and the contribution by each Director to the 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 to be put forward for re-election at each AGM of the Company, having regard to the Directors' contribution and performance, including the Independent Directors.

Guideline 4.2
Responsibilities of the NC

The Constitution of the Company requires all Directors to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years. Regulation 107 of the Company's 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 Company's Constitution provides that newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company. Rule 720(4) of the Catalist Rules requires that the Company must have 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 Cao Shixuan will be retiring pursuant to Regulation 107 of the Company's Constitution, whereas Mr Tan Wei Shyan and Mr Hew Koon Chan will be retiring pursuant to Regulation 117 of the Company's Constitution. All three (3) Directors have offered themselves for re-election.

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Each member of the NC is required to abstain from voting, approving or making a recommendation on any resolutions of the NC in which he/she has a conflict of 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 contribution and performance as a Director). The assessment parameters include attendance record, preparedness, intensity 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 report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr Cao Shixuan, Mr Tan Wei Shyan and Mr Hew Koon Chan.

Guideline 4.3
The NC to Determine Directors' Independence

The NC reviews annually the independence declarations made by the Company's Independent Non-Executive Directors based on the criterion of independence under the guidelines provided in the Code. For the year under review, the NC has ascertained the independence of all three (3) Independent Non-Executive Directors of the Company. The NC has also reviewed the number of years served by each Independent Non-Executive Director. Having considered their in-depth knowledge of the Group's business operations, past and continuous contributions at Board level in terms of impartial and constructive advice, the Board is of the view that there is no material conflict between their tenure and their ability to discharge their role as Independent Non-Executive Directors.

Guideline 4.4
Directors' Time Commitment

As a Director's ability to commit time to the Group's affairs is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which any Director of the Company may hold at any point in time is seven (7). All Directors are required to declare their board representations at the first Board meeting of each financial year and to inform the Board as and when there are new board representations.

Having reviewed each of the Director's directorships in other companies as well as each of the Director's attendance and contribution to the Board in FY2019, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities.

Guideline 4.5
Appointment of Alternate Directors

The Board provides for the appointment of alternate directors only in exceptional cases such as when a Director has a medical emergency. The Board will take into consideration the same criteria for selection of Directors such as his qualifications, competencies and independence. The Company currently does not have any alternate director.

Guideline 4.6
Selection, Appointment and Re-appointment of Directors

In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, 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. In reviewing the above, the Board will also consider gender diversity requirements in seeking any new appointment to the Board. Furthermore, the Board will engage independent third party to conduct thorough check on candidates' background and experience, especially on any record of public reprimand and criminal record and require minimum two (2) testimonial on the candidates' experience and expertise from the senior executives of his/her former employer or directors of other companies of which he/she serves as board member.

Guideline 4.7
Key Information on Directors

The key information on the Directors, including their academic and professional qualifications, Board Committees served on, first appointment dates, last re-appointment dates, directorships or chairmanships both present and those held over the past three (3) years in other listed companies, and their 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: There should be formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guideline 5.1
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 as well as to assess the contribution 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. The assessment results are discussed and the key areas for improvement and follow-up actions requested are highlighted at the NC meeting. No external facilitator has been used for the assessment process.

Guideline 5.2
Objective Performance Criteria for Board Evaluation

The Board assessment checklist includes evaluation factors such as Board structure concerning Board size and strong presence of independence, the conduct of meetings as to 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 performance as to whether objectives and targets set for the year are met. The results of evaluation were presented to the Board.

For the year under review, the NC assessed the performance of the Board Committees in FY2019 based on the following criteria: –

- right responsibilities defined in the terms of reference;
- composition and rotation;
- size of the committee;
- independent element in the committee;
- dynamics of interaction among committee members;
- committee work plan and calendar;
- adequacy of preparation of meetings;
- frequency and length of meeting;
- relationship with Management;
- candour of discussion;
- sufficiency of time devoted to agenda items;
- information transparency;
- records of minutes;
- reporting to the Board; and
- sufficiency of expertise and recommendation to the Board.

The performance criteria do not change unless circumstances deem it necessary and the decision to change them would be justified by the Board.

CORPORATE GOVERNANCE

Guideline 5.3
Evaluation of Individual Directors

In assessing the performance of the Chairman and Directors, the NC evaluates each of them based on the following review parameters, which amongst others, include:

- attendance at board/committee meetings;
- adequacy of preparation for meetings;
- participation at meetings;
- ability to make informed business decisions;
- availability for consultation and advice, when required;
- independence of the directors; and
- appropriateness of skill, experience and expertise.

The above selected criteria will be changed when it is deemed necessary and be approved by the Board.

As an integral element of the process of appointing new Directors, the Chairman may act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

PRINCIPLE 6: ACCESS TO INFORMATION

Guideline 6.1
Board's Access to Information

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 quarterly and/or ad-hoc Board meeting and Board committee meetings are distributed to all Directors in advance to allow sufficient time for Directors to prepare for meetings and facilitate the effective discussion during meetings. Any additional materials or information requested by the Directors are promptly furnished, especially for events for which an announcement via SGXNET is required (e.g. contracts and full judgments are provided to Directors to better understand the whole transaction and awards respectively). The Board also has separate and independent access to the Management.

Guideline 6.2
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 facts, resources requirement, projected outcomes, financial impact, risk analysis, disclosure requirements under the Catalist Rules, conclusions and recommendations. Any material variance between the actual results and the budgets will be explained to the Board at the relevant time at the Board or Board Committee meetings.

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 Group.

Guideline 6.3
Board's Access to Company Secretary

The Company Secretary or their representative attends all Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. 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, advising the Board on all governance matters. All Directors have separate and independent access to the advice and services of the Company Secretary through electronic mail, telephone, smart electronic device and face-to-face meetings.

Guideline 6.4
Appointment and Removal of Company Secretary
The appointment and removal of the Company Secretary are subject to approval of the Board.

Guideline 6.5
Board's Access to Independent Professional Advice

Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guideline 7.1
Composition of the RC and Key Terms of Reference

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

The RC comprised three (3) Directors, namely, Mr Tan Wei Shyan (Chairman), Mr Er Kwong Wah and Mr Hew Koon Chan, all of whom (including the Chairman) are Independent Non-Executive Directors.

The key terms of reference of the RC are as follows:

- recommending to the Board all matters relating to remuneration, including but not limited to 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 of the Directors;
- determining the appropriateness of the remuneration of the Directors;
- consider the disclosure requirements for Directors' and top five (5) key management personnel remuneration as required by the Code; and
- administering the ecoWise Performance Share Plan ("PSP").

Guideline 7.2
Procedure for Setting Remuneration

The RC reviews and recommends to the Board the specific remuneration packages for each Executive Director as well as for key management personnel. The RC's recommendation is thereafter submitted to the Board for its approval.

The Executive Directors' remuneration packages are based on service contracts. These include a profit-sharing scheme that is performance-related to align their interest with those of the Shareholders. Independent Non-Executive Directors are paid yearly directors' fees of an agreed amount and these fees are subject to Shareholders' approval at AGM. Independent Non-executive Directors are also eligible for share-based incentive awards.

No directors participate in decisions on their own remuneration.

CORPORATE GOVERNANCE

Guideline 7.3
RC's Access to Advice on Remuneration Matters

If necessary, the RC has the right to seek professional advice internally and/or externally pertaining to remuneration of all Directors. For FY2019, the RC did not seek any external professional advice on remuneration of the Directors.

Guideline 7.4
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.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel

In setting remuneration packages, the RC ensures the Executive Directors and key management personnel are adequately but not excessively remunerated as compared to the industry and in comparable companies. There is an annual review of the compensation of Executive Directors and key management personnel by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance and that of the Company, with due regard to the financial and commercial health and business needs of the Group.

The Executive Directors do not receive directors' fees but are remunerated as members of the Management. The remuneration for the Executive Directors comprises a fixed component 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 to be above a certain figure) and the relevant individual. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as 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.

Guideline 8.2
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 the interests 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 the Shareholders at the extraordinary general meeting held on 23 March 2007 and duly extended at the AGM held on 28 February 2017. The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years, i.e. 22 March 2027.

A participant's award is determined at the discretion of the RC. Awards granted will be principally performance-based, incorporating performance targets for senior executives and key executives aiming 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.

CORPORATE GOVERNANCE

The maximum number of ordinary shares can be released, when aggregated with the number of new shares issued pursuant to the released of awards shall not exceed fifteen (15%) of the issued share capital of the Company.

Guideline 8.3
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 for serving the Board and Board Committees. For FY2019, directors' fees of S$151,000 (FY2018: $165,000) are recommended by the Board and are subject to the approval of Shareholders at the forthcoming AGM of the Company.

Guideline 8.4
Contractual Provisions to Reclaim Incentive Components of Remuneration from Executive Directors

The current service agreements entered with the Executive Directors are on three-year basis, approved by the RC and they do not contain contractual provision to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Guideline 9.1
Remuneration Report

Details of the remuneration of Executive Directors of the Company and top five (5) key management personnel of the Group for FY2019 are set out below.

Guideline 9.2
Remuneration of Directors

Executive Directors	Base/Fixed Salary %	Variable or Performance Related Income/Bonus %	Benefits in kind %	ecoWise PSP[1] %	Total %	Total S$'000
Lee Thiam Seng	100	-	-	-	100	451
Cao Shixuan	100	-	-	-	100	252

CORPORATE GOVERNANCE

The directors' fees for Independent Non-Executive Directors for FY2019 are set out below:

Independent Directors	Directors' Fees (S$'000)
Er Kwong Wah	55
Tan Wei Shyan [1]	9
Hew Koon Chan [2]	8
Pok Mee Yau[3]	30
Wong Joo Wan [4]	49
	151

Notes:
(1) Mr Tan Wei Shyan was appointed as an Independent Non-Executive Director with effect from 27 August 2019.
(2) Mr Hew Koon Chan was appointed as an Independent Non-Executive Director with effect from 12 September 2019.
(3) Ms Pok Mee Yau resigned as an Independent Non-Executive Director with effect from 23 May 2019.
(4) Mr Wong Joo Wan resigned as an Independent Non-Executive Director with effect from 2 September 2019.

Guideline 9.3
Remuneration of Top Five (5) Key Management Personnel

Key Management Personnel	Base/Fixed Salary %	Variable or Performance Related Income/Bonus %	Benefits in kind %	ecoWise PSP(1) %	Total %
Below S$250,000					
Lye Kar Choon	100.0	-	-	-	100.0
Alagesan Muthukumarasamy	100.0	-	-	-	100.0
Steven Gan Seng Poe	100.0	-	-	-	100.0
Loh Yoon Hon	80.5	19.5	-	-	100.0
Tan Jing Yuan [1]	100.0	-	-	-	100.0

Note:
[1]Mr Tan Jing Yuan resigned with effect from 23 March 2020.

In aggregate, the total remuneration paid to the top five (5) key management personnel in FY2019 amounted to approximately S$409,000.

Guideline 9.4
Remuneration of Employees Related to Directors or the CEO

There is no employee in the Group who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2019.

Guideline 9.5
Employee Share Schemes

The PSP is administered by the RC in accordance with the rules thereof. Please refer to Guideline 8.2 of this report for details of the PSP. No share awards were granted under the PSP in FY2019, and no share awards remained outstanding as at 31 October 2019.

Guideline 9.6
Information on the Link between Remuneration Paid to Executive Directors and Key Management Personnel

The fixed component of remuneration for the Executive Directors is based on the service agreements entered between the Company and the Executive Directors. Similarly, the fixed component of remuneration for the top five (5) key management personnel is based on the employment contracts with them. The variable component of remuneration for the Executive Directors is linked to the performance of the Group and individual. Please also refer to Guideline 8.1 above.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Guideline 10.1
Board Accountability for Accurate Information

The Board provides Shareholders with financial statements for the first three (3) quarters and full financial year within the timeframe in line with Rule 705 of the Catalist Rules. In presenting the annual and quarterly financial statements to Shareholders, the Board aims to provide Shareholders with a balanced and clear assessment of the Group's performance, financial position and prospects. Following the amendment to Rule 705 of the Catalist Rules with effect from 7 February 2020, the Company will not be required to release its unaudited financial statements on a quarterly basis.

Guideline 10.2
Board Compliance with Legislative and Regulatory Requirements

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In accordance with Rule 705(5) of the Catalist Rules, the Board provides negative assurance confirmations to Shareholders in respect of the quarterly financial statements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company had, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as directors and executive officers, comply to the best of their abilities with the provisions of the SGX-ST's listing rules, the Securities and Futures Act, Chapter 289, the Code on Takeovers & Mergers, and the Singapore Companies Act, Chapter 50, and will also procure the Company to do so.

For the financial year under review, the CEO, Deputy CEO and the Group Assistant Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational, compliance and information technology controls. Further details are in Guideline 11.3 below.

CORPORATE GOVERNANCE

Guideline 10.3
Management Accounts

Management provides the Board with management accounts, operation review and related explanation and any other information as the Board may require together with the financial statements on a quarterly basis. The AC reviews the financial statements and reports to the Board for approval. The Board authorises the release of the Group's quarterly and full year financial results to the SGX-ST and the public via SGXNET. Financial reporting and other price sensitive information are disseminated to Shareholders through announcements via SGXNET. The Board will take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, for instance, by establishing written policies where appropriate.

RISK MANGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guideline 11.1
Structure of Risk Management and Internal Control

Currently, the AC with the assistance of internal and external auditors and Management assumes the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC. The Board is of the view that in view of the Group's manageable size, a separate risk committee is not required for the time being.

Guideline 11.2
Review of Risk Management and Internal Control

In 2012, the Board engaged an international accounting firm to document the framework that enables Management to address the financial, operational and compliance risks of the key operating units. The process involved the identification of major risks through workshops conducted for the Group's rubber compound manufacturing and tyre retreading business units, and the renewable energy and environmental management business units, whereby the business units' key risks of financial, operational and compliance nature, as well as the countermeasures in place or required to mitigate these risks were summarised for review by the AC and the Board. The documentation provided an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanisms in place. Since then, the Group has been reviewing risk management and internal controls annually.

During the financial year under review, internal auditors were engaged to review the pre-selected areas of the operations, logistics and warehouse management of the Company's principal subsidiary, Sunrich Integrated Sdn. Bhd., in Malaysia. The selection of operations, logistics and warehouse management of the Group subject to internal audit follows a cycle of a few years so that all key operations will be covered and reviewed with a regular interval.

The Group's external auditors had reviewed the internal accounting controls that are relevant to their audit. Any non-compliance and recommendation for improvement were reported to the AC. For the financial year under review, the AC has reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. A copy of the report was also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

In FY2019, the Management has put in place an approval matrix in relation to the affixation of any of the Group's company's seal and purchases of equipment or expendables. For the affixation of any of the Group's company seal, the person requisitioning the same has to obtain the signature of his supervisor, then the Group Assistant Financial Controller, followed by anyone from the legal department and then finally that particular company's director before that company's seal will be affixed to the relevant document. Purchases of equipment or expendables have to be routed by the person requisitioning the same to his supervisor for signature followed by the Group Assistant Financial Controller then finally the Group's Deputy CEO, who has to sign before the purchase can be approved and payment be made accordingly. For purchases above S$5,000, personnel from the legal department also has to approve the same. The AC has been made aware of such internal procedures and the Management will update the AC at Board meeting on the effectiveness of such measures.

Guideline 11.3
Board Comment on Internal Controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the documentation on the Group's key risks referred to above, reviews performed by Management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 October 2019. This is in turn supported by assurance from the CEO, the Deputy CEO and the Group Assistant Financial Controller that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Group's risk management and internal controls and have discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise or report financial data.

Guideline 11.4
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.

AUDIT COMMITTEE

PRINCIPLE 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1
Composition of the AC

The AC comprised three (3) Directors, namely, Mr Hew Koon Chan (Chairman), Mr Er Kwong Wah and Mr Tan Wei Shyan, all of whom are Independent Non-Executive Directors.

Guideline 12.2
Expertise of AC Members

Mr Hew Koon Chan holds a Certified Diploma in Accounting and Finance from the Chartered Association of Certified Accountants (UK) and also acts as the chairman of audit committees of other listed companies on the SGX-ST. In light of the above credentials, the Board is of the opinion that Mr Hew Koon Chan is well qualified to chair the AC. 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 accounting or related 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.

CORPORATE GOVERNANCE

Guideline 12.3
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.

Guideline 12.4
Duties of 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 financial reporting system, management of financial, operational and compliance risks, and monitoring of the internal control systems.

The AC has specific terms of reference and has met four (4) times during the financial year under review. The duties of the AC include:

- reviewing the audit plans and report to the AC of the external auditors and ensuring the adequacy of the Group's system of accounting controls;
- reviewing the internal audit plans and report of the Group and follow up actions for effective internal control functions of the Group;
- reviewing the financial statements of the Group before their submission to the Board, and before their announcement;
- 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 cost effectiveness and the independence and objectivity of the external 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 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;
- 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; and
- reviewing the adequacy of the Group's internal controls.

