



ECOWISE HOLDINGS LIMITED
Company Registration No. 200209835C

Condensed Interim Financial Statements and Dividend Announcement for the Financial Year Ended 31 October 2021

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group					
	2H FY2021 (S\$'000) Unaudited	2H FY2020 (S\$'000) Unaudited	% Change +/-	YTD FY2021 (S\$'000) Unaudited	YTD FY2020 (S\$'000) Audited	% Change +/-
Revenue	11,858	27,705	(57.2)	35,566	50,811	(30.0)
Cost of Sales	(11,349)	(21,446)	(47.1)	(30,720)	(40,217)	(23.6)
Gross Profit	509	6,259	(91.9)	4,846	10,594	(54.3)
Other Items of Income						
Finance Income	1	-	n/m	12	24	(50.0)
Other Gains	780	622	25.4	3,097	1,940	59.6
Other Items of Expenses						
Marketing and Distribution Expenses	(550)	(844)	(34.8)	(1,373)	(1,769)	(22.4)
Administrative Expenses	(5,170)	(3,099)	66.8	(8,185)	(6,433)	27.2
Finance Costs	(343)	(435)	(21.1)	(822)	(822)	-
Other Losses	(322)	(726)	(55.6)	(330)	(756)	(56.3)
Share of Losses from Associate and Jointly Controlled Entity, Net of Tax	(287)	(22)	n/m	(553)	(90)	514.4
(Loss)/Profit Before Income Tax	(5,382)	1,755	n/m	(3,308)	2,688	n/m
Income Tax Income/(Expense)	84	(772)	n/m	(247)	(1,096)	(77.5)
(Loss)/Income for the Period	(5,298)	983	n/m	(3,555)	1,592	n/m
Other Comprehensive Income/(Loss)						
Items that may be Reclassified Subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	428	1,029	(58.4)	(23)	692	n/m
Effective Portion of Changes in Fair Value of Cash Flow Hedges	389	263	47.9	(129)	290	n/m
Defined Benefit Plan - Actuarial gain	(1)	83	n/m	75	84	(10.7)
Total Other Comprehensive Income/(Loss) for the Period	816	1,375	(40.7)	(77)	1,066	n/m
Total Comprehensive (Loss)/Income for the Period	(4,482)	2,358	n/m	(3,632)	2,658	n/m

	Group					
	2H FY2021 (S\$'000) Unaudited	2H FY2020 (S\$'000) Unaudited	% Change +/-	YTD FY2021 (S\$'000) Unaudited	YTD FY2020 (S\$'000) Audited	% Change +/-
(Loss)/Profit for the Period Attributable to:						
Owners of the Company	(5,286)	659	n/m	(3,725)	1,047	n/m
Non-Controlling Interests	(12)	324	n/m	170	545	(68.8)
(Loss)/Profit for the Period	(5,298)	983	n/m	(3,555)	1,592	n/m
Total Comprehensive (Loss)/Income for the Period Attributable to:						
Owners of the Company	(4,470)	1,836	n/m	(3,815)	2,116	n/m
Non-Controlling Interests	(12)	522	n/m	183	542	(66.2)
Total Comprehensive (Loss)/Income for the Period	(4,482)	2,358	n/m	(3,632)	2,658	n/m

"n/m" denotes not meaningful.

Notes:

- (1) "2H FY2021": 6 months period from 1 May 2021 to 31 October 2021.
- (2) "2H FY2020": 6 months period from 1 May 2020 to 31 October 2020.
- (3) "YTD FY2021": Twelve months financial period from 1 November 2020 to 31 October 2021.
- (4) "YTD FY2020": Twelve months financial period from 1 November 2019 to 31 October 2020.

A(1)

Notes to Condensed Interim Consolidated Statement of Comprehensive (Loss)/Income

(Loss)/Profit for the period is after crediting/(charging):

	Group					
	2H FY2021 (S\$'000)	2H FY2020 (S\$'000)	% Change +/-(-)	YTD FY2021 (S\$'000)	YTD FY2020 (S\$'000)	% Change +/-(-)
Finance Lease Income ⁽¹⁾	434	488	(11.1)	896	1,001	(10.5)
Depreciation of Property, Plant and Equipment	(1,334)	(1,678)	(20.5)	(2,793)	(3,206)	(12.9)
Depreciation of Investment Properties	(102)	-	100.0	(204)	(204)	-
Depreciation of Right-of-use Assets	(234)	(416)	(43.8)	(468)	(416)	12.5
Amortisation of Intangible Assets	(36)	(38)	(5.3)	(73)	(84)	(13.1)
Amortisation of Land Use Rights	(28)	(30)	(6.7)	(56)	(60)	(6.7)
Gain/(Loss) on Disposal of Property, Plant and Equipment ⁽²⁾	48	(17)	n/m	86	43	100
Waiver of Expenses ⁽³⁾	62	89	(30.3)	62	581	(89.3)
Write-off of Property, Plant and Equipment	-	(33)	(100.0)	-	(33)	(100.0)
Allowance for Doubtful Receivables ⁽⁴⁾	(316)	(305)	3.6	(324)	(285)	13.7
Bad Debts Written Off	(5)	(6)	(16.7)	(5)	(6)	(16.7)
Net Fair Value Gain on Derivative Financial Instruments	-	8	(100.0)	-	(24)	(100.0)
Foreign Exchange (Loss)/Gain, Net ⁽⁵⁾	(212)	(917)	(76.9)	428	(325)	n/m
Government Grant ⁽⁶⁾	113	402	(71.9)	207	613	(66.2)
Other Gains ⁽⁷⁾	10	496	(98.0)	37	(1)	n/m
Amortisation of Deferred Income	-	3	(100.0)	-	7	(100.0)
Impairment Loss on Purchase Goodwill ⁽⁸⁾	-	(112)	(100.0)	-	(112)	(100.0)
Impairment Loss on Trademark	-	(4)	(100.0)	-	(4)	(100.0)
Doubtful Debts Reversal ⁽⁹⁾	29	34	(14.7)	80	34	n/m
Gain on Disposal of Subsidiaries ⁽¹⁰⁾	-	265	(100.0)	1,467	696	n/m
Provision for Retirement Benefit Obligations Expenses, Net	(10)	(7)	42.9	(23)	(26)	(11.5)
Bargain purchase ⁽¹¹⁾	729	-	100.0	729	-	100.0

"n/m" denotes not meaningful.

