

RECEIPT OF EXECUTIVE SUMMARY OF INTERNAL REVIEW REPORTS IN RELATION TO THE NOTICE OF COMPLIANCE

The Board of Directors (the “**Board**” or “**Directors**”) of ecoWise Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following:

- (a) Notice of Compliance issued by Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) on 25 June 2021 (“**NOC**”);
- (b) The Company’s announcement dated 29 June 2021 in response to the NOC;
- (c) The Company’s announcement dated 28 August 2021 in relation to, *inter alia*, the appointment of Ernst & Young Advisory Pte. Ltd. (“**EY**”) in relation to the internal review directed by the SGX RegCo in the NOC (“**Internal Review**”);
- (d) The Company’s announcement on 11 May 2022 in relation to the completion of the audit of the Group’s financial statements for the 6-month financial period ended 30 April 2021 (the “**1HFY2021 Financial Statements**”); and
- (e) The Company’s announcement dated 11 May 2022 in relation to the expansion of scope of Internal Review (the “**Expanded Scope**”).

The Board wishes to announce that EY has completed the Internal Review (including the Expanded Scope) and has provided the final full reports on their findings (the “**Internal Review Reports**”) to the Board and the Company today.

EY has prepared an executive summary of the Internal Review Reports (the “**Executive Summary**”), which is attached as Annexure A to this announcement. EY has set out in the Executive Summary a detailed summary of all the facts, key findings and recommendations which are discussed in the Internal Review Reports.

Background

On 25 June 2021, Singapore Exchange Regulation (“**SGX RegCo**”) issued the NOC to the Company, highlighting certain significant events and corporate governance concerns. The matters noted in the NOC relate to the following:

- (a) Mr. Lee Thiam Seng (“**Mr. Lee**”), the Executive Chairman and Chief Executive Officer (“**CEO**”) of the Company, did not approve the release of the Company’s financial results for the first half of the financial year ended 30 April 2021 (“**1HFY2021**”) due to insufficient information provided to him.
- (b) Mr. Lee requested for more information on the following transactions (collectively the “**Transactions**”)
 - Status update on Changyi Enersave Biomass Energy Co. Ltd’s (“**CEBEC**”) ongoing arbitration with China Hua Dian Engineering Co., Ltd. (“**Hua Dian**”), a contractor engaged by the Group, for failure to perform the Engineering, Procurement and Construction (“**EPC**”) Contract as agreed between the parties (the “**Arbitration**”).

- Status of the liquidation of China-UK Low Carbon Enterprise Co. Ltd. (“**CULCEC**”), a company which one of the Company’s wholly owned subsidiaries has 20% equity interest (the “**Liquidation**”).
 - Information on the disposal of Saiko Rubber (Malaysia) Sdn Bhd (“**Saiko**”) (the “**Saiko Disposal**”) and the use of disposal proceeds (the “**Saiko Proceeds**”).
- (c) The Company’s announcements on 22 and 25 June 2021 stated that Mr. Lee had engaged Stone Forest IT Pte Ltd (“**SFIT**”) to secure and restrict access to the Company’s information technology (“**IT**”) servers.
- (d) Disclosure by the Company that certain matters had come to the attention of the Board about the management of the Company, and the timing and sufficiency of material information being provided by the management team to the Board. The members of the Board at the time of the NOC were Mr. Lee, Mr. Cao Shixuan (“**Mr. Cao**”) and Mr. Er Kwong Wah (“**Mr. Er**”).
- (e) Resignation of two independent directors (“**ID**”) from the Company.

The Company was instructed to appoint an independent professional to assess the adequacy of its controls which corresponded to the events and governance issues identified. On 27 August 2021, EY was engaged by the Company to conduct the Internal Review of the key areas highlighted in the NOC, including the adequacy and effectiveness of financial reporting internal controls, release of announcements, escalation and information flow to the Board and safeguarding of the Company’s assets.