Guideline 12.5
Meeting with External and Internal Auditors

During the financial year, the external auditors were invited to attend the AC meetings twice to present their audit plan and report to the AC respectively while the internal auditors was invited to attend the AC meeting once to present their internal audit report. The AC meets with the external auditors and the internal auditors separately without the presence of Management annually.

Guideline 12.6
Independence of External Auditors

The AC reviewed 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. For FY2019, the aggregate amount of fees paid or payable to external auditors of the Group amounted to S$276,000, comprising audit fees of S$189,000 and RM194,000, and non-audit services fees of S$23,000. The AC has reviewed all non-audit services provided by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors.

The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their 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 is satisfied that Rules 712 and 715 of the Catalist Rules have been complied with and has recommended to the Board, the nomination of RSM Chio Lim LLP for re-appointment at the forthcoming AGM of the Company.

Guideline 12.7
Whistle-blowing Policy

The Group has in place a whistle-blowing policy. The Group is committed to the highest possible standards 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 they will be protected from victimisation for whistle blowing in good faith. 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.

Guideline 12.8
AC Activities

In the course of FY2019, the AC carried out the following activities: –

- reviewing quarterly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- reviewing and approving the interested/related parties' transactions;
- reviewing and approving the annual audit plan of the external auditors;
- reviewing the report to the AC of the external auditors;
- reviewing the internal audit report by the internal auditors;
- reviewing the annual re-appointment of the external auditors and determining their remuneration, and making recommendations to the Board approval; and
- meeting with the external auditors and internal auditors once 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.

The AC considered the key audit matters ("**KAM**") presented by the external auditors together with the Management. The AC reviewed the KAM and concurred and agreed with the external auditors and the Management on their assessment, judgements and estimates on the KAM reported by the external auditors.

Guideline 12.9
No Former Partner or Director of Auditing Firm in the AC

There is no former partner or director of the Company's existing auditing firm or auditing corporation who acts as a member of the Company's AC.

CORPORATE GOVERNANCE

INTERNAL AUDIT

PRINCIPLE 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guideline 13.1
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.

Guideline 13.2
Adequately Resourced Internal Audit Function

The Company has outsourced its internal audit functions and has appointed a professional firm, NGL Tricor Governance Sdn Bhd, as the Company's internal auditors.

The AC approved the recommendation of re-engagement of NGL Tricor Governance Sdn Bhd as internal auditors to conduct internal audit on the pre-selected operation areas in the Company's major subsidiary group in Malaysia, Sunrich Integrated Sdn Bhd in FY2019. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively.

Guideline 13.3
Qualified Internal Auditors

NGL Tricor Governance Sdn Bhd is a consultancy practice specialising in providing independent assurance services for corporations that require cost-effective and immediate solutions for their governance, risk and internal audit needs such as compliance audit, post-implementation reviews, value for money reviews, due diligence secondment and financial investigations. The AC is satisfied that the internal audit function is independent, effective and adequately resourced as it is staffed by suitably qualified and experienced professionals with the relevant experience.

Guideline 13.4
Standards for Internal Audit

The internal auditors have conducted their work in accordance with the International Professional Practices Framework for Internal Auditing set by The Institute of Internal Auditors.

Guideline 13.5
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 changing 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 focusing 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.

In FY2019, the findings of the internal auditors were discussed in details at the AC meeting including any internal control weaknesses, non-compliance of policy and procedures as well as follow-up actions required to strengthen the internal control system of the Group. A copy of the internal auditors' findings is disseminated to the relevant business units or departments for implementing follow-up actions and the monitoring of the improvement progress.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guideline 14.1
Sufficient Information to Shareholders

The Group's corporate governance culture and awareness promote fair and equitable treatment of all Shareholders. All Shareholders enjoy specific rights under the Singapore's Companies Act, Chapter 50 and the Constitution of the Company. All Shareholders are treated fairly and equitably.

The Group respects the equal information rights of all Shareholders and is committed to the practice of fair, transparent and timely disclosure.

Guideline 14.2
Shareholders Participation and Vote at General Meetings

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated (e.g. through notices published in the newspapers or reports sent to all shareholders).

Guideline 14.3
Proxies for Nominee Companies

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.

COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guideline 15.1
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.

CORPORATE GOVERNANCE

Guideline 15.2
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 on which Shareholders can access information relating to the Group.

Guideline 15.3 & 15.4
Regular Dialogue with Shareholders

The Group is committed to providing regular communication with its shareholders. For FY2019, 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.

Guideline 15.5
Dividend Policy

The Company clearly 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 FY2019 in light of the Group's new investments (e.g. land acquisition in Seremban, Malaysia) and the COVID-19 situation that has severely affected businesses all over the world. The Board is of the opinion that having sufficient cash reserves will be beneficial for the Company.

CONDUCT OF SHAREHOLDER MEETINGS

PRINCIPLE 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Guideline 16.1
To Facilitate Effective Shareholders' Participation and Voting at General Meetings

All registered Shareholders are invited to participate and given the right to vote on resolutions at general meetings of the Company. All Shareholders receive reports or circulars of the Company including notice of general meeting by post within the mandatory period. Notice of general meeting is announced through SGXNET and published in the Business Times within the same period. Proxy form is 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. 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.

CORPORATE GOVERNANCE

Guideline 16.2
Separate Resolutions

Every matter requiring Shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

Guideline 16.3
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.

Guideline 16.4
Minutes of General Meeting

The Company Secretary prepares minutes of the general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes (approved by the Board) available to the Shareholders, upon their request.

Guideline 16.5
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.

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 FY2019.

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.

CORPORATE GOVERNANCE

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 commencing two (2) weeks before the announcement of quarterly results and one (1) month before the announcement of full year results, and 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. Following the cessation of the Company's quarterly result announcement with effect from 7 February 2020, all Directors and employees of the Company are not allowed to deal in the Company's securities during the period commencing one (1) month before the announcement of the Company's half year and full year results.

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 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 effect from 11 September 2019, ZICO Capital Pte. Ltd ("ZICO Capital") was appointed as the Company's continuing sponsor, in place of Stamford Corporate Services Pte Ltd ("Stamford").

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees paid to Stamford and ZICO Capital in FY2019.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 October 2019.

1. Opinion of the directors

In the opinion of the directors,

(a) 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; and

(b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Executive directors
Lee Thiam Seng
Cao Shixuan

Independent directors

Er Kwong Wah	
Hew Koon Chan	Appointed on 12 September 2019
Tan Wei Shyan	Appointed on 27 August 2019

3. Directors' interests in shares

The directors of the Company holding office at the end of the reporting year were not interested 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 Singapore Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct interests Number of ordinary shares with no par value		
The Company – ecoWise Holdings Limited	At 1 November 2018	At 31 October 2019	At 21 November 2019
Lee Thiam Seng	35,509,388	35,509,388	35,509,388
Cao Shixuan	42,535,114	42,535,114	42,535,114

STATEMENT BY DIRECTORS

3. Directors' interests in shares (cont'd)

Name of directors and companies in which interests are held	Deemed interests Number of ordinary shares with no par value		
The Company – ecoWise Holdings Limited	At 1 November 2018	At 31 October 2019	At 21 November 2019
Lee Thiam Seng	218,229,375	218,229,375	218,229,375

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

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

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 in or debentures of the Company or any other body corporate, except as mentioned below.

5. Share options

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.

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

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 2018. 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 is administered by the remuneration committee comprising three independent directors, Mr. Tan Wei Shyan (Chairman), Mr. Er Kwong Wah and Mr. Hew Koon Chan. 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.

STATEMENT BY DIRECTORS

5. Share options (cont'd)

ecoWise Performance Share Plan (cont'd)

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.

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 2018. 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 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 1 November 2019. There was no options granted at a discount during the financial year under review.

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

From the commencement date of the Share Plan to 31 October 2019, 49,732,225 performance shares have been granted, of which 47,193,788 performance shares have been vested (after adjustment for rights cum warrants issue on 1 November 2007 and rights issue on 26 September 2008).

STATEMENT BY DIRECTORS

5. Share options (cont'd)

ecoWise Performance Share Plan (cont'd)

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

	Number of ecoWise performance shares				
	Performance shares granted during reporting year ended 31 October 2019	Aggregate performance shares granted since commencement of Share Plan to 31 October 2019 [(1)]	Aggregate performance shares vested since commencement of Share Plan to 31 October 2019 [(1)]	Aggregate performance shares cancelled/lapsed since commencement of Share Plan to 31 October 2019 [(1)]	Aggregate performance shares outstanding at 31 October 2019
Executive directors					
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	–

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

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the Audit Committee at the date of this report are as follows:

Er Kwong Wah	(Lead Independent Director)
Hew Koon Chan	(Chairman of Audit Committee and Independent Director)
Tan Wei Shyan	(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.

(c) Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.

STATEMENT BY DIRECTORS

7. Report of audit committee (cont'd)

(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 independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 October 2019.

On behalf of the directors

Lee Thiam Seng	Cao Shixuan
Director	Director

15 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of ecoWise Holdings Limited (the "Company") and its subsidiaries (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 2019, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS (I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 October 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

- Impairment of trade receivables

  Refer to Note 2C for the 'Critical judgements, assumptions and estimation uncertainties' on allowance for doubtful trade accounts and Note 19 for the breakdown in trade receivables and credit risk of the Group.

  The carrying amount of trade receivables of $13.6 million accounted for approximately 18% of the Group's total assets as at the reporting year end. Out of this amount, $0.2 million and $2.7 million were past due for 90 days and 180 days respectively.

  Allowance for impairment involves significant judgement and estimates by management. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management.

  The estimate of impairment allowance is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the customers and future collectability. Besides that, expected credit losses ("ECL") model is also being applied to determine the loss allowance for trade receivables based on historical observed default rates adjusted for forward-looking estimates.

  For trade receivables of which recoverability is in doubt, management exercised judgement in estimating the amounts which can be recovered. We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging of debts to identify collection risks.

  We also performed other audit procedures that included requesting trade receivables confirmations, reviewing payment history and assessing collectability by obtaining evidence of financial position of debtors and/or receipts subsequent to the year end.

  We reviewed management's process over the recoverability of outstanding trade receivables and evaluated management's assumptions used to estimate the trade receivables allowance amount.

  We also assessed the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

- Impairment of a jointly-controlled entity

  Refer to Note 2A for the relevant accounting policy used in impairment assessment of non-financial assets, Note 2C for the 'Critical judgements, assumptions and estimation uncertainties' on impairment of jointly-controlled entity and Note 17 for the financials and the key assumptions used in impairment assessment of a jointly-controlled entity.

  The carrying value of jointly-controlled entity in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") amounted to $1.6 million as at 31 October 2019.

  CECRT suffered pre-tax losses for reporting years ended 31 October 2019 and 31 October 2018 of $34,000 and $682,000 respectively.

  Management determines at the end of each reporting year, whether there is any objective evidence indicating that the Group's investment in jointly-controlled entity is impaired. Where there are indicators of impairment, management uses the value-in-use method to determine the recoverable amount of the jointly-controlled entity. The deficit between the recoverable amount of the jointly-controlled entity and its carrying value would be recognised in profit and loss.

  The value in use calculation requires management to identify the cash-generating unit ("CGU") that the jointly-controlled entity is in, and estimate the future cash flows expected to arise from this CGU and a suitable discount rate in order to calculate the present value. In estimating the future cash flows of the cash-generating unit, management forecasted the revenue, growth rates, profit margins, tax rates and discount rates based on presently available information.

  We assessed the determination of the CGU and the recoverable amount of the CGU based on our understanding of the nature of the Group's business and the economic environment in which the CGU operates.

  We reviewed management's assumptions used in value-in-use calculation and challenged management's forecasted revenues, growth rates, profit margins and discount rates based on their historical performance and market factors. This included obtaining an understanding of management's planned strategies, the progress of negotiations with target customers, the review of secured and pending contracts, and the analysis of the impact to the recoverable amounts when independently derived discount rates were applied.

  Our internal valuation specialists reviewed the key assumptions used in the impairment analysis, in particular the discount rate. We performed sensitivity analysis with regards to the discount rate and growth rates as these are the two significant key assumptions in the impairment model.

  We also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Key audit matters (cont'd)

- Impairment of an associate

Refer to Note 2A for the relevant accounting policy used in impairment assessment of non-financial assets, Note 2C for the 'Critical judgements, assumptions and estimation uncertainties' on impairment of associate, Note 18 for the financials and the key assumptions used in impairment assessment of the associate and Note 38 on events after the end of the reporting year.

The Group owns 20% equity interest in China-UK Low Carbon Enterprise Co., Ltd. ("CULCEC"), a company registered in the People's Republic of China. CULCEC is accounted for as an associate and management applies equity accounting to record the Group's investments in associates in the consolidated financial statements.

The carrying value of the Group's investment in CULCEC net of foreign currency translation reserve amounts to $1.2 million as at 31 October 2019. Management is of the view that no impairment loss allowance in the carrying value of the Group's investment in CULCEC is necessary due to the sale transaction described below.

On 14 April 2020, the Company entered into a conditional sale and purchase agreement with a third party to dispose of its entire interest in a wholly-owned subsidiary, Ecowise Ventures Pte. Ltd. ("EWV") along with CULCEC which EWV has a 20% equity interest in for a consideration of RMB6 million (approximately S$1.2 million). As at the date of this report, the disposal has not been completed.

We sighted to the conditional sale and purchase agreement and inquired with management whether the acquirer is a related party to the Group. We also performed audit procedures to corroborate management's confirmation that the acquirer is not a related party.

We reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

- Impairment assessment of intangible assets, property, plant and equipment and cost of investment in subsidiary companies relating to Sunrich Group

  Refer to Note 2A for the relevant accounting policy, Note 2C for the 'Critical judgements, assumptions and estimation uncertainties' on impairment of intangible assets, subsidiaries and property, plant and equipment, Note 13 for the breakdown in property, plant and equipment, Note 14 for the breakdown of intangible assets and Note 16 for the breakdown of investments in subsidiaries as at the reporting year end.

  As at 31 October 2019, the Group has intangible assets of $1.0 million comprising of goodwill, trademarks and customer relationships as well as property, plant and equipment of $16.0 million in relation to the Sunrich Group. The Company has investment in subsidiary companies amounting to $12.2 million relating to the same cash-generating unit ("CGU").

  Sunrich Group's revenue and profit have been in declining trend for the past few years mainly due to the unfavourable economic condition and stiff competition. This indicates an indicator of impairment.

  Management prepared discounted cash flow models to determine the recoverable values of the CGUs. The value-in-use calculation requires management of the entity to estimate the future cash flows expected to arise from the CGU as well as a suitable discount rate in order to calculate the present value. In estimating the future cash flows of the CGU, management forecasted the revenue, growth rates and margins based on presently available information.

  We assessed the determination of the CGU and the recoverable amount of the CGU based on our understanding of the nature of the Group's business and the economic environment in which the CGU operates.

  We reviewed management's assumptions used in value-in-use calculation and challenged management's forecasted revenues, growth rates, profit margins and discount rates based on their historical performance and market factors. This included obtaining an understanding of and assessing management's planned strategies and reviewing of committed contracts and purchase orders from customers that support the projected revenue growth.

  Our internal valuation specialists reviewed the key assumptions used in the impairment analysis, in particular the discount rate. We performed sensitivity analysis with regards to the discount rate and growth rates as these are the two significant key assumptions in the impairment model.

  We also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Key audit matters (cont'd)

- Impairment assessment of property, plant and equipment and land use rights in relation to Hivern Group

Refer to Note 2A for the relevant accounting policy, Note 2C for the 'Critical judgements, assumptions and estimation uncertainties' on impairment of property, plant and equipment and land use rights under Hivern Group, Note 13 for the breakdown in property, plant and equipment and Note 15 for the breakdown in land use rights.

The Group owns a 24 MW biomass co-generation power plant located in Changyi, Shandong Province in China through Changyi Enersave Biomass to Energy Co., Ltd. ("CEBEC"), which is wholly owned by the subsidiary of the Group, Hivern Investments Pte. Ltd. ("Hivern"). The co-generation power plant and related plant and equipment for CEBEC is collectively known as "CEBEC plant".

Hivern Group suffered pre-tax losses for reporting year ended 31 October 2019 and 31 October 2018 of $0.6 million and $0.7 million respectively.

The carrying amounts of CEBEC plant and land use rights of the Group were RMB11.8 million (S$2.3 million) and RMB6.8 million (S$1.3 million) respectively. Impairment of CEBEC plant is considered a key audit matter because the plant has not commenced operations since the acquisition of Hivern Group in the reporting year ended 2013 as it requires major retrofitting and re-commissioning before it can be placed into commercial operations.

In addition to the above, in 2016, CEBEC has commenced arbitration proceedings against its supplier, China Huadian Engineering Co., Ltd. ("Hua Dian"), in Shandong, People's Republic of China, for failure to perform the engineering, procurement and construction contract between the two parties in relation to CEBEC plant.