Notes:

- (1) Finance lease income relates to income generated by the Group's plant acquired under finance lease agreements. Finance lease income decreased systematically over lease terms.
- (2) Gain on disposal of property, plant and equipment in 2H FY2021 (as compared to loss on disposal in 2H FY2020) increased as the Group disposed idle asset higher than the net book value compared with 2H FY2020. Gain on disposal of property, plant and equipment increased in YTD FY2021 (as compared to YTD FY2020), mainly due to higher disposal price obtained in YTD FY2021.
- (3) Waiver of expenses relate to the waiver of certain expenses by suppliers to a subsidiary in China as the amount outstanding has been over the statutory claim period of 3 years.
- (4) Allowance for doubtful receivables slightly increased in 2H FY2021 and YTD FY2021 (as compared to 2H FY2020 and YTD FY2020). This were attributable mainly to allowance made for slow payment customers and the impact of the COVID-19 pandemic.
- (5) Foreign exchange loss in 2H FY2021 and foreign exchange gain in YTD FY2021 (as compared to foreign exchange loss in 2H FY2020 and YTD FY2020) was due to the strengthening of Malaysia Ringgit ("MYR") against Australia Dollar ("AUD") and strengthening of Chinese Yuan ("CNY") against Singapore Dollar ("SGD") in YTD FY2021.

- (6) Government grant decreased in 2H FY2021 and YTD FY2021 (as compared to 2H FY2020 and YTD FY2020) as the Group received more support from local government in 2H FY2020 and YTD FY2020. The Singapore government provided various financial assistance, for example under the Job Support Scheme ("JSS") to local companies to reduce the negative impact of the COVID-19 pandemic.
- (7) Other gains in 2H FY2021 was lower as compared to 2H FY2020 due to the absence of the reversal of over-provision of expenses in relation to plants maintenance in prior years of S\$0.50 million (as the amount outstanding has been over the statutory claim period of 3 years).
- (8) Impairment of purchase goodwill was provided for in 2H FY2020 and YTD FY2020 in view of the decline in performance of the two subsidiaries in Malaysia.
- (9) Doubtful debts were reversed upon subsequent receipt of payment from customers.
- (10) Gain on disposal of subsidiary in YTD FY2021 relates to disposal of Saiko Rubber (Malaysia) Sdn Bhd which was completed on 23 April 2021. Gain on disposal of subsidiary in YTD FY2020 relate to disposal of Asia Cleantech Hub Pte. Ltd. and its subsidiary (Swee Chioh Fishery Pte. Ltd.) which was completed on 25 February 2020.
- (11) Bargain purchase (or negative goodwill) arose in connection to the acquisition of remaining 35% shares in Chongqing eco-CTIG Rubber Technology Co. Ltd. ("CECRT"), which was previously classified as Jointly Controlled Entity. CECRT had become wholly owned subsidiary of the Group from May 2021. Company is arranging the Purchase Price Allocation ("PPA") exercise to be completed in due course. As such, the effects from the PPA were not reflected in the current announcement.

B. Condensed Interim Statements of Financial Position

	Group		Company	
	31 October 2021 (S\$'000) Unaudited	31 October 2020 (S\$'000) Audited	31 October 2021 (S\$'000) Unaudited	31 October 2020 (S\$'000) Audited
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	28,251	29,315	372	311
Right-of-use Assets	1,309	1,441	-	-
Investment properties	1,812	2,017	-	-
Intangible Assets	760	844	-	-
Land Use Rights	1,309	1,306	-	-
Investments in Subsidiaries	-	-	27,470	31,833
Investment in an Associate	1,513	1,540	-	-
Investment in a Jointly-controlled Entity	-	1,832	-	-
Finance Lease Receivables	6,472	7,636	-	-
Other Non-financial Assets	604	285	-	-
Total Non-Current Assets	42,030	46,216	27,842	32,144
Current Assets				
Inventories	4,876	6,011	-	-
Income Tax Receivables	154	24	-	-
Trade and Other Receivables	7,774	14,765	1,248	999
Finance Lease Receivables	1,254	1,127	-	-
Derivative Financial Instruments	9	139	-	-
Other Non-financial Assets	1,338	2,162	173	129
Cash and Cash Equivalents	1,900	6,768	12	33
	17,305	30,996	1,433	1,161
Total Assets	59,335	77,212	29,275	33,305

	Group		Company	
	31 October 2021 (S\$'000) Unaudited	31 October 2020 (S\$'000) Audited	31 October 2021 (S\$'000) Unaudited	31 October 2020 (S\$'000) Audited
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	48,170	48,170
Treasury Shares	(280)	(80)	(280)	(80)
Accumulated Losses	(10,122)	(6,461)	(26,322)	(21,022)
Foreign Currency Translation Reserves ("FCTR")	(5,007)	(5,018)	-	-
Other Reserves	2,220	2,409	-	-
Equity Attributable to Owners of the Company	34,981	39,020	21,568	27,068
Non-Controlling Interests	(1)	4,001	-	-
Total Equity	34,980	43,021	21,568	27,068
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	411	790	-	-
Loans and Borrowings	6,890	6,936	-	-
Financial Liabilities – Lease Liabilities	1,388	1,870	138	82
Deferred Tax Liabilities	1,339	1,819	-	-
Provision for Reinstatement Cost	350	350	-	-
Deferred Income	-	50	-	-
Total Non-Current Liabilities	10,378	11,815	138	82
Current Liabilities				
Income Tax Payable	481	702	44	41
Trade and Other Payables	7,924	11,902	7,477	6,070
Derivative Financial Instruments	2	1	-	-
Loans and Borrowings	4,655	8,109	-	-
Financial Liabilities – Lease Liabilities	915	1,631	48	44
Deferred Income	-	31	-	-
Total Current Liabilities	13,977	22,376	7,569	6,155
Total Liabilities	24,355	34,191	7,707	6,237
Total Equity and Liabilities	59,335	77,212	29,275	33,305

