ECOWISE HOLDINGS LIMITED
(Company Registration No. 200209835C)

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1. DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021 ("FY2021")

2. MATERIAL DIFFERENCES BETWEEN AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL RESULTS FOR FY2021

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

(i) 1 March 2022 in relation to the unaudited financial results for the financial year ended 31 October 2021 ("**Unaudited FY2021 Results**");

(ii) 11 May 2022 in relation to the completion of the audit for the financial statements for the six-month financial period ended 30 April 2021; and

(iii) 11 May 2022 in relation to expansion of scope of internal audit.

Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning ascribed to them in the abovementioned announcements.

The Board is pleased to announce the completion of the audit of the financial statements relating to the FY2021 results ("**FY2021 Audit**"). The Board would like to highlight the following in relation to the FY2021 Audit:

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

   Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board wishes to announce that RSM has issued a disclaimer of opinion ("**Disclaimer of Opinion**") in their independent auditor's report dated 14 May 2022 (the "**Independent Auditor's Report**") on the audited consolidated financial statements of the Group and the Company for FY2021 (the "**Audited FY2021 Financial Statements**"). Please refer to the Company's annual report for FY2021 (released on 15 May 2022 on the SGXNET) for a copy of the Independent Auditor's Report and the Audited FY2021 Financial Statements.

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

   A. Service agreements entered by Chongqing ecoWise Investment Management Co., Ltd;

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

   C. Unconsolidated entities;

   D. Internal audit under NOC;

E. Accounting of long outstanding payable;

F. Bank confirmation replies not received;

G. Documents required for review of subsequent events;

H. Recoverability of receivables;

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

J. Going concern.

Shareholders are advised to read this announcement together with the Independent Auditor's Report and the Audited FY2021 Financial Statements in full.

2. Material variances between Unaudited FY2021 Results and the Audited FY2021 Financial Statements

Pursuant to the Rule 704(5) of the Catalist Rules, the Board would like to announce that following completion of the FY2021 Audit, certain adjustments were made to the Unaudited FY2021 Results to arrive at the Audited FY2021 Financial Statements. Details and explanation for material variances are set out in Appendix 1 to this announcement.

3. Going concern and Group's plans going forward

As set out in the Company's announcement dated 11 May 2022 in relation to the completion of the 1HFY2021 Audit, the Board and management have been working closely to safeguard the Group's business. The Group's plans in the immediate future include:

(i) Stabilising the operations in Singapore and Malaysia, some of which have been impacted significantly by the COVID-19 pandemic. This includes:

(a) Assessing and improving various aspects of the biomass plant operations in Singapore;

(b) Conducting repairs and refitting of equipment and re-starting production activities in Malaysia to eventually increase the production capacity and sales;

(c) The Company announced on 25 March 2022 that it appointed Rodgers Reidy & Co. as the Group's financial adviser (the "**Financial Adviser**") to perform independent business review and position assessments as well as to advise the Board on the longer-term viability of various aspects of the Group's business. The Financial Adviser is completing its independent business reviews and position assessments and will advise the Board on the longer-term viability of various aspects of the business in Malaysia in due course; and

(d) The Financial Adviser is assisting the Group in discussions with banks in Malaysia on overdue payments and payments coming due. The subsidiaries in Malaysia have resumed making part repayments to the banks to demonstrate a commitment to settle overdue amounts and are working to re-activate certain frozen banking facilities.

(ii) Monetising non-core assets in Singapore, Malaysia and the People's Republic of China. This will include recovering the assets of Changyi Enersave Biomass to Energy Co., Ltd and the proceeds from the liquidation of China-UK Low Carbon Enterprise Co Ltd; and

(iii) Exploring opportunities to generate additional funds for working capital purposes either via loans from third parties and/or existing substantial shareholders.

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

The Board notes with concern the bases for Disclaimer of Opinion in the Audited 1HFY2021 Financial Statements and the Audited FY2021 Financial Statements in RSM's independent auditor's report for 1HFY2021 and FY2021 respectively.

Consistent with the Company's announcement on 11 May 2022, the Company will engage with external and internal auditors and other relevant professionals to determine the appropriate steps to be taken to address all matters raised in RSM's independent auditor's report for 1HFY2021 and FY2021. The SGX RegCo has also directed EY to expand the scope of the Internal Audit.

