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ANNUAL REPORT 2018

RESOURCEFUL SOLUTIONS FOR THE ENVIRONMENT

VISION

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

MISSION

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

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

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

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

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Bernard Lui (Telephone number: (65) 6389 3000, email address: bernard.lui@morganlewis.com).

CORPORATE PROFILE

Founded in 1979, ecoWise Group is a Singapore-based company that focuses on three core business segments namely, **Resource Recovery**, **Renewable Energy** and **Integrated Environmental Solutions Provider**. The Group has been listed on the Singapore Stocks Exchange since 2003.

CORPORATE PROFILE

RESOURCE RECOVERY (RR)

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

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

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

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

RENEWABLE ENERGY (RE)

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

INTEGRATED ENVIRONMENTAL MANAGEMENT SOLUTIONS (IEMS)

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

RESEARCH AND DEVELOPMENT (R&D)

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

集团简介

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

资源再生

绿科集团的资源回收业务遍布新加坡，马来西亚和中国。

在新加坡，绿科通过在莎琳汶的再循环园收集和处理园艺木材废料，为集团在新加坡的生物质电厂和大士能源提供燃料。再循环园独有的仓式堆肥隔间配合仓内高温堆肥技术，可生产有机肥料。集团还利用新加坡双溪加株的生物质热电厂生产的蒸汽作为能源，把食品废料进行烘干处理，生产高品质的动物饲料。另外，绿科成功利用回收物料并透过相关专利技术制造出一系列有机水产饲料，为新加坡及亚洲市场创造出独有的「循环再造」品牌水产饲料。最后，集团将新加坡一些修船厂和造船厂的废铜渣处理，成为生产环保水泥(“**eco-concrete™**”)的主要材料。

集团的全资子公司日升集团是马来西亚最大的橡胶制品制造商和轮胎翻新公司之一。日升集团的垂直式综合管理商业模式，从事橡胶复合材料和特制橡胶复合材料的生产和新轮胎制造，并拥有五大品牌**Sunrich, Sun Rubber, Sun Tyre, STAP and Saiko Rubber**的轮胎产品。除此之外，日升集团还致力于为马来西亚最终用户提供综合轮胎管理服务，以提升当地社会对把翻新轮胎作为新轮胎的更环保替代品的认识和信心。

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

再生能源

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

集团简介

综合环境管理方案 (IEMS)

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

研究与开发 (R&D)

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

DIRECTORS' STATEMENT

Dear Shareholders,

The global business environment has been increasingly volatile over the past two years and corporates are facing more uncertainties and complexities. Meanwhile, the stock price of ecoWise has been fluctuating and business growth has also slowed down under the unfavourable economic environment and intense competition in the industry. ecoWise has been facing the greatest challenge during the past year.

Despite facing rough times, ecoWise has been able to accomplish reforms and adjustments while striving to be the pioneer in the industry. ecoWise is committed to three principles: We commit to our mission; We commit to our value which enables us to be the benchmark in the industry; We explore new business ventures and we develop our services and products with positive prospects with the craftsmanship spirit. Moreover, ecoWise strives to improve efficiency, promote deepening of division of labour as well as encourage innovation.

Key events in 2018

In 2018, the Group managed to launch a series of strategic and structural adjustments in Singapore, Malaysia and China, which include policies to significantly reduce operational costs, improve operational efficiency and maintain stable productivity.

- Reviewing business strategies to focus on high value-added technologies and businesses in our expertise areas in the sustainable energy industry

- Gradually phasing out less profitable projects

- Refining product positioning and consolidating operations strategy to meet overall business needs

Outlook for 2019

Looking ahead, we believe we should focus on the long-term success of the Group in order to create the highest value for clients, employees, shareholders and community. Our management will lead ecoWise with keen insight and extraordinary decision-making capability. By grasping the greatest possibilities in the future, we will lead ecoWise in continuous breakthroughs and developments.

Finally, we would like to take this opportunity to express our heartfelt gratitude to our shareholders, clients and business partners. We would also like to thank our staff for their dedication and hard work for the Group. With your support, we are confident that we can attain great heights and success for ecoWise in the long term.

董事会报告

尊敬的股东们

近两年来，全球商业环境越发动荡，企业面临更多不确定性和复杂性。同时，随着商业环境的恶化和行业内竞争激烈，绿科的股价出现大幅波动，公司增长也出现放缓迹象，这是我们面临的最大一次挑战。

尽管如此，在这艰难的时期，我们却完成了不少改革和调整，并继续在能源环保行业保持领先的地位。我们仍然坚持三个原则：坚持我们的使命；坚持我们的价值观，并且是一个足以成为行业标杆的价值观；构筑新基石，以工匠精神研发和创造我们的服务和产品，使它们有明朗的前景。绿科坚持持续地改善效率，促进分工的深化和激励创新。

回顧2018

在过去一年，绿科在新加坡，马来西亚和中国启动新一轮的整体战略升级，对公司进行了一次大变阵，成功实施各项成本控制措施，大幅提高营运效率，保持稳定的生产力。

- 检讨营运策略，集中发展集团在能源环保领域专长并能带来高价值的技术和项目
- 逐步淘汰不能带来持续增长的项目
- 公司产品定位清晰化、营运战略整体化以配合整体业务发展需要

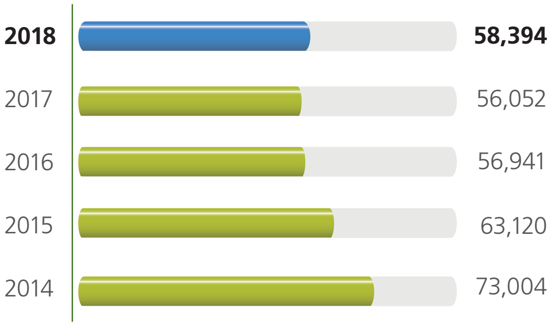
2019發展策略

展望将来，我们认为应该放眼长远，持续成功，才能保证客户利益、员工利益、股东利益和社会利益最大化。我们会以敏锐的洞察力和超凡的决策力领导绿科，在未来中把握最大的可能性，带领绿科迎接新的突破和发展。

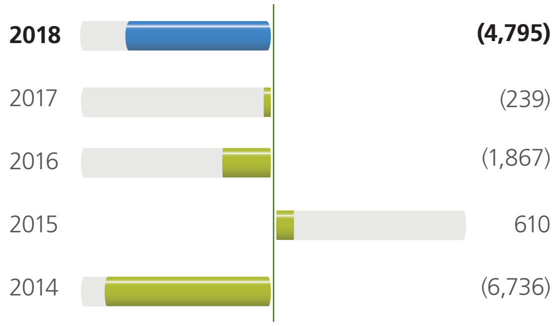
最后，谨向多年来坚定支持我们的股东、客户及商务合作伙伴表达我们最诚挚的感谢。借此机会我们也衷心地感谢每位员工克尽己任、勤奋专业，相信大家的努力将创造出绿科长远的优秀表现。

FINANCIAL HIGHLIGHTS

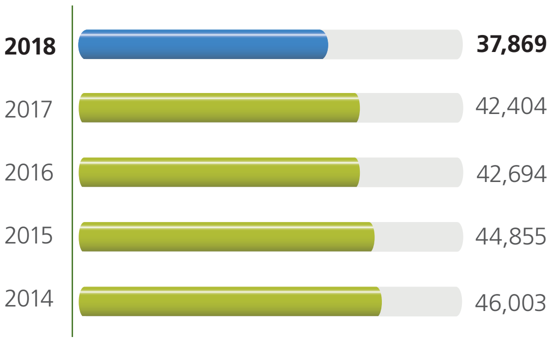
GROUP REVENUE ($'000)



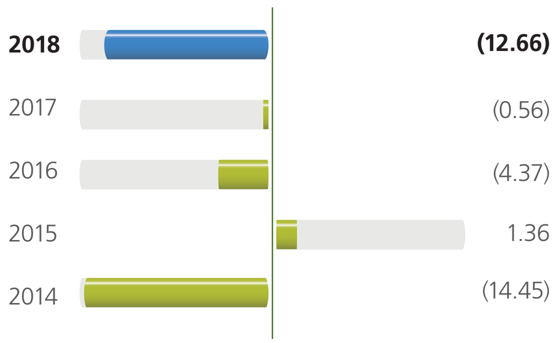
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY ($'000)



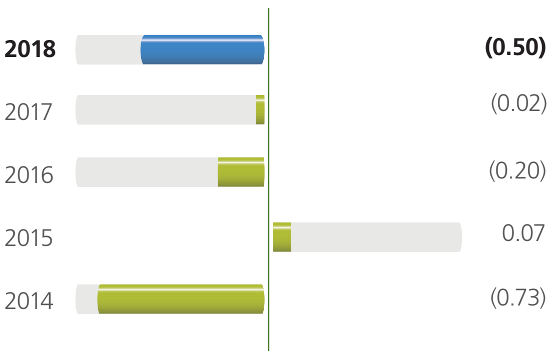
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY ($'000)



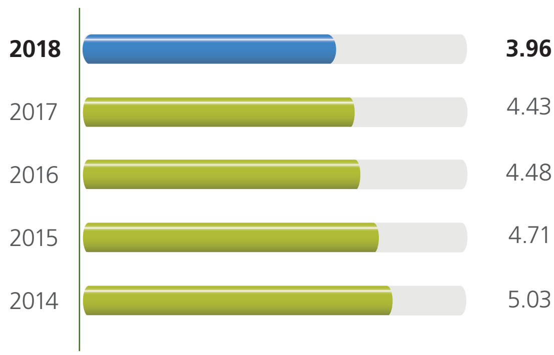
RETURN ON EQUITY, ATTRIBUTABLE TO OWNERS OF THE COMPANY (%)



BASIC (LOSS)/EARNINGS PER SHARES (CENTS)



NET ASSETS VALUE PER SHARE (CENTS)



FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS ($'000)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Revenue	**58,394**	56,052	56,941	63,120	73,004
Gross Profit	**8,948**	10,900	11,460	14,015	15,745
Profit/(loss) before income tax	**(3,639)**	(422)	(1,791)	1,559	(8,960)
Profit/(loss) after income tax	**(4,610)**	(29)	(1,811)	904	(10,019)
Non-controlling Interest	**185**	210	56	294	(3,283)
Profit/(loss) attributable to Owners of the Company	**(4,795)**	(239)	(1,867)	610	(6,736)

STATEMENT OF FINANCIAL POSITION ($'000)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Property, plant and equipment	**30,705**	29,279	24,963	23,792	27,149
Cash and cash equivalents	**3,938**	5,278	8,174	7,732	11,402
Current assets	**32,679**	37,676	35,218	40,568	51,328
Total assets	**80,094**	87,185	83,804	88,683	104,581
Current liabilities	**30,366**	33,010	26,266	26,869	37,069
Total liabilities	**39,556**	42,536	38,424	41,096	54,532
Working capital	**2,313**	4,666	8,952	13,699	14,259
Equity Attributable to Owners of the Company	**37,869**	42,404	42,694	44,855	46,603

RATIOS	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Current ratio (times)	**1.08**	1.14	1.34	1.51	1.38
Return on Equity, Attributable to Owners of the Company (%) *	**(12.66)**	(0.56)	(4.37)	1.36	(14.45)
Return on assets (%) *	**(5.99)**	(0.27)	(2.23)	0.69	(6.44)
Basic (loss)/earning per shares (cents)	**(0.50)**	(0.02)	(0.20)	0.07	(0.73)
Net assets value per share (cents)	**3.96**	4.43	4.48	4.71	5.03

* In calculating return on Equity, Attributable to Owners of the Parent and return on assets, profit/(loss) attributable to owners of the company has been used.

FINANCIAL AND OPERATIONS REVIEW

Statement of Comprehensive Income

The Group's revenue for the fourth quarter ended 31 October 2018 ("Q4 FY2018") of S$15.48 million was S$2.82 million or 15.4% lower as compared to the corresponding period of last financial year ("Q4 FY2017"). The Group's revenue for the year ended 31 October 2018 ("YTD FY2018") of S$58.39 million was S$2.34 million or 4.2% higher as compared to the corresponding period of last financial year ("YTD FY2017").

Q4 FY2018 revenue decreased by 15.4% mainly due to lower revenue recorded by the Group's renewable energy segment, resource recovery segment and integrated environmental management solutions segment attributable to decrease in the service income from ISO tank heating, sales of dried spent grain and copper slag, completion of Novartis Project (which involves the design, fabricate, supply, installation, testing and commissioning for boilers) and no technical support services rendered.

YTD FY2018 revenue increased by 4.2% mainly due to higher revenue recorded by the Group's resource recovery segment. There was an increase in sales recorded by the Group's rubber compounds and retreaded tyres business under Sunrich Resources Sdn. Bhd. and its subsidiaries ("SRR Group") in YTD FY2018 as compared to YTD FY2017.

The Group's gross profit margin of 18.5% for Q4 FY2018 was lower compared to 18.7% in Q4 FY2017 mainly due to higher indirect cost from Group's renewable energy segment due to the increase in depreciation and upkeep and repair cost for machineries and equipment.

The Group's gross profit margin of 15.3% for YTD FY2018 was lower compared to 19.4% in YTD FY2017. This was mainly attributable to the decrease in sales from the Group's renewable energy segment which resulted from a decline in the service income from ISO tank heating and sales of dried spent grain.

The Group's gross profit of S$2.86 million in Q4 FY2018 and S$8.95 million in YTD FY2018 was lower as compared to S$3.42 million in Q4 FY2017 and S$10.90 million in YTD FY2017. This was mainly attributable to the decrease in sales from the Group's renewable energy segment which resulted from a decline in the service income from ISO tank heating, sales of dried spent grain and higher depreciation charge, upkeep and repair cost for machineries and equipment and integrated environmental management solutions segment partially offset by increased revenue from the resource recovery segment.

Other gains decreased by S$1.18 million in Q4 FY2018 mainly due to decrease in gain of foreign exchange of S$0.03 million and one-off gain on de-recognition of an associate of S$0.50 million, one-off gain on bargaining of purchase of an associate of S$0.53 million in Q4 FY2017. Other gains decreased by S$0.71 million to S$0.72 million in YTD FY2018 mainly due to one-off gain on de-recognition of an associate of S$0.50 million, one-off

FINANCIAL AND OPERATIONS REVIEW

gain on bargaining of purchase of an associate of S$0.53 million in Q4 FY2017 partially offset by in gain on disposal of fixed assets of S$0.11 million.

Marketing and distribution expenses decreased by 9.0% to S$0.46 million in Q4 FY2018 mainly due to lower advertising and marketing expenses, travelling, transport and accommodation, sales commission, staff salary and bonus in line with the lower revenue. Marketing and distribution expenses decreased by 4.5% to S$2.30 million in YTD FY2018 mainly due to lower staff salary and bonus, entertainment, accommodation and travelling expenses in line with the lower revenue.

Administrative expenses decreased by 15.1% to S$1.69 million in Q4 FY2018 mainly due to decrease in consultancy fees, directors' remuneration, entertainment expenses, professional and legal fees and operating lease expenses partially offset by recognition of amortization of non-compete agreement, increase in office expenses, property tax and depreciation expenses. Administrative expenses decreased by 1.9% to S$8.32 million in YTD FY2018 mainly due to decrease in consultancy fees, directors' remuneration, entertainment expenses, operating lease expenses, travelling, transport and accommodation expenses, upkeep of plant and equipment and office equipment partially offset by increase in depreciation expenses, directors' fees, office expenses, professional and legal fees, property tax and recognition of amortization of non-compete agreement.

Depreciation expenses increased by 3.4% to S$0.86 million in Q4 FY2018 and 28.7% to S$3.62 million in YTD FY2018 mainly due to additional depreciation charged from newly acquired subsidiaries, newly acquired motor vehicle and office units.

Other losses increased by 205.4% to S$0.88 million in YTD FY2018 mainly due to higher foreign exchange loss and higher bad debts recognised.

Share of losses from an associate and a jointly-controlled entity of S$0.19 million in Q4 FY2018 and S$0.36 million in YTD FY2018 was mainly due to the Group's share of losses incurred by Chongqing eco-CTIG Rubber Technology Co. Ltd. and China-UK Low Carbon Enterprise Co., Ltd.

The Group recorded profit before tax of S$0.04 million in Q4 FY2018 and loss before tax of S$3.64 million in YTD FY2018 mainly due to higher cost of sales and depreciation charges.

The Group recorded income tax expenses of S$1.06 million in Q4 FY2018 and S$0.97 million in YTD FY2018 as compared to income tax income of S$0.30 million in Q4 FY2017 and S$0.39 million in YTD FY2017, mainly due to taxation charges from taxable profit of the Group's renewable energy segment and derecognition of deferred tax assets of the Group's resources recovery segment.

As a result of the above factors, the Group recorded a loss of S$1.02 million in Q4 FY2018 as compared to a profit of S$2.49 million in Q4 FY2017 and a loss of S$4.61 million in YTD FY2018 as compared to a loss of S$0.03 million in YTD FY2017.

Statement of Financial Position

The Group's non-current assets decreased by 4.24% or S$2.00 million to S$47.42 million as at 31 October 2018.

The Group's property, plant and equipment increased by S$1.43 million to S$30.71 million as at 31 October 2018 mainly attributable to the newly acquired plant and equipment of S$2.99 million, additional plant and equipment of S$1.95 million from newly acquired subsidiary and effects of movements in foreign exchange rates of S$0.08 million partially offset by disposal of plant and equipment of S$3.21 million and depreciation charges of S$3.62 million.

Investments in an associate and a jointly-controlled entity decreased by S$2.68 million, collectively, mainly due to Group's share of losses from an associate and a jointly-controlled entity of S$0.36 million, reduction of share capital investment in an associate company of S$2.15 million and effects of movements in foreign exchange rates loss of S$0.17 million.

Finance lease receivables 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$11.29 million as at 31 October 2017 to S$10.54 million as at 31 October 2018 attributable to billings to and collections from the customer.

The Group's current assets decreased by S$5.00 million to S$32.68 million as at 31 October 2018 mainly due to decrease inventories by S$0.88 million, trade and other receivables by S$2.60 million, cash and cash equivalents by S$1.34 million, derivative financial instruments by S$0.05 million and other assets by S$0.13 million. The decrease in inventories were mainly attributable to SRR Group clearing old and slow-moving inventories and reducing its purchase of inventories.

FINANCIAL AND OPERATIONS REVIEW

The Group's non-current liabilities decreased by S$0.34 million mainly due to repayment of loans and borrowings partially offset by increased deferred tax liabilities.

The Group's current liabilities decreased by S$2.64 million to S$30.37 million as at 31 October 2018 mainly due to decrease in loan and borrowing of S$2.39 million and other liabilities of S$0.84 million partially offset by increase in trade and other payables of S$1.19 million and derivative financial instruments of S$0.02 million.

The Group's total loans and borrowings decreased by S$3.36 million mainly due to repayment of loans and borrowings of S$5.47 million and finance lease liabilities of S$0.33 million partially offset by proceeds from loans and borrowings of S$1.74 million, increase in finance lease of S$0.30 million and effects of movements in foreign exchange rates of S$0.42 million.

Statement of Cash Flow

For the year ended 31 October 2018

The Group's cash and cash equivalents increased by S$0.18 million in YTD FY2018 due to net positive cash flows from operating activities of S$3.85 million (YTD FY2017: S$3.54 million), net cash flows from investing activities of S$0.18 million and net cash flows used in financing activities of S$3.86 million.

Net cash flows from operating activities for Q4 FY2018 was S$1.16 million compared to corresponding period Q4 FY2017 of S$1.93 million, is mainly attributable to decrease in profit before income tax of S$2.16 million, decrease in inventories of S$1.52 million, decrease in trade and other payables of S$3.52 million and decrease in other liabilities of S$0.08 million partially offset by increase in trade and other receivables of S$1.48 million, increase in other assets of S$0.20 million and increase in finance lease receivables of S$0.02 million. The decrease in inventories were due to the clearing of old inventories and reduced purchases, the decrease in trade and other payables were due to prompt payment to suppliers and the increase in trade and other receivables were due to lower collections from customers by the Group in Q4 FY2018 as compared to Q4 FY2017.

Net cash flows from operating activities of S$3.85 million in YTD FY 2018 higher than YTD FY2017 of S$3.54 million, is mainly attributable to increase in loss before income tax of S$3.22 million, increase in inventories of S$0.98 million, increase in trade and other receivables of S$5.66 million, increase in finance lease receivables of S$0.08 million and increase in other assets of S$0.44 million partially offset by decrease in trade and other payables of S$4.95 million and increase in other liabilities of S$0.47 million. The increase in trade and other receivables was due to lower collections and decrease in orders from customers as compared to YTD FY2017. The increase in inventories was due to stockpile of raw materials for upcoming customers' order and the decrease in trade and other payables due to prompt payment to suppliers by the Group in YTD FY2018 compared to YTD FY2017.

Net cash flows from investing activities of S$0.18 million for YTD FY2018 comprised mainly of the Group's capital expenditures on property, plant and equipment of S$2.69 million partially offset by proceeds from disposal of property, plant and equipment of S$0.53 million, repayment from a jointly-controlled entity of S$0.15 million, proceeds from reduction of capital investment in an associate company of S$2.15 million and interest income received of S$0.04 million.

Net cash flows used in financing activities of S$3.86 million for YTD FY2018 comprised mainly of repayments of loans and borrowings of S$5.23 million, finance costs of S$1.06 million and dividends paid to non-controlling interest of subsidiaries of S$0.20 million partially offset by proceeds from loan and borrowings of S$1.74 million and decrease in cash restricted in use of S$0.89 million.

BUSINESS OVERVIEW

Renewable Energy Segment

Singapore

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

(i) In maximising the profitability of the operations at EMP and to maintain the level of support provided, critical components of the plant at EMP are being upgraded and major equipment are being renewed to enhance cost savings in the long run.

(ii) Major upgrading works are also underway at SK to increase the overall efficiency and production capacity through the retrofitting of automation parts which will result in less downtime for scheduled maintenance.

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

Resource Recovery Segment

Singapore

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

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

BUSINESS OVERVIEW

the various waste materials which are commercially viable and feasible in the long run; such is the ethos and guiding principle in which ecoWise adopt towards the resource recovery segment.

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

Malaysia

The Group's wholly-owned subsidiary in Malaysia, Sunrich Resources Sdn. Bhd. ("SRR" and its group of companies "SRR Group") continues to be affected by the foreign exchange risk with the weaker Australian Dollar, depressed selling prices, influx of cheap new China tyres and slower demand.

SRR Group remains one of Malaysia's largest rubber compound and retreaded tyre manufacturer, marketing its premium range of high quality products like retreaded tyres, and producing general rubber and high value specialty rubber compounds (through its subsidiary, Saiko Rubber (Malaysia) Sdn. Bhd. "Saiko").