C. Condensed Interim Consolidated Statement of Cash Flows

	Group			
	2H FY2021 (S\$'000) Unaudited	2H FY2020 (S\$'000) Unaudited	YTD FY2021 (S\$'000) Unaudited	YTD FY2020 (S\$'000) Audited
Cash Flows From Operating Activities				
(Loss)/Profit Before Income Tax	(5,382)	1,755	(3,308)	2,688
Depreciation of Property, Plant and Equipment	1,334	1,678	2,793	3,206
Depreciation of Investment Properties	102	-	204	204
Depreciation of Right-of-use Assets	234	416	468	416
(Gain)/Loss on Disposal of Property, Plant and Equipment	(48)	17	(86)	(43)
Impairment Loss on Purchase Goodwill	-	112	-	112
Impairment Loss on Trademark	-	4	-	4
Write-off of Property, Plant and Equipment	-	33	-	33
Amortisation of Intangible Assets	36	38	73	84
Amortisation of Land Use Rights	28	30	56	60
Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax	287	22	553	90
Gain on Disposal of Subsidiary	-	(265)	(1,467)	(696)
Negative Goodwill Arising from Acquisition of subsidiary	(729)	-	(729)	-
Net Fair Value Gain on Derivative Financial Instruments	-	(8)	-	24
Provision for Retirement Benefit Obligations Expenses, Net	10	7	23	26
Amortisation of Deferred Income	-	(3)	-	(7)
Finance Lease Income	(434)	(488)	(896)	(1,001)
Finance Income	(1)	-	(12)	(24)
Finance Costs	343	435	822	822
Net Foreign Exchange Loss/(Gain)	514	202	(23)	201
Operating Cash Flows Before Changes in Working Capital	(3,706)	3,985	(1,529)	6,199
Inventories	1,457	1,013	139	(913)
Trade and Other Receivables	6,782	144	5,478	1,315
Finance Lease Receivables	532	478	1,037	936
Other Non-financial Assets	804	869	926	(95)
Trade and Other Payables	(1,234)	(348)	(3,611)	522
Deferred Income	(90)	79	(82)	79
Finance Lease Income Received	434	488	896	1,001
Retirement Benefit Obligations Paid	(8)	(46)	(243)	(54)
Net Cash Flows From Operations Before Income Tax	4,971	6,662	3,011	8,990
Income Tax Paid	(277)	(490)	(522)	(741)
Net Cash Flows From Operating Activities	4,694	6,172	2,489	8,249
Cash Flows From Investing Activities				
Acquisition of Property, Plant and Equipment ^a	(90)	(2,919)	(1,877)	(5,088)
Acquisition of Investment Properties	-	(842)	-	(842)
Proceeds from Disposal of Property, Plant and Equipment	150	26	2,063	91
Loan to a Jointly-controlled Entity	(82)	(69)	-	(235)
Proceeds from Disposal of a Subsidiary	-	-	1,648	-
Acquisition of subsidiaries	(722)	-	(733)	-
Interest Received	1	(2)	12	24
Net Cash Flows (Used In)/From Investing Activities	(743)	(3,806)	1,113	(6,050)

	Group			
	2H FY2021 (S\$'000) Unaudited	2H FY2020 (S\$'000) Unaudited	YTD FY2021 (S\$'000) Unaudited	YTD FY2020 (S\$'000) Audited
<u>Cash Flows From Financing Activities</u>				
Share Buy-back	-	(51)	(200)	(51)
Proceeds from Loans and Borrowings	-	4,918	-	5,655
Repayments of Loans and Borrowings	(5,674)	(1,066)	(4,336)	(3,389)
Principal Elements of Lease Payments	(999)	(1,771)	(1,756)	(1,771)
Interest Paid	(337)	(427)	(773)	(800)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	(388)	-	(627)
Retirement benefit obligation paid	-	(28)	-	(28)
Decrease/(Increase) in Cash Restricted in Use Over 3 Months	1	(281)	1,954	(89)
Net Cash Flows (Used In)/From Financing Activities	(7,009)	906	(5,111)	(1,100)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,058)	3,272	(1,509)	1,099
Effect of Exchange Rate Changes on Cash and Cash Equivalents	38	39	(74)	45
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,792	44	3,355	2,211
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	1,772	3,355	1,772	3,355
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents ^b	1,900	6,768	1,900	6,768
Cash Restricted in Use	(128)	(2,083)	(128)	(2,083)
Bank Overdrafts	-	(1,330)	-	(1,330)
Cash and Cash Equivalents At End of Period/Year	1,772	3,355	1,772	3,355

Non-Cash Transactions

(a) Property, plant and equipment amounting to S\$202,000 and S\$2,338,000 (YTD FY2020: S\$398,000 and S\$800,000) were acquired through finance leases and borrowings respectively.

Comprised fixed deposits held by banks for revolving banking and credit facilities.

(b) Included in cash and cash equivalents are fixed deposits of S\$128,000 as at 31 October 2021 (31 October 2020: S\$2,083,000).

D. Condensed Interim Statements of Changes in Equity

	Share Capital (S\$'000)	Treasury Shares (S\$'000)	Accumulated Losses (S\$'000)	FCTR (S\$'000)	Other Reserves (S\$'000)	Equity Attributable to Owners of the Company (S\$'000)	Non-Controlling Interests (S\$'000)	Total Equity (S\$'000)
<u>Group</u>								
Current year								
At 1 November 2020	48,170	(80)	(6,461)	(5,018)	2,409	39,020	4,001	43,021
Changes in Equity								
Total Comprehensive (Loss)/Income for the year	-	-	(3,661)	11	(165)	(3,815)	183	(3,632)
Disposal of Equity Interest of Subsidiary	-	-	-	-	-	-	(4,198)	(4,198)
Purchase of Equity Interests of Subsidiary	-	-	-	-	(24)	(24)	13	(11)
Purchase of Treasury Shares	-	(200)	-	-	-	(200)	-	(200)
	-	(200)	(3,661)	11	(189)	(4,039)	(4,002)	(8,041)
At 31 October 2021	48,170	(280)	(10,122)	(5,007)	2,220	34,981	(1)	34,980
	Share Capital (S\$'000)	Treasury Shares (S\$'000)	Accumulated Losses (S\$'000)	FCTR (S\$'000)	Other Reserves (S\$'000)	Equity Attributable to Owners of the Company (S\$'000)	Non-Controlling Interests (S\$'000)	Total Equity (S\$'000)
<u>Group</u>								
Current year								
At 1 November 2019	48,170	(29)	(7,596)	(5,671)	2,081	36,955	4,289	41,244
Changes in Equity								
Total Comprehensive Income for the year	-	-	1,135	653	328	2,116	542	2,658
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	-	-	-	-	(627)	(627)
Disposal of Equity Interests of Subsidiary	-	-	-	-	-	-	(203)	(203)
Purchase of Treasury Shares	-	(51)	-	-	-	(51)	-	(51)
	-	(51)	1,135	653	328	2,065	(288)	1,777
At 31 October 2020	48,170	(80)	(6,461)	(5,018)	2,409	39,020	4,001	43,021

	Share Capital (S\$'000)	Treasury Shares (S\$'000)	Accumulated Losses (S\$'000)	Total Equity (S\$'000)
<u>Company</u>				
<u>Current Period</u>				
At 1 November 2020	48,170	(80)	(21,022)	27,068
Total Comprehensive Loss for the Period	-	-	(5,300)	(5,300)
Treasury Shares	-	(200)	-	(200)
At 31 October 2021	48,170	(280)	(26,322)	21,568

	Share Capital (S\$'000)	Treasury Shares (S\$'000)	Accumulated Losses (S\$'000)	Total Equity (S\$'000)
<u>Previous Period</u>				
<u>At 1 November 2019</u>				
	48,170	(29)	(20,421)	27,720
Total Comprehensive Loss for the Period	-	-	(601)	(601)
Treasury Shares	-	(51)	-	(51)
At 31 October 2020	48,170	(80)	(21,022)	27,068

E. Notes to the Condensed Interim Consolidated Financial Statements.

1. Corporate Information

Ecowise Holdings Limited (the "Company") is incorporated in Singapore with limited liability. It is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The condensed interim consolidated financial statements as at and for the year ended 31 October 2021 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is that of investment holding.