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

By Order of the Board

15 May 2022

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

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

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

Appendix 1
Material Variances Between Audited and Unaudited Figures for FY2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 October 2021

	Group			
	YTD FY2021 (S$'000) Audited	YTD FY2021 (S$'000) Unaudited	YTD FY2021 (S$'000) Variances	Note
Revenue	35,566	35,566	-	
Cost of Sales	(30,720)	(30,720)	-	
Gross Profit	4,846	4,846	-	
Other Items of Income				
Finance Income	12	12	-	
Other Gains	2,222	3,097	(875)	1
Other Items of Expenses				
Marketing and Distribution Expenses	(1,382)	(1,373)	(9)	2
Administrative Expenses	(9,125)	(8,185)	(940)	2
Finance Costs	(822)	(822)	-	
Other Losses	(2,250)	(330)	(1,920)	1
Share of (Losses)/Profits from Associate and Jointly Controlled Entity, Net of Tax	(553)	(553)	-	
Profit Before Income Tax	(7,052)	(3,308)	(3,744)	
Income Tax Expense	220	(247)	467	3
Loss for the Year	(6,832)	(3,555)	(3,277)	
Other Comprehensive Income/(Loss)				
Items that may be Reclassified Subsequently to Profit or Loss:				
Exchange Differences on Translating Foreign Operations, Net of Tax	(43)	(23)	(20)	
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(129)	(129)	-	
Item that may not be Reclassified Subsequently to Profit or Loss:				
Defined Benefit Plan - Actuarial Gain	79	75	4	
Total Other Comprehensive Loss for the Year	(93)	(77)	(16)	
Total Comprehensive Loss for the Year	(6,925)	(3,632)	(3,293)	
Loss for the Year Attributable to:				
Owners of the Company	(6,999)	(3,725)	(3,274)	
Non-Controlling Interests	167	170	(3)	
	(6,832)	(3,555)	(3,277)	
Total Comprehensive Loss for the Year Attributable to:				
Owners of the Company	(7,107)	(3,815)	(3,292)	
Non-Controlling Interests	182	183	(1)	
	(6,925)	(3,632)	(3,293)	

Note

(1) Refer schedule below:

	Group			
	2021 $'000 (Audited)	2021 $'000 (Unaudited)	2021 $'000 Variances	Note
Gain on disposal of property, plant and equipment	86	86	-	
Government grant income	207	207	-	
Foreign exchange transaction gain, net	424	428	(4)	
Allowance for impairment on trade and other receivables	(130)	(244)	114	
Impairment loss on investment properties	(283)	-	(283)	a
Allowance for impairment on non-financial assets	(114)	-	(114)	b
Gain recognised on disposal of subsidiaries	1,467	1,467	-	
Impairment loss on goodwill	(115)	-	(115)	c
Impairment loss on trademark	(645)	-	(645)	c
Impairment loss on leasehold properties	(367)	-	(367)	d
Write down of land use rights	(166)	-	(166)	e
Fines	(105)	-	(105)	f
Legal claim	(320)	-	(320)	g
Derecognition of long outstanding liabilities	-	62	(62)	h
Bad debts written-off	(5)	(5)	-	
Other Gains	38	37	1	
Bargain purchase	-	729	(729)	i
Net	(28)	2,767	(2,795)	
Presented as:				
Other gains	2,222	3,097	(875)	
Other losses	(2,250)	(330)	(2,580)	
	(28)	2,767	(2,795)	

