



## INTEGRATED ENVIRONMENTAL SOLUTIONS PARTNERS

# CONTENTS

|    |                                                                      |
|----|----------------------------------------------------------------------|
| 2  | CORPORATE PROFILE                                                    |
| 6  | CHAIRMAN'S STATEMENT                                                 |
| 10 | FINANCIAL HIGHLIGHTS                                                 |
| 12 | FINANCIAL AND OPERATIONS REVIEW                                      |
| 16 | BUSINESS OVERVIEW                                                    |
| 18 | SUSTAINABILITY REPORT AND CORPORATE<br>SOCIAL RESPONSIBILITY ("CSR") |
| 20 | BOARD OF DIRECTORS                                                   |
| 23 | MANAGEMENT TEAM                                                      |
| 25 | CORPORATE GOVERNANCE                                                 |
| 49 | FINANCIAL STATEMENTS                                                 |

*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](mailto:bernard.lui@morganlewis.com)).*

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

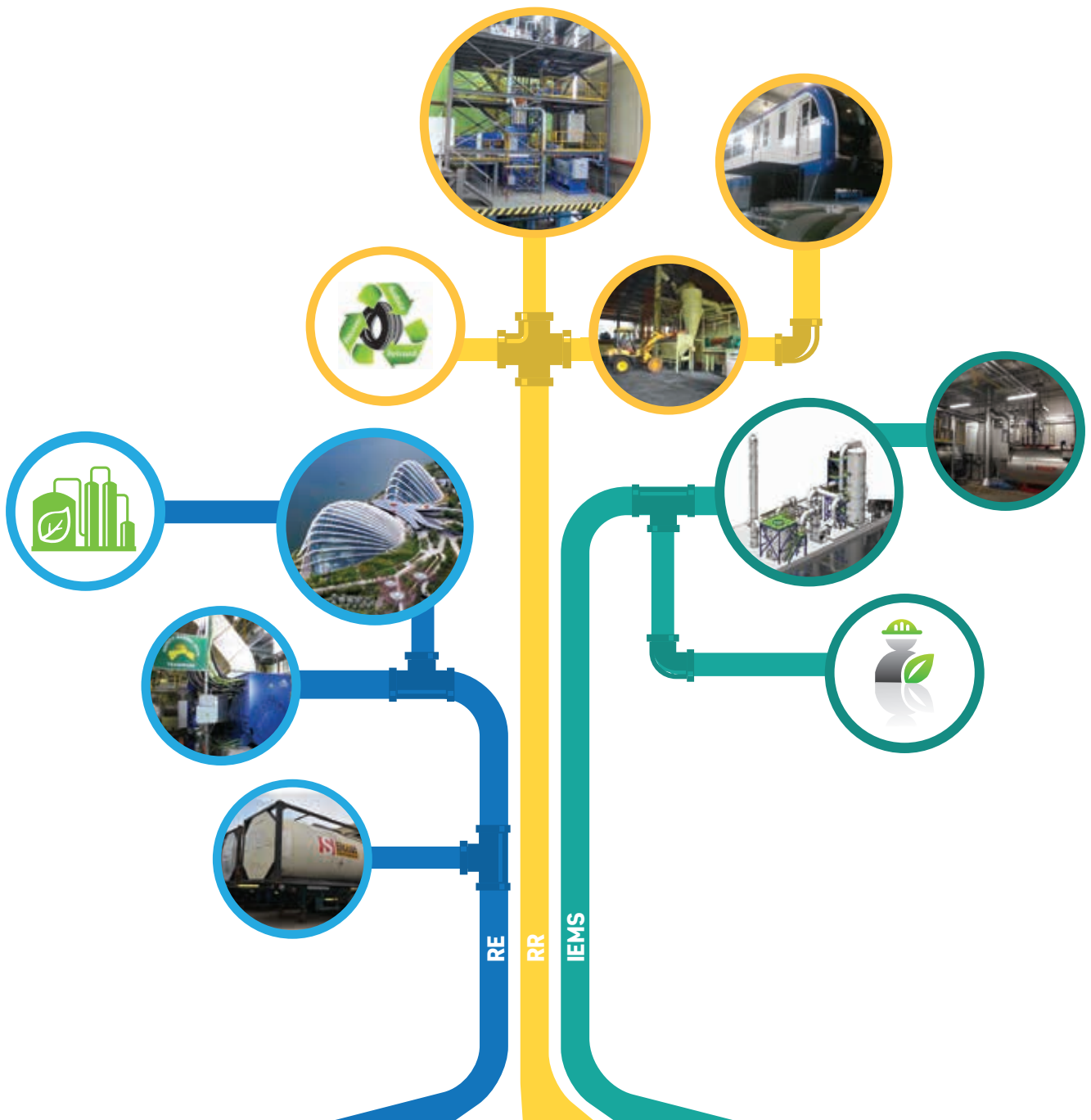
To establish successful operations and management of renewable energy projects that contribute to social, economic and environmental benefits to stakeholders.