The principal activities of the major subsidiaries are:

- Operation and maintenance of biomass co-generation plant
- Processing and recycling of non-metal waste, horticultural waste and other waste and the operating of a biomass co-generation plant.
- Manufacturing and trading of retread tyres and related rubberised products

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

2. Basis of Preparation

The condensed interim financial statements for the year ended 31 October 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 October 2020. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), except for the adoption of amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

As at the date of this result announcement, there are material uncertainties on the ability of the Group to continue as a going concern. Management is discussing with the Board on the feasibility of the future plans in order for the Group to be carry on as a going concern. Management notes that while the Group had net current assets of \$6,927,000 at 31 Oct 2021 (2020: \$8,620,000) and generated net cash of \$2,489,000 (2020: \$8,249,000) from operating activities for the year ended 31 October 2021, the Group's operations have been significantly impacted by the COVID-19 pandemic over the course of the last two years. This has resulted in:

- (a) A decline in revenue for 2H FY2021 and YTD FY2021 compared to the corresponding period of 2H FY2020 and YTD FY2020;
- (b) Impairment of receivables and inventories of S\$324,000 and S\$37,000 in 2H FY2021;
- (c) Movement Control Order ("MCO") implemented by Malaysia government which caused the production in Malaysia to be suspended for about two months; and
- (d) Causing significant cash flow pressures on the Group.

One of the bank covenants require a minimum of Debt Service Coverage Ratio ("DSCR") of 1.35 times. Based on the situation as at 31 October 2021, the Company would not meet the covenant ratios and our borrowings would become due upon demand. On 25 February 2022, one of the subsidiaries of the Group had received a reminder letter dated 25 February 2022 for overdue payment of RM155,708.16 from Affin Bank Berhad which requested the subsidiary to repay the overdue amount within seven (7) days from date of the letter. The Company will make further announcement on this matter in due course.

As a result of these matters there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore whether the Group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Management is taking proactive steps to evaluate and implement the following actions: -

- (a) liaising with the banks to maintain and secure additional bank loans and borrowings;
- (b) liaising with the banks to waive the breaches of the banks' covenants;
- (c) rationalizing unprofitable subsidiaries;
- (d) external raising funds; and
- (e) reducing the size of the operations.

Although it is not certain that these efforts will be successful, the Company has determined that the actions that it has taken and will take are sufficient to mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

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

Shareholders should note that trading in the shares of the Company has been suspended since 18 June 2021. The Company will make necessary announcement if there are any developments, either favourable or adverse.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd).

2.1. New and amended standards adopted by the Group

The condensed interim financial statements have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements of the Group for the financial year ended 31 October 2020. The Group has adopted new and revised SFRS (I) and interpretations of SFRS (I) applicable to the Group which are effective for the financial year beginning 1 November 2020. These are not expected to have a material impact on the Group's condensed interim financial statements.

2.2 Use of Judgements and estimates

The preparation of the condensed financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 October 2021.

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.

Expected credit loss allowance on trade receivables

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

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

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

As at 31 October 2021, the carrying values of CEBEC Plant and land use rights where the plant is located were RMB11,300,000 (approximately \$2,300,000) and RMB6,224,000 (approximately \$1,300,000) respectively.

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

For the purpose of assessment of impairment of the carrying values of CEBEC Plant and land use rights where the plant is located as at 31 October 2021, management had obtained the valuation report for CEBEC Plant and land use right. The indicative value of CEBEC Plant and the land use rights owned by CEBEC is approximately RMB33,400,000 (approximately \$7,000,000).

Assessment of carrying values of other property, plant and equipment, right-of-use assets and intangible assets

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

Measurement of impairment of subsidiaries

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

Net realisable value of inventories

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

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd).

2.2 Use of Judgements and estimates (Cont'd)

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.

Estimation of useful lives of property, plant and equipment

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

Classification of investment in an associate

The Group owns a 20% equity interest in China-UK Low Carbon Enterprise Co. Ltd., ("CULCEC"). Significant influence is presumed to exist when an entity holds 20% or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The Group's application for the liquidation of CULCEC was approved by the court in China on 21 December 2020. Management has exercised significant judgement and determined that the Group retains its significant influence over CULCEC as the group's external legal counsel advised that the Group holds one vote and could participate in the liquidation process. Therefore, management continued to classify CULCEC as an associate in these financial statements.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. However, the Group's businesses are seriously affected by the impact of the COVID-19 pandemic and the Notice of Compliance ("NOC") dated 25 June 2021 which requires management's more attention.

4. Segment and revenue information

For management purposes, the Group is organised into three major business segments/operating divisions based on their services as follows:

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

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

These operating segments are reported in a manner consistent with internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Integrated Environmental Management Solutions										Group	
	Renewable Energy		Resource Recovery				Elimination		YTD	YTD	YTD	YTD
	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	FY2021	FY2020	FY2021	FY2020
	FY2021 (S\$'000)	FY2020 (S\$'000)	FY2021 (S\$'000)	FY2020 (S\$'000)	FY2021 (S\$'000)	FY2020 (S\$'000)	FY2021 (S\$'000)	FY2020 (S\$'000)	FY2021 (S\$'000)	FY2020 (S\$'000)	FY2021 (S\$'000)	FY2020 (S\$'000)
Revenue												
Revenue from External Customers	7,486	8,288	27,896	42,035	184	488	-	-	35,566	50,811	-	-
Inter-Segment Revenue	811	1,470	1,277	916	812	995	(2,900)	(3,381)	-	-	-	-
Segment Revenue	8,297	9,758	29,173	42,951	996	1,483	(2,900)	(3,381)	35,566	50,811	-	-
Segment Results Before Allocation of Corporate Management Fees	(1,052)	3,859	1,139	3,810	(595)	(260)	(2,348)	(2,124)	(2,856)	5,285	-	-
Allocated Corporate Management Fees by Parent Company	(1,007)	(1,345)	(1,341)	(779)	-	-	2,348	2,124	-	-	-	-
Segment Results	(2,059)	2,514	(202)	3,031	(595)	(260)	-	-	(2,856)	5,285	-	-
Share of Results from Associates and jointly controlled entity, Allocated to Operating Segments	(95)	(77)	(458)	(13)	-	-	-	-	(553)	(90)	-	-
Unallocated Corporate Results									911	(1,709)	-	-
(Loss)/Profit Before Dividend Income, Finance Income/(Costs) and Income Tax									(2,498)	3,486	-	-
Finance Income									12	24	-	-
Finance Costs									(822)	(822)	-	-
Income Tax Expense									(247)	(1,096)	-	-
(Loss)/Profit for the Year, Net of Tax									(3,555)	1,592	-	-