Through its subsidiary, the SRR Group had, in October 2018, successfully commissioned a modern and highly automated rubber mixing machine that encompassed advanced Japan technology. This new compounding machine will enhance Saiko's technological capability and the precision technology, increase its plant capacity and efficiency and further improve on the competitiveness in the manufacturing of high value specialty rubber compounds to better suit the needs of various rubber moulding industries.

With the R&D and product development front, SRR Group has successfully launched its own brand new tyre ("Sunrich Tyres") for vehicles in Malaysia. The major benefits have included the improvement of the SRR Group's image and competitive price to compete with competitors especially the incoming new tyres from China. With the launching of Sunrich Tyres, SRR Group looks forward to the potential market of Sunrich Tyres on improving the sales and profitability in the coming year. Over the past year, the team has been engaging the local government authority, Malaysia Rubber Board, in the development and use of the specialty epoxidised natural rubber compound known as Ekoprena. SRR has since successfully participated in piloting projects with major end-user logistics (lorry and bus) fleets and certified the Suntex retread liners using Ekoprena as one of the key raw materials. Some of the major benefits realised by the use of Suntex brand retread liners include increased durability of the retread tyres resulting in longer mileage, reduced rolling resistance resulting in improved fuel efficiency and reduced carbon footprint. Last but not least, SRR is exploring the possibility of further testing of the Suntex-Ekoprena tyres with a major logistics fleet to ensure that SRR stays above its competitors in the manufacturing of high quality rubber products through TTM services. The Group will be bringing this innovative product along with our TTM services into other transportation fleet owners.

Integrated Environmental Management Solutions Segment

Singapore

Subsequent to the formation of ecoWise Rongyao Ecotech Park in February 2018, ecoWise has made big strides towards the integration of waste management, resource recovery, and clean energy generation into the aquaculture operations.

Owing to the strong commitments in R&D, the team at the Ecotech Park has successfully developed aquaculture feeds that is derived from multiple waste material sources. Aside from being proven to be environmentally friendly and

BUSINESS OVERVIEW

economically feasible, such methods of feed production are sustainable as it reduces the reliance on external feed supply which are costly and allow us to maintain control over the cost of the farm operations.

Apart from developing the Ecotech Park into a showcase of high-tech farming site with key concepts of circular economy, ecoWise is also continuously on the look-out for collaboration with business partners that we could integrate into the development of the Ecotech Park's novel aquaculture model, all with the objective of maximising value for our shareholders.

China

In Chongqing, China, ecoWise has launched its first own-brand tyres "ecoWise Tyres" which target at various road environments of different cities in China.

In order to cope with the growing market demand and to provide more comprehensive services, ecowise set up a new factory in Chongqing in February 2018. The renovation was finished in June 2018 while advanced new tyre retreading technologies and equipment have been put into operation

since October 2018. Covering an area of 2,000 square meters, the new factory will be a standard modernised factory which endeavours to contribute significantly to low carbon and energy saving frontiers in China.

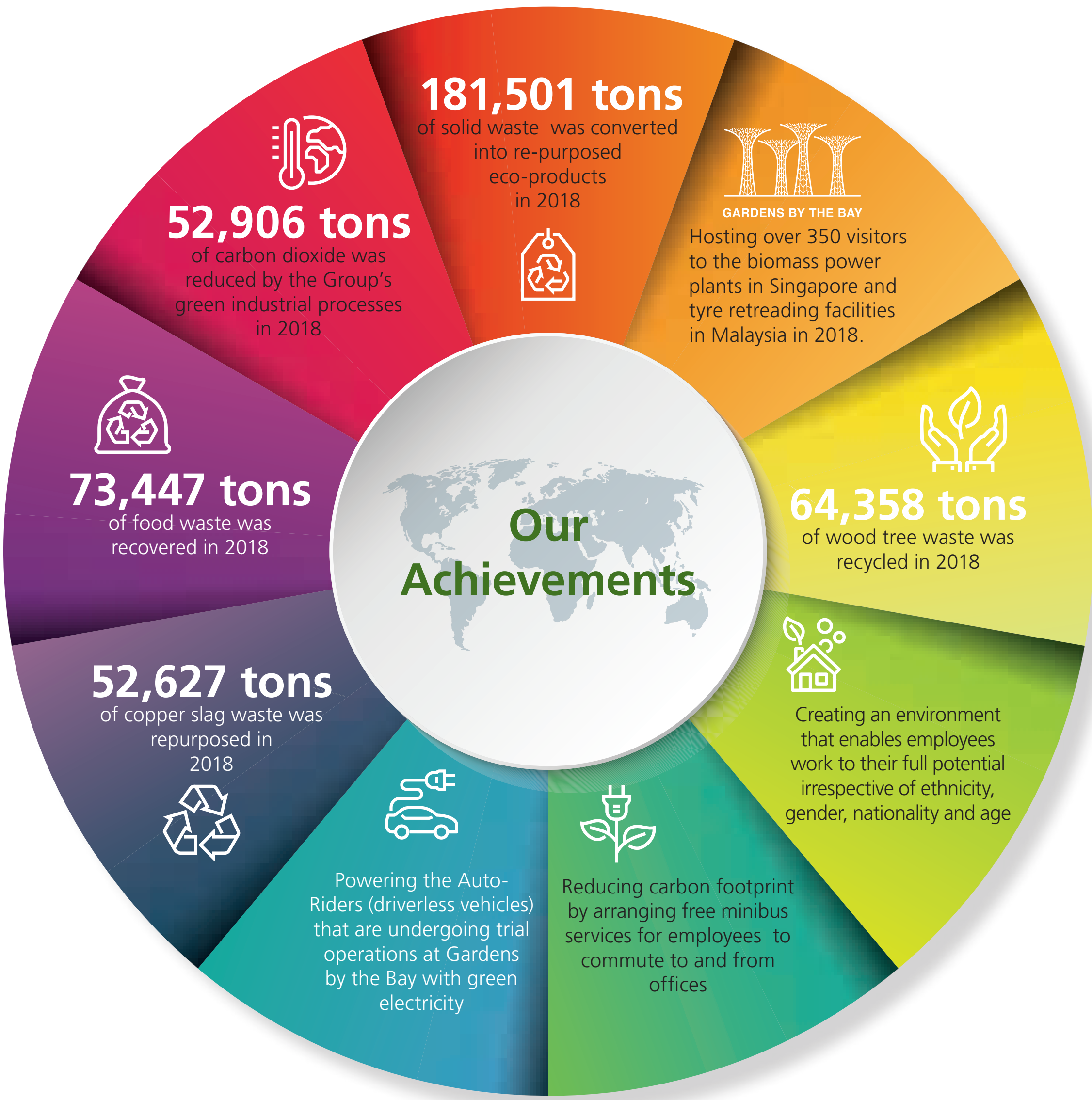
CORPORATE SOCIAL RESPONSIBILITY

Sustainability and Corporate Social Responsibility Statement

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

As a resource recovery, renewable energy and integrated environmental management solutions provider, we have embedded environmental, social and governance considerations in our business decisions and processes. We believe that taking these considerations into our business decisions and processes, helps us understand our risks and responsibilities in a holistic manner to be a sustainable and profitable organisation committed to improving the environment and well-being of the communities that we serve.

The Group has also been promoting, developing and pursuing businesses that are sustainable, together with our environmental friendly and conscious partners in the three key countries (Singapore, Malaysia and China) that we operate in.



CORPORATE SOCIAL RESPONSIBILITY

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

Developing aquaculture feeds that is derived from multiple waste material sources

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

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

Repurposing the recycled washed copper slag generated by the shipyards and fabrication yards, as an approved sand alternative used in the construction industry

CORPORATE SOCIAL RESPONSIBILITY

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

Recovering horticultural wastes as organic fertilizer

Focusing on biomass power plant development:

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

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

Looking Ahead

Our Group will continue to place the utmost importance on the development and improvement of corporate governance to ensure managerial transparency and efficiency, building trust with our shareholders and other stakeholders as well as contributing to society. In 2019, we will strive to identify gaps and opportunities that will enable us to work towards our goal of becoming a truly circular economy.

BOARD OF DIRECTORS

LEE THIAM SENG
Chief Executive Officer &
Executive Chairman

Date of first appointment as a director:
12 November 2002
Date of last re-election as a director:
28 February 2018
Length of service as a director (as at 31 October 2018):
16 years

Board committee(s) served on:
NIL

Academic & Professional Qualification(s):
Master of Business Administration,
National University of Singapore
Chartered Financial Consultant, American College, USA.
Diploma (Merit) in Electrical Engineering,
Singapore Polytechnic

Present Directorships (as at 31 October 2018):
Other Listed companies: NIL
Other Principal Commitments: NIL

Past Directorships in listed companies held over the preceding 3 years (from 1 November 2014 to 31 October 2018):
NIL

CAO SHIXUAN
Deputy Chief Executive Officer
Executive Director

Date of first appointment as a director:
17 November 2017
Date of last re-election as a director:
28 February 2018
Length of service as a director (as at 31 October 2018):
11 months 17 days

Board committee(s) served on:
NIL

Academic & Professional Qualification(s):
Executive Master of Business Administration,
National University of Singapore
Executive Master of Business Administration,
Huazhong University of Science and Technology, China

Present Directorships (as at 31 October 2018):
Other Listed companies: NIL
Other Principal Commitments: NIL

Past Directorships in listed companies held over the preceding 3 years (from 1 November 2014 to 31 October 2018):
NIL

BOARD OF DIRECTORS

ER KWONG WAH
Lead Independent Director

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

Board committee(s) served on:
Audit Committee (Member)[1]
Remuneration Committee (Member)[2]
Nominating Committee (Chairman)[3]

Academic and Professional Qualification(s):
Bachelor of Applied Science (Hons) (Electrical Engineering), University of Toronto, Canada
Master in Business Administration (Manchester Business School), University of Manchester, England

Present Directorships (as at 31 October 2018):
COSCO Shipping International (S) Ltd,
CFM Holdings Ltd, The Place Holdings Ltd,
GKE Corporation Ltd,
China Sky Chemical Fiber Co., Ltd
China Environment Ltd[(4)]
Chaswood Resources Holdings Ltd.
China Essence Group Ltd

Past Directorships in listed companies held over the preceding 3 years (from 1 Nov 2014 to 31 Oct 2018):
China Oilfield Technology Services Group Ltd,
Success Dragon International Holdings Ltd.

Notes:
[1]Appointed on 3 July 2017
[2]Appointed on 3 July 2017
[3]Appointed on 3 July 2017
[4]Resigned on 31 October 2018

WONG JOO WAN
Independent Director

Date of first appointment as a director:
26 May 2015
Date of last re-election as a director:
28 February 2018
Length of service as a director (as at 31 October 2018):
3 years 5 months

Board committee(s) served on:
Audit Committee (Chairman)[1]
Remuneration Committee (Member)[2]
Nominating Committee (Member)[3]

Academic & Professional Qualification(s):
Bachelor of Commerce,
The University of Western Australia, Australia
Certified Practising Accountant Australia,
CPA Australia, Australia
Chartered Accountant (Singapore),
Institute of Singapore Chartered Accountants, Singapore
Approved Liquidator, Accounting and Corporate Regulatory Authority, Singapore
Public Accountant, Accounting and Corporate Regulatory Authority, Singapore
Fellow of Insolvency Practitioners Association of Singapore, Singapore

Present Directorships (as at 31 October 2018):
Other Listed companies: NIL
Other Principal Commitments: NIL

Past Directorships in listed companies held over the preceding 3 years (from 1 November 2014 to 31 October 2018):
Lifebranz Limited, KLW Holdings Limited

Notes:
[1]Appointed on 3 July 2017
[2]Appointed on 3 July 2017
[3]Appointed on 26 May 2015

BOARD OF DIRECTORS

POK MEE YAU
Independent Director

Date of first appointment as a director:
19 August 2016
Date of last re-election as a director:
28 February 2017
Length of service as a director (as at 31 October 2018):
2 years 2 months

Board committee(s) served on:
Audit Committee (Member)[1]
Remuneration Committee (Chairwoman)[2]
Nominating Committee (Member)[3]

Academic & Professional Qualification(s):
LL.B (Hons), University College London
LL.M, University College London
Legal Practice Course, BPP Law School
Graduate Diploma in Singapore Law, National University of Singapore
Postgraduate Practical Law Course, Board of Legal Education

Present Directorships (as at 31 October 2018):
Other Listed companies
Allied Technologies Limited
Other Principal Commitments
JLC Advisors LLP, Partner

Past Directorships in listed companies held over the preceding 3 years (from 1 November 2014 to 31 October 2018):
Zheng Li Holdings Limited (listed in Hong Kong)
Transcorp Holdings Limited
Imperium Crown Limited

Notes:
[1]Appointed on 19 August 2016
[2]Appointed on 3 July 2017
[3]Appointed on 19 August 2016

MANAGEMENT

LEE THIAM SENG
CEO

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

Mr Lee has more than 23 years' experience in the fields of waste management and environmental engineering solutions in the region. Mr Lee has been with the Group for more than 15 years and has extensive knowledge and experience in the industries in which the Group operates.

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

CAO SHIXUAN
Deputy CEO

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

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

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

SUBSIDIARIES MANAGEMENT

SINGAPORE

MR IVAN LYE KAR CHOON
Group Assistant
Financial Controller

MR ALAGESAN MUTHUKUMARASAMY
Head of Group Operations

MR TAN JING YUAN
Head of Business Development

MS LYNN LIN JIA YI
Head of Purchasing

MS GILLIAN CHENG LAI YIN
Head of Marketing & Communications

MS CHRISTINE CHEONG HWEI KENG
Head of Directors' Office

MR RAJU GUNASEKARAN
Plant Manager – Cogen, Water & Efficiency

MR KAMAL BASHA MOHAMED KALIBULLA
Head of EMP's Operations

MR EASWARAN VINODEASWAR
Head of SK5/7's Operations

MR TANG SONG CHYE
Operations Manager

MR LO LOONG CHUENG
Head of Research & Development

MR LAI YONG YI
Manager, Ecowise Rongyao Ecotech Park

MALAYSIA

MR STEVEN GAN SENG POE
Sunrich Integrated SB
Executive Director

MR LAI JIH SHEN
Gulf Rubber (M) SB
General Manager

MR DEREK NG YEONG HOCK
Sunrich Integrated SB
Group Assistant Financial Controller

MR LIM PENG KIAT
Sunrich Integrated SB
Head of R&D

MR CHEW TONY
Sunrich Integrated SB
Assistant General Manager,
QA & QC

MS WOO MEI KEAN
Sunrich Integrated SB
Assistant General Manager,
HR, Admin & Director's Office

MR JOHNNY KOH YONG HUAT
Sun Tyre Industries SB
Head of Production

MR TAM SIEW WAN
Sun Rubber Industry SB
Head of Production

MR LOH YOON HON
Saiko Rubber (M) SB
Assistant General Manager

MR GOH HONG GUAN
Sunrich Marketing SB
Autoways Industries SB
Assistant General Manager,
Sales & Marketing

MR SEN SEIYA
Saiko Rubber (M) SB
Technical Director

CHINA

MS CAROL ZHANG GAO PIN （张高频）
China Region,
Financial Controller &
Chief HR/Admin officer

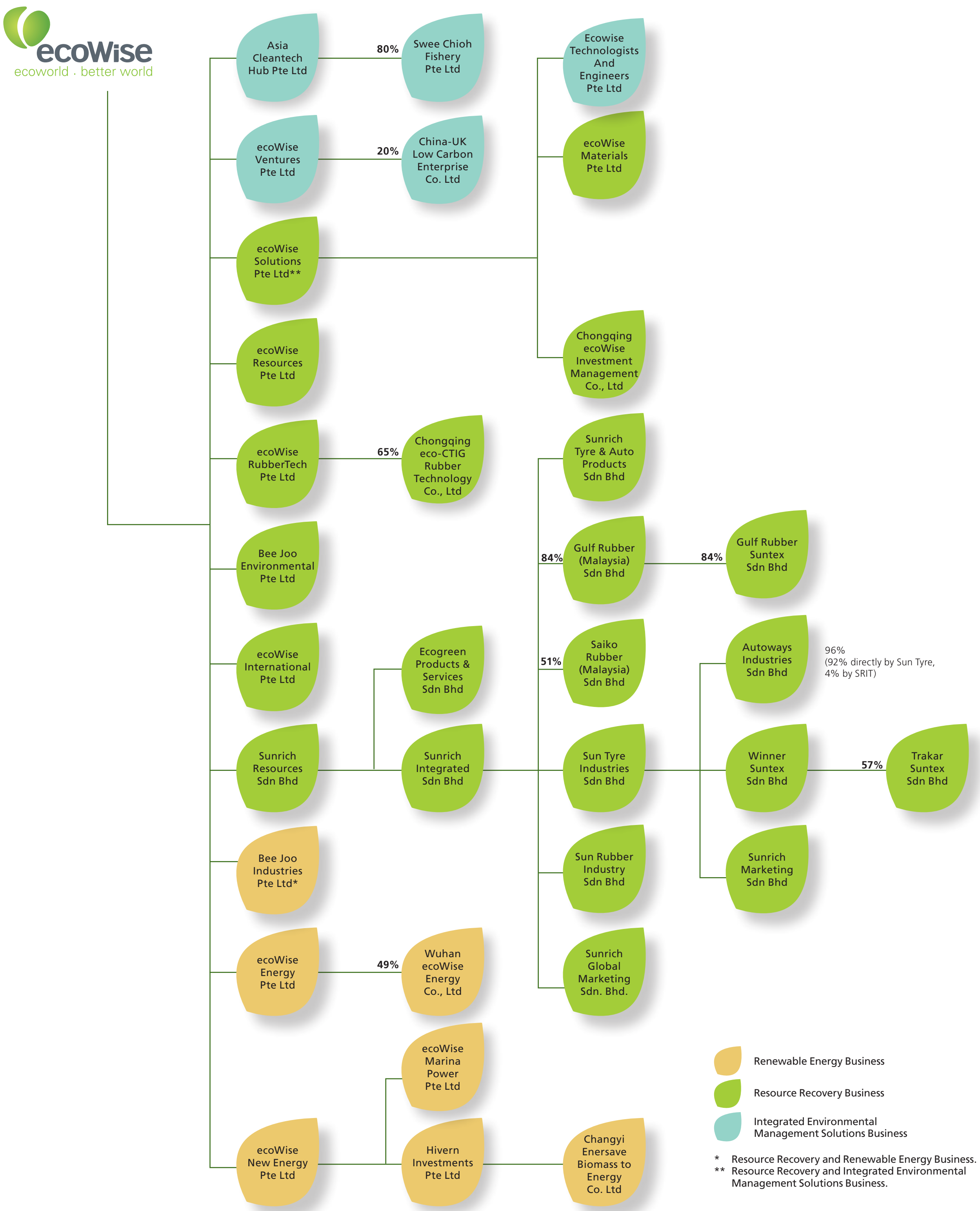
MR WU YONG ZHI （吴勇智）
Central and North China Region,
Assistant Financial Controller

MR WANG RUI BING（王瑞兵）
Southwest China Region,
Assistant Financial Controller
& HR/Admin officer

MR WANG HUI WU （王惠武）
North China Region,
Assistant General Manager,
Administration

MR LU ZHEN BO （路振波）
North China Region,
Assistant General Manager,
Production

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Lee Thiam Seng *(Chairman)*
Cao Shixuan

Independent Directors
Er Kwong Wah (Lead Independent Director)
Pok Mee Yau
Wong Joo Wan

AUDIT COMMITTEE
Wong Joo Wan *(Chairman)*
Er Kwong Wah
Pok Mee Yau

NOMINATING COMMITTEE
Er Kwong Wah *(Chairman)*
Pok Mee Yau
Wong Joo Wan

REMUNERATION COMMITTEE
Pok Mee Yau *(Chairwoman)*
Er Kwong Wah
Wong Joo Wan

COMPANY SECRETARY
Lai Kuan Loong, Victor

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

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

CONTINUING SPONSOR
Stamford Corporate Services Pte. Ltd.
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

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

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

REGISTER OFFICE/CONTACT DETAILS
Co. Registration No.: 200209835C

1 Commonwealth Lane,
1 Commonwealth #07-28
Singapore 149544
Tel: 65 6250 0001
Fax: 65 6250 0003
Website: www.ecowise.com.sg

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

The Board of Directors (collectively, the "**Board**" or the "**Directors**", and each a "**Director**") is committed to maintaining a high standard of corporate governance within ecoWise Holdings Limited and its subsidiaries (the "**Group**"). The Board recognizes the importance of practicing good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholders' value, the financial performance, accountability, integrity and the sustainable development of the Group.

This Report describes the Group's continuous efforts in FY2018 in keeping and improving corporate governance practices and complying with the Code of Corporate Governance 2012 (the "**Code**"). Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code. Where there are deviations from the recommendations of the Code, the Board has provided the reasons and explanations in relation to the Group's practices, where appropriate.

BOARD MATTERS

PRINCIPLE 1: EFFECTIVE BOARD TO LEAD AND CONTROL THE COMPANY

Guideline 1.1
Board's Role
The principal duties of the Board are:

- setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- reviewing and approving corporate plans, annual budgets, investment and divestment proposals, major funding proposals and financial plans of the Group;
- monitoring management performance towards achieving set organisational goals;
- reviewing and evaluating the adequacy and integrity of the Group's internal controls, risk management and financial reporting systems;
- ensuring the Group's compliance with laws, regulations, policies and guidelines;
- reviewing and approving interested person transactions and material transactions requiring announcement under the Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**");
- ensuring accurate and timely reporting in communication with shareholders;
- determining the Group's values and standards including ethical standards; and
- considering sustainability issues including environmental and social factors in the formulation of Group's strategies.

Guideline 1.2
Objective Discharge of Directors' Duties and Responsibilities
The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with Management to make objective decisions in the interests of the Company and its stakeholders. In line with the Board's enduring commitment to high level of corporate governance, all Directors timely update the Board through the Company Secretary of interest in new companies that were not previously disclosed to the Board. Additionally, at the start of each financial year, all Directors submit a letter to the Company Secretary of all their interest in other companies to be read and acknowledged by the Board.

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Guideline 1.3
Delegation of Authority to Board Committees

The Board has delegated specific responsibilities to three (3) committees namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") to assist in the execution of its responsibilities. Each committee has its own written terms of reference, which clearly sets out the objectives, duties, powers, responsibilities as well as qualifications for committee membership. Each committee examines issues pursuant to their written terms of references and makes recommendations to the Board, who shall then decide after taking into consideration such recommendations. Minutes of all Board committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during such Board committee meetings. These committees are chaired by Independent Non-Executive Directors.