a. The Group obtained independent valuation as at 31 October 2021 for the investment properties in Singapore. Impairment was recognised to write down the carrying value of investment properties to independent valuation provided by the valuer.
b. Being allowance for impairment of deposits not recoverable.
c. Impairment was provided for trademark and goodwill for the Malaysia subsidiaries as the operations have been adversely affected by Covid-19.
d. Variances due to (i) Impairment of $239,000 for the leasehold properties in Singapore that are classified under property, plant and equipment based on independent valuation as at 31 October 2021; and (ii) Impairment of $128,000 for certain property, plant and equipment of a subsidiary in China which is inactive.
e. Write down of the carrying value of land use right of a subsidiary in China.
f. Potential fines for workplace accident that happened in a subsidiary in Singapore in prior years.
g. Mainly due to the potential legal claims from former employees against certain subsidiaries in Malaysia
h. Reversal of de-recognition of liabilities.
i. In the unaudited results announcement, the acquisition of the remaining 35% equity interest in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") was preliminary accounted for as a business combination and a bargain purchase (negative goodwill) was recognised in the statement of profit or loss. During the course of the FY2021 Audit, the Company reassessed and concluded that the acquisition is not a business combination under SFRS(I) 3, *Business Combinations*. The Company accounted for the transaction as an acquisition of assets, which does not give rise to goodwill. Consequently, no bargain purchase (negative goodwill) is recognised in the audited financial statements.

(2) Mainly due to accrual of (i) professional fees of $130,000; (ii) bonus of $55,000; (iii) depreciation of additional reinstatement costs recorded in property, plant and equipment and investment properties (also refer note 1 for Statement of Financial Position) of $106,000; and write-off of prepayments of $663,000 of subsidiaries in China which are inactive.

(3) Over-provision of income and deferred tax liabilities for our Malaysia subsidiaries.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Period from 1 May 2021 to 31 October 2021

	Group			
	2H FY2021 (S$'000) Recalculated from Audited numbers	2H FY2021 (S$'000) Unaudited	2H FY2021 (S$'000) Variances	Note
Revenue	11,858	11,858	-	
Cost of Sales	(11,349)	(11,349)	-	
Gross Profit	509	509	-	
Other Items of Income				
Finance Income	1	1	-	
Other Gains	(64)	780	(844)	1
Other Items of Expenses				
Marketing and Distribution Expenses	(559)	(550)	(9)	
Administrative Expenses	(5,121)	(5,170)	49	2
Finance Costs	(343)	(343)	-	
Other Losses	(1,544)	(322)	(1,222)	1
Share of (Losses)/Profits from Associate and Jointly Controlled Entity, Net of Tax	(287)	(287)	-	
Profit Before Income Tax	(7,408)	(5,382)	(2,026)	
Income Tax Expense	416	84	332	3
Loss for the Period	(6,992)	(5,298)	(1,694)	
Other Comprehensive Income/(Loss)				
Items that may be Reclassified Subsequently to Profit or Loss:				
Exchange Differences on Translating Foreign Operations, Net of Tax	406	428	22	
Effective Portion of Changes in Fair Value of Cash Flow Hedges	389	389	-	
Item that may not be Reclassified Subsequently to Profit or Loss:				
Defined Benefit Plan - Actuarial Gain	3	(1)	(4)	
Total Other Comprehensive Income/(Loss) for the Period	798	816	18	
Total Comprehensive Loss for the Period	(6,194)	(4,482)	(1,712)	
Loss for the Period Attributable to:				
Owners of the Company	(6,977)	(5,286)	(1,691)	
Non-Controlling Interests	(15)	(12)	(3)	
	(6,992)	(5,298)	(1,694)	
Total Comprehensive Loss for the Period Attributable to:				
Owners of the Company	(6,181)	(4,470)	(1,711)	
Non-Controlling Interests	(13)	(12)	(1)	
	(6,194)	(4,482)	(1,712)	

Note

(1) Refer schedule below:

	Group			
	2H FY2021 (S$'000) Recalculated from Audited numbers	**2H FY2021 (S$'000) Unaudited**	**2H FY2021 (S$'000) Variances**	**Note**
Gain on disposal of property, plant and equipment	48	48	-	
Government grant income	113	113	-	
Foreign exchange transaction loss, net	(216)	(212)	(4)	
Allowance for impairment on trade and other receivables	(149)	(287)	138	a
Impairment loss on investment properties	(283)	-	(283)	b
Interest income from financial institutions	1	1	-	
Impairment loss on goodwill	(115)	-	(115)	c
Impairment loss on trademark	(645)	-	(645)	c
Impairment loss on leasehold properties	(367)	-	(367)	d
Write down of land use right	1	-	1	
Derecognition of long outstanding liabilities	-	62	(62)	e
Bad debts written-off	(5)	(5)	-	
Other Gains	10	10	-	
Bargain purchase	-	729	(729)	f
Net	(1,607)	459	(2,729)	

a. The variance arose mainly from an allowance for impairment of deposits not recoverable amounting to $114,000 recorded in Unaudited 2HFY2021 previously. As the allowance has been subsequently recognised in the audited 1HFY2021 FS, the Recalculated Unaudited 2HFY2021 balance is lower.