The arbitration result was finalised on 23 December 2017 as follows:

(i) Hua Dian is to abide by the Engineering, Procurement and Construction Contract ("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 (S$6,300,000) (the "Remainder Amount"), representing the unpaid amounts under the EPC Contract, is in abeyance until delivery of a plant compliant with the technical specifications as laid out in the EPC Contract; and

(iii) An interim compensation of RMB18,800,000 (S$3,860,000) is awarded to CEBEC for Hua Dian's failure to perform the EPC contract, which shall be set-off against the Remainder Amount of RMB31,657,659 (S$6,300,000).

As at 31 October 2018, Hua Dian did not abide by the decisions of the arbitral tribunal and CEBEC commenced a second legal suit against Hua Dian to enforce the court judgement. On 27 November 2018, CEBEC was awarded enforcement rights of the court decision that was made on 23 December 2017 as mentioned above. There were no further development as at date of the financial statements approved by the directors.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

- Impairment assessment of property, plant and equipment and land use rights in relation to Hivern Group (cont'd)

  For the purpose of assessment of impairment in relation to CEBEC plant, management obtained a valuation report from an external valuation firm in December 2016, and the report stated the valuation of the CEBEC plant and land use rights to be RMB99.8 million (S$19.9 million) and RMB18.9 million (S$3.76 million) respectively based on the replacement cost method and market comparison approach. Management has obtained indicative values of the CEBEC plant and land use rights in December 2019 from another external valuer. The indicative values of the CEBEC plant and land use rights are RMB110.7 million (S$21.3 million) and RMB46.7 million (S$9.0 million) respectively. Management is of the view that no impairment loss allowance to the carrying amounts of CEBEC plant and land use rights as at 31 October 2019 is necessary due to the large headroom between the valuation in the latest valuation report obtained in December 2016, indicative value amounts obtained in December 2019 and the carrying amounts of these assets.

  We have evaluated the competency of the external valuation firms and assessed the reasonableness of the valuation method used and assumptions applied in the valuation report. We have also compared the recent transacted price of comparable land use rights to the carrying amounts.

  We also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors 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 Derek How Beng Tiong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

15 April 2020

Effective from reporting year ended 31 October 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2019

	Notes	Group 2019 $'000	Group 2018 $'000
Revenue	5	55,092	58,394
Cost of sales		(44,775)	(49,446)
Gross profit		10,317	8,948
Other income and gains	6	788	393
Marketing and distribution expenses		(2,002)	(2,301)
Administrative expenses		(7,232)	(8,316)
Finance costs	7	(908)	(1,129)
Other losses	6	(504)	(875)
Share of losses from equity-accounted associate and jointly-controlled entity		(82)	(359)
Profit / (loss) before tax from continuing operations		377	(3,639)
Income tax expense	11	(864)	(971)
Loss after tax from continuing operations for the year		(487)	(4,610)
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(444)	422
Cash flow hedges, net of tax	28A	(150)	(20)
Other comprehensive (loss) / income for the year, net of tax		(594)	402
Total comprehensive loss		(1,081)	(4,208)
Loss attributable to owners of the Company, net of tax		(697)	(4,795)
Profit attributable to non-controlling interests, net of tax		210	185
Loss, net of tax		(487)	(4,610)
Total comprehensive loss attributable to owners of the Company		(1,217)	(4,535)
Total comprehensive income attributable to non-controlling interests		136	327
Total comprehensive loss		(1,081)	(4,208)
		Cents	Cents
Losses per share			
Basic and diluted loss per share	12	(0.07)	(0.50)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	27,336	30,705	357	406
Intangible assets	14	1,033	1,590	–	–
Land use rights	15	1,307	1,400	–	–
Investments in subsidiaries	16	–	–	32,897	33,069
Investment in a jointly-controlled entity	17	1,641	1,678	–	–
Investment in an associate	18	1,681	1,596	–	–
Finance lease receivables	20	8,682	9,637	–	–
Other non-financial assets	21	281	295	–	–
Deferred tax assets	11	395	514	–	–
Total non-current assets		42,356	47,415	33,254	33,475
Current assets					
Inventories	22	5,062	6,594	–	–
Income tax receivables		18	272	–	–
Trade and other receivables	19	15,657	18,603	3,391	4,152
Finance lease receivables	20	1,017	898	–	–
Other non-financial assets	21	2,071	1,232	31	51
Derivative financial instruments	23	4	38	–	–
Cash and cash equivalents	24	5,501	3,938	11	14
		29,330	31,575	3,433	4,217
Assets classified as held for sale	25	2,499	1,104	–	–
Total current assets		31,829	32,679	3,433	4,217
Total assets		74,185	80,094	36,687	37,692
EQUITY AND LIABILITIES					
Equity					
Share capital	26	48,141	48,170	48,141	48,170
Accumulated losses		(7,596)	(6,899)	(20,421)	(16,346)
Foreign currency translation reserve	27	(5,671)	(5,220)	–	–
Other reserves	28	2,081	2,299	–	–
Reserve of disposal group classified as held for sale	25	–	(481)	–	–
Equity attributable to owners of the Company		36,955	37,869	27,720	31,824
Non-controlling interests		4,289	2,669	–	–
Total equity		41,244	40,538	27,720	31,824

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current liabilities					
Provisions	29	1,194	1,180	–	–
Loans and borrowings	30	3,903	5,693	126	170
Deferred tax liabilities	11	1,863	2,310	–	–
Deferred income	31	1	7	–	–
Total non-current liabilities		6,961	9,190	126	170
Current liabilities					
Income tax payables		755	414	41	11
Trade and other payables	32	11,917	14,049	8,756	5,643
Derivative financial instruments	23	131	17	–	–
Loans and borrowings	30	10,944	12,702	44	44
Deferred income	31	7	7	–	–
Provisions	29	–	1,768	–	–
		23,754	28,957	8,841	5,698
Liabilities directly associated with assets classified as held for sale	25	2,226	1,409	–	–
Total current liabilities		25,980	30,366	8,841	5,698
Total liabilities		32,941	39,556	8,967	5,868
Total equity and liabilities		74,185	80,094	36,687	37,692

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2019

Group	Total equity $'000	Non-controlling interests $'000	Attributable to parent subtotal $'000	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Reserve of disposal group classified as held for sale $'000	Foreign currency translation reserves $'000
Current year:								
At 1 November 2018	40,538	2,669	37,869	48,170	(6,899)	2,299	(481)	(5,220)
Changes in equity:								
Total comprehensive (loss)/income for the year	(1,081)	136	(1,217)	–	(697)	(193)	1	(328)
Disposal of subsidiaries with a change in control (Note 9)	2,017	1,660	357	–	–	–	480	(123)
Purchase of treasury shares (Note 26)	(29)	–	(29)	(29)	–	–	–	–
Acquisition of interest in subsidiaries from non-controlling interest without a change in control	–	25	(25)	–	–	(25)	–	–
Dividends paid to non-controlling interests of subsidiaries	(201)	(201)	–	–	–	–	–	–
	706	1,620	(914)	(29)	(697)	(218)	481	(451)
At 31 October 2019	41,244	4,289	36,955	48,141	(7,596)	2,081	–	(5,671)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2019

Group	Total equity $'000	Non-controlling interests $'000	Attributable to parent subtotal $'000	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Reserve of disposal group classified as held for sale $'000	Foreign currency translation reserves $'000
Current year:								
At 1 November 2017	44,649	2,245	42,404	48,170	(2,104)	2,214	(537)	(5,339)
Changes in equity:								
Total comprehensive (loss)/income for the year	(4,208)	327	(4,535)	–	(4,795)	85	56	119
Acquisition of subsidiary	329	329	–	–	–	–	–	–
Acquisition of interest in a subsidiary from non-controlling interest without a change in control	(32)	(32)	–	–	–	–	–	–
Dividends paid to non-controlling interests of subsidiaries	(200)	(200)	–	–	–	–	–	–
	(4,111)	424	(4,535)	–	(4,795)	85	56	119
At 31 October 2018	40,538	2,669	37,869	48,170	(6,899)	2,299	(481)	(5,220)

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2019

Company	Total equity $'000	Share capital $'000	Accumulated losses $'000
Current year:			
At 1 November 2018	31,824	48,170	(16,346)
Changes in equity:			
Total comprehensive loss for the year	(4,075)	–	(4,075)
Purchase of treasury shares (Note 26)	(29)	(29)	–
	(4,104)	(29)	(4,075)
At 31 October 2019	27,720	48,141	(20,421)
Prior year:			
At 1 November 2017	37,824	48,170	(10,346)
Changes in equity:			
Total comprehensive loss for the year	(6,000)	–	(6,000)
At 31 October 2018	31,824	48,170	(16,346)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2019

	Group	
	2019	2018
	$'000	$'000
Cash flows from operating activities		
Profit / (loss) before income tax	377	(3,639)
Depreciation of property, plant and equipment	3,391	3,619
Gain on disposal of property, plant and equipment	(130)	(235)
Write off of property, plant and equipment	337	–
Amortisation of intangible assets	84	195
Amortisation of land use rights	60	62
Share of loss from associates and jointly-controlled entity	82	359
Gain on disposal of subsidiaries	(249)	–
Net fair value loss on derivative financial instruments	–	47
Provision for retirement benefit obligations expenses, net	39	55
Amortisation of deferred income	(6)	(7)
Finance lease income	(1,123)	(1,181)
Finance income	(41)	(43)
Finance costs	908	1,129
Net foreign exchange gain	(292)	–
Operating cash flows before changes in working capital	3,437	361
Inventories	1,438	1,087
Trade and other receivables	2,719	2,229
Finance lease receivables	836	751
Other non-financial assets	(834)	140
Cash restricted in use over 3 months	–	33
Trade and other payables	(1,264)	(987)
Other liabilities	–	(535)
Finance lease income received	1,123	1,181
Retirement benefit obligations paid	(44)	(15)
Net cash flows from operations	7,411	4,245
Income tax paid	(192)	(392)
Net cash flows from operating activities	7,219	3,853
Cash flows from investing activities		
Acquisition of property, plant and equipment (Notes 13 and 24B)	(2,010)	(2,692)
Proceeds from disposal of property, plant and equipment	335	531
Repayment from a jointly-controlled entity	71	151
Interest received	41	43
Proceeds from disposal of subsidiaries (Note 9)	1,192	–
Reduction of investment in associate (Note 18)	–	2,148
Net cash flows (used in)/from investing activities	(371)	181

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2019

	2019 $'000	2018 $'000
Cash flows from financing activities		
Proceeds from new loans and borrowings	–	8,897
Repayments of loans and borrowings	(3,142)	(12,381)
Interest paid	(790)	(1,061)
Purchase of treasury shares	(29)	–
Dividends paid to non-controlling interests of subsidiaries	(201)	(200)
(Increase)/decrease in cash restricted in use over 3 months	(419)	887
Net cash flows used in financing activities	(4,581)	(3,858)
Net increase in cash and cash equivalents	2,267	176
Effect of exchange rate changes on cash and cash equivalents	35	(36)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	(91)	(231)
Cash and cash equivalents (overdrawn), consolidated statement of cash flows, ending balance (Note 24A)	2,211	(91)

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

1. General

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 (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

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 16 to the financial statements.

The registered office and principal place of business of the Company is located at 1 Commonwealth Lane, One Commonwealth #07-28, 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, Chapter 50 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis 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

1. General (cont'd)

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 Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

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

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

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

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 represents the interest income on the finance lease receivables and is recognised using the effective interest method.

Other income

Interest income is recognised using the effective interest method.

Government grants

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

Employee benefits

<u>Short-term employee benefits</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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

2A. Significant accounting policies (cont'd)

Employee benefits (cont'd)

Short-term employee benefits (cont'd)

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.

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. 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 year, 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 year 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 year 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 year. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

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

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

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

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and accumulated impairment losses. 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. The annual rates of depreciation are as follows:

Leasehold land	–	Over remaining lease periods of 60 and 67 years
Leasehold properties and improvements	–	Over remaining 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.

Cost also 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.

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

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

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.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting year 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.

Leases

Whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Finance leases

Under a finance lease, the lessor recognises a finance lease receivables and the lessee recognises the leased asset and a liability for future lease payments.

(a) When the Group is a lessor:

When the Group is a lessor, it records a finance lease receivables at the amount of the Group's net investment in the lease, which comprises the present value of the minimum lease payments and any unguaranteed residual value accruing to the Group. The present value is calculated by discounting the minimum lease payments due and any unguaranteed residual value, at the interest rate implicit in the lease.

The Group derecognised the leased assets and recognised the difference between the carrying amount of the leased assets and the finance lease receivables in the profit or loss and recorded as part of revenue under "finance lease income".

The Group recognises finance lease income on the net investment over the lease term. The receipts under the lease arrangement are allocated between reducing the net investment and recognising finance income, so as to produce a constant rate of return on the net investment.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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

2A. Significant accounting policies (cont'd)

Leases (cont'd)

(b) When the Group is a lessee:

At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is impracticable to determine, the lessee's incremental borrowing rate is used.

Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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.

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

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

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.

Non-compete agreement

Order backlog has been considered, discussed and agreed by management as an intangible asset of the Group.

Order backlog is a form of customer contract which may represent certain future economic benefits as they usually identify the counterparty, the products and services to be supplied and the expected revenue. The Group has estimated the future profit it will earn on fulfilling the order backlog in the post-acquisition period and recognise the fair value at the acquisition date. The non-compete agreement have a finite useful life and is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 1 year.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

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.

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.

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

2A. Significant accounting policies (cont'd)

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 Company'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 2019

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 control 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).

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting.

The cost of a business combination includes the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debts or equity securities are recognised in accordance with SFRS(I) 1-32 – Financial Instruments: Presentation and SFRS(I) 1-39 – Financial Instruments: Recognition and Measurement.

As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under SFRS(I) 3 – Business Combinations.

If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in the profit or loss.

For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in the profit or loss.

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

2A. Significant accounting policies (cont'd)

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.

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.

Impairment 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 year 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).

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

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

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

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.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. 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. 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.

Classification and measurement of financial assets:

1. 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.

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): A debt asset instrument is measured at fair value through other comprehensive income (FVTOCI) only if it meets both of the following conditions and is not designated as at FVTPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. 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 year end date.

4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year 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: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) 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.

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

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include bank and cash balances, on demand deposits and any highly liquid debt asset instruments purchased with an original maturity of three months or less. For the 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. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows. Cash flows arising from hedging instruments are classified as operating, investing or financing activities, on the basis of the classification of the cash flows arising from the hedged item.

Derivative financial instruments

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

Derivatives held for risk management purposes and hedge accounting

Certain derivatives held for risk management as well as certain non-derivative financial instruments may be designated as hedging instruments in qualifying hedging relationships. Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge based on the principle of an economic relationship. Hedge effectiveness is the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of the hedged item (for example, when the hedged item is a risk component, the relevant change in fair value or cash flows of an item is the one that is attributable to the hedged risk). The above documentation is subsequently updated at each end of the reporting year 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.

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

2A. Significant accounting policies (cont'd)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg 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 (ie as prices) or indirectly (ie 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 year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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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.

Assets classified as held for sale

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

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 year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year 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.

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

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

(i) Allowance for trade receivables

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. 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 certain 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 loss allowance was determined accordingly. 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 19.

(ii) Measurement of impairment of jointly-controlled entity and/or associate

Where an investee is in net equity deficit and or has suffered losses a test is made when an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. 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 the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $1,641,000 (2018: $1,678,000) and $1,681,000 (2018: $1,596,000) as disclosed in Note 17 and Note 18 respectively.

(iii) Measurement of impairment of intangible assets, property, plant and equipment and cost of investment in subsidiary companies relating to Sunrich Group

Sunrich Group's revenue and profit have been in declining trend for the past few years mainly due to the unfavourable economic condition and stiff competition. This indicates an indicator of impairment. A test is made whether intangible assets, property, plant and equipment and cost of investment in Sunrich Group have suffered any impairment of which the estimates involved requires significant judgement. Management has prepared discounted cash flow models to determine the recoverable value of this cash-generating unit ("CGU"). In estimating the future cash flows of the CGU, management forecasted revenue, growth rates, and margins based on presently available information. Evaluation of management's key assumptions used in impairment analysis is disclosed in Note 14A, in particular forecasted discount rates and growth rates. 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 amounts of the assets affected. As at the end of the reporting year, the carrying amounts of intangible assets, property, plant and equipment and cost of investment in Sunrich Group were $1,033,000, $15,970,000 and $12,236,000 (2018: $1,185,000, $16,768,000 and $12,237,000) respectively.

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

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

(iv) Measurement of impairment of property, plant and equipment and land use rights in relation to Hivern Group

The Group owns a 24MW biomass co-generation power plant located in Changyi, Shandong Province in China through Changyi Enersave Biomass to Energy Co Ltd ("CEBEC"), which is wholly owned by the subsidiary of the Group, Hivern Investments Pte Ltd. The co-generation power plant and related plant and equipment for CEBEC will be collectively known as "CEBEC plant".

Hivern Group suffered pre-tax losses for reporting year ended 31 October 2019 and 31 October 2018 of $0.6 million and $0.7 million respectively.