Guideline 1.4
Meetings of Board and Board Committees

The Board meets at least once every quarter. The schedule of all Board and Board committees meetings and Annual General Meeting ("**AGM**") for the next calendar year is planned ahead at the beginning of each financial year, in consultation with the Directors. The Board also holds ad-hoc meetings as and when circumstances require. Telephonic attendance at Board meetings is allowed under the Company's Constitution (the "**Constitution**"). The Board and Board committees may also make decisions by way of circulating written resolutions.

The attendance of the Directors at Board and Board committee meetings during the financial year under review is tabulated below:

Directors' Meeting Attendance Report for FY2018

			Board Committees		
	AGM	**Board**	**Audit**	**Nominating**	**Remuneration**
	Scheduled	**Scheduled**	**Scheduled**	**Scheduled**	**Scheduled**
No. of meetings held	1	4	4	1	1
Board Members	**No. of Meetings Attended**				
Lee Thiam Seng	1	4	4[(1)]	1[(1)]	1[(1)]
Cao Shixuan[(2)]	1	4	4[(1)]	1[(1)]	1[(1)]
Er Kwong Wah	1	4	4	1	1
Pok Mee Yau	1	4	4	1	1
Wong Joo Wan	1	3	3	1	1

(1) by invitation.

(2) Appointed on 17 November 2017.

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Guideline 1.5
Matters Requiring Board Approval
The Group has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

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

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

Guideline 1.6
Board Orientation and Training
The Company has in place an orientation programme for newly appointed directors to familiarise themselves with the businesses, operations, financial performance and key management staff of the Group. They are also briefed on the governance practice, including board processes, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

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

Every Executive Director receives appropriate training to develop individual skills in order to discharge his duties. The Directors also participate in seminars and discussions to keep themselves updated on the latest changes and developments concerning the Group (indeed, the Company informs and encourages Directors to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to better discharge their duties; all these costs are borne by the Company). The Directors are also provided with updates on the relevant new laws and regulations relevant to the Group's operating environment through emails and regular meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations. In the case of new investment proposals, where appropriate, the Independent Non-Executive Directors are also invited for site visits to the investee company's sites of business so as to facilitate their evaluation of the proposal.

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Briefings and updates provided to the Directors in FY2018

- the external auditors, RSM Chio Lim LLP, briefed the AC members on developments in accounting and governance standards at their attendances in the AC meetings half yearly;
- information on new audit quality indicators framework;
- CEO and Deputy CEO updated the Board at quarterly meetings on strategic and business development of the Group; and
- Deputy CEO, Group Financial Controller and Assistant Group Financial Controller updated the Board at quarterly meetings on the segmental business operation and development of the Group.

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

Guideline 1.7
Formal Letter to Director on Appointment
A formal letter of appointment will be provided to all newly appointed director. The letter sets out the terms and conditions of his appointment, explains the regulatory requirements that a director has to comply with on appointment, and the on-going obligations of a director under the Singapore Companies Act, Chapter 50, the Rules of Catalist and other regulatory requirements. In addition, the director is also given access to the Board resources, including the Company's constitutional and governing documents, Board and each Board committee's terms of reference, the Group's policies, Annual Reports, Board meeting papers and other pertinent information for his reference.

PRINCIPLE 2: INDEPENDENT ELEMENT ON THE BOARD

Guideline 2.1
Independent Element on the Board
In FY2018, the Board comprised two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors made up more than half of the Board in FY2018.

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

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

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

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

As the Chairman of the Board and the CEO of the Group is the same person and is also part of the management, Independent Non-Executive Directors should make up at least half of the Board. Currently, Independent Non-Executive Directors make up more than half of the Board. Details of our Board in FY2018 is as follows:

Name of Directors	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Lee Thiam Seng	Executive Director (Chairman)	–	–	–
Cao Shixuan	Executive Director	–	–	–
Wong Joo Wan	Independent Non-Executive Director	Chairman	Member	Member
Er Kwong Wah	Independent Non-Executive Director	Member	Chairman	Member
Pok Mee Yau	Independent Non-Executive Director	Member	Member	Chairwoman

Guideline 2.3
Board Independence

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

The NC assesses and determines the independence of a Director upon appointment and on an annual basis. After taking into account the view of the NC, the Board is satisfied that each Independent Non-Executive Director is independent in character and judgment and that there are no relationships or circumstances which are likely to affect, or could affect, the Independent Non-Executive Directors' judgement.

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

The independence of each Independent Non-Executive Director is assessed at least annually by the NC. Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine (9) years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with shareholders' interest.

None of the Independent Non-Executive Director has served more than nine (9) years as of the end of FY2018.

Guideline 2.5
Board Composition and Size

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

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

The Company is committed to promoting diversity as a key attribute of a well-functioning and effective Board. Indeed, at the 2015 launch of the Corporate Governance Guides for Boards in Singapore, the Company together with certain other public-listed companies made a pledge in support of board diversity, which was published in the Business Times on 28 August 2015.

Guideline 2.6
Diversity and Competency of the Board
The Board comprises high calibre individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge to lead and manage the Company. The biographies of the Directors are set out in this Annual Report. It should also be noted that the Company recognises the importance and value of gender diversity, and is committed to the same. The Board includes one (1) female Director.

Guideline 2.7
Role of Non-Executive Directors
The Independent Non-Executive Directors participate actively in the Board meetings. With their professional expertise and competency in their respective fields in the legal, finance, accounting and commercial sectors, collectively the Independent Non-Executive Directors provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs.

Well equipped with their expertise, experience and knowledge, the Independent Non-Executive Directors constructively challenge and help develop directions on strategy and review the performance of Management in achieving agreed targets and objectives and monitor the reporting of performance.

Guideline 2.8
Regular Meetings of Non-Executive Directors

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

PRINCIPLE 3: CLEAR DIVISION OF RESPONSIBILITIES

Guideline 3.1
Separate Role of Chairman and CEO
Mr Lee Thiam Seng is currently the Chairman of the Board and the CEO of the Company. Given the scope and nature of business activities of the Group, the Board is of the view that with Mr Lee's extensive knowledge and experience in the waste management, resource recovery and biomass energy business in the region, it is more effective for him to guide the Board on the discussions on issues and challenges facing the Group and in view of the strong element of independence of the Board, it is not pertinent to separate the functions of the Chairman and CEO.

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Guideline 3.2
Responsibilities of Chairman
As Chairman, Mr Lee is responsible for:

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

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

Guideline 3.3
Appointment of Lead Independent Director
As recommended by the Code, the Board has appointed Independent Non-Executive Director, Mr Er Kwong Wah, as the Lead Independent Director. Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman, CEO, Deputy CEO or Group Financial Controller have failed to resolve or is inappropriate, can contact Mr Er Kwong Wah or the Audit Committee members of the Group.

Guideline 3.4
Independent Non-Executive Directors to Meet Periodically
The Independent Non-Executive Directors of the Company discuss issues via physical meetings, telephone, electronic devices as the situations require without the presence of the Executive Directors. The Lead Independent Director will provide feedback to the Chairman if it is necessary.

PRINCIPLE 4: FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Guideline 4.1
Composition of the NC and Key Terms of Reference
The NC comprises Mr Er Kwong Wah as the Chairman, Mr Wong Joo Wan and Ms Pok Mee Yau as members, all of whom are Independent Non-Executive Directors. The NC meets at least once a year.

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

- reviewing regularly the composition of the Board and Board committees taking into account of the size and independence requirements, amongst others. Please refer to Principle 2 for details of the Board Independence;

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- reviewing the Board's succession plans for directors, in particular, the Chairman and the CEO;
- identifying, reviewing and recommending Board appointments for approval by the Board, taking into account the experience, expertise, knowledge and skills of the candidate and the needs of the Board;
- reviewing and recommending to the Board the appointment and re-appointment of directors having regard to their performance, commitment, skillset and ability to contribute to the Board;
- assessing annually the performance of the Board, the Board committees and the directors, and reviewing the independence of the Independent Directors in accordance with the Code; and
- determining the appropriate training and professional development programs for the Board.

Guideline 4.2
Responsibilities of the NC
In the year under review, the NC made recommendations to the Board on the selection, appointment and re-appointment of Directors. The Constitution of the Company require all Directors to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years. Regulation 107 of the Company's Constitution provides that one third of the Board or the number nearest to one third is to retire by rotation at every AGM. Regulation 117 of the Company's Constitution provides that newly appointed directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

Accordingly, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM in pursuant to Regulation 107:

(a) Mr Lee Thiam Seng; and

(b) Ms Pok Mee Yau

Upon re-election, Ms Pok Mee Yau shall remain as the Chairwoman of the RC and a member of the AC and NC and Mr Lee Thiam Seng shall remain as an Executive Director and the Chairman of the Board. Mr Lee Thiam Seng is also the CEO of the Company.

In FY2018, the NC has also conducted evaluation of performance of the Board, the Board Committees and individual Directors of the Board.

Guideline 4.3
The NC to Determine Directors' Independence
The NC reviews annually the independence declarations made by the Company's Independent Non-Executive Directors based on the criterion of independence under the guidelines provided in the Code. For the year under review, the NC has ascertained the independence status of all three (3) Independent Non-Executive Directors of the Company. The NC has also reviewed the number of years served by each Independent Non-Executive Director. Having considered their in-depth knowledge of the Group's business operations, past and continuous contributions at Board level in terms of impartial and constructive advice, the Board is of the view that there is no material conflict between their tenure and their ability to discharge their role as Independent Non-Executive Directors.

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Guideline 4.4
Directors' Time Commitment

As a Director's ability to commit time to the Group's affairs is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is six (6) and all Directors save for Mr. Er Kwong Wah have complied. Having reviewed each of the other Director's directorships in other companies as well as each of the other Director's attendance and contribution to the Board in FY2018, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities.

All Directors are required to declare their Board representations at the first Board meeting of each financial year.

Guideline 4.5
Appointment of Alternate Directors

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

Guideline 4.6
Selection, Appointment and Re-appointment of Directors

In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, the NC will conduct an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and the right skills, will be considered before the NC makes its recommendations to the Board. In reviewing the above, the Board will also consider gender diversity requirements in seeking any new appointment to the Board. Furthermore, the Board will engage independent third party to conduct thorough check on candidates' background and experience, especially on any record of public reprimand and criminal record and require minimum two (2) testimonial on the candidates' experience and expertise from the senior executives of his/her former employer or directors of other companies of which he/she serves as board member.

Ms Pok Mee Yau and Mr Lee Thiam Seng will retire by rotation pursuant to Regulation 107 of the Company's Constitution at the forthcoming AGM.

Guideline 4.7
Key Information on Directors

Key information on each Director is set out on pages 19 to 21. It is also available on the Company's website at www.ecowise.com.sg.

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PRINCIPLE 5: ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD

Guideline 5.1
Assessment of the Board and Board Committees
The NC is responsible for recommending and implementing a process to assess the effectiveness of the Board and the Board committees as well as to assess the contribution by the Chairman and each individual Director to the overall effectiveness of the Board.

Assessment checklists are disseminated to each member of the NC and the Chairman. The assessment results are discussed and the key areas for improvement and follow-up actions requested are highlighted at the NC meeting.

Guideline 5.2
Objective Performance Criteria for Board Evaluation
The Board assessment checklist includes evaluation factors such as Board structure concerning Board size and strong presence of independence, the conduct of meetings as to whether decisions are made after due consideration, corporate strategy and planning, risk management and internal control, recruitment, financial reporting and communication with shareholders. The assessment also includes measuring and monitoring performance as to whether objectives and targets set for the year are met. The results of evaluation were presented to the Board.

For the year under review, the NC assessed the performance of the Board Committees in FY2018 based on the following criteria:

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

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Guideline 5.3
Evaluation of Individual Directors
In assessing the performance of the Chairman and Directors, the NC evaluates each of them based on the following review parameters, which amongst others, include:

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

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

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

PRINCIPLE 6: ACCESS TO INFORMATION

Guideline 6.1
Board's Access to Information
Management acknowledges the importance of the complete, adequate and timely supply of information. Agenda, board papers and related materials, background or explanatory information relating to matters to be discussed at the quarterly and/or ad-hoc Board meeting and Board committee meetings are distributed to all Directors in advance to allow sufficient time for Directors to prepare for meetings and facilitate the effective discussion during meetings. Any additional materials or information requested by the Directors are promptly furnished, especially for events for which an announcement via SGXNET is required (e.g. contracts and full judgments are provided to Directors to better understand the whole transaction and awards respectively). The Board also has separate and independent access to Management.

Guideline 6.2
Provision of Information to the Board and/or individual Directors
Management's proposals submitted to the Board for approval are accompanied with detailed background and explanatory information such as facts, resources requirement, projected outcomes, financial impact, risk analysis, disclosure requirements under the Rules of Catalist of the SGX-ST, conclusions and recommendations. Any material variance between the actual results and the budgets will be explained to the Board at the relevant time at the Board or Board committee meetings.

Should Directors, whether as a group or individually, require professional advice, the Group shall appoint a professional advisor recommended by the Board or the individual Director. The Group may also make recommendation to the Board or the individual Director a professional advisor to be appointed. The cost of such service shall be borne by the Group.

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Guideline 6.3
Board's Access to Company Secretary
The Company Secretary attends all Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. All Directors have separate and independent access to the advice and services of the Company Secretary through electronic mail, telephone, smart electronic device and face-to-face meetings.

Guideline 6.4
Appointment and Removal of Company Secretary
The appointment and removal of the Company Secretary are subject to approval of the Board. The incumbent Company Secretary was appointed in September 2018.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Guideline 7.1
Composition of the RC and Key Terms of Reference
The Group's remuneration policy is to provide compensation packages at market rates with the view to reward, attract, retain and motivate managers and Directors.

For FY2018, the RC comprised three (3) Independent Non-Executive Directors, namely, Mr Wong Joo Wan, Mr Er Kwong Wah and Ms Pok Mee Yau. Ms Pok Mee Yau is the Chairwoman of the RC.

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

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

Guideline 7.2
Procedure for Setting Remuneration
The RC reviews and recommends to the Board the specific remuneration packages for each Executive Director as well as for key management personnel. The RC's recommendation is thereafter submitted to the Board for its approval.

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

No directors participate in decisions on their own remuneration.

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Guideline 7.3
RC's Access to Advice on Remuneration Matters
If necessary, the RC has the right to seek professional advice internally and/or externally pertaining to remuneration of all Directors.

Guideline 7.4
Service Contracts
The Company's obligations arising in the event of termination of Executive Directors and key management personnel are contained in the respective service contracts. The RC is satisfied that the termination clauses therein are fair and reasonable. It should also be noted that the notice period for Executive Directors and key management personnel is longer than other staff of the Company. The RC, having reviewed all Executive Directors' and key management personnel's service contracts, is of the view that in light of their deep-rooted involvement in the operations of the Company, a longer notice period is warranted to ensure sufficient time to identify a capable successor and to effect a smooth hand-over.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel
In setting remuneration packages, the RC ensures the Executive Directors and key management personnel are adequately but not excessively remunerated as compared to the industry and in comparable companies. There is an annual review of the compensation of Executive Directors and key management personnel by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance and that of the Company, with due regard to the financial and commercial health and business needs of the Group.

The Executive Directors do not receive directors' fees but are remunerated as members of the Management. The remuneration for the Executive Directors comprises a fixed component and variable component. The fixed component takes the form of a fixed monthly salary, while the variable component is linked to the performance of the Group (e.g. net profit after tax to be above a certain figure) and the relevant individual. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

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

Guideline 8.2
Long-term Incentive Scheme
The RC is responsible for administering the Company's PSP. The Company aspires to foster a greater ownership culture within the Group by aligning the interests of PSP participants with the interests of shareholders. Through the PSP, the Group aims to strengthen its competitiveness in attracting key talents and retaining employees, particularly those with requisite knowledge, skills and experience whom the Group believes could contribute to the development and growth of the Group.

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

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

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

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

Guideline 8.3
Remuneration of Non-Executive Directors
The Independent Non-Executive Directors receive directors' fees, in accordance with their contributions, taking into account factors such as responsibilities, effort and time spent for serving the Board and Board Committees. For FY2018, directors' fees of S$165,000.00 are recommended by the Board and are subject to the approval of shareholders at the Company's AGM to be held on 28 February 2019.

Guideline 8.4
Contractual Provisions to Reclaim Incentive Components of Remuneration from Executive Directors
The current service agreements entered with the Executive Directors are on three-year basis, approved by the RC and they do not contain contractual provision to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Guideline 9.1
Remuneration Report
Details of the remuneration of Executive Directors of the Company and top five (5) key management personnel of the Group for FY2018 are set out below.

Guideline 9.2
Remuneration of Directors

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

(1) Refer to performance shares vested under the PSP during the financial year.

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The directors' fees for Independent Non-Executive Directors for FY2018 are set out below:

Independent Directors	Directors' Fees (S$)
Er Kwong Wah	55,000.00
Wong Joo Wan	55,000.00
Pok Mee Yau	55,000.00
	165,000.00

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

Key Management Personnel	Base/Fixed Salary %	Variable or Performance Related Income/Bonus %	Benefits in kind %	ecoWise PSP[1] %	Total %
Below S$250,000					
Chin Hon Ming	100.0	–	–	–	100.0
Lawrence Chen Tse Chau[1]	100.0	–	–	–	100.0
Melvin Khaw Cheah Juen	100.0	–	–	–	100.0
Alagesan Muthukumarasamy	100.0	–	–	–	100.0
Lai Yongyi[2]	100.0	–	–	–	100.0

(1) Resigned with effect from 19 October 2018.
(2) Lai Yongyi (From 1 April 2018 to 31 October 2018)

In aggregate, the total remuneration paid to the top five (5) key management personnel in FY2018 is S$445,000.

Guideline 9.4
Remuneration of Employees Related to Directors or the CEO
There is no employee in the Group who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during FY2018.

Guideline 9.5
Employee Share Schemes
The Company has a performance share plan (the "**PSP**") in place. The PSP is administered by the RC in accordance with the rules thereof.

Guideline 9.6
Information on the Link between Remuneration Paid to Executive Directors and Key Management Personnel
The fixed component of remuneration for the Executive Directors is based on the service agreements entered into between the Company and the Executive Directors. Similarly, the fixed component of remuneration for the top five (5) key management personnel is based on the employment contracts with them. The variable component of remuneration for the Executive Directors is linked to the performance of the Group and individual. Please also refer to Guideline 8.1 above.

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ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: PRESENTATION OF A BALANCED AND UNDERSTANDABLE ASSESSMENT OF THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS

Guideline 10.1
Board Accountability for Accurate Information
The Board provides shareholders with financial statements for the first three (3) quarters and full financial year within the timeframe in line with Rule 705 of the Rules of Catalist of SGX-ST. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, financial position and prospects.

Guideline 10.2
Board Compliance with Legislative and Regulatory Requirements
The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

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

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

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

Guideline 10.3
Management Accounts
Management provides the Board with management accounts, operation review and related explanation and any other information as the Board may require together with the financial statements on a quarterly basis. The Audit Committee reviews the financial statements and reports to the Board for approval. The Board authorises the release of the results to the SGX-ST and the public via SGXNET. The quarterly and full year financial results are also timely uploaded in the Group's own website at www.ecowise.com.sg.

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PRINCIPLE 11: SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

Guideline 11.1
Structure of Risk Management and Internal Control
Currently, the AC with the assistance of internal and external auditors and Management assumes the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC. The Board is of the view that in view of the Group's manageable size, a separate risk committee is not required for the time being.

Guideline 11.2
Review of Risk Management and Internal Control
In FY2012, the Board engaged an international accounting firm to document the framework that enables Management to address the financial, operational and compliance risks of the key operating units. The process involved the identification of major risks through workshops conducted for the Group's rubber compound manufacturing and tyre retreading business units, and the renewable energy and environmental management business units, whereby the business units' key risks of financial, operational and compliance nature, as well as the countermeasures in place or required to mitigate these risks were summarised for review by the AC and the Board. The documentation provided an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanisms in place. Since then, the Group has been reviewing risk management and internal control annually.

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

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

Since FY2017, the Management has put in place an approval matrix in relation to the affixation of any of the Group's company seal and purchases of equipment or expendables. For the affixation of any of the Group's company seal, the person requisitioning the same has to obtain the signature of his supervisor, then the Assistant Group Financial Controller and/or Group Financial Controller followed by anyone from the legal department and then finally that particular company's director before that company seal will be affixed to the relevant document. Purchases of equipment or expendables have to be routed by the person requisitioning the same to his supervisor for signature followed by the Assistant Group Financial Controller and/or Group Financial Controller then finally the Group's Deputy CEO, who has to sign before the purchase can be approved and payment made accordingly. For purchases above S$5,000/-, a personnel from the legal department also has to approve the same. The AC has been made aware of such internal procedures and the Management will update the AC at each Board meeting on the effectiveness of such measures.

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Guideline 11.3
Board Comment on Internal Controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the documentation on the Group's key risks referred to above, reviews performed by Management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 October 2018. This is in turn supported by assurance from the CEO and Deputy CEO that:

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

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

Guideline 11.4
Risk Committee

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

PRINCIPLE 12: AUDIT COMMITTEE

Guideline 12.1
Composition of the AC

The AC is chaired by Mr Wong Joo Wan and comprises Mr Er Kwong Wah and Ms Pok Mee Yau as members, all of whom are Independent Non-Executive Directors.

Guideline 12.2
Expertise of AC Members

Mr Wong Joo Wan is a certified practicing and chartered accountant and approved liquidator with years of experience in corporate advisory and finance, corporate restructuring and recovery. He also specialises in investigations and litigation support services. In light of the above credentials, the Board is of the opinion that Mr Wong Joo Wan is well qualified to chair the AC. The Board is of the view that the members of the AC, collectively, are adequately qualified to discharge their responsibilities and they have the relevant accounting or related financial management expertise or experience. Please refer to the section on 'Board of Directors' in the Annual Report for detailed information on the AC members, including their academic and professional qualifications.

Guideline 12.3
Authority of AC

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

Guideline 12.4
Duties of AC

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

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The AC has specific terms of reference and has met 4 times during the financial year under review.

The duties of the AC include:

- reviewing the audit plans and report to the Audit Committee of the external auditors and ensuring the adequacy of the Group's system of accounting controls;
- reviewing the internal audit plans and report of the Group and follow up actions for effective internal control functions of the Group;
- reviewing the financial statements of the Group before their submission to the Board, and before their announcement;
- reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- reviewing the cost effectiveness and the independence and objectivity of the external auditors;
- reviewing the nature and extent of non-audit services provided by the external auditors;
- reviewing the assistance given by the Group's officers to the internal and external auditors;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Rules of Catalist, and by such amendments made thereto from time to time;
- reviewing interested person transactions in accordance with the requirements of the Rules of Catalist of the SGX-ST; and
- reviewing the adequacy of the Group's internal controls.