b. The Group obtained independent valuation as at 31 October 2021 for the investment properties in Singapore. Impairment was recognised to write down the carrying value of investment properties to independent valuation provided by the valuer.

c. Impairment was provided for trademark and goodwill for the Malaysia subsidiaries as the operations have been adversely affected by Covid-19.

d. Variances due to (i) Impairment of $239,000 for the leasehold properties in Singapore that are classified under property, plant and equipment based on independent valuation as at 31 October 2021; and (ii) Impairment of $128,000 for certain property, plant and equipment of a subsidiary in China which is inactive.

e. Reversal of de-recognition of liabilities.

f. In the unaudited results announcement, the acquisition of the remaining 35% equity interest in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") was preliminary accounted for as a business combination and a bargain purchase (negative goodwill) was recognised in the statement of profit or loss. During the course of the FY2021 Audit, the Company reassessed and concluded that the acquisition is not a business combination under SFRS(I) 3, *Business Combinations*. The Company accounted for the transaction as an acquisition of assets, which does not give rise to goodwill. Consequently, no bargain purchase (negative goodwill) is recognised in the Recalculated Unaudited 2HFY2021 FS.

(2) The variance was mainly due to the following reasons:

- The Unaudited 2HFY2021 balance included accrual for property and land use taxes in China and prepaid legal fee expensed-off amounting to $588,000 and $308,000 respectively. These expenses were subsequently recognised in the audited 1HFY2021 FS and therefore not part of Recalculated Unaudited 2HFY2021 balances.

- Subsequent to the announcement of Unaudited 2HFY2021 on 1 March 2022, the Group recorded these expenses in Administrative Expenses: (i) professional fees of $130,000; (ii) bonus of $55,000; (iii) depreciation of additional reinstatement costs recorded in property, plant and equipment and investment properties (also refer note 1 for Statement of Financial Position) of $106,000; and write-off of prepayments of $663,000 of subsidiaries in China which are inactive.

(3) Over-provision of income and deferred tax liabilities for our Malaysia subsidiaries.

Statement of Financial Positions
As at 31 October 2021

	Group			
	FY2021 (S$'000) Audited	**FY2021 (S$'000) Unaudited**	**FY2021 (S$'000) Variances**	**Note**
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	27,260	28,251	(991)	1
Right-of-use Assets	1,309	1,309	-	
Investment properties	1,678	1,812	(134)	2
Intangible Assets	-	760	(760)	3
Land Use Rights	1,140	1,309	(169)	3
Investment in an Associate	1,513	1,513	-	
Finance Lease Receivables	6,472	6,472	-	
Other Non-financial Assets	293	604	(311)	4
Total Non-Current Assets	39,665	42,030	(2,365)	
Current Assets				
Inventories	4,876	4,876	-	
Trade and Other Receivables	7,881	7,774	107	5
Finance Lease Receivables	1,254	1,254	-	
Derivative Financial Instruments	9	9	-	
Other Non-financial Assets	1,026	1,492	(466)	4
Cash and Cash Equivalents	1,900	1,900	-	
Total Current Assets	16,946	17,305	(359)	
Total Assets	56,611	59,335	(2,724)	
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	-	
Treasury Shares	(280)	(280)	-	
Accumulated Losses	(13,396)	(10,122)	(3,274)	6
Foreign Currency Translation Reserves	(5,025)	(5,007)	(18)	
Other Reserves	2,220	2,220	-	
Equity Attributable to Owners of the Company	31,689	34,981	(3,292)	
Non-Controlling Interests	14	(1)	15	
Total Equity	31,703	34,980	(3,277)	
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	411	411	-	
Loans and Borrowings	4,384	6,890	(2,506)	7
Financial Liabilities - Lease Liabilities	1,388	1,388	-	
Deferred Tax Liabilities	993	1,339	(346)	8
Provision for Reinstatement Cost	710	350	360	9
Total Non-Current Liabilities	7,886	10,378	(2,492)	
Current Liabilities				
Income Tax Payable	361	481	(120)	7
Trade and Other Payables	8,583	7,924	659	10
Derivative Financial Instruments	2	2	-	
Loans and Borrowings	7,161	4,655	2,506	7
Financial Liabilities - Lease Liabilities	915	915	-	
Total Current Liabilities	17,022	13,977	3,045	
Total Liabilities	24,908	24,355	553	
Total Equity and Liabilities	56,611	59,335	(2,724)	