4.1 Reportable segments (Cont'd)

<u>Group</u>	<u>Renewable Energy</u>		<u>Resource Recovery</u>		<u>Management Solutions</u>		<u>Integrated Environmental</u>		<u>Group</u>	
	<u>YTD</u>									
	<u>FY2021</u> (<u>\$'000</u>)	<u>FY2020</u> (<u>\$'000</u>)								
Segment Assets	15,677	20,561	33,948	49,121	4,658	6,229	2,979	(2,545)	57,262	73,366
Investments in an Associate, Allocated to Operating Segments	1,513	1,540	-	-	-	-	-	-	1,513	1,540
Investments in a Jointly-Controlled Entity, Allocated to Operating Segments	-	-	-	1,832	-	-	-	-	-	1,832
Unallocated Corporate Assets									560	474
Total Assets									<u>59,335</u>	<u>77,212</u>
Segment Liabilities	32,568	26,565	12,113	16,555	10,394	10,130	(45,065)	(37,631)	10,010	15,619
Loans and Borrowings Allocated to Operating Segments	-	1,481	9,363	11,236	2,182	2,328		-	11,545	15,045
Income Tax Payable										
- Allocated to Operating Segments	107	390	289	246	42	(42)	-	-	438	594
- Unallocated Corporate Income Tax Payable	-	-	-	-	-	-	-	-	44	108
Deferred Tax Liabilities	-	-	-	-	-	-	-	-	1,339	1,819
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	979	1,006
Total Liabilities									<u>24,355</u>	<u>34,191</u>
Capital Expenditure										
- Allocated to Operating Segments	414	328	3,694	5,159	23	1,641	-	-	4,131	7,128
- Unallocated Corporate Capital Expenditure	-	-	-	-	-	-	-	-	286	1
Total Capital Expenditure									<u>4,417</u>	<u>7,129</u>

Other Material Items

	<u>Renewable Energy</u>		<u>Resource Recovery</u>		<u>Integrated Environmental Management Solutions</u>		<u>Elimination</u>		<u>Group</u>		
	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	<u>YTD</u>	
	<u>FY2021</u>	<u>FY2020</u>	<u>(S\$'000)</u>	<u>FY2021</u>	<u>FY2020</u>	<u>(S\$'000)</u>	<u>FY2021</u>	<u>FY2020</u>	<u>(S\$'000)</u>	<u>FY2021</u>	<u>FY2020</u>
Depreciation of Property, Plant and Equipment and Investment Properties											
Allocated to Operating Segments	612	858		2,021	2,137		304	369	-	2,937	3,364
Unallocated Corporate Depreciation										60	46
Total Depreciation of Property, Plant and Equipment and Investment Properties										2,997	3,410
Depreciation of Right-of-use assets	303	257		165	159		-	-	-	468	416
Gain on Disposal of Property, Plant and Equipment											
Allocated to Operating Segments	(2,399)	(20)		97	(23)		88	-	2,342	-	128 (43)
Unallocated Corporate Depreciation										(42)	-
Total Gain										86	(43)
Amortisation of Intangible Assets	-	-		73	84		-	-	-	73	84
Amortisation of Land Use Rights	56	60		-	-		-	-	-	56	60
Provision for Retirement Benefit Obligations Expenses, Net	-	-		23	26		-	-	-	23	26
Allowance for Doubtful Receivables											
Allocated to Operating Segments	105	16		(1)	233		-	2	-	104	251
Unallocated Corporate Depreciation										140	-
Allowance for Doubtful Receivables, Net										244	251
Impairment Loss on Purchase Goodwill	-	-		-	112		-	-	-	-	112
Impairment Loss on Trademark	-	-		-	4		-	-	-	-	4

4.2 Geographical segments

	<u>Revenue</u>		<u>Non-Current Assets</u>	
	YTD FY2021 (S\$'000)	YTD FY2020 (S\$'000)	YTD FY2021 (S\$'000)	YTD FY2020 (S\$'000)
Singapore	8,674	9,585	11,108	13,100
Malaysia	13,735	25,644	22,082	20,453
Australia	7,401	12,780	-	-
People's Republic of China ("China")	518	974	2,368	5,027
Others ⁽¹⁾	5,238	1,828	-	-
	<u>35,566</u>	<u>50,811</u>	<u>35,558⁽²⁾</u>	<u>38,580⁽²⁾</u>

(1) Others consists of Japan, Indonesia, Korea, Thailand, Uganda, Jordon and Turkey.

(2) Finance lease receivables and deferred tax assets are not allocated to any geographical location.

4.3 Disaggregation of revenue

	<u>Group</u>	
	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
	Unaudited	Audited
#A. Revenue classified by type of good or service:		
Sale of goods	28,258	42,856
Service income	6,147	6,409
Finance lease income	896	1,001
Others	265	545
Total revenue	<u>35,566</u>	<u>50,811</u>
#B. Revenue classified by duration of contract:		
Short term contracts	30,949	45,876
Long term contracts	4,617	4,935
Total revenue	<u>35,566</u>	<u>50,811</u>
#C. Revenue classified by timing of revenue recognition		
Point in time	30,949	45,876
Over time	4,617	4,935
Total revenue	<u>35,566</u>	<u>50,811</u>

4.4 A breakdown of sales.

	<u>Group</u>		
	YTD FY2021 (S\$'000)	YTD FY2020 (S\$'000)	Change %
Sales reported for the first half year	23,708	23,106	2.6
Operating profit/(loss) after tax before deducting non-controlling interests reported for the first half year	1,743	609	186.2
Sales reported for the second half year	11,858	27,705	(57.2)
Operating (loss)/profit after tax before deducting non-controlling interests reported for the second half year	(5,298)	983	n/m

5. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
<u>Trade receivables</u>				
Outside parties	6,505	12,881	25	25
Less: allowance for impairment	(1,328)	(1,187)	—	—
Net	5,177	11,694	25	25
Subsidiaries	—	—	597	738
Jointly-controlled entity	—	1,025	—	—
Subtotal	5,177	12,719	622	763
<u>Other receivables</u>				
Outside parties	2,755	2,065	141	2
Less: allowance for impairment	(158)	(19)	(139)	—
Net	2,597	2,046	2	2
Subsidiaries	—	—	624	234
Jointly-controlled entity	—	—	—	—
Subtotal	2,597	2,046	626	236
Total trade and other receivables	7,774	14,765	1,248	999

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

6. Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
<u>Current tax expense</u>		
Current tax expense	438	920
Withholding tax expense	37	(30)
Under adjustments in respect of prior periods	(113)	(93)
Subtotal	362	797
<u>Deferred tax expense</u>		
Deferred tax (income)/expense	(135)	82
Under adjustments in respect of prior periods	20	217
Subtotal	(115)	299
Total income tax expense	247	1,096

7. Property, plant and equipment

During the financial year ended 31 October 2021, the Group acquired assets amounting to S\$4.42 million (YTD FY2020: S\$5.49 million), in which S\$2.34 million pertains to Sabah factory and disposed of assets with net book value amounting to S\$1.98 million (YTD FY2020: S\$0.05 million).