For the purpose of assessment of impairment in relation to CEBEC plant, management obtained indicative values of the CEBEC plant and land use rights from an external valuation firm in December 2019. The indicative values of the CEBEC plant and land use rights are RMB110.7 million (S$21.3 million) and RMB46.7 million (S$9.0 million) respectively. This is in addition to the valuation report obtained from another external valuation firm in December 2016. The valuation report stated the fair value of the CEBEC plant and land use rights to be RMB99.8 million (S$19.9 million) and RMB18.9 million (S$3.76 million) respectively, based on the replacement cost method and market comparison approach. 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 amounts of the assets affected. As at the end of the reporting year, the carrying amounts of CEBEC plant and land use rights of the Group were $2,274,000 and $1,307,000 respectively (2018: $2,219,000 and $1,400,000) as disclosed in Notes 13 and 15. The expected carrying amount of the CEBEC plant (including land use rights) upon completion of the construction is $9,881,000 (see Note 37B). Accordingly, management is of the view that no impairment loss allowance to the carrying amounts of CEBEC plant and land use rights as at 31 October 2019 is necessary due to the large headroom between the valuation in the latest valuation report obtained in December 2016, indicative value amounts obtained in December 2019 and the carrying amounts of these assets.

(v) Impairment of other property, plant and equipment

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 amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $9,092,000 (2018: $11,718,000).

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

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

(vi) 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 amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $27,336,000 (2018: $30,705,000).

(vii) Measurement of impairment of subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made when an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. 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 the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $15,895,200 (2018: $14,458,000).

(viii) Net realisable value of inventories

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and could materially affect the carrying amount of inventories at the end of the reporting year. 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 22.

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

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

(ix) 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.

(x) Classification of jointly-controlled entity

For all joint arrangements structured in separate vehicles the management must assess the substance of the joint arrangement in determining whether it is classified as a jointly-controlled entity or joint operation. This assessment requires management to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a jointly-controlled entity), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). Factors the Group must consider include: Structure; Legal form; Contractual agreement; Other facts and circumstances. Upon consideration of these factors, management has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as jointly-controlled entity.

(xi) Significant influence over China-UK Low Carbon Enterprise Co., Ltd. ("CULCEC")

Significant influence is presumed to exist (or not exist) when an entity holds 20% or more (or less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The group holds a 20% interest in CULCEC. Management has determined that it holds significant influence as the Group appoints a director to the board. Based on this, the management considers that it has the power to exercise significant influence and have treated the interest in the investee as an associate.

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 significant shareholder.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any 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:

Significant related party transactions:

	Group	
	2019	2018
	$'000	$'000
Jointly-controlled entity:		
Service income	(399)	(364)

	Group	
	2019	2018
	$'000	$'000
Related parties: #a		
Revenue – sale of goods	(3,489)	(3,677)
Purchase of goods and services	1,879	2,222

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

3B. Key management compensation

	Group	
	2019	2018
	$'000	$'000
Salaries and other short-term employee benefits	1,284	1,554

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

3B. Key management compensation (cont'd)

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2019	2018
	$'000	$'000
Remuneration of directors of the Company	703	703
Remuneration of directors of the subsidiaries	21	24
Fees to directors of the Company	151	165
Fees to directors of the subsidiaries	64	62

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 SFRS(I) 8 – Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management reporting purposes the reporting entity 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:

(a) Renewable Energy – Design, build and operate biomass co-generation systems, generate power for sale and provision of services related to the applications of heat.

(b) 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.

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

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

Integrated Environmental Management Solutions – Provision of resource management and integrated environmental engineering solutions for industrial waste and energy management, including designing, optimising, engineering, procurement, fabricating, commissioning, managing and maintenance of waste, energy management facilities and vertically integrated waste-to-feed process for fish and aquaculture business.

The waste-to-feed process for fish and aquaculture business has ceased during the year and the related assets and liabilities has been classified as held for sale as disclosed in Note 25.

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

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

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

	Group	
	2019	2018
	$'000	$'000
Revenue from major products and services:		
Sale of rubberised products	42,858	43,790

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:										
Revenue from external customers	10,466	10,429	43,985	47,080	641	885	–	–	55,092	58,394
Inter-segment revenue	1,697	2,019	685	1,998	956	–	(3,338)	(4,017)	–	–
Segment revenue	12,163	12,448	44,670	49,078	1,597	885	(3,338)	(4,017)	55,092	58,394
Segment results before allocation of corporate management fees	3,705	2,015	2,251	(94)	(927)	(1,385)	(1,808)	(2,248)	3,221	(1,712)
Allocated corporate management fees	(1,645)	(1,524)	(163)	(724)	–	–	1,808	2,248	–	–
Segment results	2,060	491	2,088	(818)	(927)	(1,385)	–	–	3,221	(1,712)
Share of results from associates and jointly-controlled entity, allocated to operating segments	(61)	(17)	(21)	(342)	–	–	–	–	(82)	(359)
Unallocated corporate results									(1,895)	(482)
Profit / (loss) before finance income, dividend income, finance costs and income tax expense									1,244	(2,553)
Finance income									41	43
Finance costs									(908)	(1,129)
Income tax expense									(864)	(971)
Loss for the year, net of tax									(487)	(4,610)

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

4C. Assets and liabilities reconciliation

Group	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Eliminations		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	26,032	24,539	41,471	45,984	4,520	7,306	(1,959)	(2,014)	70,064	75,815
Investments in associates, allocated to operating segments	1,681	1,596	–	–	–	–	–	–	1,681	1,596
Investment in jointly-controlled entity, allocated to operating segments	–	–	1,641	1,678	–	–	–	–	1,641	1,678
Deferred tax assets									395	514
Unallocated corporate assets									404	491
Total assets									74,185	80,094
Segment liabilities	18,601	17,789	15,520	15,924	11,307	14,675	(30,612)	(30,590)	14,816	17,798
Loans and borrowings allocated to operating segments	2,335	3,938	10,812	12,610	1,530	1,634	–	–	14,677	18,182
Unallocated corporate loans and borrowings									170	213
Income tax payable									755	414
Deferred tax liabilities									1,863	2,310
Unallocated corporate liabilities									660	639
Total liabilities									32,941	39,556
Capital expenditure allocated to operating segments: Property, plant and equipment	1,227	629	1,538	1,112	84	1,148	–	–	2,849	2,882
Unallocated corporate capital expenditure on property, plant and equipment									33	110
Total capital expenditure									2,882	2,999

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

4D. Other material items

Group	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Elimination		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation of property, plant and equipment:										
Allocated to operating segments	874	857	2,091	2,349	371	337	–	–	3,336	3,543
Unallocated corporate depreciation									55	76
Total depreciation of property, plant and equipment									3,391	3,619
Gain on disposal of property, plant and equipment	(27)	–	(103)	(235)	–	–	–	–	(130)	(235)
Amortisation of intangible assets	–	–	84	195	–	–	–	–	84	195
Amortisation of land use rights	60	62	–	–	–	–	–	–	60	62
Net fair value loss on derivative financial instruments	–	–	–	47	–	–	–	–	–	47
Provision for retirement benefit obligations expenses, (net)	–	–	39	40	–	–	–	–	39	40
Allowance for inventory obsolescence – reversed/(charged)	15	(10)	2	88	–	–	–	–	17	78
Allowance for doubtful receivables	–	1	159	399	–	–	–	–	159	400

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

4E. Geographical information

Group	Revenue		Non-current assets	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Singapore	11,924	14,163	11,132	8,995
Malaysia	29,042	30,178	17,141	19,177
Australia	12,258	8,020	–	–
People's Republic of China	399	364	5,006	9,092
Others	1,469	5,669	–	–
	55,092	58,394	33,279	37,264

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 and deferred tax assets.

4F. Information about major customers

	Group	
	2019	2018
	$'000	$'000
Top 1 customer in resource recovery segment	11,308	8,123
Top 2 customers in resource recovery segment and renewable energy segment	15,993	12,892
Top 3 customers in resource recovery segment and renewable energy segment	19,501	16,370

5. Revenue

Revenue from contracts with customers
#A. Revenue classified by type of good or service:

	Group	
	2019	2018
	$'000	$'000
Sale of goods	47,057	48,608
Service income	6,406	8,537
Finance lease income	1,123	1,181
Others	506	68
Total revenue	55,092	58,394

#B. Revenue classified by duration of contract:

	Group	
	2019	2018
	$'000	$'000
Short term contracts	49,994	53,615
Long term contracts	5,098	4,779
Total revenue	55,092	58,394

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5. Revenue (cont'd)

#C. Revenue classified by timing of revenue recognition:

	Group	
	2019	2018
	$'000	$'000
Point in time	49,994	53,615
Over time	5,098	4,779
Total revenue	55,092	58,394

6. Other income and gains and (other losses)

	Group	
	2019	2018
	$'000	$'000
Gain on disposal of property, plant and equipment	130	235
Net fair value loss on derivative financial instruments	–	(47)
Amortisation of deferred income	6	7
Government grant income	63	84
Foreign exchange transaction gain/(loss), net	299	(428)
Allowance for impairment on trade and other receivables	(159)	(400)
Write-off of property, plant and equipment	(337)	–
Gain recognised on disposal of subsidiaries (Note 9)	249	–
Interest income from financial institutions	41	43
Others	(8)	24
Net	284	(482)
Presented in profit or loss as:		
Other income and gains	788	393
Other losses	(504)	(875)
	284	(482)

7. Finance costs

	Group	
	2019	2018
	$'000	$'000
Interest expense on borrowings from financial institutions	725	949
Interest expense on finance lease liabilities	149	145
Interest expense on retirement benefit obligations	34	35
	908	1,129

8. Employee benefits expenses

	Group 2019 $'000	Group 2018 $'000
Short term employee benefits expense	9,698	12,176
Contributions to defined contribution plans	504	1,010
Provision for retirement benefit obligations expense, net	39	40
Other benefits	1,118	606
	11,359	13,832
The employee benefits expenses are charged as follows:		
Cost of sales	6,401	7,809
Administrative expenses	3,802	4,700
Marketing and distribution expenses	1,156	1,323
	11,359	13,832

9. Disposal of subsidiaries

On 8 November 2018, the Group entered into a Share Transfer Agreement with HongKong Chenbang Investment Limited to dispose the entire issued and paid-up share capital of ecoWise Energy Pte. Ltd., subject to terms and conditions of the Share Transfer Agreement, for a cash consideration of $1,200,000. The disposal was completed on 15 July 2019. The disposal group was previously classified as assets held for sale in 2018 as disclosed in Note 25.

The following table is a summary of the carrying value of the consolidated assets and liabilities of the disposal group that was sold on 15 July 2019:

	Group At date of disposal in 2019 $'000	Group 31.10.2018 $'000
Property, plant and equipment	107	96
Land use rights	948	948
Trade and other receivables	59	49
Other non-financial assets	2	1
Cash and cash equivalent	8	10
	1,124	1,104
Trade and other payables	(2,191)	(1,409)
	(2,191)	(1,409)
Net carrying amount at end of the year	(1,067)	(305)
Non-controlling interests	1,660	
Equity reserves reclassified from equity to profit or loss on disposal of subsidiaries:		
- Reserve of disposal group classified as held for sale	481	
- Foreign currency translation reserve	(123)	
Net carrying value of disposal group	951	
Gain on disposal of subsidiaries	249	
Net consideration	1,200	

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9. Disposal of subsidiaries (cont'd)

	Group At date of disposal in 2019 $'000
Net cash inflow on disposal:	
Cash consideration	1,200
Cash balance disposed of	(8)
Net cash inflow	1,192

The cash flow of the disposal group for the period from the beginning of the reporting year to 15 July 2019, which have been included in the consolidated financial statements, were as follows:

	Group Period ended 15/07/2019 $'000
Operating cash flows	(146)

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	
	2019 $'000	2018 $'000
Auditors' remuneration:		
Auditors of the Company	189	189
Member firms of the auditors of the Company	83	77
Other auditors	102	(2)
Non-audit fees paid and payable to:		
Auditors of the Company	23	28

11. Income tax expense

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

	Group	
	2019	2018
	$'000	$'000
Current tax expense		
Current tax expense	779	510
Withholding tax expense	37	7
Under adjustments in respect of prior periods	38	114
Subtotal	854	631
Deferred tax expense		
Deferred tax (income) / expense	(61)	340
Under adjustments in respect of prior periods	71	–
Subtotal	10	340
Total income tax expense	864	971

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% (2018: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019	2018
	$'000	$'000
Profit / (loss) before income tax	377	(3,639)
Add: Share of losses from associates and a jointly-controlled entity	82	359
	459	(3,280)
Income tax expense / (income) at the above rate	78	(558)
Effect of different tax rates in different countries	343	388
Withholding tax expense	37	7
Expenses non-deductible for tax purposes	117	–
Income not subject to tax	(236)	(35)
Tax exempt income	–	(97)
Tax incentives	(12)	(13)
Under adjustments to current tax in respect of prior periods	38	114
Under adjustments to deferred tax in respect of prior periods	71	–
Deferred tax assets not recognised	639	752
Adjustments to unrecognised deferred tax in respect of prior years	(135)	485
Others	(76)	(72)
Total income tax expense	864	971

11. Income tax expenses (cont'd)

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

Group	At 1 November 2017 $'000	Recognised in profit or loss $'000	Expired during the year $'000	Exchange differences $'000	At 31 October 2018 $'000	Recognised in profit or loss $'000	Expired during the year $'000	Exchange differences $'000	At 31 October 2019 $'000
Property, plant and equipment	(2,258)	251	–	(61)	(2,068)	(57)	–	522	(1,603)
Intangible assets	(256)	–	–	–	(256)	256	–	–	–
Unutilised tax losses	3,910	(214)	(597)	(193)	2,906	(261)	(238)	(193)	2,214
Unutilised capital allowances	536	(98)	–	2	440	3	–	(177)	266
Provision for retirement benefit obligations	(22)	–	–	–	(22)	175	–	(2)	151
Other items	422	473	–	(71)	824	(120)	–	(625)	79
Deferred tax assets not recognised	(3,405)	(752)	597	(60)	(3,620)	(6)	238	813	(2,575)
	(1,073)	(340)	–	(383)	(1,796)	(10)	–	338	(1,468)

11. Income tax expenses (cont'd)

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

	Group 2019 $'000	Group 2018 $'000
Presented in statement of financial position as:		
Deferred tax liabilities	(1,863)	(2,310)
Deferred tax assets	395	514
	(1,468)	(1,796)

11C. Unrecognised deferred tax assets

Group	2019 Gross amount $'000	2019 Tax effect $'000	2018 Gross amount $'000	2018 Tax effect $'000
Unutilised tax losses	9,478	2,214	11,704	2,819
Unutilised capital allowances	130	22	–	–
Excess of tax values over net book value of plant and equipment	1,995	339	–	–
Others	–	–	(5)	(1)
	11,603	2,575	11,699	2,818

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:

	Unutilised tax losses 2019 $'000	Unutilised tax losses 2018 $'000	Unrecognised deferred tax assets 2019 $'000	Unrecognised deferred tax assets 2018 $'000
Expiring in 31 December 2019	–	953	–	238
Expiring in 31 December 2020	1,013	1,389	253	347
Expiring in 31 December 2021	2,887	3,227	722	807
Expiring in 31 December 2022	867	1,292	217	323
Expiring in 31 December 2023	1,226	1,325	306	331
Expiring in 31 December 2024	1,541	–	385	–
	7,534	8,186	1,883	2,046

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12. Losses per share

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

	Group	
	2019	2018
	$'000	$'000
Loss for the year, net of tax attributable to owners of the Company	(697)	(4,795)

	Number of shares	
	2019	2018
	'000	'000
Weighted average number of equity shares	956,486	957,483

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

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

Diluted losses per share are calculated by dividing loss, 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 losses per share for the reporting years are computed using the same basis as basic losses per share as the dilutive effect of the performance shares is not significant.