(1) Being the effects of:

a. Variances due to (i) Impairment of $239,000 for the leasehold properties in Singapore that are classified under property, plant and equipment based on independent valuation as at 31 October 2021; and (ii) Impairment of $128,000 for certain property, plant and equipment of a subsidiary in China which is inactive.

b. In the unaudited results announcement, the acquisition of the remaining 35% equity interest in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") was preliminary accounted for as a business combination and a bargain purchase (negative goodwill) of $729,000 was recognised in the statement of profit or loss, with a corresponding increase in property, plant and equipment for the same amount. During the course of the FY2021 Audit, the Company reassessed and concluded that the acquisition is not a business combination under SFRS(I) 3, Business Combinations. The Company accounted for the transaction as an acquisition of assets, which does not give rise to goodwill. Consequently, no bargain purchase (negative goodwill) is recognised in the audited financial statements.

c. The Group recognised additional reinstatement costs of $170,000 for its leasehold properties in Singapore. After deducting the relevant depreciation, the carrying amount of property, plant and equipment increased by $106,000.

(2) Being the effects of:

a. The Group obtained independent valuation as at 31 October 2021 for the investment properties in Singapore. Impairment loss of $283,000 was recognised to write down the carrying value of investment properties to independent valuation provided by the valuer.

b. The Group recognised additional reinstatement costs of $190,000 for its leasehold properties in Singapore. After deducting the relevant depreciation, the carrying amount of property, plant and equipment increased by $147,000.

(3) Impairment was provided for trademark and goodwill for the Malaysia subsidiaries as the operations have been adversely affected by Covid-19.

(4) Allowance for impairment was provided for prepaid expenses of subsidiaries in China which are inactive.

(5) Allowance for impairment of deposits not recoverable.

(6) Refer to the variances for Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.

(7) Reclassification from non-current liabilities to current liabilities in accordance with accounting standards as there are breaches of borrowing covenants.

(8) Being written back of over-provision of current and deferred tax liabilities for Malaysia subsidiaries.

(9) Additional provision for reinstatement costs for leasehold properties of $170,000 and investment properties of $190,000.

(10) Being (i) accrual of potential legal claims of $320,000 from former employees against certain subsidiaries in Malaysia, (ii) accrual of bonus of $55,000 (iii) accrual of professional fees of $130,000 (iv) accrual for potential fines of $105,000 for workplace accident that happened in a subsidiary in Singapore in prior years. and (iv) reversal of de-recognition of liabilities of $62,000.

Statement of Financial Positions
As at 31 October 2021

	Company			
	FY2021 (S$'000) Audited	**FY2021 (S$'000) Unaudited**	**FY2021 (S$'000) Variances**	**Note**
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	372	372	-	
Investments in Subsidiaries	26,470	27,470	(1,000)	1
Total Non-Current Assets	26,842	27,842	(1,000)	
Current Assets				
Trade and Other Receivables	1,362	1,248	114	2
Other Non-financial Assets	59	173	(114)	2
Cash and Cash Equivalents	12	12	-	
Total Current Assets	1,433	1,433	-	
Total Assets	28,275	29,275	(1,000)	
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	-	
Treasury Shares	(280)	(280)	-	
Accumulated Losses	(27,506)	(26,322)	(1,184)	4
Total Equity	20,384	21,568	(1,184)	
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities - Lease Liabilities	138	138	-	
Total Non-Current Liabilities	138	138	-	
Current Liabilities				
Income Tax Payable	44	44	-	
Trade and Other Payables	7,661	7,477	184	3
Financial Liabilities - Lease Liabilities	48	48	-	
Total Current Liabilities	7,753	7,569	184	
Total Liabilities	7,891	7,707	184	
Total Equity and Liabilities	28,275	29,275	(1,000)	