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.

# CORPORATE PROFILE

Founded in 1979, ecoWise Group is a Singapore-based resource recovery, renewable energy and integrated environmental solutions provider. The Group was listed on the Singapore Stock Exchange since 2003.





## RESOURCE RECOVERY (RR)

The Group owns a leading rubber compound manufacturing and tyre retreading group under Sunrich Integrated Sdn. Bhd and its subsidiaries ("SRIT Group") based in Malaysia. SRIT Group engages in the manufacturing of technical and custom made rubber compound as well as retread tyres under brand names such as Suntex, Winner, Autoways and Trakar. The Group has expanded its total tyre management business into Chongqing, China, through a 65% held joint venture company, Chongqing eco-CTIG Rubber Technology Co., Ltd., established with Chongqing municipal's largest state owned transport logistic group.

In China, the Group engages in electrical and electronic waste recycling business through a 15% investment in Chongqing Zhongtian Electronic Waste Co., Ltd ("CZEW") under a joint venture with Zhongtian Environment Protection Industrial Group Co., Ltd. CZEW has an exclusive e-waste license awarded by the local government in the business of collection, recovering, processing and disposal of electrical and electronic waste in Chongqing.

In Singapore, the Group is an appointed term contractor for collection of used copper slag and general waste for certain shipyards and fabrication yards. A large portion of the recycled copper slag is used by ready mix concrete suppliers for the production of eco-concrete™.

The Group's patented composting technology, ecoACT™, employs the unique in-vessel thermophilic composting technology to manufacture quality organic compost in the shortest possible time. Besides converting horticultural waste into organic compost at the Group's facility at Sarimbun Recycling Park, the bulk of our horticultural waste are mixed with wood waste and repurposed as feedstock for our biomass co-generation plant in Gardens by the Bay (Marina South), Singapore.



## RENEWABLE ENERGY (RE)

In Singapore, the Group's first biomass co-generation power plant in Sungei Kadut supplies waste steam for a number of industrial applications, such as the recovery of spent grains and soya beans from food and beverage manufacturers for use as animal feed. The waste steam application from the plant was the first registered Clean Development Mechanism ("CDM") project in Singapore.

The Group's second biomass co-generation power plant in Singapore at the iconic Gardens by the Bay (Marina South) commenced operation in November 2011 for the supply of renewable energy to Gardens by the Bay. The supply of both steam and electricity to the Park's two conservatories has been steady since January 2012. The biomass co-generation power plant was constructed under a Design, Build and Operate agreement entered into with Gardens by the Bay for a fifteen year period.



## INTEGRATED ENVIRONMENTAL MANAGEMENT SOLUTIONS (IEMS)

The Group provides resources management and integrated environmental engineering solutions for industrial waste and energy management. The Group focuses on providing 'low carbon' environmental solutions. It offers a range of services including process design and optimisation; engineering, procurement, fabrication construction; commissioning, operation and maintenance of the facilities.

The Group also collaborates with government agency in research and development work related to environmental field.