On 11 May 2022, the Company announced its 1HFY2021 Financial Statements in which its former statutory auditors issued a disclaimer of opinion (“**Audit Opinion**”). Some of the reasons supporting the Audit Opinion are:

- (a) a lack of sufficient and appropriate evidence on the service agreements entered by the Company’s subsidiary, Chongqing ecoWise Investment Management Co., Ltd (“**CQEIM**”) with a company named Hong Kong Chenbang Investment Limited (“**HKCB**”) for the management of CQEIM’s properties in China (collectively known as “**Service Agreements**”);
- (b) non-disclosure of related party relationships, transactions, and balances in relation to HKCB and its shareholder, Mr. Chen, with certain personnel of the Company; and
- (c) a lack of evidence regarding two wholly owned subsidiaries registered in the People’s Republic of China (“**PRC**”), namely Wuhan Lvke Huajing Enterprise Management Co., Ltd (“**Wuhan Lvke**”) and Chongqing Lvke Huajing Enterprise Management Consulting Co., Ltd. (“**Chongqing Lvke**”) (collectively known as the “**PRC Entities**”), which were disposed by the Group in January 2019.

On 1 August 2022, at SGX RegCo’s instructions, the Company instructed EY to expand the scope of the Internal Review to analyse the Expanded Scope:

- (a) The Service Agreements between CQEIM and HKCB.
- (b) Disclosures of potential related party relationships, transactions, and balances between the Group, HKCB, Mr. Chen, Chen Bang Energy Pte. Ltd. (“**CBE**”, formerly known as ecoWise Energy Pte Ltd), as well as the PRC Entities.
- (c) Incorporation of the PRC Entities and its impact on the Group’s financial results during the relevant period.

Highlights of Significant Findings and Observations by EY

Certain key findings highlighted by EY in Section 5 of the Executive Summary are summarised below. Shareholders are advised to read the Executive Summary for full context.

1. It appears that certain key matters of the Transactions were not reported to the Board, including updates on the Arbitration; incorporation and acquisition of companies in China and the plan to liquidate CULCEC. There were also instances where updates to the Board were either unclear or inaccurate.
2. Announcements on SGXNet were not made for certain key matters. Such matters include the acquisition of Chongqing Lvke and incorporation of Wuhan Lvke in 2017.
3. HKCB was involved in three transactions with the Company, namely the acquisition of the Company's subsidiaries ecoWise Energy Pte Ltd ("**EWE**") and Wuhan ecoWise Energy ("**WEE**") in 2019; the management/disposal of CQEIM's properties and the failed acquisition of a stake in CULCEC by HKCB in 2020. In this period, there were business connections between Mr. Cao and Mr. Chen. Based on the documents provided to EY, EY did not find evidence to show that Mr. Cao had disclosed these business connections to the Board at the material times of the three transactions. Information gathered by EY in the course of its work did not reveal any familial relationships between Mr. Cao and Mr. Chen.
4. In his clarifications to SGX RegCo, Mr. Cao stated that HKCB was appointed to manage and dispose the CQEIM's properties because CQEIM had failed to find buyers despite efforts made over a few months, and that HKCB had the connections to secure the disposal of the properties. EY was not provided with and also did not find evidence to support the efforts made by CQEIM, nor evidence that due diligence procedures were conducted to assess the capabilities of HKCB prior to its appointment.
5. In the clarifications to SGX RegCo, Mr. Cao said that the prices were based on valuation reports issued by professional valuers. However, the valuers appear to have been appointed after the appointment of HKCB and after title deeds were transferred to the new owners, which raises questions as to whether the disposal prices were indeed based on the valuation reports.
6. CQEIM's properties were transferred to their new owners shortly after HKCB was appointed. Copies of the title deeds provided to EY do not show the full names of the new owners. EY was unable to proceed with formal enquires with the China government agencies for information on the current owners due to the lack of official CQEIM company documents. EY's analysis revealed that one of the individuals appointed by HKCB to pay for the CQEIM's properties could be a former employee of the Group. Another payer of the CQEIM's properties is a company that was registered on 12 November 2021, and it was a wholly owned indirect subsidiary of CBE (formerly EWE) and HKCB. At this time, Mr. Cao and Mr. Ivan Lye ("**Mr. Lye**") (the former Assistant Group Financial Controller and former Company Secretary) were both directors of CBE.
7. Based on the information available to EY, it appears that there could still be monies due from HKCB/new owners of the CQEIM Properties as of October 2021. Given that HKCB was dissolved on 3 March 2023, the Company should consider seeking legal advice to recover the monies due if they are still outstanding.
8. With respect to the approval for incorporating and/or acquiring the PRC Entities, minutes of a Board meeting show that the idea of incorporating a new entity for carbon trading was discussed, but EY did not see further discussions and/or approval on the same. Publicly available information shows that Mr. Cao was the first legal representative of Chongqing Lvke and Executive Director of Wuhan Lvke after their respective acquisition/incorporation. Mr. Cao and Mr. Chen were at different points in time, the legal representatives of the PRC Entities prior to January 2019.
9. EY further noted that an employee of Chongqing eco-CTIG Rubber Technology Co. Ltd ("**CECRT**"), current indirect subsidiary of the Group, was also an employee of the PRC Entities between 2017 and January 2019. A document provided to EY suggests that there was an arrangement in 2017 between HKCB/Mr. Chen and EWH to allow HKCB to appoint their employees as the legal representative and shareholder of the PRC Entities, even though HKCB had no direct relationship with the PRC Entities at the time the document was issued.
10. Certain key control lapses were noted during EY's review, including instances where payment amounts were split to circumvent the existing Delegation of Approval ("**DOA**") matrix to supposedly