Note

1. Additional allowance for impairment in carrying value of investments in a subsidiary.

2. Reclassification of accounts.

3. Additional provision for professional fees of $130,000 and bonus of $55,000.

4. Effects of item 1 and 3 above.

Consolidated Statement of Cash Flows

Year Ended 31 October 2021

	FY2021 (S$'000) Audited	FY2021 (S$'000) Unaudited	Variances	Note
Cash Flows From Operating Activities				
Profit Before Income Tax	(7,052)	(3,308)	(3,744)	1
Depreciation of Property, Plant and Equipment	2,907	2,793	114	2
Depreciation of Investment Properties	246	204	42	2
Depreciation of Right-of-use Assets	468	468	-	
Gain on Disposal of Property, Plant and Equipment	(86)	(86)	-	
Amortisation of Intangible Assets	73	73	-	
Amortisation of Land Use Rights	56	56	-	
Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax	553	553	-	
Gain on Disposal of Subsidiaries	(1,467)	(1,467)	-	
Impairment loss on investment properties	283	-	283	3
Impairment loss on goodwill	115	-	115	4
Impairment loss on trademark	645	-	645	4
Impairment loss on property, plant and equipment	367	-	367	5
Write down of land use right	166	-	166	6
Provision for Retirement Benefit Obligations Expenses, Net	23	23	-	
Finance Income	(12)	(12)	-	
Finance Costs	822	822	-	
Net Foreign Exchange Loss/(Gain)	(449)	(23)	(426)	7
Negative Goodwill Arising from Business Combinations	-	(729)	729	7
Operating Cash Flows Before Changes in Working Capital	(2,342)	(633)	(1,709)	
Inventories	139	139	-	
Trade and Other Receivables	5,381	5,478	(97)	8
Finance Lease Receivables	1,037	1,037	-	
Other Assets	1,705	926	779	9
Trade and Other Payables	(2,957)	(3,611)	654	10
Deferred income	(82)	(82)	-	
Provision	(238)	(243)	5	
Net Cash Flows From Operations Before Income Tax	2,643	3,011	(368)	
Income Tax Paid	(522)	(522)	-	
Net Cash Flows From Operating Activities	2,121	2,488	(368)	

	FY2021 (S$'000) Audited	FY2021 (S$'000) Unaudited	Variances	Note
Cash Flows From Investing Activities				
Acquisition of Property, Plant and Equipment	(1,876)	(1,877)	1	
Proceeds from Disposal of Property, Plant and Equipment	2,071	2,063	8	
Acquisition of a Subsidiary, Net of Cash	-	(11)	11	
Acquisition and Investment in an Associate and a Jointly-Controlled Entity	-	(722)	722	7
Proceeds from Disposal of a Subsidiary	1,648	1,648	-	
Interest Income Received	12	12	-	
Net cash outflow on acquisition of subsidiaries	(397)	-	(397)	7
Net Cash Flows From Investing Activities	1,458	1,113	345	
Cash Flows From Financing Activities				
Share Buy-back	(200)	(200)	-	
Repayments of Loans and Borrowings	(4,354)	(4,336)	(18)	
Principal Elements of Lease Payments	(1,714)	(1,756)	42	
Interest Expenses Paid	(768)	(773)	5	
Decrease in Cash Restricted in Use Over 3 Months	1,955	1,954	1	
Net Cash Flows Used In Financing Activities	(5,081)	(5,111)	30	
Net Decrease in Cash and Cash Equivalents	(1,514)	(1,509)	(5)	
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(69)	(74)	5	
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	3,355	3,355	-	
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	1,772	1,772	-	
Cash and Cash Equivalents in the Statement of Cash Flows:				
Cash and Cash Equivalents	1,900	1,900	-	
Cash Restricted in Use	(128)	(128)	-	
Cash and Cash Equivalents At End of Year	1,772	1,772	-	

Note

1. Refer to the variances for Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.

2. Mainly arose from the depreciation of additional reinstatement costs for leasehold properties classified under property, plant and equipment and investment properties.