On 24 January 2017, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX-ST sent a joint letter to all ACs of listed companies urging them to share their views and responses to reported key audit matters ("**KAMs**") in annual reports. The Group is desirous of enhancing the quality of disclosure to its shareholders and provide below the AC's commentary on the KAMs:

KAMs Identified	AC's Commentary
Impairment of trade receivables Please refer to page 58 of the Independent Auditor's Report for details.	Included in the trade and other receivable balance as at 31 October 2018, \$0.6 million and \$1.6 million were past due for 90 days and 180 days respectively but no impairment allowance had been made, as management is of the view that these amounts are recoverable, based on their knowledge of the customers' payment history and credit worthiness. AC concur with the Management's conclusion that no allowance for impairment on the above account receivable is required as at 31 October 2018 and that the disclosures in the financial statements were appropriate.

CORPORATE GOVERNANCE

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KAMs Identified	AC's Commentary
Impairment assessment of intangible assets, property, plant and equipment and cost of investments in subsidiary companies relating to Sunrich Group Please refer to page 60 of the Independent Auditor's Report for details.	In order to satisfy that the carrying value of the Sunrich Group is not materially misstated, the AC obtained assurance from the Management that detailed impairment testing had been undertaken using appropriate methodology and assumptions. In considering this matter, the AC reviewed the impairment computations and the sensitivity analysis performed on certain key assumptions. In addition, the AC discussed with the external auditors the reasonableness and relevance of the assumptions used in the impairment assessment and the sensitivity analysis performed. After giving considerable thought, the AC concurred with the Management's conclusion that no impairment loss needs to be recognised on the carrying value of the Sunrich Group as at 31 October 2018 and that the disclosures in the financial statements were appropriate.
Impairment of jointly-controlled entity Please refer to page 59 of the Independent Auditor's Report for details.	The AC reviewed and considered the assumptions of the Management at length and the findings of the external auditors, including the assessment of the appropriateness of the discounted cash-flow forecast and its corresponding underlying key assumptions. After giving considerable thought, the AC concurred with the Management's conclusion that no impairment loss needs to be recognised on the carrying value of CECRT as at 31 October 2018 and that the disclosures in the financial statements were appropriate.
Impairment assessment of property, plant and equipment and land use rights in relation to Hivern Group Please refer to page 61 of the Independent Auditor's Report for details.	The AC reviewed and considered at length the valuation report from the external valuation firm in December 2016 and is in concurrence with the Management.

Guideline 12.5
Meeting with External and Internal Auditors
During the financial year, the external auditors were invited to attend the AC meetings twice to present their audit plan and report to the AC respectively while the internal auditors was invited to attend the AC meeting once to present their internal audit report. The AC met external auditors and the internal auditors separately without the presence of Management annually.

CORPORATE GOVERNANCE

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Guideline 12.6
Independence of External Auditors

The AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided and the fees paid to them. For FY2018, the aggregate amount of fees paid or payable to external auditors of the Group amounted to S$217,000 and RM179,000, comprising audit fees of S$183,500 and RM179,000, and non-audit services fees of S$28,000. The AC has reviewed all non-audit services provided by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors.

The Group has complied with Rule 712 and Rule 715 read with Rule 716 of the Rules of Catalist of SGX-ST in the appointment of its auditors. The AC recommends to the Board the reappointment of Messrs RSM Chio Lim LLP as the external auditors of the Company at the forthcoming AGM.

Guideline 12.7
Whistle-blowing Policy

The Group has in place a whistle-blowing policy. The Group is committed to the highest possible standards of ethical, moral and legal business conduct. In line with this commitment and the Group's commitment to open communication, this policy aims to provide avenue for anyone to raise concerns about misconducts in the Group and at the same time assure them that they will be protected from victimisation for whistle blowing in good faith. Cases that are significant are reviewed by the AC for adequacy and independence of investigation actions and resolutions. The whistle-blowing policy, its procedures and contact details of the AC have been made available in the Company's website.

Guideline 12.8
AC Activities

In the course of FY2018, the AC carried out the following activities:

- reviewing quarterly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- reviewing and approving the interested/related parties transactions;
- reviewing and approving the annual audit plan of the external auditors;
- reviewing the report to the AC of the external auditors;
- reviewing the internal audit report by the internal auditors;
- reviewing the annual re-appointment of the external auditors and determining their remuneration, and making recommendations to the Board approval; and
- meeting with the external auditor and internal auditor once without the presence of Management.

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

Guideline 12.9
No Acting as a Member of AC by a Partner or Director of Auditing Firm

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

CORPORATE GOVERNANCE

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PRINCIPLE 13: INTERNAL AUDIT

Guideline 13.1
Appointment of Internal Auditors

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

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

Guideline 13.2
Adequately Resourced Internal Audit Function

In the course of FY2018, the AC approved the recommendation of re-engagement of NGL Tricor Governance Sdn Bhd as internal auditors to conduct internal audit on the pre-selected operation areas in the Company's major subsidiary group in Malaysia, Sunrich Integrated Sdn Bhd. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively.

Guideline 13.3
Qualified Internal Auditors

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

Guideline 13.4
Standards for Internal Audit

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

Guideline 13.5
Internal Audit Function Reviewed by AC

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

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

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

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In the course of FY2018, the findings of the internal auditors were discussed in details at the AC meeting including any internal control weaknesses, non-compliance of policy and procedures as well as follow-up actions required to strengthen the internal control system of the Group. A copy of the internal auditors' findings is disseminated to the relevant business units or departments for implementing follow-up actions and the monitoring of the improvement progress.

PRINCIPLE 14: SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Guideline 14.1
Sufficient Information to Shareholders
The Group's corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore's Companies Act, Chapter 50 and the Constitution of the Company. All shareholders are treated fairly and equitably.

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

Guideline 14.2
Shareholders Participation and Vote at General Meetings
Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated (e.g. through notices published in the newspapers or reports sent to all shareholders).

Guideline 14.3
Proxies for Nominee Companies
The Company strongly encourages and supports shareholders to participate at the general meeting. While the Company's Constitution currently provide for a limit of up to two (2) proxies for each shareholder, a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Guideline 15.1
Communication with Shareholders
The Company believes that prompt disclosure of pertinent information and high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with our shareholders. In line with the continuous disclosure obligations of the Group pursuant to the Corporate Disclosure Policy of the SGX-ST, the Group's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group. Shareholders with any queries are encouraged to reach out to the Company via enquiries@ecowise.com.sg, or by calling our office at +65 6250 0001, during office hours.

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Guideline 15.2
Timely Information to Shareholders via SGXNET
Information is communicated to our shareholders on a timely basis and made through:

- annual reports. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments, disclosures required by the Singapore Companies Act, Chapter 50, the Rules of Catalist and Financial Reporting Standards;
- SGXNET and news releases;
- disclosures to the SGX-ST; and
- the Group's website at www.ecowise.com.sg on which shareholders can access information relating to the Group.

Guideline 15.3 & 15.4
Regular Dialogue with Shareholders
The Group is committed to providing regular communication with its shareholders. For FY2018, the Company, through its internal public relations department, regularly sent out Year 2019 calendars. This is in consistent with the Company's constant outreach to its shareholders in hopes of encouraging greater participation and ownership of the Company. Particularly, the Company strongly encourages participation at general meetings, which provide a major platform for shareholders to engage in dialogue with the Company directly. All Directors, key management staff, the Company's external auditors and legal advisors (if necessary) attend the general meetings. Shareholders are encouraged to have open communication with the Directors on their views on matters relating to the Company. General meetings also provide excellent opportunities for the Company to understand the views of its shareholders. To further enhance the process of soliciting input from shareholders and stakeholders, a template enquiry form is embedded in the Company's website and both shareholders and stakeholders can utilise the form as a form of communication with the Company.

Guideline 15.5
Dividend Policy
The Company clearly recognises shareholders' desire to receive return on their investment and always endeavours to maximise their return. The Company does not have a formal dividend policy in place. In determining whether dividends should be paid, the Board takes into consideration the Company's working capital requirements and the need to retain profits for future investment. The Board is not recommending dividend distribution to shareholders for FY2018 in light of the Group's new investments (e.g. propose collaboration into food processing and/or food recycling). The Board is of the opinion that having sufficient cash reserves will be beneficial for the Company.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Guideline 16.1
To Facilitate Effective Shareholders' Participation and Voting at General Meetings
All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. All shareholders receive reports or circulars of the Company including notice of general meeting by post within the mandatory period. Notice of general meeting is announced through SGXNET and published in the Business Times within the same period. Proxy form is sent with notice of general meeting to all shareholders. A shareholder may appoint up to two (2) proxies to attend and vote on his behalf at the meeting through proxy forms deposited 72 hours before the meeting. As the authentication of shareholder identity information and other related security issues still remains a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

CORPORATE GOVERNANCE

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Guideline 16.2
Separate Resolutions
Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

Guideline 16.3
Attendees at General Meeting
All Directors, key management staff, the Company's external auditors and legal advisors (if necessary) attend the general meetings. The procedures of general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Director on their views on matters relating to the Company.

Guideline 16.4
Minutes of General Meeting
The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes, subsequently approve by the Board, available to shareholders during office hours.

Guideline 16.5
Voting by Poll at General Meetings
To enhance shareholder participation, the Group puts all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The polling results are also announced to the SGX-ST and posted on the Company's website after the meetings.

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

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

There was no interested person transaction, as defined in Chapter 9 of the Rules of Catalist, above S$100,000 entered into by the Group during FY2018.

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

CORPORATE GOVERNANCE
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

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

Directors are required to notify the Company of their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNET within one business day of receiving such notifications.

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

Material Contracts
There are no material contracts of the Company or any of its subsidiaries involving the interest of the CEO or any director or controlling shareholder that were (i) entered into during the financial year under review and up to the date of this report; or (ii) subsisting at 31 October 2018.

Non-Sponsor Fees
There are no non-sponsor fees paid to the Sponsor for FY2018.

Statement of Compliance
The Board confirms that for FY2018, the Company has generally adhered to the principles and guidelines as set out in the Code.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 October 2018.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

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

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

2. Directors

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

Executive directors
Lee Thiam Seng
Cao Shixuan

Independent directors
Er Kwong Wah
Wong Joo Wan
Pok Mee Yau

3. Directors' interests in shares

The directors of the Company holding office at the end of the reporting year were not interested in the shares of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

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

STATEMENT BY DIRECTORS

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

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

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

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

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

5. Share options

Share options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

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

ecoWise Performance Share Plan

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

The Share Plan is administered by the remuneration committee comprising three independent directors, Ms. Pok Mee Yau (Chairwoman), Mr. Er Kwong Wah and Mr. Wong Joo Wan. Ordinary shares are vested when the remuneration committee is satisfied that the prescribed performance target(s) have been achieved and the vesting period (if any) has expired. The vesting periods may be extended beyond the performance achievement periods as set out by the remuneration committee.

STATEMENT BY DIRECTORS

5. Share options (cont'd)

ecoWise Performance Share Plan (cont'd)

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

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

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

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

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

There were no outstanding performance shares as at 1 November 2018.

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

From the commencement date of the Share Plan to 31 October 2018, 49,732,225 performance shares have been granted, of which 47,193,788 performance shares have been vested (after adjustment for rights cum warrants issue on 1 November 2007 and rights issue on 26 September 2008).

STATEMENT BY DIRECTORS

5. Share options (cont'd)

ecoWise Performance Share Plan (cont'd)

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

	Number of ecoWise performance shares				
	Performance shares granted during reporting year ended 31 October 2018	Aggregate performance shares granted since commencement of Share Plan to 31 October 2018 [1]	Aggregate performance shares vested since commencement of Share Plan to 31 October 2018 [1]	Aggregate performance shares cancelled/lapsed since commencement of Share Plan to 31 October 2018 [1]	Aggregate performance shares outstanding at 31 October 2018
Executive directors					
Lee Thiam Seng	–	13,767,825	13,219,388	548,437	–
Cao Shixuan	–	4,500,000	4,500,000	–	–
Other participants	–	31,464,400	29,474,400	1,990,000	–
	–	49,732,225	47,193,788	2,538,437	–

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

6. Independent auditor

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

7. Report of audit committee

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

Er Kwong Wah	(Lead independent director)
Wong Joo Wan	(Chairman of audit committee and independent director)
Pok Mee Yau	(Independent director)

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

(a) Reviewed with the independent external auditor their audit plan.

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

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

STATEMENT BY DIRECTORS

7. Report of audit committee (cont'd)

(d) Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.

(e) Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

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

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

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 October 2018.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 28 December 2018, which would materially affect the Group's and the Company's operating and financial performance as of the date of this statement.

On behalf of the directors

....	....
Lee Thiam Seng	Cao Shixuan
Director	Director

4 February 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of ecoWise Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 October 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the company as at 31 October 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

- Impairment of trade receivables

  Refer to Note 2C for the 'Critical judgements, assumptions and estimation uncertainties' on allowance for doubtful trade accounts and Notes 19 and 35D for the breakdown in trade receivables and credit risk of the Group respectively. Also refer to the audit committee report in the annual report.

  The carrying amount of trade receivables, net of impairment, amounted to $17.3 million, which accounted for approximately 21.5% of the Group's total assets as at the reporting year end. Out of this amount, $0.6 million and $1.6 million were past due for 90 days and 180 days respectively but no impairment allowance had been made, as management is of the view that these amounts are recoverable, based on their knowledge of the customers' payment history and credit worthiness.

  Allowance for impairment involves significant judgement and estimates of management. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging of debts to identify collection risks.

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

  For trade receivables of which recoverability is in doubt, management exercised judgement in estimating the amounts which can be recovered. We have reviewed management's process over the recoverability of outstanding trade receivables and evaluated management's assumptions used to estimate the trade receivables allowance amount.

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

Key audit matters (cont'd)

- Impairment of Jointly-Controlled Entity

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

  The carrying value of jointly-controlled entity in Chongqing eco-CTIG Rubber Technology Co., Ltd ("CECRT") amounted to $1.7 million as at 31 October 2018.

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

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

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

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

  We have also requested our internal specialists to independently develop expectations for discount rate and growth rates used in the impairment assessment.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

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

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

  Sunrich Group's revenue and profit have been in a declining trend for the past few years mainly due to the unfavourable economic condition as well as stiff competition.

  As at 31 October 2018, the Group has intangible assets of $1.1 million comprising of goodwill, trademarks and customer relationships as well as property, plant and equipment of $16.9 million in relation to the Sunrich Group. The Company has investment in subsidiary companies amounting to $12.2 million relating to the same cash-generating unit ("CGU").

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

  Our audit procedures focused on evaluating and challenging the key assumptions used by management in its impairment review.

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

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

  Based on our procedures, we noted management's key assumptions were within a reasonable range of our expectations. We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

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

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

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

  Hivern Group suffered pre-tax losses for financial year ended 31 October 2018 and 31 October 2017 of $1.4 million and $1.3 million respectively.

  The carrying amounts of CEBEC plant and land use rights of the Group were RMB11.1 million (S$2.2 million) and RMB7 million (S$1.4 million) respectively. Impairment of CEBEC plant is considered a key audit matter because the plant has not commenced operations since the acquisition of Hivern Group in the reporting year ended 2013 as it requires major retrofitting and re-commissioning before it can be placed into commercial operations.

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

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

  (i) Hua Dian is to abide by the Engineering, Procurement and Construction Contract ("EPC Contract") and deliver to CEBEC a CEBEC plant in accordance with the technical specifications set out thereunder, within 6 months from 23 December 2017;

  (ii) Hua Dian's counter-claim in the amount of RMB31,657,659 (S$6,299,000) (the "Remainder Amount"), representing the unpaid amounts under the EPC Contract, is in abeyance until delivery of a plant compliant with the technical specifications as laid out in the EPC Contract; and

  (iii) An interim compensation of RMB18,800,000 (S$3,860,000) is awarded to CEBEC for Hua Dian's failure to perform the EPC contract, which shall be set-off against the Remainder Amount of RMB31,657,659 (S$6,299,000).

  As at 31 October 2018, Hua Dian did not abide by the decisions of the arbitral tribunal and CEBEC commenced a second legal suit against Hua Dian to enforce the court judgement. On 27 November 2018, CEBEC was awarded enforcement rights of the court decision that was made on 23 December 2017 as mentioned above. No resolution was obtained as at the date of report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Key audit matters (cont'd)

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

  For the purpose of assessment of impairment in relation to CEBEC plant, management obtained a valuation report from external valuation firm in December 2016, and the report indicated the valuation of the plant and land use right to be RMB99.8 million (S$19.9 million) and RMB18.9 million (S$3.76 million) respectively based on the replacement cost method and market comparison approach. Management is of the view that no impairment to the carrying amounts of CEBEC plant and land use rights as at 31 October 2018 is necessary due to the large headroom between the last valuation amounts and the carrying amounts.

  Our audit procedures focused on reviewing the valuation report issued by the external valuation firm and comparing the fair value of CEBEC plant against the carrying value as at 31 October 2018.

  We have evaluated the competency of the external valuation firm and assessed the reasonableness of the valuation method used and assumptions applied in the valuation report.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOWISE HOLDINGS LIMITED

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Derek How Beng Tiong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

4 February 2019

Effective from reporting year ended 31 October 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2018

	Notes	Group 2018 $'000	Group 2017 $'000
Revenue	5	58,394	56,052
Cost of sales		(49,446)	(45,152)
Gross profit		8,948	10,900
Finance income	6	43	75
Other gains	7	350	1,432
Marketing and distribution expenses		(2,301)	(2,409)
Administrative expenses		(8,316)	(8,481)
Finance costs	8	(1,129)	(1,034)
Other losses	7	(875)	(407)
Share of losses from equity-accounted associates and jointly-controlled entity		(359)	(498)
Loss before tax		(3,639)	(422)
Income tax (expense)/income	11	(971)	393
Loss for the year, net of tax		(4,610)	(29)
Other comprehensive profit/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		422	(401)
Effective portion of changes in fair value of cash flow hedges	28B	(20)	25
Other comprehensive profit/(loss) for the year, net of tax		402	(376)
Total comprehensive loss		(4,208)	(405)
Loss attributable to owners of the company, net of tax		(4,795)	(239)
Profit attributable to non-controlling interests, net of tax		185	210
Loss, net of tax		(4,610)	(29)
Total comprehensive loss attributable to owners of the company		(4,535)	(499)
Total comprehensive profit attributable to non-controlling interests		327	94
Total comprehensive loss		(4,208)	(405)
		Cents	Cents
Losses per share			
Basic and diluted loss per share	12	(0.50)	(0.02)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	30,705	29,279	406	386
Intangible assets	14	1,590	1,295	–	–
Land use rights	15	1,400	1,500	–	–
Investments in subsidiaries	16	–	–	33,069	38,475
Investment in a jointly-controlled entity	17	1,678	2,047	–	–
Investment in associate	18	1,596	3,904	–	–
Finance lease receivables	20	9,637	10,475	–	–
Other assets	21	295	312	–	–
Deferred tax assets	11	514	697	–	–
Total non-current assets		47,415	49,509	33,475	38,861
Current assets					
Inventories	22	6,594	7,470	–	–
Income tax receivables		272	335	–	–
Trade and other receivables	19	18,603	21,200	4,152	4,745
Finance lease receivables	20	898	811	–	–
Other assets	21	1,232	1,361	51	82
Derivative financial instruments	23	38	91	–	–
Cash and cash equivalents	24	3,938	5,278	14	413
		31,575	36,546	4,217	5,240
Assets classified as held for sale	25	1,104	1,130	–	–
Total current assets		32,679	37,676	4,217	5,240
Total assets		80,094	87,185	37,692	44,101
EQUITY AND LIABILITIES					
Equity					
Share capital	26	48,170	48,170	48,170	48,170
Accumulated losses		(6,899)	(2,104)	(16,346)	(10,346)
Foreign currency translation reserves	27	(5,220)	(5,339)	–	–
Other reserves	28	2,299	2,214	–	–
Reserve of disposal group classified as held for sale	25	(481)	(537)	–	–
Equity attributable to owners of the Company		37,869	42,404	31,824	37,824
Non-controlling interests		2,669	2,245	–	–
Total equity		40,538	44,649	31,824	37,824

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current liabilities					
Provisions	29	1,180	1,084	–	–
Loans and borrowings	30	5,693	6,659	170	369
Deferred tax liabilities	11	2,310	1,770	–	–
Deferred income	31	7	13	–	–
Total non-current liabilities		9,190	9,526	170	369
Current liabilities					
Income tax payables		414	317	11	17
Trade and other payables	32	14,049	15,236	5,643	4,562
Derivative financial instruments	23	17	5	–	–
Loans and borrowings	30	12,702	15,095	44	1,329
Deferred income	31	7	6	–	–
Other liabilities	33	–	840	–	–
Provisions	29	1,768	–	–	–
		28,957	31,499	5,698	5,908
Liabilities directly associated with assets classified as held for sale	25	1,409	1,511	–	–
Total current liabilities		30,366	33,010	5,698	5,908
Total liabilities		39,556	42,536	5,868	6,277
Total equity and liabilities		80,094	87,185	37,692	44,101

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2018

Group	Total equity $'000	Non-controlling interests $'000	Attributable to parent subtotal $'000	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Reserve of Disposal Group Classified as Held for Sale $'000	Foreign currency translation reserves $'000
Current year:								
At 1 November 2017	44,469	2,245	42,404	48,170	(2,104)	2,214	(537)	(5,339)
Changes in equity:								
Total comprehensive (loss)/income for the year	(4,610)	185	(4,795)	–	(4,795)	–	–	–
Foreign currency translation differences from foreign operations	422	142	280	–	–	105	56	119
Effective portion of changes in fair value of cash flow hedges	(20)	–	(20)	–	–	(20)	–	–
Acquisition of subsidiary	329	329	–	–	–	–	–	–
Acquisition of interest in a subsidiary from non-controlling interest without a change in control	(32)	(32)	–	–	–	–	–	–
Dividends paid to non-controlling interests of subsidiaries	(200)	(200)	–	–	–	–	–	–
	(4,111)	424	(4,535)	–	(4,795)	85	56	119
At 31 October 2018	40,538	2,669	37,869	48,170	(6,899)	2,299	(481)	(5,220)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2018