13. Property, plant and equipment

Group	Construction-in-progress $'000	Leasehold land $'000	Leasehold properties and improvements $'000	Plant and equipment $'000	Total $'000
Cost					
At 1 November 2017	19,478	1,327	12,021	48,168	80,994
Foreign exchange adjustments	(711)	41	136	492	(42)
Additions	638	–	70	2,279	2,987
Acquisition of subsidiary	–	1,649	3,203	41	4,893
Written off	–	–	–	(3)	(3)
Disposals	(31)	–	–	(3,210)	(3,241)
At 31 October 2018	19,374	3,017	15,430	47,767	85,588
Foreign exchange adjustments	(530)	(24)	(152)	(494)	(1,200)
Additions	450	–	184	2,248	2,882
Transfers to assets held for sale (Note 25)	–	(1,649)	(3,156)	(76)	(4,881)
Written off	–	–	–	(458)	(458)
Disposals	(318)	–	(28)	(2,031)	(2,377)
Reclassification	(803)	–	827	(24)	–
At 31 October 2019	18,173	1,344	13,105	46,932	79,554
Accumulated depreciation and impairment loss					
At 1 November 2017	16,605	131	4,986	29,993	51,715
Foreign exchange adjustments	(515)	4	(70)	130	(451)
Depreciation for the year	–	21	542	3,056	3,619
Disposals	(6)	–	–	(2,939)	(2,945)
Acquisition of subsidiary	–	399	2,513	33	2,945
At 31 October 2018	16,084	555	7,971	30,273	54,883
Foreign exchange adjustments	(460)	(3)	6	(195)	(652)
Depreciation for the year	–	24	565	2,802	3,391
Written off	–	–	–	(121)	(121)
Disposals	(318)	–	(7)	(1,847)	(2,172)
Transfers to assets held for sale (Note 25)	–	(401)	(2,636)	(74)	(3,111)
At 31 October 2019	15,306	175	5,899	30,838	52,218

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

Group	Construction-in-progress	Leasehold land	Leasehold properties and improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts					
At 1 November 2017	2,873	1,196	7,035	18,175	29,279
At 31 October 2018	3,290	2,462	7,459	17,494	30,705
At 31 October 2019	2,867	1,169	7,206	16,094	27,336

Geographical information about the Group's property, plant and equipment are as follows:

Group	Construction-in-progress	Leasehold land	Leasehold properties and improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
FY2019					
Carrying amounts					
Singapore	461	–	1,164	5,908	7,533
Malaysia	62	1,169	4,588	10,151	15,970
People's Republic of China	2,344	–	1,454	35	3,833
	2,867	1,169	7,206	16,094	27,336
FY2018					
Carrying amounts					
Singapore	11	1,252	1,926	6,465	9,654
Malaysia	62	1,210	4,765	10,731	16,768
People's Republic of China	3,217	–	768	298	4,283
	3,290	2,462	7,459	17,494	30,705

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

Company	Plant and equipment $'000
Cost	
At 1 November 2017	752
Additions	112
Disposals	(282)
At 31 October 2018	582
Additions	33
Disposals	(29)
At 31 October 2019	586
Accumulated depreciation	
At 1 November 2017	366
Depreciation for the year	76
Disposals	(266)
At 31 October 2018	176
Depreciation for the year	55
Disposals	(2)
At 31 October 2019	229
Carrying amounts	
At 1 November 2017	386
At 31 October 2018	406
At 31 October 2019	357

The depreciation expense is charged as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cost of sales	2,401	2,632	–	–
Administrative expenses	919	917	55	76
Marketing and distribution expenses	71	70	–	–
Total	3,391	3,619	55	76

Fully depreciated property, plant and equipment of the Group still in use have a cost of $16,985,000 (2018: $19,596,000).

13A. Plant and equipment acquired under finance lease arrangements

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Plant and equipment	3,175	3,207	348	96

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

13B. Securities pledged

As at the end of the reporting year, the carrying amounts of the Group's property, plant and equipment that are pledged as securities to secure loans and borrowings (Notes 30A, 30C, and 30D) are as follows:

	Group	
	2019	2018
	$'000	$'000
Leasehold land	1,171	1,212
Leasehold properties and improvements	6,712	6,997
Plant and equipment	11,134	12,384
	19,017	20,593

13C. Impairment of property, plant and equipment

Sunrich Group's revenue and profit have been in declining trend for the past few years mainly due to unfavourable economic condition and stiff competition. This indicates an indicator of impairment. The carrying amounts of Sunrich's Group's property, plant and equipment at end of the reporting year was $15,970,000 (2018: $16,768,000). Management carried out an impairment test and concluded that there is no impairment loss (see Note 14).

The Group owns a 24 MW biomass co-generation power plant located in Changyi, Shandong Province in China through CEBEC, which is wholly owned by the subsidiary of the Group, Hivern Investments Pte Ltd ("Hivern"). The co-generation power plant and related plant and equipment for CEBEC is collectively known as "CEBEC plant".

The carrying amounts of CEBEC plant and land use rights of the Group were RMB11.8 million (S$2.3 million) and RMB6.8 million (S$1.3 million) respectively.

Hivern Group suffered pre-tax losses for reporting year ended 31 October 2019 and 31 October 2018 of $0.6 million and $0.7 million respectively, and the plant has not commenced operations since the acquisition of Hivern Group in the reporting year ended 2013 as it required major retrofitting and re-commissioning before it can be placed into commercial operations.

For the purpose of assessment of impairment in relation to CEBEC plant, management obtained indicative values of the CEBEC plant and land use rights from an external valuation firm in December 2019. The indicative values of the CEBEC plant and land use rights are RMB110.7 million (S$21.3 million) and RMB46.7 million (S$9.0 million) respectively. This is in addition to the valuation report obtained from another external valuation firm in December 2016. The valuation report stated the fair value of the CEBEC plant and land use rights to be RMB99.8 million (S$19.9 million) and RMB18.9 million (S$3.76 million) respectively, based on the replacement cost method and market comparison approach. Management is of the view that no impairment loss allowance to the carrying amounts of CEBEC plant and land use rights as at 31 October 2019 is necessary due to the large headroom between the valuation in the latest valuation report obtained in December 2016, indicative value amounts obtained in December 2019 and the carrying amounts of these assets.

14. Intangible assets

Group	Trademarks	Customer relationships	Goodwill	Non-compete agreement	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 November 2017	1,494	43	224	110	1,871
Foreign exchange adjustments	46	–	7	–	53
Additions	–	–	454	–	454
At 31 October 2018	1,540	43	685	110	2,378
Foreign exchange adjustments	(27)	(1)	(4)	–	(32)
Transfers to assets held for sale (Note 25)	–	–	(454)	–	(454)
At 31 October 2019	1,513	42	227	110	1,892
Accumulated amortisation					
At 1 November 2017	546	30	–	–	576
Foreign exchange adjustments	16	1	–	–	17
Amortisation for the year	81	4	–	110	195
At 31 October 2018	643	35	–	110	788
Foreign exchange adjustments	(12)	(1)	–	–	(13)
Amortisation for the year	80	4	–	–	84
At 31 October 2019	711	38	–	110	859
Carrying amounts					
At 1 November 2017	948	13	224	110	1,295
At 31 October 2018	897	8	685	–	1,590
At 31 October 2019	802	4	227	–	1,033

The amortisation of trademarks and customer relationships were included in marketing and distribution expenses. The amortisation of non-compete agreement was charged to administrative expenses.

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14. Intangible assets (cont'd)

14A. Impairment testing for cash-generating units ("CGU") containing goodwill

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

	2019 $'000	2018 $'000
Name of subsidiary		
Sunrich Resources Sdn. Bhd. (Resource Recovery segment)	227	231
Swee Chioh Fishery Pte. Ltd. (Environmental Solutions segment) (Notes 25 and 36)	–	454
	227	685

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

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

CGU – Sunrich Resources Sdn. Bhd.

	Range (Weighted Average) 2019	2018
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	4% to 26%	12% to 25%
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	15%	15%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

As at 31 October 2019, the Group has intangible assets of $1.0 million comprising of goodwill, trademarks and customer relationships as well as property, plant and equipment of $16.0 million in relation to the Sunrich Group. The Company has investment in subsidiary companies amounting to $12.2 million relating to the same cash-generating unit ("CGU").

Sunrich Group's revenue and profit have been in declining trend for the past few years mainly due to the unfavourable economic condition and stiff competition. This indicates an indicator of impairment.

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

14. Intangible assets (cont'd)

14A. Impairment testing for cash-generating units ("CGU") containing goodwill (cont'd)

The impairment test has been carried out using a discounted cash flow unlevered model covering a 5 years period. Cash flows projections are based on the next 5 years budgets and plans approved by management; cash flows projections beyond that five-year period have been extrapolated on the basis of a 3% (2018: 3%) growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) is 15% (2018: 15%). Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed.

Actual outcomes could vary from these estimates. If the revised estimated terminal growth rate at the end of the reporting year had been 1% less favourable than management's estimates at the end of the reporting year, the estimated recoverable amount would still be higher than the carrying amount of goodwill. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1% less favourable than management's estimates, the estimated recoverable amount would still be higher than the carrying amount of goodwill.

CGU – Swee Chioh Fishery Pte. Ltd.

	Range (Weighted Average)	
	2019	2018
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	–	2% to 13%
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	–	13%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	–	5 years

The entire CGU was reclassified as held for sale following the decision of management on 12 September 2019 to sell the CGU due to unfavourable business conditions in Singapore.

The impairment test on goodwill of the CGU was based on fair value less costs of disposal.

The assets and liabilities related to Swee Chioh Fishery Pte. Ltd. and its immediate parent company, Asia Cleantech Hub Pte Ltd, has been classified as held for sale as at 31 October 2019. Refer to Note 25.

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15. Land use rights

	Group	
	2019	2018
	$'000	$'000
Cost		
At beginning of the year	2,400	2,476
Foreign exchange adjustments	(70)	(76)
At end of the year	2,330	2,400
Accumulated amortisation		
At beginning of the reporting year	1,000	976
Foreign exchange adjustments	(37)	(38)
Amortisation for the year included under administrative expenses	60	62
At end of the year	1,023	1,000
Carrying amounts		
At beginning of the year	1,400	1,500
At end of the year	1,307	1,400

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.

16. Investments in subsidiaries

	Company 2019 $'000	Company 2018 $'000
Unquoted equity shares		
Movements during the year:		
Balance at beginning of the year	21,574	21,574
Additions	3,232	–
Conversion from loan to a subsidiary to share capital	2,468	–
Allowance for impairment	(2,360)	–
Balance at the end of the year	24,914	21,574
Carrying value in the books of the Company comprising:		
Unquoted equity shares at cost	28,724	23,024
Allowance for impairment	(3,810)	(1,450)
	24,914	21,574

	Company 2019 $'000	Company 2018 $'000
Loans due from subsidiaries		
Movements in carrying value during the year:		
Balance at beginning of the year	11,495	16,901
Foreign exchange adjustments	(1)	3
Additions	550	–
Conversion from loan to a subsidiary to share capital	(2,468)	–
Allowance for impairment	(1,593)	(5,409)
Balance at the end of the year	7,983	11,495
Carrying value in the books of the Company comprising:		
At cost	17,227	28,016
Allowance for impairment	(9,244)	(16,521)
	7,983	11,495
Total carrying amount	32,897	33,069
Analysis of amounts denominated in non-functional currency		
Malaysia Ringgit	12,236	12,237

	Company 2019 $'000	Company 2018 $'000
Movements in above allowance for impairment:		
Balance at beginning of the year	1,450	1,450
Charge to profit or loss included in other losses	2,360	–
Balance at end of the year	3,810	1,450
Movements in above allowance for loans due from subsidiaries:		
Balance at beginning of the year	16,521	11,112
Charge to profit or loss included in other losses	1,593	5,409
Impairment allowance written-off	(8,870)	–
Balance at end of the year	9,244	16,521

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.

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16. Investments in subsidiaries (cont'd)

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

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Cost of investment held by the Company	
			2019 $'000	2018 $'000
Held by the Company				
Asia Cleantech Hub Pte. Ltd.[(a)(e)(h)]	Singapore	Dormant	–	*
Bee Joo Environmental Pte. Ltd. [(a)(e)]	Singapore	General waste management services	2,611	2,611
Bee Joo Industries Pte. Ltd. [(a)(e)]	Singapore	Processing and recycling of used copper slag, horticultural and other waste and operating of biomass co-generation plant	2,155	2,155
ecoWise Energy Pte. Ltd. [(g)]	Singapore	Renewable energy business and investment holdings	–	*
ecoWise International Pte. Ltd. [(a)(e)]	Singapore	International procurement and trading of rubberised related goods and research and experimental development on environment and clean technologies	1,000	1,000
ecoWise New Energy Pte. Ltd. [(a)(e)]	Singapore	Investment holding of renewable energy business	*	*
ecoWise Resources Pte. Ltd. [(a)(e)]	Singapore	Processing and recycling of horticultural and other waste	1,450	1,450
ecoWise RubberTech Pte. Ltd. [(a)(e)]	Singapore	Processing of rubberised related goods and investment holding	1,000	1,000
ecoWise Solutions Pte. Ltd. [(a)(e)]	Singapore	Developing and commercialising ecology solutions, research and development of technologies relating to environmental solutions	8,340	2,640
ecoWise Ventures Pte. Ltd. [(a)(e)]	Singapore	Investment holding	*	*
Sunrich Resources Sdn. Bhd. [(b)(e)]	Malaysia	Investment holding	12,168	12,168

* Amount less than $1,000.

16. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group 2019 %	2018 %
Held by subsidiaries				
ecoWise Technologists and Engineers Pte. Ltd. [i]	Singapore	Provision of environmental solutions consultancy services	100	100
ecoWise Marina Power Pte. Ltd. [a]	Singapore	Operation and maintenance of biomass co-generation plant	100	100
Hivern Investments Pte. Ltd. [a]	Singapore	Investment holding	100	100
ecoWise Materials Pte. Ltd. (formally known as Geocycle Singapore Pte. Ltd.) [a]	Singapore	Processing and recycling of used copper slag	100	100
Swee Chioh Fishery Pte. Ltd. [a][f][h]	Singapore	Operation of fish hatcheries, commercial breeding and rearing of fish	80	80
Chongqing ecoWise Investment Management Co., Ltd. [c]	People's Republic of China	Service provider for project and investment consultancy and management	100	100
Changyi Enersave Biomass to Energy Co., Ltd [c]	People's Republic of China	Generation and sale of electricity and heat	100	100
Wuhan ecoWise Energy Co., Ltd. [d][g]	People's Republic of China	Generation and sale of electricity and steam	–	49
Sunrich Integrated Sdn. Bhd. [b]	Malaysia	Investment holding	100	100
Autoways Industries Sdn. Bhd. [b]	Malaysia	Trading of retread tyres and related rubberised products	96	96
Ecogreen Products and Services Sdn. Bhd. [b]	Malaysia	Production, trading and consultancy services related to biomass products	100	100
Gulf Rubber (M) Sdn. Bhd. [b]	Malaysia	Retreading of tyres, dealing in rubberised products and investment holding	97	84
Gulf Rubber Suntex Sdn. Bhd. [b]	Malaysia	Trading of retread tyres and related rubberised products	94	71

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16. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group	
			2019 %	2018 %
Held by subsidiaries (cont'd)				
Saiko Rubber (Malaysia) Sdn. Bhd. [(b)]	Malaysia	Manufacturing and trading of rubberised products and investment holding	51	51
Sun Rubber Industry Sdn. Bhd. [(b)]	Malaysia	Manufacturing and trading of rubberised products and investment holding	100	100
Sunrich Global Marketing Sdn Bhd. [(b)]	Malaysia	Dormant	100	100
Sun Tyre & Auto Products Sdn. Bhd. [(b)]	Malaysia	Trading of new and retread tyres and related rubberised products	100	100
Sun Tyre Industries Sdn. Bhd. [(b)]	Malaysia	Retreading of tyres, dealing in rubberised products and investment holding	100	100
Sunrich Marketing Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	100	100
Trakar Suntex Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	57	57
Winner Suntex Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	100	100

(a) Audited by RSM Chio Lim LLP.

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

(c) For the purpose of consolidation, the unaudited management financial statements for the reporting year ended 31 October 2019 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) This entity was consolidated because the Group has the ability to control the investee through its power to direct the relevant activities and of the investee 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 entity had been disposed on 15 July 2019.

(e) Subsidiaries held by the Company are wholly-owned in both 2018 and 2019.

(f) The Company acquired 80% interest in Swee Chioh Fishery Pte. Ltd. on 9 January 2018.

16. Investments in subsidiaries (cont'd)

(g) Disposed on 15 July 2019 (Note 9).

(h) Reclassified as assets held for sale on 12 September 2019 (Note 25).

(i) In the process of de-registering as at 31 October 2019.

16A. 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:

	Group 2018 $'000
Wuhan ecoWise Energy Co., Ltd.	
Loss for the year allocated to NCI	(85)
Accumulated NCI at the end of the reporting year	(1,691)
Summarised financial information of the subsidiary not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations:	
Current assets	52
Non-current assets	1,044
Current liabilities	(2,896)
Revenue	–
Loss for the reporting year	(167)
Total comprehensive loss	(224)
Operating cash flows, decrease	(94)
Net cash flows, increase	1

The above entity has been disposed on 15 July 2019.

	Group 2019 $'000	Group 2018 $'000
Saiko Rubber (Malaysia) Sdn. Bhd.		
Profit for the year allocated to NCI	429	462
Accumulated NCI at the end of the reporting year	4,059	3,909
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	203	200
Current assets	7,779	7,437
Non-current assets	2,475	2,054
Current liabilities	(2,072)	(1,945)
Non-current liabilities	(561)	(251)
Revenue	11,118	11,396
Profit for the reporting year	875	943
Total comprehensive income	875	943
Operating cash flows, increase	2,309	(356)
Net cash flows, decrease	1,492	(866)

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16. Investments in subsidiaries (cont'd)

16B. Subsidiaries by geographical location

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

	2019	2018
	$'000	$'000
Carrying amounts of investment in subsidiaries		
Singapore	12,746	9,406
Malaysia	12,168	12,168
	24,914	21,574
Carrying amounts of loans due from subsidiaries		
Singapore	7,915	11,426
Malaysia	68	69
	7,983	11,495

17. Investment in a jointly-controlled entity

	Group	
	2019	2018
	$'000	$'000
Unquoted equity shares, at cost	5,126	5,126
Share of profit or loss:		
At beginning of the year	(3,448)	(3,079)
Share of loss for the year	(21)	(342)
Share of foreign currency translation reserve	(16)	(27)
At end of the year	(3,485)	(3,448)
Carrying amount	1,641	1,678

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

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group 2019	2018
			%	%
Held by a subsidiary				
Chongqing eco-CTIG Rubber Technology Co., Ltd. ("CECRT") [(a)]	People's Republic of China	Retreading of tyres and dealing in rubberised products	65	65

(a) For consolidated purpose, the financial statements are audited by SBA Stone Forest Shanghai Certified Public Accountants (Partnership), an affiliated firm of RSM Chio Lim LLP.