3. The Group obtained independent valuation for the investment properties in Singapore. Impairment was provided based on the valuation report obtained.

4. Impairment was provided for trademark and goodwill for the Malaysia subsidiaries as the operations are adversely affected by Covid-19.

5. Variances due to (i) Impairment of $239,000 for the leasehold properties in Singapore that are classified under property, plant and equipment based on independent valuation as at 31 October 2021; and (ii) Impairment of $128,000 for certain property, plant and equipment of a subsidiary in China which is inactive.

6. Write down of the carrying value of land use right of a subsidiary in China.

7. In the unaudited results announcement, the acquisition of the remaining 35% equity interest in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") was preliminary accounted for as a business combination and a bargain purchase (negative goodwill) of $729,000 was recognised in the statement of profit or loss, with a corresponding increase in property, plant and equipment for the same amount. During the course of the FY2021 Audit, the Company reassessed and concluded that the acquisition is not a business combination under SFRS(I) 3, Business Combinations. The Company accounted for the transaction as an acquisition of assets, which does not give rise to goodwill. Consequently, no bargain purchase (negative goodwill) is recognised in the audited financial statements.

8. Mainly due to allowances for impairment of deposits not recoverable.

9. Mainly due to allowance for impairment of prepaid expenses of subsidiaries in China which are inactive.

10. Being (i) accrual of potential legal claims of $320,000 from former employees against certain subsidiaries in Malaysia, (ii) accrual of bonus of $55,000 (iii) accrual of professional fees of $130,000 (iv) accrual for potential fines of $105,000 for workplace accident that happened in a subsidiary in Singapore in prior years. and (iv) reversal of de-recognition of liabilities of $62,000.

Consolidated Statement of Cash Flows

For the Period from 1 May 2021 to 31 October 2021

	2H FY2021 (S$'000) Recalculated from Audited numbers	2H FY2021 (S$'000) Unaudited	Variances	Note
Cash Flows From Operating Activities				
Profit Before Income Tax	(7,408)	(5,382)	(2,026)	1
Depreciation of Property, Plant and Equipment	1,449	1,334	115	2
Depreciation of Investment Properties	143	102	41	2
Depreciation of Right-of-use Assets	234	234	-	
Gain on Disposal of Property, Plant and Equipment	(48)	(48)	-	
Amortisation of Intangible Assets	36	36	-	
Amortisation of Land Use Rights	28	28	-	
Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax	287	287	-	
Impairment loss on investment properties	283	-	283	3
Impairment loss on purchased goodwill	115	-	115	4
Impairment loss on trademark	645	-	645	4
Impairment loss on property, plant and equipment	367	-	367	5
Impairment loss on land use right	(1)	-	(1)	
Provision for Retirement Benefit Obligations Expenses, Net	10	10	-	
Finance Lease Income	-	(434)	434	6
Finance Income	(1)	(1)	-	
Finance Costs	343	343	-	
Net Foreign Exchange Loss/(Gain)	84	513	(429)	7
Negative Goodwill Arising from Business Combinations	-	(729)	729	7
Operating Cash Flows Before Changes in Working Capital	(3,434)	(3,707)	273	
Inventories	1,457	1,457	-	
Trade and Other Receivables	6,685	6,782	(97)	8
Finance Lease Receivables	532	532	-	
Other Non-Financial Assets	1,138	804	334	9
Trade and Other Payables	(1,683)	(1,234)	(449)	10
Deferred income	(90)	(90)	-	
Finance Lease Income Received	-	434	(434)	6
Provision	(3)	(8)	5	
Net Cash Flows From Operations Before Income Tax	4,602	4,970	(368)	
Income Tax Paid	(277)	(277)	-	
Net Cash Flows From Operating Activities	4,325	4,693	(368)	