8. **Borrowings**

	Group			
	At 31 October 2021		As at 31 October 2020	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	5,093	477	7,654	2,086
Amount repayable after one year	7,405	873	6,450	2,356

Details of any collateral

As at 31 October 2021, secured loans and borrowings comprised:

- Finance lease liabilities of S\$953,000 (31 October 2020: S\$1,978,000), secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$9,362,000 (31 October 2020: S\$9,547,000), secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$2,183,000 (31 October 2020: S\$2,579,000), secured by property, plant and equipment of subsidiaries in Singapore.

9. **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) **Date payable**

None.

(d) **Books closure date**

None.

If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the period and financial year ended 31 October as the Group's priority is to manage its cash flow prudently and responsibly to meet its financial commitments in the current highly volatile and uncertain global operating environment and the compliance of the NOC.

10. **Net assets value**

	Group		Company	
	FY2021	FY2020	FY2021	FY2020
Net assets attributable to owners of the Company (S\$'000)	34,981	39,020	21,568	27,068
Number of shares at the end of the period/year, excluding treasury shares	948,845,729	954,816,329	948,845,729	954,816,329
Net asset value per ordinary share at the end of period/year (S\$ cents)	3.69	4.09	2.27	2.83

11. (Loss)/Profit per share

	Group			
	2H FY2021 \$'000	2H FY2020 \$'000	YTD FY2021 \$'000	YTD FY2020 \$'000
(Loss)/Profit for the period attributable to the owners of the Company (S\$'000)	(5,286)	659	(3,725)	1,047
Weighted average number of shares in issue ('000)	950,582	954,816	950,582	954,816
(i) Basic (loss)/profit per shares (S\$ cents)	(0.56)	0.07	(0.39)	0.11
(ii) On a fully diluted basis (S\$ cents)	(0.56)	0.07	(0.39)	0.11

The basic and diluted (loss)/profit per share for the respective periods were the same as there were no outstanding convertible securities during the respective periods.

12. Share Capital

	Issued and paid-up ordinary shares	Share capital (S\$'000)
	Number of treasury shares	Percentage of the aggregate number of treasury shares held against the total number of shares outstanding (excluding treasury shares and subsidiary holdings)
As at 31 October 2020, 30 April 2021 and 31 October 2021	957,483,029	48,170
As at 31 October 2020	2,666,700	0.28%
Additions from 1 November 2020 to 31 October 2021	5,970,600	0.62%
As at 31 October 2021	8,637,300	0.90%

As at 31 October 2021, the total number of treasury shares held was 8,637,300 shares, representing 0.90% of total number of issued shares.

The Company does not have any subsidiary holdings as at 31 October 2020 and 31 October 2021. There were no outstanding convertibles as at 31 October 2020 and 31 October 2021.

The total number of issued shares, excluding treasury shares, was 948,845,729 ordinary shares as at 31 October 2021 (31 October 2020: 954,816,329 ordinary shares).

There was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

The shares in the Company have been suspended from trading on the Singapore Exchange Securities Trading Limited since 18 June 2021.

13. Subsequent events

Further to the disclosure in Note 2, the Group continues to be significantly affected by the impact of the COVID-19 pandemic and the compliance of the NOC (including both the internal and external audits) which requires management's more attention. During FY2021, MCO implemented by Malaysia Government caused the productions in Malaysia were suspended for about two months. The revenue for the Group decline in 2H FY2021 and YTD FY2021 compared to the corresponding period of 2H FY2020 and YTD FY2020. Collection from customers was also affected due to COVID-19.

OTHER INFORMATION

A. Review

The condensed consolidated statement of financial position of Ecowise Holdings Limited. (the "Company", together with its subsidiaries, the "Group") as at 31 October 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated cash flow statement for the twelve months then ended and the selected explanatory notes (the "Condensed Financial Statements") have not been audited or reviewed by the Company's auditors.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Audit for the half-year ended 30 April 2021

The external auditor, RSM Chio Lim LLP, ("RSM") is in the process of completing the above-mentioned audit, which was commissioned as a result of the NOC. RSM had, on 25 February 2022, provided a draft modified audit report which is being reviewed by the Company and will be released to the SGX soon. The Company will make an announcement to release the audited financial statements for the half-year ended 30 April 2021 together with the finalization of the modified audit report in due course.

Review of Group Performance

Statement of Comprehensive Income

	Group					
	2H FY2021 (S\$'000)	2H FY2020 (S\$'000)	% Change +/(-)	YTD FY2021 (S\$'000)	YTD FY2020 (S\$'000)	% Change +/(-)
Revenue						
Renewable Energy Segment	3,823	3,227	18.5%	7,486	8,288	(9.7%)
Resource Recovery Segment	7,967	24,264	(67.2%)	27,896	42,035	(33.6%)
Integrated Environmental Management Solutions Segment	68	214	(68.2%)	184	488	(62.3%)
Total	11,858	27,705	(57.2%)	35,566	50,811	(30.0%)
Gross Profit	509	6,259	(91.9%)	4,846	10,594	(54.3%)
Gross Profit Margin	4.3%	22.6%	(81.0%)	13.6%	20.8%	(34.6%)

Revenue

Revenue for 2H FY2021 of S\$11.86 million was S\$15.85 million or 57.2% lower, as compared to 2H FY2020. The decrease in revenue was due to lower revenue recorded by the Group's two business segments, namely (i) a 67.2% decline in revenue from the Resources Recovery segment, attributable to the extended Movement Control Operation ("MCO") implemented in Malaysia in 2H FY2021 and the disposal of a subsidiary in 1H FY2021, and (ii) a 68.2% decline in revenue from the Integrated Environmental Management Solutions segment as the Group had ceased the waste-to-feed process for fish and aquaculture business in FY2020. The decrease was partially offset by a 18.5% increase in revenue from Renewable Energy segment as the sales from drying of food waste was higher in 2H FY2021 compare to 2H FY2020.