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

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

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

	Group	
	2019	2018
	$'000	$'000
Revenue	4,180	4,421
Loss from continuing operations	(26)	(526)
Total comprehensive loss	(34)	(682)
Depreciation and amortisation	(267)	(258)
Finance costs	(7)	(24)
Current assets	1,873	2,162
Non-current assets	2,674	2,948
Current liabilities	(2,022)	(2,528)
Reconciliation:		
Net assets of the jointly-controlled entity	2,525	2,582
Proportion of the Group's interest in the jointly-controlled entity	65%	65%
Carrying amount of the interest in the jointly-controlled entity	1,641	1,678

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.

CECRT suffered pre-tax losses for reporting year ended 31 October 2019 and 31 October 2018 of $34,000 and $682,000 respectively.

The recoverable amount of CECRT, which is identified as a CGU, was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU. These calculations use cash flow projections estimated by management based on forecasted revenue, growth rates, profit margins, tax rates and discount rates.

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

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

	Range (Weighted Average)	
	2019	2018
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	5%	3% to 60%
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	15%	15%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

No impairment allowance was recognised because the carrying amount of CGU was lower than its recoverable amount. The value in use is a recurring fair value measurement (Level 3).

Actual outcomes could vary from these estimates. If the revised estimated terminal growth rate at the end of the reporting year had been 1% less favourable than management's estimates at the end of the reporting year, the estimated recoverable amount would still be higher than the carrying amount of the jointly-controlled entity. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1% less favourable than management's estimates, the estimated recoverable amount would still be higher than the carrying amount of the jointly-controlled entity.

18. Investment in an associate

	Group	
	2019	2018
	$'000	$'000
Movements in carrying value:		
Balance at beginning of the year	1,596	3,904
Reduction of investment	–	(2,148)
Share of loss for the year	(61)	(17)
Share of foreign currency translation reserve	146	(143)
Total at end of the year	1,681	1,596
Carrying value comprising:		
Unquoted equity shares at cost	1,846	1,846
Share of post-acquisition loss, net of dividends received	(165)	(250)
Cost at the end of the year	1,681	1,596

18. Investment in an associate (cont'd)

The associate held by the Group is as follows:

Name of associate	Country of incorporation/ place of operation	Principal activity	Effective equity interests held by the Group	
			2019	2018
			%	%
Held by subsidiaries				
China-UK Low Carbon Enterprise Co., Ltd [(a)]	People's Republic of China	Investment holding	20	20

(a) For the purpose of equity accounting of the associates, the unaudited management financial statements at 31 October 2019 have been used.

The summarised financial information of the associate and the amounts (and not the Group's share of those amounts) based on the financial statements of the associate and adjusted to reflect adjustments made by the Group when using the equity method is as follows:

	Group	
	2019 $'000	2018 $'000
Revenue	170	291
Loss from continuing operations	(303)	(175)
Total comprehensive loss	(303)	(175)
Finance (expense)/income	(64)	349
Current assets	6,715	14,887
Non-current assets	1,798	1,853
Current liabilities	(108)	(8,760)
Reconciliation:		
Net assets of the associate	8,405	7,980
Proportion of the Group's interest in the associate	20%	20%
Carrying amount of the interest in the associate	1,681	1,596

Subsequent to the financial year end, the Group entered into a conditional sale and purchase agreement with a third party to dispose its entire interest in the associate for a consideration of RMB6 million (approximately S$1.2 million) as disclosed in Note 38. The carrying value of the Group's investment in the associate net of foreign currency translation reserve amounts to S$1.2 million as at 31 October 2019.

Management is of the view that no impairment loss allowance is required as the carrying value of the investment in associate approximates the recoverable amount.

19. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables				
Outside parties	13,819	17,288	–	–
Less: allowance for impairment	(969)	(825)	–	–
Net	12,850	16,463	–	–
Subsidiaries	–	–	1,765	3,144
Jointly-controlled entity	736	787	–	–
Subtotal	13,586	17,250	1,765	3,144
Other receivables				
Outside parties	2,076	1,545	53	21
Less: allowance for impairment	(18)	(225)	–	–
Net	2,058	1,320	53	21
Subsidiaries	–	–	1,573	987
Jointly-controlled entity	13	33	–	–
Subtotal	2,071	1,353	1,626	1,008
Total trade and other receivables	15,657	18,603	3,391	4,152

	Group	
	2019	2018
	$'000	$'000
Movements in above allowance for trade receivables:		
Balance at beginning of the year	825	552
Foreign exchange adjustments	(15)	6
Charge to profit or loss included in other losses	159	400
Bad debts written off	–	(133)
Balance at end of the year	969	825
Movements in above allowance for other receivables:		
Balance at beginning of the year	225	277
Foreign exchange adjustments	–	(52)
Bad debts written-off	(207)	–
Balance at end of the year	18	225

The 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 and contract assets. 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.

19. Trade and other receivables (cont'd)

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 (2018: 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:

	Group	
	2019	2018
	$'000	$'000
Current	8,916	10,362
Past due less than 60 days	2,290	3,188
Past due 61 to 90 days	405	785
Past due 91 to 180 days	221	551
Past due over 180 days	1,754	2,364
	13,586	17,250

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

	Group	
	2019	2018
	$'000	$'000
Past due over 180 days	969	825

The allowance for doubtful trade receivables is based on individual accounts totaling $969,000 (2018: $825,000) that are determined to be impaired at the end of the reporting year.

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

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

At end of the reporting year, approximately 34% (2018: 65%) of trade receivables are due from three customers as follows:

	Group	
	2019	2018
	$'000	$'000
Top 1 customer	2,156	7,992
Top 2 customers	3,669	9,760
Top 3 customers	4,599	10,657

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19. Trade and other receivables (cont'd)

The 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.

20. Finance 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) INT 4 – Determining whether an Arrangement contains a Lease. 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.

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

Group	Minimum finance lease receivables	Unearned finance income	Net finance lease receivables
	$'000	$'000	$'000
2019			
Receivable within 1 year	1,938	(921)	1,017
Receivable within 2 to 5 years	7,735	(2,850)	4,885
Receivable after 5 years	4,352	(555)	3,797
	14,025	(4,326)	9,699
2018			
Receivable within 1 year	1,934	(1,036)	898
Receivable within 2 to 5 years	7,735	(3,327)	4,408
Receivable after 5 years	6,290	(1,061)	5,229
	15,959	(5,424)	10,535

20. Finance lease receivables (cont'd)

	Group 2019 $'000	Group 2018 $'000
Presented in statements of financial position as:		
Non-current	8,682	9,637
Current	1,017	898
	9,699	10,535

The imputed finance income on the finance lease receivables was determined based on the interest rate implicit in the lease. The effective interest rate is 10.6% (2018: 10.6%) per annum.

The finance lease receivables are pledged as security to secure loans and borrowings (Note 30B).

21. Other non-financial assets

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Prepayments	1,170	1,252	31	50
Deposits to secure services	1,182	275	–	1
	2,352	1,527	31	51
Presented in statements of financial position as:				
Non-current	281	295	–	–
Current	2,071	1,232	31	51
	2,352	1,527	31	51

22. Inventories

	Group 2019 $'000	Group 2018 $'000
Raw materials	2,720	3,641
Work-in-progress	449	416
Finished goods	1,374	1,879
Consumables	519	658
	5,062	6,594

Inventories are stated after allowance for inventory obsolescence.

	Group 2019 $'000	Group 2018 $'000
Movements in allowance:		
Balance at beginning of the year	187	109
Charge to profit or loss included in cost of sales	17	78
Balance at end of the year	204	187

22. Inventories (cont'd)

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales during the reporting year amounted to $26,944,000 (2018: $27,938,000).

A floating charge amounting to $3,091,000 (2018: $3,862,000) has been created over certain inventories of the Group as security to secure loans and borrowings (Note 30C).

23. Derivative financial instruments

	Group	
	2019	2018
	$'000	$'000
Current assets - derivative financial instruments with positive fair values:		
Forward foreign exchange contracts - cash flow hedges	4	38
Current liabilities - derivative financial instruments with negative fair values:		
Forward foreign exchange contracts - cash flow hedges	(131)	(17)

The movements during the reporting year are as follows:

	Group	
	2019	2018
	$'000	$'000
Balance at beginning of the year	21	86
Foreign exchange adjustments	2	2
Loss recognised in profit or loss	–	(47)
Loss recognised in other comprehensive income	(150)	(20)
Balance at end of the year	(127)	21

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.

23. Derivative financial instruments (cont'd)

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.

24. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Not restricted in use	3,507	2,363	11	14
Restricted in use	1,994	1,575	–	–
	5,501	3,938	11	14
Interest earning balances	2,099	1,429	–	–

Details of restricted cash balances are as follows:

	Group	
	2019	2018
	$'000	$'000
Under operating activities:		
Fixed deposits held by banks as security deposits for performance bonds	295	295
	295	295
Under financing activities:		
Fixed deposits held by banks as security deposits for loans and borrowings	1,699	1,030
Bank balances held by banks as security deposits for loans and borrowings	–	250
	1,699	1,280
	1,994	1,575

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

The rate of interest for the cash on interest earning accounts is between 0.50% to 3.00% (2018: 0.50% to 3.00%) per annum.

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24. Cash and cash equivalents (cont'd)

24A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2019	2018
	$'000	$'000
Cash and cash equivalents in the statement of financial position	5,501	3,938
Cash and cash equivalents restricted in use	(1,994)	(1,575)
Bank overdrafts (Note 30)	(1,296)	(2,454)
Cash and cash equivalents (overdrawn) for consolidated statement of cash flows purposes at the end of the reporting year	2,211	(91)

24B. Non-cash transactions

During the reporting year, the Group had the following major non-cash transactions:

	Group	
	2019	2018
	$'000	$'000
Acquisition of plant and equipment under finance lease agreements	872	295

24C. Reconciliation of liabilities arising from financing activities:

	2018	Cash flows	Non-cash changes	2019
	$'000	$'000	$'000	$'000
Term loans	6,794	(2,275)	(54)	4,465
Trust receipts and banker's acceptances	7,155	(538)	(36)	6,581
Finance lease liabilities	1,992	(329)	842	2,505

	2017	Cash flows	Non-cash changes	2018
	$'000	$'000	$'000	$'000
Term loans	9,123	(2,400)	71	6,794
Trust receipts and banker's acceptances	7,628	(736)	263	7,155
Finance lease liabilities	1,989	(348)	351	1,992

25. Assets classified as held for sale

The major classes of assets and liabilities of the assets classified as held for sale under SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations are as follows:

	Group	
	2019	2018
	$'000	$'000
Assets:		
Property, plant and equipment	1,770	96
Intangible assets – goodwill	454	–
Land use rights	–	948
Trade and other receivables	160	49
Cash and cash equivalent	114	10
Other non-financial assets	1	1
Assets classified as held for sale	2,499	1,104
Liabilities directly associated with assets classified as held for sale:		
Trade and other payables	(154)	(1,409)
Deferred tax liabilities	(304)	–
Provisions – Contingent consideration	(1,768)	–
Net liabilities directly classified as held for sale	(2,226)	(1,409)
Equity:		
Reserve of disposal group classified as held for sale	–	481

The assets held for sale at the end of the reporting year relate to investments in Asia Cleantech Hub Pte. Ltd. and Swee Chioh Fishery Pte. Ltd., pursuant to an internal restructuring exercise to dispose off non-core businesses of the Group which are loss-making.

The comparative figures classified as held for sale relates to ecoWise Energy Pte. Ltd. and Wuhan ecoWise Energy Co., Ltd., which was disposed off during the year as disclosed in Note 9.

Management has reviewed and concluded that Asia Cleantech Hub Pte. Ltd.'s group meets the requirements of SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations to be classified as held for sale as at 31 October 2019.

No impairment allowance was recognised because the carrying amount of disposal group was lower than its recoverable amount as disclosed in Note 38.

26. Share capital

Group and Company	Number of ordinary shares with no par value		Share capital	
	2019	2018	2019	2018
	'000	'000	$'000	$'000
Balance at beginning of the year	957,483	957,483	48,170	48,170
Treasury shares purchased	(997)	–	(29)	–
Balance at end of the year	956,486	957,483	48,141	48,170

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

Under the mandate approved at the last annual general meeting, 997,000 treasury shares were acquired during the reporting year on the Singapore Stock Exchange in order to be held as Treasury Shares for a consideration of $29,000.

	Number of treasury shares		Fair value	
	2019	2018	2019	2018
	'000	'000	$'000	$'000
Balance at beginning of the year	–	–	–	–
Treasury shares purchased	(997)	–	(29)	–
Balance at end of the year	(997)	–	(29)	–

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.

26. Share capital (cont'd)

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

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

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Loans and borrowings (Note 30)	14,847	18,395	170	214
Less: Cash and cash equivalents (Note 24)	(5,501)	(3,938)	(11)	(14)
Net debt	9,346	14,457	159	200
Adjusted capital:				
Total equity	41,244	40,538	27,720	31,824
Less: Amount accumulated in equity in relation to cash flow hedge	(151)	(1)	–	–
Adjusted capital	41,093	40,537	27,720	31,824
Debt-to-adjusted capital ratio	22.7%	35.7%	0.6%	0.6%

The favourable change as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted mainly due to the decrease in loans and borrowings.

27. Foreign currency translation reserve

	Group	
	2019	2018
	$'000	$'000
At beginning of the year	(5,220)	(5,339)
Exchange differences on translating foreign operations	(328)	119
Disposal of subsidiaries with a change in control (Note 9)	(123)	–
At end of the year	(5,671)	(5,220)

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

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28. Other reserves

	Group	
	2019	2018
	$'000	$'000
Hedging reserve (Note 28A)	(151)	(1)
Other reserve (Note 28B)	2,232	2,300
	2,081	2,299

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

28A. 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.

28B. Other reserve

	Group	
	2019	2018
	$'000	$'000
At beginning of the year	2,300	2,195
Acquisition of interest in a subsidiary from non-controlling interest without a change in control	(25)	–
Foreign exchange adjustments	(43)	105
At end of the year	2,232	2,300

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.

29. Provisions

	Group	
	2019	2018
	$'000	$'000
Retirement benefit obligations (Note 29A)	844	830
Provision for reinstatement cost (Note 29B)	350	350
Contingent liability payable consideration (Note 36)	–	1,768
	1,194	2,948
Presented in statements of financial position as:		
Non-current	1,194	1,180
Current	–	1,768
	1,194	2,948

29. Provisions (cont'd)

29A. 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 having fulfilled 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:

	Group	
	2019	2018
	$'000	$'000
At beginning of the year	830	734
Foreign exchange adjustments	(15)	21
Current service cost	39	55
Interest expense on retirement benefit obligations	34	35
Retirement benefit obligations paid	(44)	(15)
At end of the year	844	830

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

	Group	
	2019	2018
	%	%
Discount rate	5.0	5.0
Expected rate of salaries increase	4.0	4.0

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.