	2H FY2021 (S$'000) Recalculated from Audited numbers	2H FY2021 (S$'000) Unaudited	Variances	Note
Cash Flows From Investing Activities				
Acquisition of Property, Plant and Equipment	(253)	(90)	(163)	11
Proceeds from Disposal of Property, Plant and Equipment	157	150	7	
Loan to a jointly-controlled entity	(82)	(82)	-	
Acquisition of a Subsidiary	-	(722)	722	7
Proceeds from Disposal of a Subsidiary	-	-	-	
Interest Income Received	12	1	11	
Net cash outflow on acquisition of subsidiaries	(397)	-	(397)	7
Net Cash Flows Used In Investing Activities	(562)	(743)	181	
Cash Flows From Financing Activities				
Proceeds from Loans and Borrowings	(2,206)	(2,206)	-	
Repayments of Loans and Borrowings	(3,486)	(3,468)	(18)	
Principal Elements of Lease Payments	(792)	(999)	207	11
Interest Expenses Paid	(332)	(337)	5	
Acquisition of Non-Controlling Interest	(12)	-	(12)	
Decrease in Cash Restricted in Use Over 3 Months	2	1	1	
Net Cash Flows Used In Financing Activities	(6,826)	(7,009)	183	
Net Decrease in Cash and Cash Equivalents	(3,063)	(3,059)	(4)	
Effect of Exchange Rate Changes on Cash and Cash Equivalents	43	39	4	
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,792	4,792	-	
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	1,772	1,772	-	
Cash and Cash Equivalents in the Statement of Cash Flows:				
Cash and Cash Equivalents	1,900	1,900	-	
Cash Restricted in Use	(128)	(128)	-	
Cash and Cash Equivalents At End of Period/Year	1,772	1,772	-	

Note

1. Refer to the variances for Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.

2. Mainly arose from the depreciation of additional reinstatement costs for leasehold properties classified under property, plant and equipment and investment properties.

3. The Group obtained independent valuation for the investment properties in Singapore. Impairment was provided based on the valuation report obtained.

4. Impairment was provided for trademark and goodwill for the Malaysia subsidiaries as the operations are adversely affected by Covid-19.

5. Variances due to (i) Impairment of $239,000 for the leasehold properties based on the valuation report obtained from independent valuer; and (ii) Impairment of $128,000 for the assets of a subsidiary in China as the subsidiary is inactive.

6. Due to presentation, there is no impact to operating cash flow.

7. In the unaudited results announcement, the acquisition of the remaining 35% equity interest in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") was preliminary accounted for as a business combination and a bargain purchase (negative goodwill) of $729,000 was recognised in the statement of profit or loss, with a corresponding increase in property, plant and equipment for the same amount. During the course of the FY2021 Audit, the Company reassessed and concluded that the acquisition is not a business combination under SFRS(I) 3, Business Combinations. The Company accounted for the transaction as an acquisition of assets, which does not give rise to goodwill. Consequently, no bargain purchase (negative goodwill) is recognised in the audited financial statements.

8. Mainly due to allowances for impairment of deposits not recoverable.

9. The variance was mainly due to the following reasons:

   - The cash flow movements in Unaudited 2HFY2021 balance included prepaid legal fee expensed-off amounting to $308,000. These expenses were subsequently recognised in the audited 1HFY2021 FS and therefore not part of Recalculated Unaudited 2HFY2021 balances.

   - Subsequent to the announcement of Unaudited 2HFY2021 on 1 March 2022, the Group wrote-off of prepayments of $663,000 of subsidiaries in China which are inactive.

10. The variance was mainly due to the following reasons:

    - The cash flow movements in Unaudited 2HFY2021 balance included property and land use taxes in China amounting to $588,000. The expense was subsequently recognised in the audited 1HFY2021 FS and therefore not part of Recalculated Unaudited 2HFY2021 cash flow movements.

    - The cash flow movements in Unaudited 2HFY2021 balance included reversal of over accrual of bonus amounting to $78,000. The reversal was subsequently recorded in the audited 1HFY2021 FS and therefore not part of Recalculated Unaudited 2HFY2021 cash flow movements.

    - The cash flow movements in Unaudited 2HFY2021 balance included derecognition of long outstanding liabilities of $62,000. The derecognition has been reversed subsequently and therefore not part of Recalculated Unaudited 2HFY2021 cash flow movements.

11. The Recalculated Unaudited 2HFY2021 balances taken into consideration the effect of acquisitions under leases.