Group	Total equity $'000	Non-controlling interests $'000	Attributable to parent subtotal $'000	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Reserve of Disposal Group Classified as Held for Sale $'000	Foreign currency translation reserves $'000
Current year:								
At 1 November 2016	45,380	2,686	42,694	48,035	(1,989)	2,172	–	(5,524)
Changes in equity:								
Total comprehensive (loss)/income for the year	(29)	210	(239)	–	(239)	–	–	–
Foreign currency translation differences from foreign operations	(401)	(116)	(285)	–	–	67	–	(352)
Effective portion of changes in fair value of cash flow hedges	25	–	25	–	–	25	–	–
Issue of ordinary shares under ecoWise performance share plan (Note 28A)	85	–	85	135	–	(50)	–	–
Acquisition of interest in a subsidiary from non-controlling interest without a change in control	(233)	(357)	124	–	124	–	–	–
Dividends paid to non-controlling interests of subsidiaries	(178)	(178)	–	–	–	–	–	–
Transfer	–	–	–	–	–	–	(537)	537
	(731)	(441)	(290)	135	(115)	42	(537)	185
At 31 October 2017	44,649	2,245	42,404	48,170	(2,104)	2,214	(537)	(5,339)

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2018

Company	Total equity $'000	Share capital $'000	Accumulated losses $'000	Other reserves $'000
Current year:				
At 1 November 2017	37,824	48,170	(10,346)	–
Movements in equity:				
Total comprehensive loss for the year	(6,000)	–	(6,000)	–
	(6,000)	–	(6,000)	–
At 31 October 2018	31,824	48,170	(16,346)	–
Prior year:				
At 1 November 2016	42,227	48,035	(5,858)	50
Movements in equity:				
Total comprehensive loss for the year	(4,488)	–	(4,488)	–
Share-based payments (Note 28A)	85	135	–	(50)
	(4,403)	135	(4,488)	(50)
At 31 October 2017	37,824	48,170	(10,346)	–

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2018

	Group	
	2018	2017
	$'000	$'000
Cash flows from operating activities		
Loss before income tax	(3,639)	(422)
Depreciation of property, plant and equipment	3,619	2,813
Gain on disposal of property, plant and equipment	(235)	(132)
Amortisation of intangible assets	195	81
Amortisation of land use rights	62	85
Share of loss from associates and jointly-controlled entity	359	498
Net fair value loss/(gain) on derivative financial instruments	47	(136)
Provision for retirement benefit obligations expenses, net	55	39
Amortisation of deferred income	(7)	(6)
Finance lease income	(1,181)	(1,258)
Finance income	(43)	(75)
Finance costs	1,129	1,034
Equity-settled share-based expenses	–	85
Loss on disposal of other financial assets	–	43
Negative goodwill arising from business combinations	–	(526)
Gain on de-recognition of an associate	–	(491)
Operating cash flows before changes in working capital	361	1,632
Inventories	1,087	107
Trade and other receivables	2,229	(3,435)
Finance lease receivables	751	674
Other assets	140	(298)
Cash restricted in use over 3 months	33	(202)
Trade and other payables	(987)	3,964
Other liabilities	(535)	(69)
Finance lease income received	1,181	1,258
Retirement benefit obligations paid	(15)	(6)
Net cash flows from operations	4,245	3,625
Income tax paid	(392)	(90)
Net cash flows from operating activities	3,853	3,535
Cash flows from investing activities		
Acquisition of property, plant and equipment (Note 13, 24B)	(2,692)	(6,093)
Proceeds from disposal of property, plant and equipment	531	487
Repayment from/(loan to) a jointly-controlled entity	151	(799)
Interest received	43	75
Acquisition of subsidiary, net of cash	–	(10)
Proceeds from disposal of other financial assets	–	1,014
Reduction of investment in associate (Note 18)	2,148	–
Net cash flows from/(used in) investing activities	181	(5,326)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2018

	2018 $'000	2017 $'000
Cash flows from financing activities		
Proceeds from new loans and borrowings	8,897	3,132
Repayments of loans and borrowings	(12,381)	(3,730)
Interest paid	(1,061)	(987)
Acquisition of non-controlling interests with no change in control	–	(192)
Dividends paid to non-controlling interests of subsidiaries	(200)	(178)
Decrease/(increase) in cash restricted in use over 3 months	887	(1,141)
Net cash flows used in financing activities	(3,858)	(3,096)
Net increase/(decrease) in cash and cash equivalents	176	(4,887)
Effect of exchange rate changes on cash and cash equivalents	(36)	(86)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	(231)	4,742
Cash and cash equivalents (overdrawn), consolidated statement of cash flows, ending balance (Note 24A)	(91)	(231)

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the Company (referred to as "parent") and the subsidiaries.

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

The principal activities of the Company are those of an investment holding company and provision of management services to its subsidiaries. It is listed on the Catalist which is a share market on Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

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

Accounting convention

The consolidated financial statements of the company have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") as issued by the Singapore Accounting Standards Council. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except where a SFRS(I)s requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in SFRS(I)s may not be applied when the effect of applying them is not material. The disclosures required by SFRS(I)s need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by SFRS(I)s.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with SFRS(I) 1-39 – Financial Instruments: Recognition and Measurement.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the Group and it is shown net of related sales taxes, estimated returns and rebates.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting year measured by the proportion of the cost incurred to dates bears to the estimated total cost of the transaction, and the amount of revenue, stage of completion, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Operation and maintenance service income which relates to the generation and distribution of electricity, heat and related services are recognised upon the services rendered.

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

Interest income is recognised using the effective interest method.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position as deferred income.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the Group is contractually obliged or where there is constructive obligation based on past practice.

Defined contribution benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it is obligated to contribute to independently administered funds, such as the Central Provident Fund in Singapore and Employees Provident Fund in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Employee benefits (cont'd)

Defined benefit plan

The Group operates an unfunded defined benefit plan for qualifying employees of its subsidiaries in Malaysia. In accordance with the terms of their employment contracts, the benefits are calculated based on the last drawn salaries, length of services and the rates set out in the employment contracts. The Group's obligations under the defined benefit plan, calculated using the projected unit credit method, are determined based on actuarial assumptions and computations. Actuarial assumptions are updated for any material transactions and changes in circumstances at the end of each reporting year.

Share-based compensation

Benefits to employees, including the directors, are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or granted, excluding the impact of any non-market vesting conditions. The fair value is determined by reference to the fair value of the shares awarded or granted on grant date. This fair value amount is charged to the profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in the profit or loss over the remainder of the vesting period to reflect expected and actual levels of shares vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in the profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency of the Company is the Singapore dollar as it reflects the primary economic environment in which the entity operates in. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns.

The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold land	– Over remaining lease periods of 60 and 67 years
Leasehold properties and improvements	– Over remaining lease periods of 8 to 48 years
Plant and equipment	– 3 to 30 years

Construction-in-progress is not depreciated as these are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss when they are incurred.

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate and the depreciation charge for the current and future periods are adjusted.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Leases

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

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

Finance leases

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

(a) When the Group is a lessor:

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

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

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

(b) When the Group is a lessee:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Leases (cont'd)

Operating leases

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

Land use rights

Land use rights under operating leases are initially stated at cost. Following initial recognition, land use rights are measured and carried at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 50 years.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use.

Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of 10 to 25 years.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Non-compete agreement

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

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

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the expected life of the customer relationships of 10 years.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with SFRS(I) 3 – Business Combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with SFRS(I) 3 – Business Combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

NOTES TO THE FINANCIAL STATEMENTS
31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the equity accounted financial statements (economic interest financial statements), the accounting for investments in an associate is on the equity method. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with SFRS(I) 3 – Business Combinations. However the entire carrying amount of the investment is tested under SFRS(I) 1-36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in SFRS(I) 1-39 indicates that the investment may be impaired. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with SFRS(I) 1-39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Associates (cont'd)

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Joint arrangements – jointly–controlled entity

A joint arrangement (that is, either a joint operation or a jointly–controlled entity, depending on the rights and obligations of the jointly control parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a jointly–controlled entity, the parties with joint control have rights to the net assets of the arrangement. The reporting interest in jointly–controlled entity is recognised using the equity method in accordance with SFRS(I) 1-28 – Investments in Associates and Joint Ventures (as described above for associates).

Business combinations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost and net realisable value. The costs of raw materials, work-in-progress and finished goods are measured using the first in first out method and the costs of consumables are measured using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined.

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work–in–progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is used, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

At each end of the reporting year, non-financial assets, other than goodwill, with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by SFRS(I) 1-39 – Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement based on the classification of the financial assets in one of the following categories under SFRS(I) 1-39 – Financial Instruments: Recognition and Measurement is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement: (cont'd)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under SFRS(I) 1-39 – Financial Instruments: Recognition and Measurement is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: These liabilities are carried at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

Derivatives are recognised initially at fair value and the attributable transaction costs are recognised in the profit or loss as incurred. Subsequent to initial recognition, derivatives are measured and carried at fair value, and changes therein are accounted for as described below.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 OCTOBER 2018

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

2A. Significant accounting policies (cont'd)

Derivative financial instruments and hedge accounting (cont'd)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an on-going basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual effectiveness of each hedge are within an acceptable range. Transaction that is highly probable to occur and addresses an exposure to variations in cash flows that could ultimately affect reported profit or loss is accounted for as a cash flow hedge of a forecast transaction.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the profit or loss, the effective portion of changes in the fair value of the derivative is recognised (net of tax) in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the profit or loss.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year.

If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2B. Other explanatory information (cont'd)

Assets classified as held for sale

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

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

<u>Impairment of property, plant and equipment</u>

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value–in–use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $30,705,000.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

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

Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $30,705,000.

Measurement of impairment of subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made when an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $9,300,000 (2017: $20,269,000).

Net realisable value of inventories

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

2C. Critical judgements, assumptions and estimation uncertainties (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. The income tax amounts are disclosed in the Note 11.

Allowance for doubtful trade accounts

A significant proportion of the overdue amounts were subsidiary, Sunrich Group’s receivables of $14,420,000. Included in the overdue amounts was a long outstanding debt of $0.6 million relating to one customer. Sunrich Group has filed a writ and statement of claim against the customer and its guarantor to recover the above amount. Subsequent to the filing of the writ and statement of claim, the said customer entered into a members voluntary winding-up proceedings the statement of declaration of solvency indicated an estimated surplus showing assets at estimated realisable values in excess of liabilities expected to rank. On 27 December 2018, the Company received a part payment of RM$100,000 from the customer upon realisation of certain assets by the liquidators. The liquidators has further confirmed in the creditors meeting that the total value of the assets of the customer is able to pay all the creditors including the amount owing to Sunrich Group subject to the successful sale of the customer’s land and building. The directors are of the opinion that no impairment is required for the customer and are confident to recover the full amount based on the confirmation from the liquidator.

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

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

Allowance for doubtful trade accounts (cont'd)

At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amounts are disclosed in Note 19.

Classification of jointly-controlled entity

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

Measurement of impairment of jointly-controlled entity

Where an investee is in net equity deficit and or has suffered losses a test is made when an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $1,678,000 (2017: $2,047,000) as disclosed in Note 17.

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 OCTOBER 2018

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

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

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

As at the end of the reporting year, the carrying amounts of intangible assets, property, plant and equipment and cost of investment in Sunrich Group were $1,136,000, $16,911,000 and $12,168,000 respectively (2017: $1,185,000, $17,134,000 and $12,168,000).

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

The Group owns a 24MW biomass co-generation power plant located in Changyi, Shandong Province in China through Changyi Enersave Biomass to Energy Co Ltd ("CEBEC"), which is wholly owned by the subsidiary of the Group, Hivern Investments Pte Ltd. The co-generation power plant and related plant and equipment for CEBEC will be collectively known as "CEBEC plant". Impairment of CEBEC plant is required as Hivern Group suffered losses for the past few years and the plant has not commenced operations since the acquisition of Hivern Group in the reporting year ended 2013.

In December 2016, management has obtained a valuation report from the external valuation firm, China Enterprise Appraisals Consultation Co., Ltd. The report indicated the valuation of the plant and land use right to be RMB99.8 million (S$20.5 million) and RMB18.9 million (S$3.9 million) respectively based on the replacement cost method and market comparison approach. As at the end of the reporting year, the carrying amounts of CEBEC plant and land use rights of the Group were $2,219,000 and $1,400,000 respectively (2017: $2,524,000 and $1,500,000) as disclosed in Notes 13 and 15. The expected carrying amount of the CEBEC plant (including land use rights) upon completion of the construction is $9,918,000 (see Note 37B). Accordingly, management is of the view that no further impairment is required.

It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amounts of the assets affected.

3. Related party relationships and transactions

SFRS(I) 1-24 – Related Party Disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest or charge unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intra-group transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related company transactions and balances.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group	
	2018	2017
	$'000	$'000
Associate:		
Management fee income	–	(498)
Purchase of services	–	395
Jointly-controlled entity:		
Sale of goods	–	(203)
Service income	(364)	(687)
Others	–	(595)

	Group	
	2018	2017
	$'000	$'000
Related parties:		
Sale of goods	(3,677)	(3,127)
Purchase of goods	2,167	2,010
Purchase of services	55	61

NOTES TO THE FINANCIAL STATEMENTS
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3. Related party relationships and transactions (cont'd)

3B. Key management compensation

	Group	
	2018	2017
	$'000	$'000
Salaries and other short-term employee benefits	1,554	1,667
Equity-settled share-based expenses	–	85

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

	Group	
	2018	2017
	$'000	$'000
Remuneration of directors of the Company	703	851
Remuneration of directors of the subsidiaries	24	131
Fees to directors of the Company	165	145
Fees to directors of the subsidiaries	62	61

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

4. Financial information by operating segments

4A. Information about operating segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas and the major customers are made as required by SFRS(I) 8 – Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management reporting purposes the reporting entity is organised into three strategic operating segments that offer different products and services. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

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

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

(b) Resource Recovery – Process, recycle and repurpose waste and salvageable materials into environmentally friendly products for industrial applications, such as washed copper slag, compost and retreaded tyres.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

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

The segments and the types of products and services are as follows (cont'd):

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

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

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

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

	Group	
	2018	2017
	$'000	$'000
Revenue from major products and services:		
Sales of rubberised products	43,790	38,316

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

4B. Profit or loss from continuing operations and reconciliations

	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Eliminations		Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue										
Revenue from external customers	10,429	10,881	47,080	43,259	885	1,912	–	–	58,394	56,052
Inter-segment revenue	2,019	1,566	1,998	1,938	–	–	(4,017)	(3,504)	–	–
Segment revenue	12,448	12,447	49,078	45,197	885	1,912	(4,017)	(3,504)	58,394	56,052
Segment results before allocation of corporate management fees	2,015	773	(94)	1,830	(1,385)	121	(2,248)	(3,460)	(1,712)	(736)
Allocated corporate management fees	(1,524)	(1,846)	(724)	(1,614)	–	–	2,248	3,460	–	–
Segment results	491	(1,073)	(818)	216	(1,385)	121	–	–	(1,712)	(736)
Share of results from associates and jointly-controlled entity, allocated to operating segments	(17)	(133)	(342)	(365)	–	–	–	–	(359)	(498)
Unallocated corporate results									(482)	1,771
(Loss)/profit before finance income, dividend income, finance costs and income tax expense									(2,553)	537
Finance income									43	75
Finance costs									(1,129)	(1,034)
Income tax expense									(971)	393
Loss for the year, net of tax									(4,610)	(29)

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

4C. Assets and liabilities reconciliation

Group	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Eliminations		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	24,539	26,277	45,984	50,255	7,306	5,157	(2,014)	(2,090)	75,815	79,599
Investments in associates, allocated to operating segments	1,596	3,904	–	–	–	–	–	–	1,596	3,904
Investment in jointly-controlled entity, allocated to operating segments	–	–	1,678	2,047	–	–	–	–	1,678	2,047
Deferred tax assets									514	697
Unallocated corporate assets									491	938
Total assets									80,094	87,185
Segment liabilities	17,789	16,322	15,924	14,835	14,675	11,717	(30,590)	(25,014)	17,798	17,860
Loans and borrowings										
– Allocated to operating segments	3,938	6,165	12,610	13,890	1,634	–	–	–	18,182	20,055
– Unallocated corporate loans and borrowings									213	1,698
Income tax payable									414	317
Deferred tax liabilities									2,310	1,770
Unallocated corporate liabilities									639	836
Total liabilities									39,556	42,536
Capital expenditure										
Allocated to operating segments										
Property, plant and equipment	629	1,364	1,112	1,198	1,148	3,483	–	–	2,889	6,045
Unallocated corporate capital expenditure on property, plant and equipment									110	338
Total capital expenditure									2,999	6,383

NOTES TO THE FINANCIAL STATEMENTS

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

4D. Other material items

Group	Renewable Energy		Resource Recovery		Integrated Environmental Management Solutions		Elimination		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation of property, plant and equipment										
– Allocated to operating segments	857	749	2,349	1,934	337	43	–	–	3,543	2,726
– Unallocated corporate depreciation									76	87
Total depreciation of property, plant and equipment									3,619	2,813
Gain on disposal of property, plant and equipment	–	–	(235)	(84)	–	–	–	–	(235)	(84)
Amortisation of intangible assets	–	–	195	81	–	–	–	–	195	81
Amortisation of land use rights	62	85	–	–	–	–	–	–	62	85
Net fair value loss/(gain) on derivative financial instruments	–	–	47	(136)	–	–	–	–	47	(136)
Provision for retirement benefit obligations expenses, (net)	–	–	40	39	–	–	–	–	40	39
Amortisation of deferred income	–	–	(7)	(6)	–	–	–	–	(7)	(6)
Allowance for inventory obsolescence – (charged)/reversed	(10)	(70)	88	(5)	–	–	–	–	78	(75)
Allowance for doubtful receivables	1	–	399	125	–	–	–	–	400	125

NOTES TO THE FINANCIAL STATEMENTS

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

4E. Geographical information

Group	Revenue		Non-current assets	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Singapore	14,163	16,470	8,995	7,608
Malaysia	30,178	28,230	19,177	18,316
Australia	8,020	7,560	–	–
People's Republic of China	364	1,495	9,092	12,413
Others	5,669	2,297	–	–
	58,394	56,052	37,264	38,337

Revenue are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4F. Information about major customers

	Group	
	2018	2017
	$'000	$'000
Top 1 customer in resource recovery segment	8,123	7,560
Top 2 customers in resource recovery segment and renewable energy segment	12,892	12,211
Top 3 customers in resource recovery segment and renewable energy segment	16,370	15,171

5. Revenue

	Group	
	2018	2017
	$'000	$'000
Sale of goods	48,608	43,111
Service income	8,537	10,459
Management fee income	–	498
Finance lease income	1,181	1,258
Rental income and other service income	–	33
Others	68	693
	58,394	56,052

6. Finance income

	Group	
	2018	2017
	$'000	$'000
Interest income from financial institutions	43	52
Other interest income	–	23
	43	75

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7. Other gains and (other losses)

	Group 2018 $'000	Group 2017 $'000
Gain on disposal of property, plant and equipment	235	132
Net fair value (loss)/gain on derivative financial instruments	(47)	136
Amortisation of deferred income	7	6
Government grant income	84	65
Foreign exchange transaction loss, net	(428)	(239)
Allowance for impairment on trade and other receivables – (loss)	(400)	(125)
Loss on disposal of other financial assets	–	(43)
Negative goodwill arising from business combinations	–	526
Gain on derecognition of an associate	–	491
Others	24	76
Net	(525)	1,025
Presented in profit or loss as:		
Other gains	350	1,432
Other losses	(875)	(407)
	(525)	1,025

8. Finance costs

	Group 2018 $'000	Group 2017 $'000
Interest expense on borrowings from financial institutions	949	847
Interest expense on finance lease liabilities	145	155
Interest expense on retirement benefit obligations	35	32
	1,129	1,034

9. Employee benefits expenses

	Group 2018 $'000	Group 2017 $'000
Short term employee benefits expense	12,176	12,350
Contributions to defined contribution plans	1,010	1,076
Provision for retirement benefit obligations expense, net	40	39
Equity-settled share-based expenses	–	85
Other benefits	606	470
	13,832	14,020
The employee benefits expenses are charged as follows:		
Cost of sales	7,809	7,907
Administrative expenses	4,700	1,175
Marketing and distribution expenses	1,323	4,938
	13,832	14,020

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10. Items in the statement of profit or loss and other comprehensive income

In addition to items of profit or loss disclosed elsewhere in the notes to the financial statements, items in the statement of profit or loss and other comprehensive income include the following:

	Group	
	2018	2017
	$'000	$'000
Auditors' remuneration:		
Auditors of the Company	189	169
Member firms of the auditors of the Company	57	71
Other auditors	(2)	16
Non-audit fees paid and payable to:		
Auditors of the Company	28	–
Other auditors	–	2

11. Income tax expense

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

	Group	
	2018	2017
	$'000	$'000
Current tax expense		
Current tax expense	510	463
Withholding tax expense	7	13
Under adjustments in respect of prior periods	114	70
Subtotal	631	546
Deferred tax expense/(income)		
Deferred tax expense/(income)	340	(939)
Total income tax expense/(income)	971	(393)

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax expense (cont'd)

11A. Components of income tax expense recognised in profit or loss (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
Loss before income tax	(3,639)	(422)
Add: Share of losses from associates and a jointly-controlled entity	359	498
	(3,280)	76
Income tax (income)/expense at the above rate	(558)	13
Effect of different tax rates in different countries	388	(58)
Withholding tax expense	7	13
Income not subject to tax	(35)	(495)
Tax exempt income	(97)	(450)
Tax incentives	(13)	(169)
Under adjustments to current tax in respect of prior periods	114	70
Deferred tax assets not recognised	752	661
Adjustments to unrecognised deferred tax in respect of prior years	485	12
Others	(72)	10
Total income tax expense	971	(393)

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax expenses (cont'd)

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

Group	At 31 October 2016 $'000	Recognised in profit or loss $'000	Recognised in balance sheet $'000	Expired during the year $'000	Exchange differences $'000	At 31 October 2017 $'000	Recognised in profit or loss $'000	Recognised in balance sheet $'000	Expired during the year $'000	Exchange differences $'000	At 31 October 2018 $'000
Property, plant and equipment	(2,231)	(68)	(18)	–	59	(2,258)	251	–	–	(61)	(2,068)
Intangible assets	(256)	–	–	–	–	(256)	–	–	–	–	(256)
Unutilised tax losses	3,363	1,300	(87)	(828)	162	3,910	(214)	–	(597)	(193)	2,906
Unutilised capital allowances	238	302	(2)	–	(2)	536	(98)	–	–	2	440
Provision for retirement benefit obligations	(22)	–	–	–	–	(22)	–	–	–	–	(22)
Other items	350	66	11	–	(5)	422	473	–	–	(71)	824
Deferred tax assets not recognised	(3,414)	(661)	4	828	(162)	(3,405)	(752)	–	597	(60)	(3,620)
	(1,972)	939	(92)	–	52	(1,073)	(340)	–	–	(383)	(1,796)

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax expenses (cont'd)

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

	Group	
	2018	2017
	$'000	$'000
Presented in statement of financial position as:		
Deferred tax liabilities	(2,310)	(1,770)
Deferred tax assets	514	697
	(1,796)	(1,073)

11C. Unrecognised deferred tax assets

	2018		2017	
Group	Gross amount	Tax effect	Gross amount	Tax effect
	$'000	$'000	$'000	$'000
Unutilised tax losses	18,756	3,621	17,777	3,370
Unutilised capital allowances	–	–	204	35
Others	(5)	(1)	1	–
	18,751	3,620	17,982	3,405

No deferred tax asset has been recognised in respect of the above balance as the future profit streams are not probable. For the Singapore and Malaysia entities, the realisation of the future income tax benefits from these unutilised tax losses is available for an unlimited future period subject to the conditions imposed by laws of the countries in which the entities in the Group operates, including the retention of majority shareholders as defined.