29B. Provision for reinstatement cost

	Group	
	2019	2018
	$'000	$'000
Balance at beginning and end of the years 31 October 2018 and 2019	350	350

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

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30. Loans and borrowings

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current liabilities				
Loans and borrowings with fixed interest rate:				
Bank loan E (Note 30F)	82	143	–	–
Bank loan F (Note 30A)	85	141	–	–
Bank loan G (Note 30A)	22	36	–	–
Bank loan I (Note 30F)	180	213	–	–
Finance lease liabilities (Note 30D)	1,451	1,328	126	170
Subtotal	1,820	1,861	126	170
Loans and borrowings with floating interest rate:				
Bank loan B (Note 30B)	281	1,506	–	–
Bank loan C (Note 30C)	271	690	–	–
Bank loan J (Note 30H)	1,531	1,636	–	–
Subtotal	2,083	3,832	–	–
Total non-current portion	3,903	5,693	126	170
Current liabilities				
Loans and borrowings with fixed interest rate:				
Finance lease liabilities (Note 30D)	1,054	664	44	44
Bank loan E (Note 30F)	62	58	–	–
Bank loan F (Note 30A)	56	56	–	–
Bank loan G (Note 30A)	14	14	–	–
Bank loan I (Note 30F)	140	87	–	–
Subtotal	1,326	879	44	44
Loans and borrowings with floating interest rate:				
Bank loan B (Note 30B)	1,226	1,582	–	–
Bank loan C (Note 30C)	406	525	–	–
Bank overdraft A (Note 30C)	325	588	–	–
Bankers' acceptances A (Note 30C)	6,057	5,460	–	–
Bank overdrafts B (Note 30I)	971	1,866	–	–
Bankers' acceptances B (Note 30G)	524	1,152	–	–
Bank loan J (Note 30H)	109	107	–	–
Trust receipts (Note 30E)	–	543	–	–
Subtotal	9,618	11,823	–	–
Total current portion	10,944	12,702	44	44
Total non-current and current loans and borrowings	14,847	18,395	170	214

30. Loans and borrowings (cont'd)

The non-current portion is repayable as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Due within 2 to 5 years	2,831	4,626	126	170
Due after 5 years	1,072	1,067	–	–
Total non-current portion	3,903	5,693	126	170

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

The range of interest rates paid were as follows:

	Group	
	2019	2018
	%	%
Fixed rate interest		
Bank loans	4.55%	2.40% to 5.25%
Finance lease liabilities	2.48% to 7.45%	2.48% to 7.45%
Floating interest rates		
Bank loans	2.26% to 7.65%	2.06% to 7.65%
Trust receipts	3.05%	7.90% to 8.51%
Bankers' acceptances	4.59% to 6.18%	4.59% to 6.18%
Bank overdrafts	6.25% to 7.85%	6.25% to 7.85%

30A. Bank loan F and G

Bank loan F is repayable over 5 years from May 2017 at a fixed interest rate of 2.50% per annum. Bank loans G is repayable over 5 years commencing from June 2017 at a fixed interest rate of 2.50% per annum. The loans are secured by legal charge over plant and equipment of a subsidiary with net carrying amount of total $207,000 (2018: $262,000) as disclosed in Note 13B.

30B. Bank loan B

The loan is secured by a legal assignment of the DBO Agreement with a customer, a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation plant of a subsidiary as disclosed in Note 20 and pledges of fixed deposits amounting to $252,000 (2018: $502,000) as disclosed in Note 24 at a fixed rate of 5.25% per annum. The loan is guaranteed by the Company and repayable by December 2020.

30. Loans and borrowings (cont'd)

30C. Bank loan C, bankers' acceptances A and bank overdraft A

These borrowings are secured by a charge over the Group's leasehold land of $1,171,000 (2018: $1,212,000), leasehold properties and improvements of $4,615,000 (2018: $4,786,000), plant and equipment of $8,049,000 (2018: $9,146,000) and pledges of inventories of $3,091,000 (2018: $3,862,000) and fixed deposits amounting to $1,447,000 (2018: $779,000) as disclosed in Notes 13B, 22 and 24. Bank loan C is repayable over 8 years commencing from May 2014, and bankers' acceptances A and bank overdraft A are repayable within the next 12 months. Banker's acceptances are charged a floating interest rate of 1.00% to 1.50% + bank interest rate, bank loan is charged at bank's prime lending rates and bank overdrafts are charged at a floating interest rate of 1.00% to 2.00% above the bank's prime lending rate.

30D. Finance lease liabilities

Group	Minimum lease payments	Finance costs	Principal
	$'000	$'000	$'000
2019			
Due within 1 year	1,169	(115)	1,054
Due within 2 to 5 years	1,565	(114)	1,451
	2,734	(229)	2,505
2018			
Due within 1 year	769	(105)	664
Due within 2 to 5 years	1,452	(124)	1,328
	2,221	(229)	1,992

Company	Minimum lease payments	Finance costs	Principal
	$'000	$'000	$'000
2019			
Due within 1 year	52	(8)	44
Due within 2 to 5 years	148	(22)	126
	200	(30)	170
2018			
Due within 1 year	52	(8)	44
Due within 2 to 5 years	200	(30)	170
	252	(38)	214

The Group leases certain of its plant and equipment under finance leases. The lease term is between 3 to 10 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessors' charge over the leased assets amounting to $3,085,000 (Note 13A).

The fair value is a reasonable approximation of the carrying amount (Level 2).

30. Loans and borrowings (cont'd)

30E. Trust receipts

The trust receipts are secured by an assignment of contracts and contracts proceeds, a floating charge over certain cash balances of the Company placed with a bank at a floating interest rate of 1.25% above the bank's prime lending rate. The trust receipts are guaranteed by the Company.

30F. Bank loans E and I

Bank loan E, bank loan I are unsecured, covered by a corporate guarantee from the Company and bear a fixed interest rate of 5.25%, 2.50% (2018: 5.25%, 2.50%) per annum. Bank loan E and bank loan I are repayable over 5 years commencing from January 2017 and August 2017 respectively.

30G. 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 bear floating interest rate of 1.00% to 1.50% + bank interest rate.

30H. Bank loan J

Bank loan J is secured by a charge over the leasehold property of $2,097,000 (2018: $2,211,000) and bear floating interest rate of 3 months SIBOR + 0.85%. It is also covered by corporate guarantee from the Company and a related company. The loan is payable over 15 years, commencing from January 2018.

30I. Bank overdrafts B

Bank overdrafts B are unsecured and are covered by a corporate guarantee from the Company and bear floating interest rate of 1.00% to 1.25% above the bank's prime lending rate. Bank overdrafts B are repayable within the next 12 months.

31. Deferred income

	Group	
	2019	2018
	$'000	$'000
Deferred government grant income	8	14
Presented in statements of financial position as:		
Non-current	1	7
Current	7	7
	8	14
At beginning of the year	14	19
Amortisation for the year	(6)	(7)
Foreign exchange adjustments	–	2
	8	14

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32. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables				
Outside parties and accrued liabilities	6,522	10,731	736	575
Jointly-controlled entity	596	596	–	–
Subtotal	7,118	11,327	736	575
Other payables				
Subsidiaries	–	–	8,016	5,065
Jointly-controlled entity	6	16	–	–
Other outside parties	4,793	2,706	4	3
Subtotal	4,799	2,722	8,020	5,068
Total trade and other payables	11,917	14,049	8,756	5,643

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

33. 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:

	Group	
	2019	2018
	$'000	$'000
Commitments to purchase of property, plant and equipment	6,032	–

34. Operating lease commitments

The Group leases various offices, land and factory premises, plant and machinery and workers' quarters under non-cancellable operating lease arrangements. The lease terms are between 1 to 10 years. Majority of the lease arrangements are renewable at the end of the lease periods at market rates.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2019	2018
	$'000	$'000
Not later than 1 year	560	360
Later than 1 year and not later than 5 years	1,520	1,249
Later than 5 years	126	277
Operating lease expenses for the reporting year	809	552

35. Financial instruments: information on financial risks

35A. 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:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised cost	31,131	33,135	3,402	4,166
Derivative asset instrument at fair value through other comprehensive income (FVTOCI)	4	38	–	–
	31,135	33,173	3,402	4,166
Financial liabilities				
Financial liabilities at amortised cost	28,686	35,621	8,926	5,857
Derivative financial instruments at fair value through profit or loss (FVTPL)	131	17	–	–
	28,817	35,638	8,926	5,857

Further quantitative disclosures are included throughout these financial statements.

35B. 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.

35C. 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.

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

35C. Financial risk management (cont'd)

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.

35D. 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, cash equivalents, 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 standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. Management considers the demographics of the Group's customer bases, including the default risk of the industry and country which customers operate, as these factors may have an influence on credit risk. 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 24 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.

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

35E. 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 and undiscounted cash flows):

	Less than 1 year	Due within 2 to 5 years	Due after 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2019				
Loans and borrowings	11,134	3,089	1,160	15,383
Trade and other payables	11,917	–	–	11,917
Liabilities directly associated with assets classified as held for sale	1,922			1,922
	24,973	3,089	1,160	29,222
2018				
Provisions	1,768	–	–	1,768
Loans and borrowings	13,180	4,976	1,160	19,316
Trade and other payables	14,049	–	–	14,049
Liabilities directly associated with assets classified as held for sale	1,409			1,409
	30,406	4,976	1,160	36,542

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

35E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Less than 1 year $'000	Due within 2 to 5 years $'000	Total $'000
Company			
2019			
Loans and borrowings	52	148	190
Trade and other payables	8,756	–	8,756
	8,808	148	8,956
2018			
Loans and borrowings	52	200	252
Trade and other payables	5,643	–	5,643
	5,695	200	5,895

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 84 days (2018: 84 days). The other payables are with short-term durations. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

Derivative financial instruments in respect of the Group's forward foreign currency contract analyses the financial guarantee contracts based on the earliest dates in which the maximum guaranteed amount could be drawn down:

	Less than 1 year $'000	Due within 2 to 5 years $'000	More than 5 years $'000	Total $'000
Group				
2019				
Financial guarantee contracts	845	145	–	990
2018				
Financial guarantee contracts	3,829	2,524	1,067	5,677

At the end of the reporting year, no claims on the financial guarantee contracts are expected. The unutilised borrowing facilities available to the Group for its operating and investing activities are as follows:

	Group 2019 $'000	Group 2018 $'000
Unutilised loans and borrowings	14,441	14,617

The unutilised borrowing facilities are available for the Group's operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the Group's operations.

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

35F. 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:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets				
Fixed rates	11,693	11,964	–	–
Financial liabilities				
Floating rates	11,701	15,112	–	–
Fixed rates	3,146	3,283	170	214
	14,847	18,395	170	214

Sensitivity analysis:

	Group	
	2019	2018
	$'000	$'000
Financial liabilities:		
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	117	151

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).

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

35G. 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:

Group	Australian Dollar $'000	Chinese Renminbi $'000	United States Dollar $'000	Euro $'000	Total $'000
2019					
Financial assets					
Cash and cash equivalents	2	–	5	–	7
Trade and other receivables	2,117	1	651	164	2,933
Total financial assets	2,119	1	656	164	2,940
Financial liabilities					
Trade and other payables	–	(5)	(125)	–	(130)
Net financial assets/(liabilities)	2,119	(4)	531	164	2,810

Group	Australian Dollar $'000	Chinese Renminbi $'000	United States Dollar $'000	Euro $'000	Total $'000
2018					
Financial assets					
Cash and cash equivalents	187	–	6	–	193
Trade and other receivables	434	151	93	174	852
Total financial assets	621	151	99	174	1,045
Financial liabilities					
Trade and other payables	–	(1)	(321)	–	(322)
Net financial assets/(liabilities)	621	150	(222)	174	723

Company	Malaysia Ringgit 2019 $'000	Malaysia Ringgit 2018 $'000
Financial assets		
Trade and other receivables	569	440
Total financial assets	569	440
Financial liabilities		
Trade and other payables	–	(17)
Net financial assets	569	423

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

35G. Foreign currency risk (cont'd)

Sensitivity analysis

A hypothetical 10% (2018: 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% (2018: 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.

	Group		Company	
	2019	2018	2019	2018
	$'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	193	56	–	–
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	63	104	52	38

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

36. Acquisition of a subsidiary

On 9 January 2018, the Group acquired 80% of the share capital of Swee Chioh Fishery Pte. Ltd. (incorporated in Singapore) and from that date the Group gained control of the entity and became a subsidiary of the Group (also see Note 16 for the principal activities). The transaction was accounted for by the acquisition method of accounting. The acquisition agreement requires the Group to contribute funds of up to S$10 million to support the business in accordance with the business plan agreed by both shareholders.

The consideration transferred is as follows:

	2018
	$'000
Cash consideration	*
Contingent liability payable consideration (Notes 25 and 29) #a	1,768
	1,768

* Amount less than $1,000.

36. Acquisition of a subsidiary (cont'd)

#a. This is for the contingent liability payable consideration arrangements for future cost of land lease renewals and funding for future operations. The above liability amount recognised is the measured fair value (Level 3) of this arrangement at the acquisition date. Subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period of not more than twelve months about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

The fair values of identifiable assets acquired and liabilities assumed shown for Swee Chioh Fishery Pte. Ltd. are provisional as the hindsight period (of not more than twelve months) allowed by SFRS(I) 3 Business Combinations. These fair values are from a detailed report from an independent professional valuer.

	Pre-acquisition book value under SFRS(I)	Fair Value Adjustment	Provisional fair value
	$'000	$'000	$'000
2018: Group			
Leasehold land and building	144	1,796	1,940
Plant and equipment	8		8
Inventories	1		1
Deposits and prepayments	17		17
Trade and other receivables	28		28
Cash and cash equivalents	104		104
Trade and other payables	(149)		(149)
Deferred tax liabilities	–	(305)	(305)
Others	–	(1)	(1)
Net identifiable assets	153		1,643

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

	2018
	$'000
Contingent consideration	1,768
Non-controlling interests at fair value	329
Fair value of identifiable net assets acquired	(1,643)
Goodwill arising on acquisition	454

The non-controlling interest of 20% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The growth expectations, expected future profitability, the substantial skill and expertise of the workforce of the investee and expected cost synergies all contributed to the amount paid for goodwill.

The goodwill is not deductible for tax purposes.

36. Acquisition of a subsidiary (cont'd)

The contributions from the acquired subsidiary for the period between the date of acquisition and at the end of the reporting year 2018 were as follows:

	Group	
	From date of acquisition in 2018	For the reporting period 2018
	$'000	$'000
Revenue	535	682
Loss before income tax	(385)	(377)

37. Contingent liabilities

37A. Undertaking to support subsidiaries with deficits

The Company has undertaken to provide continued financial support to subsidiaries which have total accumulated losses in excess of issued and paid up capital as at the end of the reporting year. Due to the subsidiaries' financial and liquidity constraints, the Company may be required to provide estimated cash funding of approximately $15,498,000 (2018: $7,615,000) to enable these subsidiaries to meet their obligations as and when they fall due.

37B. Litigation

In the prior reporting years, the Company's wholly owned subsidiary, Changyi Enersave Biomass to Energy Co., Ltd, ("CEBEC") has commenced arbitration proceedings against its supplier, China Huadian Engineering Co., Ltd, ("Hua Dian") in Shandong, China, for failure to perform the engineering, procurement and construction contract between the two parties in relation to CEBEC plant and land use rights amounting to $2,274,000 and $1,307,000 respectively (2018: $2,274,000 and $1,307,000).

On 23 December 2017, the decisions of the arbitral tribunal were as follows:

(i) Hua Dian is to abide by the Engineering, Procurement and Construction Contract ("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 (S$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 (S$3,860,000) is awarded to CEBEC for failure to perform the EPC contract, which shall be set-off against the Remainder Amount.

37. Contingent liabilities (cont'd)

37B. Litigation (cont'd)

The Company and CEBEC will forthwith follow up with Hua Dian on its obligations. Meanwhile, CEBEC's contractual rights pursuant to the EPC Contract continue to be reserved. Consequently, the Company has capital commitment of RMB31,657,659 (S$6,300,000).

As a result of the decisions of arbitral tribunal, should Hua Dian be able to abide and deliver the CEBEC plant within 6 months, the carrying value of the CEBEC Plant (including land use rights) will increase by S$6,300,000 to S$9,881,000.

Management obtained indicative values from an external valuation firm in December 2019. The indicative values of CEBEC plant is RMB110.7 million (S$21.3 million) (Refer to Note 2C) which is substantially higher than its carrying value. Accordingly, management is of the view that no further impairment is required.

As at 31 October 2018, Hua Dian did not deliver the plant per (i) and the Company has re-commenced arbitration against Hua Dian and there were no further development as at date of report.

38. Events after the end of the reporting year

On 4 February 2020, the Company entered into a conditional sale and purchase agreement with a third party to dispose of its entire interest in wholly-owned subsidiary, Asia Cleantech Hub Pte. Ltd. ("ACT") along with Swee Chioh Fishery Pte Ltd. which ACT has an 80% equity interest. The net consideration of the disposal is $0.74 million, taking into account the sales consideration and the receivables net of payables, on the terms of and subject to the conditions of the sale and purchase agreement. The disposal was completed on 25 February 2020.

On 14 April 2020, the Company entered into a conditional sale and purchase agreement with a third party to dispose its entire interest in a wholly-owned subsidiary, Ecowise Ventures Pte. Ltd. ("EWV") along with China-UK Low Carbon Enterprise Limited ("CULCEC") which EWV has a 20% equity interest in for a consideration of RMB6 million (approximately S$1.2 million) on the terms of and subject to the conditions of the sale and purchase agreement. As at the date of this report, the disposal has not been completed and is expected to be completed within the next 6 months from the date of the conditional sale and purchase agreement. The disposal is pursuant to an internal restructuring exercise to dispose of non-core businesses of the Group which are loss-making.

There are current uncertainties in the economies related to the COVID-19 outbreak that emerged since early 2020. These uncertainties has impacted the Group's operations and may create questions about the impairment or recoveries of certain assets. As the situation is still evolving, the full effect of the outbreak is still uncertain. It is however reasonably possible that COVID-19 will have an adverse impact on the Group's revenues and results for the next financial year, the extent of which will depend on how long the outbreak lasts.

39. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

39. Changes and adoption of financial reporting standards (cont'd)

SFRS(I) No.	Title
SFRS(I) 1-28	Amendments to, Investments in Associates and Joint Venture – Sale or Contribution of Assets
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration

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

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-28	Amendments: Long-Term Interests In Associates And Joint Ventures	1 January 2019
SFRS(I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 January 2019
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs	1 January 2019
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations	1 January 2019
SFRS(I) 11	Improvements (2017) – Amendments: Joint Arrangements	1 January 2019

SFRS(I) 16 Leases

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and the related interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of $1,797,000 as at 31 October 2019 (Note 34), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases upon the application of SFRS(I) 16) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed. The amounts will be adjusted for the effects of discounting and the transition relief if available for the Group.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2020

Class of Shares	:	Ordinary Share
Number of Issued Shares (excluding treasury shares and subsidiary holdings)	:	956,486,129
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	:	996,900 (0.10%)
Subsidiary Holdings and as a percentage of total number of shares outstanding	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	13	0.70	585	0.00
100 - 1,000	55	2.96	41,367	0.01
1,001 - 10,000	264	14.19	1,946,294	0.20
10,001 - 1,000,000	1,457	78.33	171,035,233	17.88
1,000,001 AND ABOVE	71	3.82	783,462,650	81.91
TOTAL	**1,860**	**100.00**	**956,486,129**	**100.00**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company as at 18 March 2020, approximately 53.07% 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 Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist 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

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	278,226,987	29.09
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	63,619,315	6.65
3	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	63,000,000	6.59
4	PHILLIP SECURITIES PTE LTD	43,716,215	4.57
5	CAO SHIXUAN	42,535,114	4.45
6	SUNNY ONG KENG HUA	27,835,125	2.91
7	TAN JIN BENG WINSTON	22,987,533	2.40
8	RAFFLES NOMINEES (PTE.) LIMITED	15,925,500	1.67
9	DBS NOMINEES (PRIVATE) LIMITED	15,883,150	1.66
10	OCBC SECURITIES PRIVATE LIMITED	11,676,450	1.22
11	CHING WEE LING (ZHONG HUILING)	10,148,000	1.06
12	SBS NOMINEES PRIVATE LIMITED	10,000,000	1.05
13	ZHANG YONGBI	9,010,800	0.94
14	CHAN BUANG HENG	8,119,850	0.85
15	NG CHEOW BOO	7,094,000	0.74
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,047,762	0.74
17	NA CHING CHING, LINDA (LAN QINGQING, LINDA)	6,979,500	0.73
18	LIAO HONGHAI	5,605,000	0.59
19	KNG CHIN KAIT	5,594,000	0.58
20	UOB KAY HIAN PRIVATE LIMITED	5,520,000	0.58
	TOTAL	**660,524,301**	**69.07**

STATISTICS OF SAREREHOLDINGS

AS AT 18 MARCH 2020

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2020
As shown in the Register of Substantial Shareholders:

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDER	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
ecohub Pte. Ltd.	218,229,375	22.82	-	-
Ma Ong Kee	88,000,000[1]	9.20	-	-
Tan Jin Beng Winston	64,566,833[2]	6.75	-	-
Lee Thiam Seng	35,509,388[3]	3.71	218,229,375[4]	22.82

Notes:

(1) Mr Ma Ong Kee holds 25,000,000 shares through his nominee account with Philip Securities Pte Ltd, representing 2.61% of the issued share capital of the Company. Mr Ma Ong Kee also holds 63,000,000 shares through his nominee account with Morgan Stanley Asia (Singapore) Securities Pte Ltd, representing 6.59% of the issued share capital of the Company.

(2) Mr Tan Jin Beng Winston holds 41,579,300 shares through his nominee account with CGS-CIMB Securities (Singapore) Pte Ltd.

(3) Mr Lee Thiam Seng holds 35,500,000 shares through his nominee account with Citibank Nominees Singapore Pte Ltd.

(4) 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), representing 22.82% of the issued share capital of the Company. 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

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out Appendix 7F to the Catalist Rules relating to Mr. Cao Shixuan, Mr. Tan Wei Shyan and Mr. Hew Koon Chan, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
Date of first appointment	17 November 2017	27 August 2019	12 September 2019
Date of last re-appointment (if applicable)	28 February 2018	Not Applicable	Not Applicable
Age	51	42	58
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company (the "Board") has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Cao Shixuan for re-appointment as an Executive Director in addition to his current position as Deputy Chief Executive Officer of the Company. The Board has reviewed and concluded that Mr. Cao Shixuan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Tan Wei Shyan for re-appointment as Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. The Board has reviewed and concluded that Mr. Tan Wei Shyan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Hew Koon Chan for re-appointment as Independent Non-Executive Director, Chairman of the Audit Committee, a member of the NC and the Remuneration Committee of the Company. The Board has reviewed and concluded that Mr. Hew Koon Chan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Cao Shixuan is responsible for the overall management of the operations of the Group, corporate planning as well as chartering and implementation of the business strategies of the Group.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Deputy Chief Executive Officer	Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee	Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee

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

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
Professional qualifications	Executive Master of Business Administration, National University of Singapore Executive Master of Business Administration, Huazhong University of Science and Technology, China	Bachelor of Laws with Honours (First Class)	Bachelor of Engineering (Mechanical) Graduate Diploma in Financial Management Certified Diploma in Accounting and Finance
Working experience and occupation(s) during the past 10 years	2017 to present Deputy Chief Executive Officer, ecoWise Holdings Limited 2016 – 2017 General Manager, Asia Pacific, ecoWise Holdings Limited 2014 – 2015 President and Chief Executive Officer, Guangxi Ocean Century Energy Group Co., Ltd 2010 – 2013 General Manager, Fubon Investment (China) Co., Ltd. 2007 – 2009 President, Wuhan Ruibo Media Group Co., Ltd	August 2005 to present Associate/Senior Associate/ Partner (Corporate), Shook Lin & Bok LLP	2004 to present Managing Director, Integer Capital Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	As at 17 January 2020, Mr. Cao Shixuan holds 42,535,114 Shares	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
Conflict of Interest (including any competing business)	Nil	Nil	Nil

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

<table>
<tr><th>NAME OF DIRECTOR</th><th>MR. CAO SHIXUAN</th><th>MR. TAN WEI SHYAN</th><th>MR. HEW KOON CHAN</th></tr>
<tr><td>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Other Principal Commitments* Including Directorships# (for the last 5 years)

* "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)</td><td>Present Directorship:
(i) ecoWise Holdings Limited
(ii) Asia Cleantech Hub Pte. Ltd.
(iii) Bee Joo Environmental Pte. Ltd.
(iv) Bee Joo Industries Pte. Ltd.
(v) ecoWise Marina Power Pte. Ltd.
(vi) ecoWise New Energy Pte. Ltd.
(vii) ecoWise Rubbertech Pte. Ltd.
(viii) ecoWise Energy Pte. Ltd.
(ix) ecoWise International Pte. Ltd.
(x) ecoWise Resources Pte. Ltd.
(xi) ecoWise Solutions Pte. Ltd.
(xii) ecoWise Technologists and Engineers Pte. Ltd.
(xiii) ecoWise Ventures Pte. Ltd.
(xiv) Hivern Investments Pte Ltd
(xv) ecoWise Materials Pte. Ltd.
(xvi) Swee Chioh Fishery Pte. Ltd.
(xvii) Sunrich Resources Sdn. Bhd.
(xviii) Sunrich Integrated Sdn. Bhd.
(xix) Ecogreen Products and Services Sdn. Bhd.
(xx) Sun Rubber Industry Sendirian Berhad
(xxi) Sun Tyre Industries Sdn. Bhd.
(xxii) Saiko Rubber (Malaysia) Sdn. Bhd.
(xxiii) Gulf Rubber (M) Sdn. Bhd.
(xxiv) Sunrich Tyre & Auto Products Sdn. Bhd.
(xxv) Sunrich Global Marketing Sdn. Bhd.
(xxvi) Sunrich Marketing Sdn. Bhd
(xxvii) Winner Suntex Sdn. Bhd.
(xxviii) Autoways Industries Sdn. Bhd.
(xxix) Trakar Suntex Sdn. Bhd.
(xxx) Gulf Rubber Suntex Sdn. Bhd.
(xxxi) Changyi Enersave Biomass to Energy Co., Ltd.
(xxxii) Wuhan ecoWise Energy Co., Ltd.
(xxxiii) Chongqing eco-CTIG Rubber Technology Co., Ltd.
(xxxiv) Chongqing ecoWise Investment Management Co., Ltd.
(xxxv) Fubon Investment (China) Co., Ltd

Past Directorship:
None</td><td>Present Directorship:
ecoWise Holdings Limited

Past Directorship:
(i) Metax Engineering Corporation Limited
(ii) White Pegasus Trading Pte. Ltd. (Struck Off on 10 July 2014)*
(iii) Singapore Gammastar Medical Service Pte. Ltd. (Struck Off on 14 January 2016)*

*This is a nominee Directorship resulting from the provision of professional services to his clients</td><td>Present Directorship:
(i) ecoWise Holdings Limited
(ii) ATXL Invest Pte. Ltd.
(iii) Far East Group Limited
(iv) Resources Global Development Limited
(v) SEA Family Trust Pte. Ltd.
(vi) shopper360 Limited
(vii) SP Manufacturing Pte. Ltd.
(viii) Integer Capital Pte. Ltd.

Past Directorship:
(i) DeClout Pte. Ltd. (formerly known as DeClout Limited)
(ii) Livingstone Health Ltd (formerly known as Ardmore Medical Group Ltd)
(iii) Nordic Group Ltd
(iv) Plasmotech Pte Ltd
(v) Roxy-Pacific Holdings Ltd
(vi) Tai Icon Sdn Bhd (Struck Off on 25 July 2018)</td></tr>
<tr><td colspan="4">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.</td></tr>
</table>

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

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
(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
(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
(c) Whether there is any unsatisfied judgment against him?	No	No	No

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

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
(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
(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
(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

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

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
(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
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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	No	No	No

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

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
(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 (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?			
(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	Yes. Mr. Hew Koon Chan was an Independent Director of DeClout Limited (an SGX-ST listed company). Mr. Hew Koon Chan sold 200,000 ordinary shares in DeClout Limited on Wednesday, 8 March 2017 and received the contract statement from his broker on Saturday, 11 March 2017. Mr. Hew Koon Chan subsequently informed DeClout Limited on Monday, 13 March 2017, which is more than 2 business days from the date of change of his director’s interest on 8 March 2017. On 28 April 2017, Mr. Hew Koon Chan was held by the Monetary Authority of Singapore (“MAS”) to be in breach of Section 133 of the Securities and Futures Act (Cap. 289) (“SFA”) which, inter alia, requires directors of a corporation to notify the corporation of any

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

NAME OF DIRECTOR	MR. CAO SHIXUAN	MR. TAN WEI SHYAN	MR. HEW KOON CHAN
			change of their interest in the shares of the corporation within 2 business days from their becoming aware of such change of interest. The MAS has not taken any regulatory action against Mr. Hew Koon Chan, save for reminding Mr. Hew Koon Chan of his obligation to comply with Section 133 of the SFA and other laws and regulations at all times, and that MAS may take this contravention into account when considering actions to be taken against him for any future violations. Accordingly, this matter has been concluded.
Disclosure applicable to the appointment of Director only			
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.	Yes. Mr. Cao Shixuan is currently a director of the Company.	Yes. Mr. Tan Wei Shyan was an Independent Director and Chairman of Nominating Committee for Metax Engineering Corporation Limited from 2011 to 2013.	Yes. Mr. Hew Koon Chan is currently a director of the following companies listed on the SGX-ST: - shopper360 Limited - Far East Group Limited - Resources Global Development Ltd
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).	Not applicable. This is a re-election of a Director and Mr. Cao Shixuan has prior experience as a director of an issuer listed on the SGX-ST.	Not applicable. This is a re-election of a Director and Mr. Tan Wei Shyan has prior experience as a director of an issuer listed on the SGX-ST.	Not applicable. This is a re-election of a Director and Mr. Hew Koon Chan has prior experience as a director of an issuer listed on the SGX-ST.

PROPOSED RESOLUTIONS

FOR FORTHCOMING ANNUAL GENERAL MEETING

As announced by the Company on 15 April 2020, the Company had made an application to the Singapore Exchange Regulation for (i) second waiver to comply with Rule 707(1) of the Catalist Rules in relation to the Company's Annual General Meeting ("**AGM**") for the financial year ended 31 October 2019 ("**FY2019**"); and (ii) second extension of time of up to 29 June 2020 to hold the Company's AGM for FY2019. The Company will update its shareholders on the above application in due course. Accordingly, this Annual Report is not accompanied by the Notice of AGM and the Proxy Form. The Notice of AGM, together with the Proxy Form and other relevant supporting documents, will be sent to shareholders of the Company at a later date. Shareholders are advised to refer to further announcement(s) to be made by the Company on SGXNet.

Following are the proposed resolutions to be voted/passed at the AGM of the Company for FY2019.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 October 2019 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Mr. Cao Shixuan, who is retiring by rotation pursuant to Regulation 107 of the Company's Constitution, and who, being eligible, offered himself for re-election as a director of the Company ("**Director**").

   [See Explanatory Note (i)] (Resolution 2)

3. To re-elect Mr. Tan Wei Shyan, who is retiring by rotation pursuant to Regulation 117 of the Company's Constitution, and who, being eligible, offered himself for re-election as a Director.

   [See Explanatory Note (ii)] (Resolution 3)

4. To re-elect Mr. Hew Koon Chan, who is retiring by rotation pursuant to Regulation 117 of the Company's Constitution, and who, being eligible, offered himself for re-election as a Director.

   [See Explanatory Note (iii)] (Resolution 4)

5. To approve the payment of Directors' fee of S$151,000.00 for the financial year ended 31 October 2019 (2018: S$165,000.00).

   (Resolution 5)

6. To approve the payment of Directors' fee of S$165,000.00 for the financial year ending 31 October 2020, to be paid quarterly in arrears.

   (Resolution 6)

7. To re-appoint Messrs RSM Chio Lim LLP as the independent auditors of the Company and to authorise the auditor to fix their remuneration.

   (Resolution 7)

8. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

PROPOSED RESOLUTIONS
FOR FORTHCOMING ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

9. Proposed renewal of the Share Buy-Back Mandate

THAT

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, of Singapore (the "**Companies Act**"), the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire shares of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on Catalist through the trading system of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or, as the case may be, any other stock exchanges on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback; and/or

(ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the Company's Constitution, the provisions of the Companies Act and the Catalist Rules, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the purchases or acquisitions of the shares pursuant to the Share Buy-Back Mandate is carried out to the full extent mandated; or

(iii) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by Shareholders in a general meeting,

whichever is the earliest ("**Relevant Period**").

(c) for purposes of this resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of passing of this resolution, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares and subsidiary holdings, if any, that may be held by the Company from time to time); and

PROPOSED RESOLUTIONS
FOR FORTHCOMING ANNUAL GENERAL MEETING

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5) market day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the Share Buy-Back from Shareholders, stating the purchase or acquisition price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities.

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (iv)] (Resolution 8)

10. 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.

(Resolution 9)

PROPOSED RESOLUTIONS
FOR FORTHCOMING ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Cao Shixuan will, upon re-election as a Director, remain as an Executive Director and Deputy Chief Executive Officer of the Company. Detailed information on Mr. Mr. Cao Shixuan can be found under the sections entitled "Board of Directors", "Management", "Corporate Governance", "Statement by Directors" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2019.

(ii) Mr. Tan Wei Shyan will, upon re-election as a Director, remain as an Independent Non-Executive Director, Chairman of the Remuneration Committee, and a member of the Nominating Committee and the Audit Committee. Mr. Tan Wei Shyan 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 Wei Shyan can be found under the sections entitled "Board of Directors", "Corporate Governance", "Statement by Directors" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2019. Mr. Tan Wei Shyan has no relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

(iii) Mr. Hew Koon Chan will, upon re-election as a Director, remain as an Independent Non-Executive Director, Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee. Mr. Hew Koon Chan is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr. Hew Koon Chan can be found under the sections entitled "Board of Directors", "Corporate Governance", "Statement by Directors" and "Additional Information on Directors Nominated for Re-Election" of the Company's Annual Report 2019. Mr. Hew Koon Chan has no relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

(iv) Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors from the date on which the ordinary resolution in relation to the proposed renewal of the Share Buy-Back Mandate is passed in a general meeting and expiring on the earliest of the date on which the next AGM is held or is required by law to be held, the date the said mandate is revoked or varied by the Company in a general meeting, or the date on which the purchases of shares pursuant to the Share Buy-Back

Mandate are carried out to the full extent mandated, to repurchase ordinary shares of the Company by way of Market Purchases or Off-Market Purchases of up to ten per cent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate, on the audited consolidated financial statements of the Group for the financial year ended 31 October 2019, will be set out in the Addendum to Notice of AGM, to be sent to shareholders of the Company together with the Notice of AGM at a later date.

(v) Ordinary Resolution 9 proposed in item 10 above, is to empower the Directors 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 from time to time.

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ecoWise Holdings Ltd

1 Commonwealth Lane,
One Commonwealth #07-28
Singapore 149544

Tel: (65) 6250 0001
Fax: (65) 6250 0003
www.ecowise.com.sg