Revenue for YTD FY2021 of S\$35.57 million was S\$15.25 million or 30.0% lower as compared to YTD FY2020. The decrease in revenue was mainly due to (i) a 9.7% decline in revenue from the Renewable Energy segment, attributable to the decrease in demand for ISO tank heating service due to intense competition and expiry of supply contract for spent grain with one of the customers in FY2020, (ii) a 33.6% decline in revenue from the Resource Recovery segment, attributable to decrease in the sales of rubber compounds and retreaded tyres under Sunrich Resources Sdn. Bhd. and its subsidiaries ("SRR Group") due to the effects of the implementation of extended MCO by the Malaysia government in 2H FY2021 and the disposal of subsidiary in 1H FY2021 and (iii) a 62.3% decline in revenue from the Integrated Environmental Management Solutions segment as a result of the cessation of the Group's waste-to-feed process for fish and aquaculture business in FY2020.

Gross Profit and Gross Profit Margin

Gross profit of S\$0.51 million in 2H FY2021 and S\$4.85 million in YTD FY2021 were lower as compared to the respective comparative periods of S\$6.26 million in 2H FY2020 and S\$10.59 million in YTD FY2020 respectively. These

were mainly due to the fixed cost incurred by the Group's Resource Recovery segment under the SRR Group during the MCO period implemented in Malaysia where the productions were suspended.

Gross profit margin declined from 22.6% in 2H FY2020 to 4.3% in 2H FY2021 and 20.8% in YTD FY2020 to 13.6% in YTD FY2021 mainly due to the fixed cost incurred by the Group's Resource Recovery segment under the SRR Group during the MCO period implemented in Malaysia where the productions were suspended.

Other Gains

Other gains increased by S\$0.16 million to S\$0.78 million in 2H FY2021 (as compared to 2H FY2020) mainly due to the recognition of bargain purchase arising from the acquisition of subsidiary of S\$0.73 million partially offset by (i) decrease in government grants extended by the Singapore government (i.e. JSS and foreign worker levy rebate) of S\$0.28 million and (ii) absence of the gain on disposal of subsidiary of S\$0.26 million.

Other gains increased by S\$1.16 million to S\$3.10 million in YTD FY2021 (as compared to YTD FY2020), mainly due to (i) increase in gain from disposal of a subsidiary of S\$0.77 million, (ii) increase in foreign exchange gains in YTD FY2021 (as compared to a foreign exchange loss in YTD FY2020), and (iii) bargain purchase arising from the acquisition of subsidiary of S\$0.73 million. The increase was partially offset by (i) decrease in government grants extended by the Singapore government (i.e. JSS and foreign worker levy rebate) of S\$0.41 million and (ii) decrease in waiver of expenses of S\$0.52 million.

Marketing and Distribution Expenses

Marketing and distribution expenses decreased by 34.8% to S\$0.55 million in 2H FY2021 (as compared to 2H FY2020) and decreased by 22.4% to S\$1.37 million in YTD FY2021 (as compared to YTD FY2020), mainly due to tighter cost control measures undertaken by the Group as well as lesser marketing and distributing activities during the MCO period implemented in Malaysia.

Administrative Expenses

Administrative expenses increased by 66.8% to S\$5.17 million in 2H FY2021 (as compared to 2H FY2020) and increased by 27.2% to S\$8.19 million in YTD FY2021 (as compared to YTD FY2020), mainly due to increase in (i) professional and audit fees incurred to comply with the Notice of Compliance ("NOC") issued by Singapore Exchange Regulation Pte. Ltd. on 25 June 2021 (ii) provision of property tax, land use tax and late penalty by CEBEC from year 2016 to 2021 and (iii) provision of penalty due to accident incurred in prior years. The increase was partially offset by reduction in travelling expenses and repair and maintenance.

Finance Costs

Finance costs decreased by 21.1% to S\$0.34 million in 2H FY2021 (as compared to 2H FY2020), and remained constant at S\$0.82 million in YTD FY2021 and YTD FY2020. The decrease in finance costs in 2H FY2021 was mainly due to repayment of certain loan facilities.

Other Losses

Other losses decreased by S\$0.40 million to S\$0.32 million in 2H FY2021 (as compared to 2H FY2020) and S\$0.43 million to S\$0.33 million in YTD FY2021 (as compared to YTD FY2020), mainly due to (i) decrease in foreign exchange loss in 2H FY2021 as a result of weakening of MYR and AUD against SGD; and (ii) absence of impairment loss on intangible assets in 2H FY2021 and YTD FY2021. The decrease was partially offset by the increase in allowances of doubtful receivables in 2H FY2021 and YTD FY2021 compared to 2H FY2020 and YTD FY2020.

Share of Losses from Associate and Jointly-Controlled Entity, Net of Tax

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

Tax Expense

The Group recorded income tax credit of S\$0.08 million in 2H FY2021 while it recorded income tax expenses of S\$0.25 million in YTD FY2021, as compared to income tax expense of S\$0.77 million in 2H FY2020 and S\$1.10 million in YTD FY2020, respectively. The income tax credit in 2H FY2021 and the income tax expenses in YTD FY2021 is the result of the Group recording a loss in 2H FY2021 and YTD FY2021.

(Loss)/Profit, Net of Tax

As a result of the above, the Group recorded (i) net loss of S\$5.30 million in 2H FY2021 as compared to net profit of S\$0.98 million in 2H FY2020, and (ii) a net loss of S\$3.56 million in YTD FY2021 as compared to a net profit of S\$1.59 million in YTD FY2020.

Statement of Financial Position

Assets

Property, plant and equipment decreased by S\$1.07 million, from S\$29.32 million as at 31 October 2020 to S\$28.25 million as at 31 October 2021. The decrease was mainly attributable to (i) disposal of property, plant and equipment of S\$1.98 million, (ii) disposal of a subsidiary with property, plant and equipment of S\$3.00 million, (iii) depreciation charges of S\$3.00 million and (iv) movements in foreign exchange rates of S\$0.22 million. The decrease was partially offset by (i) the purchase of new property, plant and equipment of S\$4.42 million and assets acquired via acquisition of subsidiary of S\$2.74 million.

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

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

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

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

Trade and other receivables decreased by S\$7.00 million, from S\$14.77 million as at 31 October 2020 to S\$7.77 million as at 31 October 2021, mainly due to (i) absence of receivables of a subsidiary of S\$2.65 million (as the subsidiary has been disposed), (ii) absence of receivables from a subsidiary of S\$1.03 million (previously held by the Group as a Jointly Controlled Entity where the amount due from this Jointly Controlled Entity was not eliminated from the Group), (iii) lower revenue recorded during the year.

Other non-financial assets relate to prepayments and deposit payment. Other non-financial assets (non-current and current) decreased by S\$0.50 million, from S\$2.45 million as at 31 October 2020 to S\$1.94 million as at 31 October 2021, due to the utilization of deposits placed for the purchase of factory in Sabah (which was completed on 2 December 2020) and utilization of legal fees prepaid in prior years.

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

Liabilities

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

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

Trade and other payables decreased by S\$3.98 million, from S\$11.90 million as at 31 October 2020 to S\$7.92 million as at 31 October 2021, mainly due to disposal of subsidiary in April 2021 and repayment to suppliers during the year.