For the subsidiaries operating in People's Republic of China, the unutilised tax losses are expiring in the following years:

	Unutilised tax losses		Unrecognised deferred tax assets	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Expiring in 31 December 2018	–	2,389	–	597
Expiring in 31 December 2019	953	983	238	246
Expiring in 31 December 2020	1,389	1,433	347	358
Expiring in 31 December 2021	3,227	3,330	807	832
Expiring in 31 December 2022	1,292	1,332	323	333
Expiring in 31 December 2023	1,325	–	331	–
	8,186	9,467	2,046	2,366

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12. Losses per share

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

	Group	
	2018	2017
	$'000	$'000
Loss for the year, net of tax attributable to owners of the Company	(4,795)	(239)

	Number of shares	
	2018	2017
	'000	'000
Weighted average number of equity shares	957,483	957,483

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

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

Diluted losses per share are calculated by dividing loss, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during each reporting year and the weighted average number of ordinary shares that would be issued on the conversion of all share options (potential dilutive ordinary shares) into ordinary shares.

Dilutive losses per share for the reporting years are computed using the same basis as basic losses per share as the dilutive effect of the performance shares is not significant.

There is no dilutive effect from the share options as they are anti-dilutive because their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

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13. Property, plant and equipment

Group	Construction-in-progress $'000	Leasehold land $'000	Leasehold properties and improvements $'000	Plant and equipment $'000	Total $'000
Cost					
At 1 November 2016	19,295	1,366	10,160	42,695	73,516
Foreign exchange adjustments	(28)	(39)	(148)	(565)	(780)
Additions	211	–	1,360	4,812	6,383
Acquisition of subsidiary	–	–	1,880	4,923	6,803
Written off	–	–	–	(98)	(98)
Disposals	–	–	(500)	(2,261)	(2,761)
Transfers	–	–	688	968	1,656
Transfers to assets held for sale (Note 25)	–	–	(1,419)	(2,306)	(3,725)
At 31 October 2017	19,478	1,327	12,021	48,168	80,994
Foreign exchange adjustments	(711)	41	136	492	(42)
Additions	638	–	70	2,279	2,987
Acquisition of subsidiary	–	1,649	3,203	41	4,893
Written off	–	–	–	(3)	(3)
Disposals	(31)	–	–	(3,210)	(3,241)
At 31 October 2018	19,374	3,017	15,430	47,767	85,588
Accumulated depreciation and impairment loss					
At 1 November 2016	16,629	114	4,875	26,935	48,553
Foreign exchange adjustments	(24)	(3)	(15)	(174)	(216)
Depreciation for the year	–	20	282	2,511	2,813
Disposals	–	–	(477)	(1,929)	(2,406)
Written off	–	–	–	(98)	(98)
Transfers	–	–	666	965	1,631
Transfers to assets held for sale (Note 25)	–	–	(1,335)	(2,285)	(3,620)
Acquisition of subsidiary	–	–	990	4,068	5,058
At 31 October 2017	16,605	131	4,986	29,993	51,715
Foreign exchange adjustments	(515)	4	(70)	130	(451)
Depreciation for the year	–	21	542	3,056	3,619
Disposals	(6)	–	–	(2,939)	(2,945)
Acquisition of subsidiary	–	399	2,513	33	2,945
At 31 October 2018	16,084	555	7,971	30,273	54,883

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

Group	Construction-in-progress $'000	Leasehold land $'000	Leasehold properties and improvements $'000	Plant and equipment $'000	Total $'000
Carrying amounts					
At 1 November 2016	2,666	1,252	5,285	15,760	24,963
At 31 October 2017	2,873	1,196	7,035	18,175	29,279
At 31 October 2018	3,290	2,462	7,459	17,494	30,705

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

Group	Construction-in-progress $'000	Leasehold land $'000	Leasehold properties and improvements $'000	Plant and equipment $'000	Total $'000
FY2018					
Carrying amounts					
Singapore	11	1,252	1,926	6,465	9,654
Malaysia	62	1,210	4,765	10,731	16,768
People's Republic of China	3,217	–	768	298	4,284
	3,290	2,462	7,459	17,494	30,705
FY2017					
Carrying amounts					
Singapore	11	–	1,580	6,903	8,494
Malaysia	176	1,196	4,715	11,047	17,134
People's Republic of China	2,686	–	740	225	3,651
	2,873	1,196	7,035	18,175	29,279

NOTES TO THE FINANCIAL STATEMENTS

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

Company	Plant and equipment $'000
Cost	
At 1 November 2016	854
Additions	339
Disposals	(441)
At 31 October 2017	752
Additions	112
Disposals	(282)
At 31 October 2018	582
Accumulated depreciation	
At 1 November 2016	656
Depreciation for the year	87
Disposals	(377)
At 31 October 2017	366
Depreciation for the year	76
Disposals	(266)
At 31 October 2018	176
Carrying amounts	
At 1 November 2016	198
At 31 October 2017	386
At 31 October 2018	406

The depreciation expense is charged as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cost of sales	2,632	2,231	–	–
Administrative expenses	917	509	76	87
Marketing and distribution expenses	70	73	–	–
Total	3,619	2,813	76	87

Fully depreciated property, plant and equipment of the Group still in use have a cost of $19,596,000 (2017: $21,035,000).

NOTES TO THE FINANCIAL STATEMENTS

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

13A. Plant and equipment acquired under finance lease arrangements

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Plant and equipment	3,207	2,976	96	330

13B. Securities pledged

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

	Group	
	2018	2017
	$'000	$'000
Leasehold land	1,212	1,197
Leasehold properties and improvements	6,997	4,736
Plant and equipment	12,384	13,171
	20,593	19,104

14. Intangible assets

Group	Trademarks	Customer relationships	Goodwill	Non-compete agreement	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 November 2016	1,537	45	231	–	1,813
Foreign exchange adjustments	(43)	(2)	(7)	–	(52)
Additions	–	–	–	110	110
At 31 October 2017	1,494	43	224	110	1,871
Foreign exchange adjustments	46	–	7	–	53
Additions	–	–	454	–	454
At 31 October 2018	1,540	43	685	110	2,378
Accumulated amortisation					
At 1 November 2016	482	27	–	–	509
Foreign exchange adjustments	(13)	(1)	–	–	(14)
Amortisation for the year	77	4	–	–	81
At 31 October 2017	546	30	–	–	576
Foreign exchange adjustments	16	1	–	–	17
Amortisation for the year	81	4	–	110	195
At 31 October 2018	643	35	–	110	788
Carrying amounts					
At 1 November 2016	1,055	18	231	–	1,304
At 31 October 2017	948	13	224	110	1,295
At 31 October 2018	897	8	685	–	1,590

NOTES TO THE FINANCIAL STATEMENTS

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14. Intangible assets (cont'd)

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

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

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

	2018 $'000	2017 $'000
Name of subsidiary		
Sunrich Resources Sdn. Bhd. (Resource Recovery segment)	231	224
Swee Chioh Fisheries Pte. Ltd. (Environmental Solutions segment) (Note 36)	454	–
	685	224

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

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

CGU – Sunrich Resources Sdn. Bhd.

	Range (Weighted Average)	
	2018	2017
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	12% to 25%	7% to 36%
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	15%	15%
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	3%	3%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

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

NOTES TO THE FINANCIAL STATEMENTS

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14. Intangible assets (cont'd)

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

The impairment test has been carried out using a discounted cash flow unlevered model covering a 5 years period. Cash flows projections are based on the next 5 years budgets and plans approved by management; cash flows projections beyond that five-year period have been extrapolated on the basis of a 3% (2017: 3%) growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) is 15% (2017: 15%). Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed.

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

CGU – Swee Chioh Fisheries Pte. Ltd.

	Range (Weighted Average)	
	2018	2017
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	2% to 13%	–
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	13%	–
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	–

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

The impairment test has been carried out using a discounted cash flow unlevered model covering a 5 years period. Cash flows projections are based on the next 5 years budgets and plans approved by management; cash flows projections beyond that five-year period have been extrapolated on the basis of a 2% growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (WACC gross of tax effect) is 13%. Management believes that any reasonably possible change in the key assumptions on which this division's recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount. The value in use is a recurring fair value measurement (Level 3).

NOTES TO THE FINANCIAL STATEMENTS
31 OCTOBER 2018

15. Land use rights

	Group	
	2018	2017
	$'000	$'000
Cost		
At beginning of the year	2,476	3,667
Foreign exchange adjustments	(76)	(6)
Transfers to assets held for sale (Note 25)	–	(1,185)
At end of the year	2,400	2,476
Accumulated amortisation		
At beginning of the reporting year	976	1,106
Foreign exchange adjustments	(38)	(8)
Amortisation for the year included under administrative expenses	62	85
Transfers to assets held for sale (Note 25)	–	(207)
At end of the year	1,000	976
Carrying amounts		
At beginning of the year	1,500	2,561
At end of the year	1,400	1,500

The land use rights as at 1 November 2016 relate to parcels of land located in the People's Republic of China. They are owned by Wuhan ecoWise Energy Co., Ltd and Changyi Enersave Biomass to Energy Co., Ltd. The land use rights expire on 14 June 2059 and 11 December 2057 respectively.

As at 1 November 2017 and 31 October 2018, the land use rights in relations to Wuhan ecoWise Energy Co., Ltd was classified as assets held for sale (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries

	Company 2018 $'000	Company 2017 $'000
Unquoted equity shares, at cost	23,024	23,024
Less allowance for impairment	(1,450)	(1,450)
	21,574	21,574
Loans due from subsidiaries	28,016	28,013
Less allowance for impairment	(16,521)	(11,112)
	11,495	16,901
Net carrying amount	33,069	38,475
Movements in allowance for impairment on cost of investments:		
Balance at beginning and end of the year	1,450	1,450
Movements in allowance for impairment on loans due from subsidiaries:		
Balance at beginning of the year	11,112	7,650
Impairment loss charge to profit or loss included in other losses	5,409	3,462
Balance at end of the year	16,521	11,112

Loans due from subsidiaries are unsecured and interest-free. The settlement of these amounts is neither planned nor likely to occur in the future. As these amounts are in substance, a part of the Company's net investments in subsidiaries, they are stated at cost less impairment losses.

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

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Cost of investment held by the Company 2018 $'000	Cost of investment held by the Company 2017 $'000
Held by the Company				
Asia Cleantech Hub Pte. Ltd.[(a)(e)]	Singapore	Dormant	*	*
Bee Joo Environmental Pte. Ltd. [(a)(e)]	Singapore	General waste management services	2,611	2,611

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Cost of investment held by the Company	
			2018 $'000	2017 $'000
Held by the Company (cont'd)				
Bee Joo Industries Pte. Ltd. [(a)(e)]	Singapore	Processing and recycling of used copper slag, horticultural and other waste and operating of biomass co-generation plant	2,155	2,155
ecoWise Energy Pte. Ltd. [(a)(e)]	Singapore	Renewable energy business and investment holdings	*	*
ecoWise International Pte. Ltd. [(a)(e)]	Singapore	International procurement and trading of rubberised related goods and research and experimental development on environment and clean technologies	1,000	1,000
ecoWise New Energy Pte. Ltd. [(a)(e)]	Singapore	Investment holding of renewable energy business	*	*
ecoWise Resources Pte. Ltd. [(a)(e)]	Singapore	Processing and recycling of horticultural and other waste	1,450	1,450
ecoWise RubberTech Pte. Ltd. [(a)(e)]	Singapore	Processing of rubberised related goods and investment holding	1,000	1,000
ecoWise Solutions Pte. Ltd. [(a)(e)]	Singapore	Developing and commercialising ecology solutions, research and development of technologies relating to environmental solutions	2,640	2,640

* Amount less than $1,000.

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Cost of investment held by the Company 2018 $'000	2017 $'000
Held by the Company (cont'd)				
ecoWise Ventures Pte. Ltd. [(a)(e)]	Singapore	Investment holding	*	*
Sunrich Resources Sdn. Bhd. [(b)(e)]	Malaysia	Investment holding	12,168	12,168

Held by subsidiaries			Effective equity interests held by the Group 2018 %	2017 %
ecoWise Technologists and Engineers Pte. Ltd. [(a)]	Singapore	Provision of environmental solutions consultancy services	100	100
ecoWise Marina Power Pte. Ltd. [(a)]	Singapore	Operation and maintenance of biomass co-generation plant	100	100
Hivern Investments Pte. Ltd. [(a)]	Singapore	Investment holding	100	100
ecoWise Materials Pte. Ltd. (formally known as Geocycle Singapore Pte. Ltd.) [(a)]	Singapore	Processing and recycling of used copper slag	100	100
Swee Chioh Fisheries Pte. Ltd. [(a) (f)]	Singapore	Operation of fish hatcheries, commercial breeding and rearing of fish	80	–
Chongqing ecoWise Investment Management Co., Ltd. [(c)]	People's Republic of China	Service provider for project and investment consultancy and management	100	100
Changyi Enersave Biomass to Energy Co., Ltd [(c)]	People's Republic of China	Generation and sale of electricity and heat	100	100
Wuhan ecoWise Energy Co., Ltd. [(c)(d)]	People's Republic of China	Generation and sale of electricity and steam	49	49

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

16. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group 2018 %	2017 %
Held by subsidiaries (cont'd)				
Sunrich Integrated Sdn. Bhd. [(b)]	Malaysia	Investment holding	100	100
Autoways Industries Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	96	96
Ecogreen Products and Services Sdn. Bhd. [(b)]	Malaysia	Production, trading and consultancy services related to biomass products	100	100
Gulf Rubber (M) Sdn. Bhd. [(b)]	Malaysia	Retreading of tyres, dealing in rubberised products and investment holding	84	84
Gulf Rubber Suntex Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	71	71
Saiko Rubber (Malaysia) Sdn. Bhd. [(b)]	Malaysia	Manufacturing and trading of rubberised products and investment holding	51	51
Sun Rubber Industry Sdn. Bhd. [(b)]	Malaysia	Manufacturing and trading of rubberised products and investment holding	100	100
Sunrich Global Marketing Sdn Bhd. [(b)]	Malaysia	Dormant	100	100
Sun Tyre & Auto Products Sdn. Bhd. [(b)]	Malaysia	Trading of new and retread tyres and related rubberised products	100	100
Sun Tyre Industries Sdn. Bhd. [(b)]	Malaysia	Retreading of tyres, dealing in rubberised products and investment holding	100	100
Sunrich Marketing Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	100	100
Trakar Suntex Sdn. Bhd. [(b)]	Malaysia	Trading of retread tyres and related rubberised products	57	57

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group 2018 %	2017 %
Held by subsidiaries (cont'd)				
Winner Suntex Sdn. Bhd. (b)	Malaysia	Trading of retread tyres and related rubberised products	100	100

(a) Audited by RSM Chio Lim LLP.

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

(c) For the purpose of consolidation, the unaudited management financial statements for the reporting year ended 31 October 2018 have been used. The impact arising from the use of the subsidiaries' unaudited management financial statements is not expected to be significant to the financial statements of the Group.

(d) This entity is consolidated because the Group has the ability to control the investee through its power to direct the relevant activities and of the investee is exposed or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(e) Subsidiaries held by the Company are wholly-owned in both 2017 and 2018.

(f) The Company acquired 80% interest in Swee Chioh Fisheries Pte. Ltd. on 9 January 2018 and the entity is audited by RSM Chio Lim LLP for the reporting year ended 31 October 2018.

16A. Subsidiaries with material non-controlling interests ("NCI")

The summarised financial information of the subsidiaries with non-controlling interests that are material to the Group, not adjusted for the percentage ownership held by the Group is, as follows:

	Group 2018 $'000	Group 2017 $'000
Wuhan ecoWise Energy Co., Ltd.		
Loss for the year allocated to NCI	(85)	(80)
Accumulated NCI at the end of the reporting year	(1,691)	(1,524)
Summarised financial information of the subsidiary not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations:		
Current assets	52	41
Non-current assets	1,044	1,082
Current liabilities	(2,896)	(2,813)
Revenue	–	10
Loss for the reporting year	(167)	(158)
Total comprehensive loss	(224)	(160)
Operating cash flows, decrease	(94)	(131)
Net cash flows, increase	1	2

NOTES TO THE FINANCIAL STATEMENTS

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16. Investments in subsidiaries (cont'd)

16B. Subsidiaries with material non-controlling interests ("NCI") (cont'd)

	Group 2018 $'000	Group 2017 $'000
Saiko Rubber (Malaysia) Sdn. Bhd.		
Profit for the year allocated to NCI	462	333
Accumulated NCI at the end of the reporting year	3,909	3,540
Summarised financial information of the subsidiary not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations:		
Dividends paid to non-controlling interest	200	178
Current assets	7,437	7,033
Non-current assets	2,054	2,161
Current liabilities	(1,945)	(2,241)
Non-current liabilities	(251)	(197)
Revenue	11,396	9,041
Profit for the reporting year	943	679
Total comprehensive income	943	679
Operating cash flows, increase	(356)	167
Net cash flows, decrease	(866)	(322)

16C. Subsidiaries by geographical location

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

	2018 $'000	2017 $'000
Carrying amounts of investment in subsidiaries		
Singapore	9,406	9,406
Malaysia	12,168	12,168
	21,574	21,574
Carrying amounts of loans due from subsidiaries		
Singapore	11,495	16,901

17. Investment in a jointly-controlled entity

	Group 2018 $'000	Group 2017 $'000
Unquoted equity shares, at cost	5,126	5,126
Share of profit or loss:		
At beginning of the year	(3,079)	(2,606)
Share of loss for the year	(342)	(479)
Share of foreign currency translation reserve	(27)	6
At end of the year	(3,448)	(3,079)
Carrying amount	1,678	2,047

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

Name of subsidiary	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group 2018 %	Effective equity interests held by the Group 2017 %
Held by a subsidiary				
Chongqing eco-CTIG Rubber Technology Co., Ltd. ("CECRT") [(a)]	People's Republic of China	Retreading of tyres and dealing in rubberised products	65	65

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

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

The summarised unaudited financial information of the jointly-controlled entity based on the financial statements of the jointly-controlled entity is as follows. These are adjusted to reflect adjustments made by the Group when using the equity method.

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

	Group	
	2018	2017
	$'000	$'000
Revenue	4,421	4,238
Loss from continuing operations	(526)	(736)
Other comprehensive income/(loss)	–	9
Total comprehensive loss	(682)	(727)
Depreciation and amortisation	(258)	(28)
Finance income	–	10
Finance costs	(24)	(8)
Current assets	2,162	2,390
Non-current assets	2,948	3,363
Current liabilities	(2,528)	(2,603)
Reconciliation:		
Net assets of the jointly-controlled entity	2,582	3,150
Proportion of the Group's interest in the jointly-controlled entity	65%	65%
Carrying amount of the interest in the jointly-controlled entity	1,678	2,047

There are no significant restrictions on the ability of the jointly-controlled entity to transfer funds to the Group in the form of cash dividends.

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

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

	Range (Weighted Average)	
	2018	2017
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	3% to 60%	0% to 61%
Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU	15%	15%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years

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

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

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

18. Investment in associate

	Group	
	2018	2017
	$'000	$'000
Unquoted equity shares, at cost		
Balance at beginning of the year	3,994	5,187
Disposals	–	(1,193)
Reduction of investment	(2,148)	–
Cost at the end of the year	1,846	3,994
Share of profit or loss:		
At beginning of the year	(90)	(1,361)
Share of loss for the year	(17)	(19)
Share of foreign currency translation reserve	(143)	97
Derecognition of an associate	–	1,193
At end of the year	(250)	(90)
Carrying amount	1,596	3,904
Share of net book value of associate	1,596	4,293

The associate held by the Group is as follows:

Names of associate	Country of incorporation/ place of operation	Principal activities	Effective equity interests held by the Group	
			2018	2017
			%	%
Held by subsidiaries				
China-UK Low Carbon Enterprise Co., Ltd [(a)]	People's Republic of China	Investment holding	20	20

(a) For the purpose of equity accounting of the associates, the unaudited management financial statements at 31 October 2018 have been used. The impact arising from the use of the associates' unaudited management financial statements is not expected to be significant to the financial statements of the Group.

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18. Investment in associate (cont'd)

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

	Group	
	2018	2017
	$'000	$'000
China-UK Low Carbon Enterprise Co., Ltd		
Revenue	291	606
Loss from continuing operations	(175)	(663)
Other comprehensive income/(loss)	–	580
Total comprehensive loss	(175)	(83)
Finance income/(expense)	349	(115)
Current assets	14,887	18,933
Non-current assets	1,853	2,532
Current liabilities	(8,760)	(1,944)
Reconciliation:		
Net assets of the associate	7,980	19,521
Proportion of the Group's interest in the associate	20%	20%
Carrying amount of the interest in the associate	1,596	3,904

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends.

19. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables				
Outside parties	17,288	18,417	–	–
Less: allowance for impairment	(825)	(552)	–	–
Net	16,463	17,865	–	–
Subsidiaries	–	–	3,144	2,867
Jointly-controlled entity	787	1,007	–	–
Subtotal	17,250	18,872	3,144	2,867
Other receivables				
Outside parties	1,545	2,034	21	58
Less: allowance for impairment	(225)	(277)	–	–
Net	1,320	1,757	21	58
Subsidiaries	–	–	987	1,820
Jointly-controlled entity	33	365	–	–
Related parties	–	206	–	–
Subtotal	1,353	2,328	1,008	1,878
Total trade and other receivables	18,603	21,200	4,152	4,745

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19. Trade and other receivables (cont'd)

	Group	
	2018	2017
	$'000	$'000
Movements in above allowance for trade receivables:		
Balance at beginning of the year	552	573
Foreign exchange adjustments	6	(9)
Charge for trade receivables to profit or loss included in other losses	400	125
Addition from newly acquired subsidiary	–	12
Bad debts written off	(133)	(149)
Balance at end of the year	825	552
Movements in above allowance for other receivables:		
Balance at beginning of the year	277	278
Foreign exchange adjustments	(52)	(1)
Balance at end of the year	225	277

Other receivables due from subsidiaries are unsecured, bear interest at 2.75% (2017: 2.75%) per annum and have no fixed terms of repayment.