expedite the payment process; insufficient documentation to support payment; no documented policies on matters that require company announcement; no formalized policy on nature/type of matters that should be escalated to the Board; lack of oversight over certain entities and poor data retention practices of the Company.

Recommendations by EY

EY has provided recommendations to improve the internal controls of the Group as set out in Section 8 of the Executive Summary, summarised as follows:

1. The Company may consider implementing the certain guidelines from Singapore Institute of Directors (“**SID**”) to improve the state of corporate governance in respect of making company announcement, approval and release of financial results and escalation and information flow to the Board.
2. With respect to the Arbitration, the Company should consult its lawyers on the legal opinion provided by the China law firm on the Arbitration with respect to the latest verdict to plan the next steps, and if an announcement is required.
3. From its high-level process walkthroughs with the IT managers in Singapore and Malaysia, EY noted internal control gaps with respect to the general IT infrastructure of the Company, such as access rights given to employees, retention of emails and version of the operating system. The Company should consider a comprehensive review on the Company's IT infrastructure, security, retention of data and controls by an IT specialist. The Company should consider establishing internal policies on provision of access to Company's data and information to non-employees.
4. The Company should retrieve CQEIM's company, finance, and legal representative stamps. The Company should also ensure that all important stamps for the China subsidiaries and associates are secured, and with the designated and approved custodians. To the extent the Company has not, it should consider lodging a report with the relevant authorities in China as a safeguard in the event the lost stamp is misused for unauthorised purposes and publish an announcement of the loss in a designated newspaper. The Company should identify and secure the remaining assets (if any) belonging to the China subsidiaries and associates.
5. The following improvements should also be considered by the Company:
 - (i) Ensure that approval was obtained from the relevant personnel prior to execution of any transaction; and that documents should be dated correctly.
 - (ii) Significant and key changes surrounding the Group's operations should be communicated promptly to entities within the Group, and that overall oversight over the Group should be strengthened.
 - (iii) Conduct regular audits and visits to its overseas entities as it appears that there is an over reliance on few key individuals to monitor its overseas operations.
 - (iv) Identify safeguards and practices to ensure that documents are kept safe, complete, and accurate. These practices should be documented, and regular audits should be done to ensure that there are proper controls in place.
6. The Company's Staff Handbook mentioned that all employees shall not directly or indirectly undertake any external positions that may conflict with the performance of their duties in the Group. The Company should consider if Mr. Cao's disclosure in these events were necessary, and if Mr. Cao's, Mr. Lye's and Ms. Carol Zhang's (“**Ms. Zhang**”) (the former Financial Controller & Chief Human Resource/Admin Officer, China Region and a former consultant of the Company) following appointments are in breach of the Company's Staff Handbook:
 - (i) Mr. Cao's business/working relationship with Mr. Chen;