Deferred tax liabilities decreased by S\$0.48 million, from S\$1.82 million as at 31 October 2020 to S\$1.34 million as at 31 October 2021, mainly due to (i) a reduction in temporary difference between accounting and tax treatment of assets and (ii) disposal of a subsidiary with deferred tax liabilities of S\$0.34 million.

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

Working Capital

The Group's working capital decreased by S\$5.29 million, from S\$8.62 million as at 31 October 2020 to S\$3.33 million as at 31 October 2021.

Statement of Cash Flow

2H FY2021

Net cash flows from operating activities for 2H FY2021 was S\$4.69 million, mainly attributable to (i) negative operating cash flows before changes in working capital of S\$3.71 million, (ii) decrease in inventories of S\$1.46 million, (iii) decrease in other non-financial assets of S\$0.80 million, (iv) decrease in finance lease receivables of S\$0.53 million, (vi) decrease in finance lease income received of S\$0.43 million, (vi) decrease in trade and other receivables of S\$6.78 million, partially offset by (i) decrease in trade and other payables of S\$1.23 million, and (ii) income tax paid of S\$0.28 million.

Net cash flows used in investing activities for 2H FY2021 was S\$0.74 million, mainly attributable to the consideration paid for the acquisition of subsidiary of S\$0.72 million.

Net cash flows used in financing activities for 2H FY2021 was S\$7.01 million, mainly attributable to (i) repayment of loans and borrowing of S\$5.67 million, (ii) repayment of lease payment of S\$1.00 million, and (iii) interest expenses paid of S\$0.34 million.

YTD FY2021

Net cash flows from operating activities for YTD FY2021 was S\$2.49 million, mainly attributable to (i) negative operating cash flows before changes in working capital of S\$1.53 million, (ii) decrease in trade and other receivables of S\$5.48 million, (iii) decrease in finance lease receivables of S\$1.04 million, (iv) decrease in finance lease income received of S\$0.90 million, and (v) decrease in other assets of S\$0.93 million, partially offset by (i) decrease in trade and other payables by S\$3.61 million and (ii) income tax paid of S\$0.52 million.

Cash flows generated from investing activities of S\$1.11 million for YTD FY2021 comprised (i) proceed from the disposal of property, plant and equipment of S\$2.06 million and (ii) proceed from disposal of a subsidiary of S\$1.65 million partially offset by the (i) purchase of new property, plant and equipment of S\$1.88 million and (ii) consideration paid for the acquisition of subsidiary of S\$0.73 million.

Cash flows used in financing activities of S\$5.11 million for YTD FY2021 comprised mainly (i) repayments of loans and borrowings of S\$4.34 million, (ii) repayment of lease liabilities of S\$1.76 million, (iii) interest expenses paid of S\$0.77 million and (iv) share buy-back of S\$0.20 million, partially offset by the decrease in the restricted cash placed with banks of S\$1.95 million.

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

B. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

C. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

All segments

The Group is rationalising, reorganising and restructuring its business segments so as to achieve higher levels of efficiency, economies of scale and effectiveness with a view to improve profitability.

Resource Recovery segment

The Group's rubber compound, new and retreaded tyres business under the SRR Group are declining due to the economic and market uncertainties arising from raw materials, end-products, foreign currency fluctuations and COVID-19 pandemic, in particular that of the Malaysian Ringgit.

In view of the Movement Control Order ("MCO") imposed by the Malaysia Government, the Group expects the sales of rubber compound and the retreading businesses to decline in the near future.

Renewable Energy segment

The Group expects continuous supply and stable consumption of energy by Gardens by the Bay from its biomass co-generation power plant under the design, build and operate agreement.

The capacity of the waste steam applications for drying of spent grains from the Group's biomass co-generation power plant at Sungei Kadut are expected to decline.

Integrated Environmental Management Solutions Segment

The Group will continue to actively tender for projects relating to design and build of gas boiler and the provision of technical support.

D. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained an IPT general mandate from the Company's shareholders.

E. Negative confirmation by the board pursuant to Rule 705(5)

Not applicable for full year results announcement.

F. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that the undertakings as required under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

G. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

(a) Ordinary

Not applicable

(b) Preference

Not applicable

(c) Total

Not applicable

H. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director, chief executive officer or substantial shareholder of the Company.

I. Disclosure pursuant to Rule 706A of the Catalist Rules

During 2H FY2021, the Company acquired remaining 35% shares CECRT, which was previously classified as Jointly Controlled Entity. CECRT had become wholly owned subsidiary of the Group from May 2021. Please refer the announcement issued on 28 February 2022 for more details.

J. Other matter

The directors would like to draw attention to the following matters in respect of the Full-year results announcement:

- 1) RSM has not substantially completed its audit for the year ended 31 October 2021. Accordingly, when the audit is completed, there may be material differences between these unaudited results and the audited results. Where there are material differences (which may include impairment charges for non-current assets and trade receivables and inventories), the Company will make an announcement to explain for these material differences.
- 2) As mentioned in Note A on page 21 of this results announcement, RSM had, on 25 February 2022, provided a draft modified audit report on the Half-year financial statements ended 30 April 2021, which is being reviewed by the Company. Should there be a material impact on the Full-year results announcement following the completion of the audit report on the Half-year financial statements ended 30 April 2021, the Company will make an announcement accordingly.

In the Full-year results announcement, management has reflected in the 2H FY2021 results, 4 adjustments proposed for the 1H FY2021 financial statements by the external auditors, RSM. The Board had approved for these adjustments to be recorded in the 1H FY2021 financial statements. Accordingly, when the audited 1HFY2021 financial statements are released, there will be an announcement to revise the figures for the 2HFY2021 results included in this Full-year results announcement.

- 3) The Audit Committee have recommended this Full-year results announcement to the Board of Directors for approval, subject to any adjustments that may be recorded when RSM completes its audit for the year ended 31 October 2021.
- 4) The Board have approved the Full-year results announcement, subject to any adjustments that may be recorded when RSM completes its audit for the year ended 31 October 2021.
- 5) EY had, on 19 February 2022, provided a draft report of their findings, arising from an internal audit commissioned as a result of the NOC. The draft report is being reviewed by the Company and will be released to SGX RegCo in due course. Should there be a material impact of the EY findings on the Full-year results announcement when the EY report is finalized, the Company will make an announcement accordingly.

BY ORDER OF THE BOARD

28 February 2022

This announcement has been prepared by ecoWise Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, W Capital Markets Pte. Ltd. (the “**Sponsor**”).

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

The contact person for the Sponsor is Mr. Chia Beng Kwan, Registered Professional, W Capital Markets Pte. Ltd. at 65 Chulia Street, #43-01, OCBC Centre, Singapore 049513, telephone (65) 6513 3541.