Other receivables due from related parties, associate and jointly controlled entity are unsecured, non-interest bearing and have no fixed terms of repayment.

20. Finance lease receivables

In the reporting year ended 31 October 2012, the Group completed the construction of a biomass co-generation plant under a Design, Build and Operate Agreement ("DBO Agreement") entered with a customer. Under the DBO Agreement, the Group will operate and maintain the plant to supply electricity and heat to the customer for a term of 15 years since February 2012.

The Group assessed that the terms and conditions of the DBO Agreement contains a lease arrangement under SFRS(I) INT 4 – Determining whether an Arrangement contains a Lease. The lease is classified as a finance lease as the present value of the minimum lease receivables amount to at least substantially all of the fair value of the biomass co-generation plant at the inception of the lease. Consequently, the Group accounts for its investment in the biomass co-generation plant from plant and equipment as finance lease receivables. The Group continues to be the legal owner of the plant.

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

Group	Minimum finance lease receivables	Unearned finance income	Net finance lease receivables
	$'000	$'000	$'000
2018			
Receivable within 1 year	1,934	(1,036)	898
Receivable within 2 to 5 years	7,735	(3,327)	4,408
Receivable after 5 years	6,290	(1,061)	5,229
	15,959	(5,424)	10,535

NOTES TO THE FINANCIAL STATEMENTS

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20. Finance lease receivables (cont'd)

Group	Minimum finance lease receivables	Unearned finance income	Net finance lease receivables
	$'000	$'000	$'000
2017			
Receivable within 1 year	1,932	(1,121)	811
Receivable within 2 to 5 years	7,735	(3,773)	3,962
Receivable after 5 years	8,222	(1,709)	6,513
	17,889	(6,603)	11,286

	Group	
	2018	2017
	$'000	$'000
Presented in statements of financial position as:		
Non-current	9,637	10,475
Current	898	811
	10,535	11,286

The imputed finance income on the finance lease receivables was determined based on the interest rate implicit in the lease. The effective interest rate is 10.6% (2017: 10.6%) per annum.

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

21. Other assets

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Prepayments	1,252	808	50	28
Deposits to secure services	275	865	1	54
	1,527	1,673	51	82
Presented in statements of financial position as:				
Non-current	295	312	–	–
Current	1,232	1,361	51	82
	1,527	1,673	51	82

22. Inventories

	Group	
	2018	2017
	$'000	$'000
Raw materials	3,641	3,461
Work-in-progress	416	866
Finished goods	1,879	2,452
Consumables	658	691
	6,594	7,470

Inventories are stated after allowance for inventory obsolescence.

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22. Inventories (cont'd)

	Group 2018 $'000	Group 2017 $'000
Movements in allowance:		
Balance at beginning of the year	109	184
Charge/(Reversal) to profit or loss included in cost of sales	78	(75)
Balance at end of the year	187	109

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales during the reporting year amounted to $27,938,000 (2017: $23,347,000).

A floating charge amounting to $3,862,000 (2017: $4,453,000) has been created over certain inventories of the Group as security to secure loans and borrowings (Note 30C).

23. Derivative financial instruments

	Group 2018 $'000	Group 2017 $'000
Current assets - derivative financial instruments with positive fair values:		
Forward foreign exchange contracts - cash flow hedges	38	91
Current liabilities - derivative financial instruments with negative fair values:		
Forward foreign exchange contracts - cash flow hedges	(17)	(5)

The movements during the reporting year are as follows:

	Group 2018 $'000	Group 2017 $'000
Balance at beginning of the year	86	(77)
Foreign exchange adjustments	2	2
(Loss)/gain recognised in profit or loss	(47)	136
(Loss)/gain recognised in other comprehensive income	(20)	25
Balance at end of the year	21	86

	Notional Amount $'000	Reference Currency	Maturity	Fair Value $'000
2018				
Forward currency contracts	1,490	AUD	November 2018	14
Forward currency contracts	4,421	AUD	December 2018	10
Forward currency contracts	355	AUD	January 2019	2
Forward currency contracts	417	AUD	February 2019	(1)
Forward currency contracts	215	AUD	March 2019	(4)
				21

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23. Derivative financial instruments (cont'd)

	Notional Amount $'000	Reference Currency	Maturity	Fair Value $'000
2017				
Forward currency contracts	741	AUD	November 2017	1
Forward currency contracts	493	AUD	January 2018	20
Forward currency contracts	1,060	AUD	February 2018	43
Forward currency contracts	241	AUD	March 2018	5
Forward currency contracts	768	AUD	April 2018	17
				86

Forward foreign currency contracts are utilised to hedge against significant future transactions and cash flows. They are used where possible to reduce the exposure in the fluctuations of foreign currency rates. The forward foreign currency contracts are primarily denominated in the currencies of the Group's principal markets. The Group does not enter into derivative contracts for speculative purposes.

The forward foreign currency contracts are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

The fair value (Level 2) of forward foreign currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

24. Cash and cash equivalents

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not restricted in use	2,363	2,783	14	159
Restricted in use	1,575	2,495	–	254
	3,938	5,278	14	413
Interest earning balances	1,429	2,245	–	254

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24. Cash and cash equivalents (cont'd)

Details of restricted cash balances are as follows:

	Group 2018 $'000	Group 2017 $'000
Under operating activities:		
Fixed deposits held by banks as security deposits for performance bonds	295	328
	295	328
Under financing activities:		
Fixed deposits held by banks as security deposits for loans and borrowings	1,030	1,917
Bank balances held by banks as security deposits for loans and borrowings	250	250
	1,280	2,167
	1,575	2,495

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

The rate of interest for the cash on interest earning accounts is between 0.50% to 3.00% (2017: 0.25% to 3.00%) per annum.

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

	Group 2018 $'000	Group 2017 $'000
Cash and cash equivalents in the statement of financial position	3,938	5,278
Cash and cash equivalents restricted in use	(1,575)	(2,495)
Bank overdrafts (Note 30)	(2,454)	(3,014)
Cash and cash equivalents (overdrawn) for consolidated statement of cash flows purposes at the end of the reporting year	(91)	(231)

24B. Non-cash transactions

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

	Group 2018 $'000	Group 2017 $'000
Acquisition of plant and equipment under finance lease agreements	295	290
Issue of ordinary shares for the performance shares vested (Note 26)	–	135

NOTES TO THE FINANCIAL STATEMENTS

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24. Cash and cash equivalents (cont'd)

24C. Reconciliation of liabilities arising from financing activities:

	2017	Cash flows	Non-cash Changes	2018
	$'000	$'000	$'000	$'000
Term loans	9,123	(2,400)	71	6,794
Trust receipts and banker's acceptances	7,628	(736)	263	7,155
Finance lease liabilities	1,989	(348)	351	1,992
Cash pledged for bank facilities	2,167	(887)	–	1,280
Total liabilities from financing activities	20,907	(4,371)	685	17,221

25. Assets classified as held for sale

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

	Group	
	2018	2017
	$'000	$'000
Assets:		
Property, plant and equipment	96	105
Land use rights	948	978
Trade and other receivables	49	37
Cash and cash equivalent	10	7
Other assets	1	3
Assets classified as held for sale	1,104	1,130
Liabilities directly associated with assets classified as held for sale:		
Trade and other payables	(1,409)	(1,511)
Net liabilities directly classified as held for sale	(305)	(381)
Equity:		
Reserve of disposal group classified as held for sale	481	537

The assets held for sale relate to investment in subsidiary's group, ecoWise Energy Pte Ltd and Wuhan ecoWise Energy Co. Ltd. On 8 November 2017, the Group entered into a Share Transfer Agreement with HongKong Chenbang Investment Limited to dispose the entire issued and paid-up share capital of ecoWise Energy Pte. Ltd. subject to terms and conditions of the Share Transfer Agreement for a cash consideration of $1,200,000. An appendum was entered in 2018 to extend the agreement to May 2019.

Management has reviewed and concluded that ecoWise Energy Pte Ltd's group meets the requirements of SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations to be classified as held for sale as at 31 October 2018.

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26. Share capital

Group and Company	Number of ordinary shares with no par value		Share capital	
	2018	2017	2018	2017
	'000	'000	$'000	$'000
Balance at beginning of the year	957,483	952,983	48,170	48,035
Issue of ordinary shares under ecoWise Performance Share Plan	–	4,500	–	135
Balance at end of the year	957,483	957,483	48,170	48,170

Ordinary shares

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Externally imposed capital requirement

The Company is subject to externally imposed capital requirement which is to have share capital with a free float of at least 10% of the shares to maintain its listing on the Singapore Exchange Securities Trading Limited. The Company has met the externally imposed capital requirement. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

Capital management

The Company is committed to maintain an optimal capital structure to safeguard the Company's ability to continue as a going concern, to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing products and services commensurately with the level of risk. The management sets the amount of capital in proportion to risk. There were no changes in the approach to capital management during the reporting year.

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

NOTES TO THE FINANCIAL STATEMENTS

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26. Share capital (cont'd)

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

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loans and borrowings (Note 30)	18,395	21,754	214	1,698
Less: Cash and cash equivalents (Note 24)	(3,938)	(5,278)	(14)	(413)
Net debt	14,457	16,476	200	1,285
Adjusted capital:				
Total equity	40,538	44,649	31,824	37,824
Less: Amount accumulated in equity in relation to cash flow hedge	(1)	19	–	–
Adjusted capital	40,537	44,668	31,824	37,824
Debt-to-adjusted capital ratio	35.7%	36.9%	0.6%	3.4%

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

27. Foreign currency translation reserve

	Group	
	2018	2017
	$'000	$'000
At beginning of the year	(5,339)	(5,524)
Exchange differences on translating foreign operations	119	185
At end of the year	(5,220)	(5,339)

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

28. Other reserves

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Equity-settled share-based compensation reserve (Note 28A)	–	–	–	–
Hedging reserve (Note 28B)	(1)	19	–	–
Other reserve (Note 28C)	2,300	2,195	–	–
	2,299	2,214	–	–

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28. Other reserves (cont'd)

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

28A. Equity-settled share-based compensation reserve

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At beginning of the reporting year	–	50	–	50
Issue of ordinary shares under ecoWise performance share plan	–	(135)	–	(135)
Equity-settled share-based payment	–	85	–	85
At end of the reporting year	–	–	–	–

ecoWise performance share plan

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

The Share Plan is administered by the Remuneration Committee comprising three independent directors, Mr. Wong Joo Wan, Mr. Er Kwong Wah and Ms. Pok Mee Yau. Ordinary shares are vested when the Remuneration Committee is satisfied that the prescribed performance target(s) have been achieved and the vesting period (if any) has expired. The vesting periods may be extended beyond the performance achievement periods as set out by the Remuneration Committee.

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

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

The Share Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on 23 March 2007. The Share Plan may continue beyond the above stipulated period with the approval of members of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

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28. Other reserves (cont'd)

28A. Equity-settled share-based compensation reserve (cont'd)

ecoWise performance share plan (cont'd)

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

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

From the commencement date of the Share Plan to 31 October 2018, 49,732,225 performance shares have been granted (after adjustments for rights cum warrants issue on 1 November 2007 and rights issue on 26 September 2008).

On 21 January 2016, the Company granted 4,500,000 ordinary shares to an eligible participant pursuant to the Share Plan disclosed. The shares had been vested during the reporting year based on the achievement of certain pre-determined performance conditions as determined by the Company's Remuneration Committee or otherwise in accordance with the rules of the Share Plan.

At the end of the reporting year, no performance shares were granted, vested and cancelled under the Share Plan.

28B. Hedging reserve

The hedging reserve relates to the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

28C. Other reserves

	Group	
	2018	2017
	$'000	$'000
At beginning of the year	2,195	2,128
Foreign exchange adjustments	105	67
At end of the year	2,300	2,195

Other reserve relates to the difference between the change in non-controlling interests when acquiring additional equity interests in subsidiaries and the fair value of the consideration given for the acquisitions.

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29. Provisions

	Group 2018 $'000	Group 2017 $'000
Retirement benefit obligations (Note 29A)	830	734
Provision for reinstatement cost (Note 29B)	350	350
Contingent liability payable consideration (Note 36)	1,768	–
	2,948	1,084
Presented in statements of financial position as:		
Non-current	1,180	1,084
Current	1,768	–
	2,948	1,084

29A. Retirement benefit obligations

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Malaysia. Under the plan, the employees are entitled to two weeks of their last drawn salary for every year of employment served having fulfilled certain conditions. No other post-retirement benefits are provided. The plan is not held separately by an independent administrated fund as the plan is not a funded arrangement. Those employees who joined the subsidiaries in Malaysia on or after 15 July 2010 are not entitled to such retirement benefits.

The movements in the provision for retirement benefit obligations and the amounts recognised in the profit or loss during the reporting year are as follows:

	Group 2018 $'000	Group 2017 $'000
At beginning of the year	734	688
Foreign exchange adjustments	21	(19)
Current service cost	55	39
Interest expense on retirement benefit obligations	35	32
Retirement benefit obligations paid	(15)	(6)
At end of the year	830	734

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

	Group 2018 %	Group 2017 %
Discount rate	5.0	5.0
Expected rate of salaries increase	4.0	4.0

The assumptions relating to longevity used to compute the retirement benefit obligations are based on the published mortality tables commonly used by the actuarial professionals in Malaysia.

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29. Provisions

29B. Provision for reinstatement cost

	Group	
	2018	2017
	$'000	$'000
Balance at beginning of the year 1 November 2016 and end of the years 31 October 2017 and 2018	350	350

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

30. Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current liabilities				
Loans and borrowings with fixed interest rate:				
Bank loan E (Note 30F)	143	203	–	–
Bank loan F (Note 30A)	141	198	–	–
Bank loan G (Note 30A)	36	49	–	–
Bank loan H (Note 30A)	–	43	–	–
Bank loan I (Note 30F)	213	300	–	–
Finance lease liabilities (Note 30D)	1,328	1,385	170	162
Subtotal	1,861	2,178	170	162
Loans and borrowings with floating interest rate:				
Bank loan B (Note 30B)	1,506	3,096	–	–
Bank loan C (Note 30C)	690	1,178	–	–
Bank loan D (Note 30F)	–	207	–	207
Bank loan J (Note 30H)	1,636	–	–	–
Subtotal	3,832	4,481	–	207
Total non-current portion	5,693	6,659	170	369
Current liabilities				
Loans and borrowings with fixed interest rate:				
Bank loan A (Note 30A)	–	90	–	–
Finance lease liabilities (Note 30D)	664	604	44	32
Bank loan E (Note 30F)	58	56	–	–
Bank loan F (Note 30A)	56	56	–	–
Bank loan G (Note 30A)	14	14	–	–
Bank loan H (Note 30A)	–	12	–	–
Bank loan I (Note 30F)	87	86	–	–
Subtotal	879	918	44	32

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30. Loans and borrowings (cont'd)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loans and borrowings with floating interest rate:				
Bank loan B (Note 30B)	1,582	1,729	–	–
Bank loan C (Note 30C)	525	509	–	–
Bank overdraft A (Note 30C)	588	144	–	–
Bankers' acceptances A (Note 30C)	5,460	5,038	–	–
Bank loan D (Note 30F)	–	1,297	–	1,297
Bank overdrafts B (Note 30I)	1,866	2,870	–	–
Bankers' acceptances B (Note 30G)	1,152	1,909	–	–
Bank loan J (Note 30H)	107	–	–	–
Trust receipts (Note 30E)	543	681	–	–
Subtotal	11,823	14,177	–	1,297
Total current portion	12,702	15,095	44	1,329
Total non-current and current loans and borrowings	18,395	21,754	214	1,698

The non-current portion is repayable as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Due within 2 to 5 years	4,626	6,649	170	369
Due after 5 years	1,067	10	–	–
Total non-current portion	5,693	6,659	170	369

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

The range of interest rates paid were as follows:

	Group	
	2018	2017
	%	%
Fixed rate interest		
Bank loans	2.40% to 5.25%	2.50% to 4.55%
Finance lease liabilities	2.48% to 7.45%	2.48% to 7.45%
Floating interest rates		
Bank loans	2.06% to 7.65%	2.26% to 7.65%
Trust receipts	7.90% to 8.51%	7.90% to 8.51%
Bankers' acceptances	4.59% to 6.18%	4.59% to 6.18%
Bank overdrafts	6.25% to 7.85%	6.25% to 7.85%

NOTES TO THE FINANCIAL STATEMENTS

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30. Loans and borrowings (cont'd)

30A. Bank loan A, F, G and H

Bank loans A and F are repayable over 5 years from September 2013 and May 2017 at a fixed interest rate of 2.40% and 2.50% per annum respectively. Bank loan A was fully repaid in the financial year. Bank loans G and H are repayable over 5 years commencing from June 2017 at a fixed interest rate of 2.50% per annum. Bank loan H was fully repaid during the year. The loans are covered by a corporate guarantee from the Company and secured by legal charge over plant and equipment of a subsidiary with net carrying amount of total $262,000 (2017: $708,000) as disclosed in Note 13B.

30B. Bank loan B

The loan is secured by a legal assignment of the DBO Agreement with a customer, a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation plant of a subsidiary as disclosed in Note 20 and pledges of average bank balances of the Group amounting to $502,000 (2017: $502,000) as disclosed in Note 24 at a fixed rate of 5.25% per annum. The loan is guaranteed by the Company and repayable by December 2020.

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

These borrowings are secured by a charge over the leasehold land of $1,212,000 (2017: $1,197,000), leasehold properties and improvements of $4,786,000 (2017: $4,736,000), plant and equipment of $9,146,000 (2017: $9,487,000) and pledges of inventories of $3,862,000 (2017: $4,453,000) and fixed deposits amounting to $779,000 (2017: $1,412,000) of the Group as disclosed in Notes 13B, 23 and 25. Bank loan C is repayable over 8 years commencing from June 2012, and bankers' acceptances A and bank overdraft A are repayable within the next 12 months. Banker's acceptances are charged a floating interest rate of 1.00% to 1.50% + bank interest rate, bank loan is charged at bank's prime lending rates and bank overdrafts are charged at a floating interest rate of 1.00% to 2.00% above the bank's prime lending rate.

30D. Finance lease liabilities

The finance lease liabilities are payable as follows:

Group	Minimum lease payments	Finance costs	Principal
	$'000	$'000	$'000
2018			
Due within 1 year	769	(105)	664
Due within 2 to 5 years	1,452	(124)	1,328
Due after 5 years	–	–	–
	2,221	(229)	1,992
2017			
Due within 1 year	722	(118)	604
Due within 2 to 5 years	1,520	(146)	1,374
Due after 5 years	12	(1)	11
	2,254	(265)	1,989

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

30. Loans and borrowings (cont'd)

30D. Finance lease liabilities (cont'd)

Company	Minimum lease payments	Finance costs	Principal
	$'000	$'000	$'000
2018			
Due within 1 year	52	(8)	44
Due within 2 to 5 years	200	(30)	170
	252	(38)	214
2017			
Due within 1 year	38	(6)	32
Due within 2 to 5 years	192	(30)	162
	230	(36)	194

The Group leases certain of its plant and equipment under finance leases. The lease term is between 3 to 10 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessors' charge over the leased assets amounting to $2,976,000 (Note 13A).

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

30E. Trust receipts

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

30F. Bank loans D, E and I

Bank loan D was secured by fixed deposits and was repayable within 3 years commencing from May 2016 at a floating rate of 2.25% to 2.50% above the bank's cost of fund. The loan was fully repaid during the year. Bank loan E, bank loan I are unsecured and are covered by a corporate guarantee from the Company at a fixed interest rate of 5.25%, 2.50% per annum. Bank loan E and bank loan I are repayable over 5 years commencing from January 2017 and August 2017 respectively.

30G. Bankers' acceptances B

Bankers' acceptance B are unsecured and are repayable within the next 12 months. The bankers' acceptances are covered by a corporate guarantee from the Company at a floating interest rate of 1.00% to 1.50% + bank interest rate.

30H. Bank Loan J

Bank loan J is secured by a charge over the leasehold property of $2,211,000 (2017: $2,368,000) at a floating interest rate of 3 months SIBOR + 0.85%. It is also covered by corporate guarantee from the Company and a related company. The loan is payable over 15 years, commencing from January 2018.

30I. Bank overdrafts B

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

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31. Deferred income

	Group	
	2018	2017
	$'000	$'000
Deferred government grant income	14	19
Presented in statements of financial position as:		
Non-current	7	13
Current	7	6
	14	19
At beginning of the year	19	27
Amortisation for the year	(7)	(6)
Foreign exchange adjustments	2	(2)
	14	19

32. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade payables				
Outside parties and accrued liabilities	10,731	13,043	575	833
Jointly-controlled entity	596	–	–	–
Subtotal	11,327	13,043	575	833
Other payables				
Subsidiaries	–	–	5,065	3,726
Jointly-controlled entity	16	–	–	–
Other outside parties	2,706	2,193	3	3
Subtotal	2,722	2,193	5,068	3,729
Total trade and other payables	14,049	15,236	5,643	4,562

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

33. Other liabilities

	Group	
	2018	2017
	$'000	$'000
Due to a jointly-controlled entity on service contract	–	840
Total liabilities	–	840
Aggregate amount of costs incurred and recognised profits to date on uncompleted contract	–	(4,854)
Less: progress payments received and receivable and advances received to date	–	5,694
Net amount arising from service contracts at end of year	–	840

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34. Operating lease commitments

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

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Not later than 1 year	360	406	–	16
Later than 1 year and not later than 5 years	1,249	699	–	–
Later than 5 years	277	373	–	–
Operating lease expenses for the reporting year	552	1,119	–	199

35. Financial instruments: information on financial risks

35A. Categories of financial assets and liabilities

The following table categorises the carrying amounts of financial assets and financial liabilities recorded at the end of the reporting year:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables:				
Trade and other receivables (Note 19)	18,603	21,200	4,152	4,745
Finance lease receivables (Note 20)	10,535	11,286	–	–
Derivative financial instruments at fair value (Note 23)	38	91	–	–
Cash and cash equivalents (Note 24)	3,938	5,278	14	413
	33,114	37,855	4,166	5,158
Financial liabilities				
Derivative financial instruments at fair value (Note 23)	17	5	–	–
Financial liabilities at amortised cost:				
Loans and borrowings (Note 30)	18,395	21,754	214	1,698
Trade and other payables (Note 32)	14,049	15,236	5,643	4,562
	32,461	36,995	5,857	6,260

Further quantitative disclosures are included throughout these financial statements.

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

35B. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

35C. Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management is carried out under policies approved by the board of directors.