- (ii) Mr. Cao, Mr. Lye, and Ms. Zhang's potential business/working connections to HKCB and Mr. Chen when the Service Agreements were executed through their association in EWE, WEE, Wuhan Lvke and Fubon; and
- (iii) Mr. Cao, Mr. Lye and Ms. Zhang who were employees of the Group but continued to hold roles in EWE/WEE after the companies were sold to HKCB.

In the course of EY's work, it has also identified certain areas of concern with respect to Catalist Rules and Companies Act 1967 as summarised in Section 7 of the Executive Summary. EY has advised the Board to seek professional legal advice on the same and take the necessary remedial action where necessary.

Actions taken and to be taken by the Company

The Board wishes to take this opportunity to inform the shareholders that since the new Board was reconstituted on 14 April 2022, the Board has taken the following measures to improve the overall corporate governance environment of the Group:

- (a) Appointment of Mr Alviedo Rodolfo Jr San Miguel on 18 October 2022 as the Chief Financial Officer of the Group who has rebuilt the Finance Department and recruited experienced finance team members to support him.
- (b) The Board has been working closely with the management of the Company on strengthening the Group's internal controls.
- (c) The Company is currently exploring all avenues to expedite the change of legal representative for the China subsidiaries with the assistance of the legal advisers.

With the above measures, the Board is confident that its current Board members and key management personnel have the requisite knowledge and understanding of the Catalist Rules, and corporate governance standards required to guide and lead the Company and ensure full compliance going forward.

The Board is in the process of reviewing the contents of the Internal Review Reports to assess the findings and determine its next course of action. The Board will take measures to further strengthen the internal controls to prevent, among others, any case of key management personnel overriding decisions of the Board. This will include updating all policies and handbooks to reflect the enhanced measures taken by the Board. The Board will also appoint an internal auditor to perform a follow-up review on the implementation of the recommendations made by EY in the Internal Review Reports.

The Board takes a serious view of the potential breaches of Catalist Rules and Companies Act 1967 as highlighted by EY, as well as any breach of any applicable law, and will, in this connection, seek legal advice on the appropriate courses of action in the best interests of shareholders and the Company.

In respect of the Arbitration, the Company will obtain another legal opinion as to the enforceability of the first arbitration award that was made in its favour, taking into consideration commercial practicality, and adopting a cost versus benefit approach.

In respect of the Group's IT infrastructure and system, the Company has already initiated a preliminary review internally, and will engage an IT professional firm to conduct a comprehensive review to ensure that the Group's IT infrastructure and system are secure and resilient.

In respect of the legal representatives of its China subsidiaries or associated companies, and business stamps and certificates, the Company has engaged a law firm in the PRC to assist in this matter and to recover any assets the Group may have lost control of.

Subject to the legal advice to be obtained, the Board may refer the matters disclosed in the Internal Review Reports to the relevant authorities and its legal advisers and take appropriate actions against the potential wrongdoers, upon advice of its legal advisers.

Trading Resumption

The Board will work with the continuing sponsor closely to submit a resumption of trading proposal to the SGX RegCo in due course and will continue to take all necessary actions in the best interests of the shareholders and the Company. Further announcements will be made to update shareholders as and when appropriate.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. There is no assurance that the shares of the Company will eventually resume trading on the SGX-ST and Shareholders are also advised to exercise caution when dealing in the securities of the Company. When in doubt as to the action they should take, stakeholders and potential investors should consult their financial, tax or other advisers.

BY ORDER OF THE BOARD

Lee Thiam Seng

Executive Chairman and CEO

28 March 2024

This announcement has been prepared by ecoWise Holdings Limited ("**Company**") and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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