Risks management policies are established to identify and analyse the risks faced by the Group, to set appropriate risks' limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Group's activities and market conditions.

The Group has exposure to the following financial risks:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and
- Foreign currency risk.

The Group's overall financial risk management strategy seeks to minimise the potential material adverse effects from these exposures. The information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risks are presented below.

35D. Credit risk on financial assets

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables, cash and cash equivalents and equity shares. The maximum exposure to credit risk is the total of the fair values of the financial instruments.

Credit risk on cash balances with banks and financial institutions is limited because the counter-parties are entities with acceptable credit ratings.

For credit risk on receivables, an on-going credit evaluation is performed on the financial conditions of the debtors and an impairment loss is recognised in profit or loss. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. Management considers the demographics of the Group's customer bases, including the default risk of the industry and country which customers operate, as these factors may have an influence on credit risk. The Group's exposure to credit risk on finance lease receivables is limited because the counter party is Gardens by the Bay.

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

35D. Credit risk on financial assets (cont'd)

The Group has established a credit policy, whereby each new customer is analysed individually for credit worthiness. Each entity within the Group is responsible for managing and analysing the credit risk of each of its new customers before payment and delivery terms and conditions are offered. For existing customers, an on-going credit evaluation is performed on customers' financial conditions. The exposure to credit risk is controlled by setting credit limits to individual customers.

The credit terms granted to customers are generally between 14 to 90 days (2017: 14 to 90 days).

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

	Group	
	2018	2017
	$'000	$'000
Past due less than 60 days	2,233	4,372
Past due 61 to 90 days	785	1,362
Past due 91 to 180 days	551	1,291
Past due over 180 days	1,642	647
	5,211	7,672

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

	Group	
	2018	2017
	$'000	$'000
Past due over 180 days	825	552

The allowance for doubtful trade receivables as disclosed in Note 19 to the financial statements is based on individual accounts totalling $825,000 (2017: $552,000) that are determined to be impaired at the end of the reporting year.

(c) At end of the reporting year, approximately 65% (2017: 30%) of trade receivables are due from three customers as follows:

	Group	
	2018	2017
	$'000	$'000
Top 1 customer	7,992	3,775
Top 2 customers	9,760	4,712
Top 3 customers	10,657	5,600

(d) As at the end of the reporting year, the finance lease receivables are not past due.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Cash and cash equivalents disclosed in Note 24 represent amounts with less than 90-days maturity.

NOTES TO THE FINANCIAL STATEMENTS

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

35E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year $'000	Due within 2 to 5 years $'000	Due after 5 years $'000	Total $'000
Group				
2018				
Loans and borrowings	13,180	4,976	1,160	19,316
Trade and other payables	14,049	–	–	14,049
	27,229	4,976	1,160	33,365
2017				
Loans and borrowings	15,225	6,831	12	22,068
Trade and other payables	15,236	–	–	15,236
	30,461	6,831	12	37,304
Company				
2018				
Loans and borrowings	52	200	–	252
Trade and other payables	5,643	–	–	5,643
	5,695	200	–	5,895
2017				
Loans and borrowings	1,335	399	–	1,734
Trade and other payables	4,562	–	–	4,562
	5,897	399	–	6,296

The undiscounted amounts on the loans and borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the end of the reporting year.

The average credit period taken to settle trade payables is approximately 84 days (2017: 105 days). The other payables are with short-term durations. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

	Less than 1 year	Due within 2 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2018				
Financial guarantee contracts	3,829	2,524	1,067	5,677
2017				
Financial guarantee contracts	4,092	3,717	–	7,809

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

	Group	
	2018	2017
	$'000	$'000
Unutilised loans and borrowings	14,617	18,905

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

35F. Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The breakdown of the significant financial instruments by type of interest rate is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets				
Fixed rates	11,964	13,531	–	254
Financial liabilities				
Floating rates	15,112	11,009	–	1,504
Fixed rates	3,283	10,745	214	194
	18,395	21,754	214	1,698

NOTES TO THE FINANCIAL STATEMENTS

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

35F. Interest rate risk (cont'd)

Sensitivity analysis

For the variable rate financial assets and liabilities, a hypothetical increase of 100 basis points (2017: 100 basis points) in interest rate at the end of the reporting year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A decrease in 100 basis points (2017: 100 basis points) in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group	
	2018	2017
	$'000	$'000
Change in pre-tax loss for the reporting year	151	110

The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

35G. Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also has foreign currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk is primarily the Australian dollar, Chinese renminbi, United States dollar and Euro. The Group hedges its foreign currency exposure should the need arise through the use of forward foreign currency contracts.

Other than as disclosed elsewhere in the financial statements, the Group's significant exposures to foreign currencies are as follows:

Group	Australian Dollar	Chinese Renminbi	United States Dollar	Euro	Total
	$'000	$'000	$'000	$'000	$'000
2018					
Financial assets					
Cash and cash equivalents	187	–	6	–	193
Trade and other receivables	434	151	93	174	852
Total financial assets	621	151	99	174	1,045
Financial liabilities					
Trade and other payables	–	(1)	(321)	–	(322)
Net financial assets/(liabilities)	621	150	(222)	174	1,768

NOTES TO THE FINANCIAL STATEMENTS

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

35G. Foreign currency risk (cont'd)

Group	Australian Dollar	Chinese Renminbi	United States Dollar	Euro	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Financial assets					
Cash and cash equivalents	4	–	31	–	35
Trade and other receivables	3,802	404	523	175	4,904
Total financial assets	3,806	404	554	175	4,939
Financial liabilities					
Trade and other payables	–	–	(101)	–	(101)
Net financial assets/(liabilities)	3,806	404	453	175	4,838

Company	Malaysia Ringgit 2018	Malaysia Ringgit 2017
	$'000	$'000
Financial assets		
Trade and other receivables	440	292
Total financial assets	440	292
Financial liabilities		
Trade and other payables	(17)	–
Net financial assets/(liabilities)	423	292

Sensitivity analysis

A hypothetical 10% (2017: 10%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group at the end of the reporting year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A 10% (2017: 10%) weakening of the above currencies against the functional currency of the respective subsidiaries would have an equal but opposite effect. This analysis has been carried out without taking into consideration of hedged transactions and assumes all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

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

35G. Foreign currency risk (cont'd)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against AUD with all other variables held constant would have an unfavourable effect on pre-tax profit of	56	348	–	–
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against all other currencies with all other variables held constant would have an unfavourable effect on pre-tax profit of	104	94	38	27

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

36. Acquisition of a subsidiary

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

The consideration transferred is as follows:

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

* Amount less than $1,000.

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

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36. Acquisition of a subsidiary (cont'd)

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

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

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

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

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

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

The goodwill is not deductible for tax purposes.

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

	Group	
	From date of acquisition in 2018	For the reporting period 2018
	$'000	$'000
Revenue	535	682
Loss before income tax	(385)	(352)

NOTES TO THE FINANCIAL STATEMENTS

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36. Acquisition of a subsidiary (cont'd)

On 31 May 2017 the group acquired additional 50% of the share capital of ecoWise Materials Pte. Ltd. (incorporated in Singapore) (formerly known as Geocycle Singaore Pte. Ltd.) and from that date the Group gained control of the entity and became a subsidiary of the Group (also see Note 16 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

The consideration transferred is as follows:

	2017 $'000
Cash consideration	50

The fair values of identifiable assets acquired and liabilities assumed shown below pertains to ecoWise Materials Pte. Ltd. (formerly known as Geocycle Singapore Pte. Ltd.) allowed by FRS 103 Business Combinations. These fair values are from a detailed report from an independent professional valuer.

	Pre-acquisition book value under FRS $'000	Fair Value Adjustment $'000	Fair value $'000
2017: Group			
Leasehold land	165	725	890
Plant and equipment	405	450	855
Deferred tax assets	–	11	11
Non-compete agreement	–	110	110
Inventories	51	–	51
Prepayments	1	–	1
Trade and other receivables	144	–	144
Cash and cash equivalents	51	–	51
Trade and other payables	(421)	–	(421)
Loan and borrowings	(1,345)	635	(710)
Net identifiable assets	(949)		982
50% of net identifiable assets acquired			491
Carrying value of investment in associate (Note 18)			–
Gain on derecognition of an associate (Note 7)			491

NOTES TO THE FINANCIAL STATEMENTS

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36. Acquisition of a subsidiary (cont'd)

The negative goodwill arising on acquisition of 100% was as follows:

	Fair value $'000
Fair value of investment in associate deemed disposal	(491)
Cash consideration transferred	(50)
Fair value of net assets acquired	982
Additional loan from acquisition	85
Negative goodwill arising from business combinations (Note 7)	526

The net cash outflow on acquisition was as follows:	
Cash consideration	50
Additional loan from acquisition	(85)
Amount payable to vendor	45
Net cash outflow for statement of cash flows purposes at the end of the year	10

37. Contingent liabilities

37A. Undertaking to support subsidiaries with deficits

The Company has undertaken to provide continued financial support to subsidiaries which have total accumulated losses in excess of issued and paid up capital as at the end of the reporting year. Due to the subsidiaries' financial and liquidity constraints, the Company may be required to provide estimated cash funding of approximately $7,761,000 (2017: $7,615,000) to enable these subsidiaries to meet their obligations as and when they fall due.

37B. Litigation

In the prior reporting years, the Company's wholly owned subsidiary, Changyi Enersave Biomass to Energy Co., Ltd, ('CEBEC') has commenced arbitration proceedings against its supplier, China Huadian Engineering Co., Ltd, ('Hua Dian') in Shandong, China, for failure to perform the engineering, procurement and construction contract between the two parties in relation to CEBEC plant and land use rights amounting to $2,219,000 and $1,400,000 respectively (2017: $2,524,000 and $1,500,000).

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

(i) Hua Dian is to abide by the Engineering, Procurement and Construction Contract ("EPC Contract") and deliver to CEBEC a CEBEC plant in accordance with the technical specifications set out thereunder, within 6 months from 23 December 2017;

(ii) Hua Dian's counter-claim in the amount of RMB31,657,659 (S$6,299,000) (the "Remainder Amount"), representing the unpaid amounts under the EPC Contract, is in abeyance until delivery of a CEBEC plant compliant with the technical specifications as laid out in the EPC Contract; and

(iii) An interim award of RMB18,800,000 (S$3,860,000) is awarded to CEBEC for failure to perform the EPC contract, which shall be set-off against the Remainder Amount.

NOTES TO THE FINANCIAL STATEMENTS
31 OCTOBER 2018

37. Contingent liabilities (cont'd)

37B. Litigation (cont'd)

The Company and CEBEC will forthwith follow up with Hua Dian on its obligations. Meanwhile, CEBEC's contractual rights pursuant to the EPC Contract continue to be reserved. Consequently, the Company has capital commitment of RMB31,657,659 (S$6,299,000).

As a result of the decisions of arbitral tribunal, should Hua Dian be able to abide and deliver the CEBEC plant within 6 months, the carrying value of the CEBEC Plant (including land use rights) will increase by S$6,299,000 to S$9,918,000.

Valuation report obtained from an external valuation firm indicated the fair value of the CEBEC plant to be RMB99,778,900 (S$20,485,000) (Refer to Note 2C) which is substantially higher than its carrying value. Accordingly, management is of the view that no further impairment is required.

As at 31 October 2018, management has represented that Hua Dian did not deliver the plant per (i) and the Company has re-commenced arbitration against Hua Dian and no resolution was obtained as at date of report.

38. Transition from FRSs to SFRS(I)s

The company has early adopted Singapore Financial Reporting Standards (International) ("SFRS(I)s") from 1 November 2017. The financial statements for 2018 are prepared in accordance with SFRS(I)s. The company's previously issued financial statements for period up to and including 31 October 2017 were prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs"). There is no significant impact in converting from FRS to SFRS(I) and no adjustments were required.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

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

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

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 2	Amendments to, Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations	1 January 2019
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 11	Improvements (2017) – Amendments: Joint Arrangements	1 January 2019
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) 1-28	Amendments: Long-Term Interests In Associates And Joint Ventures	1 January 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

SFRS(I) 9 Financial Instruments

On the basis of the facts and circumstances that exist as at 31 October 2018 (see accounting policy in Note 2 and disclosures in Note 35) the entity does not anticipate that the application of the new standard will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the entity's financial instruments.

SFRS(I) 15 Revenue from Contracts with Customers

On the basis of the current accounting treatment of the major sources of revenue (see accounting policy in Note 2 and disclosures in Note 5 on revenue) the management does not anticipate that the application of SFRS(I) 15 will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the revenue transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2018

39. New or amended standards in issue but not yet effective (cont'd)

SFRS(I) 16 Leases

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and the related interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of $1,526,000 as at 31 October 2018 (Note 34), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases upon the application of SFRS(I) 16) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed. The amounts will be adjusted for the effects of discounting and the transition relief if available for the group.

SHAREHOLDINGS STATISTICS

AS AT 18 JANUARY 2019

SHARE CAPITAL

Number of shares	:	957,483,029
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	13	0.68	585	0.00
100 – 1,000	55	2.88	41,367	0.00
1,001 – 10,000	268	14.03	1,983,169	0.21
10,001 – 1,000,000	1,502	78.64	175,220,308	18.30
1,000,001 AND ABOVE	72	3.77	780,237,600	81.49
TOTAL	**1,910**	**100.00**	**957,483,029**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 18 January 2019, approximately 53.12% of the issued ordinary shares of the Company is held by the public. Accordingly Rule 723 of Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited has been complied with.

TOP TWENTY SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	275,777,887	28.80
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	64,591,365	6.75
3	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	63,000,000	6.58
4	CAO SHIXUAN	42,535,114	4.44
5	PHILLIP SECURITIES PTE LTD	42,239,815	4.41
6	SUNNY ONG KENG HUA	27,835,125	2.91
7	TAN JIN BENG WINSTON	22,987,533	2.40
8	DBS NOMINEES (PRIVATE) LIMITED	16,205,700	1.69
9	OCBC SECURITIES PRIVATE LIMITED	15,767,750	1.65
10	CHING WEE LING (ZHONG HUILING)	10,148,000	1.06
11	SBS NOMINEES PRIVATE LIMITED	10,000,000	1.04
12	SOLIGNY BRUNO LUDOVIC	9,948,300	1.04
13	KWOK HOI SUI	8,438,200	0.88
14	CHAN BUANG HENG	8,119,850	0.85
15	NG CHEOW BOO	7,094,000	0.74
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,047,812	0.74
17	NA CHING CHING, LINDA (LAN QINGQING,LINDA)	6,979,500	0.73
18	UOB KAY HIAN PRIVATE LIMITED	6,450,000	0.67
19	LIAO HONGHAI	5,605,000	0.59
20	KNG CHIN KAIT	5,594,000	0.58
	TOTAL	**656,364,951**	**68.55**

SHAREHOLDINGS STATISTICS

AS AT 18 JANUARY 2019

SUBSTANTIAL SHAREHOLDERS AS AT 18 JANUARY 2019

No.	Name of Shareholders	Direct Interest No. of Shares	% of Shares	Deemed Interest No. of Share	% of Shares
1	ecoHub Pte. Ltd.	218,229,375	22.79	–	–
2	Ma Ong Kee	88,000,000[1]	9.19	–	–
3	Lee Thiam Seng	35,509,388[2]	3.71	218,229,375[3]	22.79
4	Tan Jin Beng Winston	64,566,833[4]	6.74	–	–

Notes:

(1) Mr Ma Ong Kee holds 25,000,000 shares through his nominee account with Phillip Securities Pte Ltd, representing 2.61% of the issued share capital of the Company. Mr Ma Ong Kee also holds 63,000,000 shares through his nominee account with Morgan Stanley Asia (S) Securities Pte Ltd, representing 6.58% of the issued share capital of the Company.

(2) 35,500,000 shares of which are held through Citibank Nominees Singapore Pte Ltd.

(3) Mr Lee Thiam Seng is the sole shareholder of ecoHub Pte. Ltd. which in turn holds 218,229,375 shares (of which all are held through Citibank Nominees Singapore Pte Ltd), representing 22.79% of the issued share capital of the Company. Accordingly, Lee Thiam Seng has a deemed interest in the 218,229,375 shares held by ecoHub Pte. Ltd.

(4) Of the 64,566,833 shares in which Mr Tan Jin Beng Winston has an interest, 41,579,300 shares are held through CGS-CIMB Securities (Singapore) Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ECOWISE Holdings Limited (the "Company") will be held at 311 Neo Tiew Crescent Singapore 718818, on Thursday, 28 February 2019 at 10.00 a.m. *(please note that there will be complimentary shuttle bus provided from Yew Tee MRT station at 9.00 a.m. and 9.30 a.m.)* for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 October 2018 together with the Auditors' Report thereon. (Resolution 1)

2. To re-elect Ms Pok Mee Yau, who is retiring by rotation pursuant to Regulation 107 of the Company Constitution, and who being eligible, offered herself for re-election. (Resolution 2)

3. To re-elect Mr Lee Thiam Seng, who is retiring by rotation pursuant to Regulation 107 of the Company Constitution, and who being eligible, offered himself for re-election. (Resolution 3)

4. To approve the Directors' Fee of SGD165,000 for the financial year ended 31 October 2018. (Resolution 4)

5. To re-appoint Messrs RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

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

6. Proposed Renewal of the Share Buyback Mandate

THAT

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

(i) market purchases transacted on Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback ("**Market Purchases**"); and/or

(ii) off-market purchases effected pursuant to an equal access scheme as defined in Section 76C of the Act ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the Company's Constitution, the provisions of the Act and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") as may for the time being be applicable (the "**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;

NOTICE OF ANNUAL GENERAL MEETING

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

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

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

(iii) the date on which the authority conferred in the Share Buyback Mandate is varied or revoked by the shareholders in a general meeting,

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

(d) for purposes of this Resolution:

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

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

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

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

where:

(iii) "**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

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

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

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. (Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to allot and issue shares under the ecoWise Performance Share Plan

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the ecoWise Performance Share Plan (the "Plan") and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued shares of the Company (excluding any shares held in treasury and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. (Resolution 7)

8. To transact any other business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Cao ShiXuan
Executive Director
Singapore

Date: 13 February 2019

Explanatory Notes:

(i) Ms Pok Mee Yau, upon re-election as a Director of the Company, will remain as the Independent Non-Executive Director. She is also the Chairwoman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

(ii) Mr Lee Thiam Seng, upon re-election as a Director of the Company, will remain as Executive Chairman of the Board. He is an Executive and Non-Independent Director. He is also the Chief Executive Officer of the Company.

(iii) The Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective period commencing from the date on which the ordinary resolution in relation to the proposed renewal of the Share Buyback Mandate is passed in a general meeting and expiring on the earliest of the date on which the next Annual General Meeting is held or is required by law to be held, the date the said mandate is revoked or varied by the Company in a general meeting, or the date on which the purchases of shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in this Notice of Annual General Meeting.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 October 2018 are set out in greater detail in the Addendum to the Annual Report.

(iv) The Ordinary Resolution 7 is to empower the directors of the Company to offer and grant awards, and to allot and issue new ordinary shares in the capital of the Company, pursuant to the Share Plan (which was approved by Shareholders at the Extraordinary General Meeting held on 23 March 2007 and extended accordingly for a period of 10 years at the Annual General Meeting held on 28 February 2017) as may be modified by the Remuneration Committee from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan shall not exceed 15% of the total number of issued ordinary Shares of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the annual general meeting ("Meeting"). Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to each proxy has been appointed shall be specified in the proxy form.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on his behalf. The instrument appointing the proxy must be under seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Commonwealth Lane, One Commonwealth, #07-24 Singapore 149544 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

5. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Stamford Corporate Services Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this notice.

   The contact person for the Sponsor is Mr Bernard Lui Telephone number: +65 6389 3000.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Pok Mee Yau and Mr Lee Thiam Seng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 February 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	MS POK MEE YAU	**MR LEE THIAM SENG**
Date of Appointment	19 August 2016	12 November 2002
Date of last re-appointment	28 February 2017	28 February 2018
Age	40	57
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Ms Pok Mee Yau for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Ms Pok possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Lee Thiam Seng for re-appointment as Executive Chairman and Chief Executive Officer of the Company. The Board have reviewed and concluded that Mr Lee possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Responsible for setting directions, formulating corporate strategies and overall management of the Group's businesses in the resource recovery, use of sustainable resources of renewable energy segments.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairwoman of the Remuneration Committee and member of the Audit and Nominating Committees.	Chairman of the Board, Executive and Non-Independent Director and Chief Executive Officer.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS POK MEE YAU	MR LEE THIAM SENG
Working experience and occupation(s) during the past 10 years	February 2016 to present Partner, JLC Advisors LLP January 2014 to January 2016 Senior Associate, JLC Advisors LLP May 2013 to December 2013 Senior Associate, Solitaire LLP December 2008 to April 2013 Senior Associate, Eversheds LLP July 2007 to November 2008 Associate, DLA Piper Singapore Pte Ltd May 2005 to June 2007 Associate, WongPartnership LLP	November 2002 to present Executive Chairman and Chief Executive Officer – EcoWise Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	No	Direct interest: 35,509,388 Deemed interest: 218,229,375
any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years) Present	Transcorp Holdings Limited Other Listed Companies Allied Technologies Limited Imperium Crown Limited Other Principal Commitments JLC Advisors LLP, Partner	EcoWise Holdings Limited – Executive Chairman and Chief Executive Officer. Director of the subsidiaries of the EcoWise Holdings Limited Group ecoHub Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS POK MEE YAU	MR LEE THIAM SENG
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS POK MEE YAU	MR LEE THIAM SENG
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS POK MEE YAU	MR LEE THIAM SENG
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

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ECOWISE HOLDINGS LIMITED

Company Registration No. 200209835C
(Incorporated In The Republic of Singapore)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the meeting as an observer must submit their request through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ________________ (NRIC/Passport No.)

of ____ (address)

being a *member(s) of **ecoWise Holdings Limited** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "Meeting") as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Meeting of the Company to be held at 311 Neo Tiew Crescent Singapore 718818 on 28 February 2019 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the year ended 31 October 2018 together with the Independent Auditors' Report thereon		
2	Re-election of Ms Pok Mee Yau as a Director		
3	Re-election of Mr Lee Thiam Seng as a Director		
4	Approval of Directors' fees amounting to $165,000.00 for the financial year ended 31 October 2018		
5	Re-appointment of Messrs RSM Chio Lim LLP as the Company's Auditors		
6	Renewal of the Share Buyback Mandate		
7	Authority to grant awards and to allot and issue shares under the ecoWise Performance Share Plan		

Dated this ________ day of ____________________ 2019

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Member(s) or,
Common Seal of Corporate Member

* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to appoint one or two proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company.

   Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 1 Commonwealth Lane, One Commonwealth, #07-28, Singapore 149544 not later than 72 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 February 2019.

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