## 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

绿科集团旗下以马来西亚为基地的日升集团及其子公司在橡胶复合材料制造和轮胎翻新业务上领先同行业。日升集团从事橡胶复合材料和特制橡胶复合材料的生产，并在SunTex, Winner, Autoway以及Trakar四大品牌下生产翻新轮胎。集团已将综合轮胎管理业务扩展到了中国重庆，与重庆市最大的国有运输物流企业重庆城市交通开发投资(集团)有限公司设立了合资企业，重庆绿科开投橡胶科技有限公司，绿科集团控股65%。

同样在重庆，绿科集团与中天环保产业(集团)有限公司共同设立了合资公司重庆中天电子废物管理有限公司。合资公司拥有在重庆市的电器和电子产品废弃物再循环的特许经营权。

在新加坡，绿科集团是新加坡一些修船厂和造船厂废铜渣和其它工业废弃物指定回收商。大部分的废铜渣在经过处理后成为生产环保水泥的主要材料。

绿科集团的专利堆肥技术，ecoACT™，使用独特的仓内高温堆肥技术可以在短时间内生产出高品质的有机肥料。集团在莎琳汶再循环园将一部分的园艺废物再生，生产有机肥料。大部分的园艺废物在经过处理后，成为集团滨海湾生物质热电厂的燃料。

### 再生能源

绿科集团位于双溪加株的第一座生物质热电厂为一些工业项目提供废蒸汽作为能源，如回收食品和饮料制造商的酒糟和大豆渣，生产动物饲料。生物质热电厂的热能应用项目使得公司成为首家成功注册清洁发展机制项目的新加坡注册公司。

集团坐落在新加坡地标性建筑“滨海湾花园”内的生物质热电厂已在2011年投入生产，为滨海湾花园的两个冷却温室馆提供再生能源。这是一座以设计、建造及营运为模式的生物质热电厂，集团拥有这座热电厂自投产日起15年的营运权。

### 提供综合环境管理方案

集团提供“低碳型”环境管理方案。服务范围涵盖工艺流程的设计和优化、工程采购和建设以及设备安装、调试和维修等多个领域。

集团也与政府部门共同进行相关的环保研究和项目开发。



**2015 Asean Energy Awards**  
(Co-Generation Category)

**A Private – Public Partnership Renewable Energy Project  
that encompasses an environmentally friendly and  
efficient biomass plant to power the Flower Dome and Cloud Forest  
at Gardens by the Bay.**

# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

## **DURING FY2015**

On behalf of the Board of Directors, I present to you the performance of the Group for the financial year ended 31 October 2015 ("FY2015").

The Group's revenue decreased by 13.5% to S\$63.12 million mainly due to the unpredicted and unfavourable foreign exchange suffered by the Group's Rubber Compound Manufacturing and Tyre Retreading business in Malaysia (Sunrich Integrated Sdn Bhd Group "SRIT"), slight decrease in revenue of SRIT due to lower prices of raw material prices, but partially offset by marginally higher sales of some business units in Singapore.

The Group turned around in FY2015, albeit with a small profit of S\$0.90 million as compared to a loss of S\$10.02 million in FY2014. The loss in FY2014 was attributable to impairments made for two biomass co-generation plant projects in China.

## **GOING FORWARD IN FY2016**

With the enhanced technological capabilities and enlarged plant capacity brought about by the successful commissioning of SRIT's new advanced rubber compounding plant (that encompasses German Technology) and the commencement of sales of branded new tyres (with distribution right from GiTi, a world top 10 tyre manufacturing group) since the 3<sup>rd</sup> Quarter of FY2015, SRIT in Malaysia has been able to expand its range of products and services to both the existing and new overseas market by extracting more values and reducing cost of production out of its highly integrated business model.



In addition, SRIT will continue to made advancement as a technologically leading company by combining its R&D initiatives with the reputable Malaysia Rubber Board on the use of its specialty natural rubber (called "Ekoprena") and the world renowned rubber compounding manufacturer, Kraiberg of Germany/Austria, to produce innovative, premium and higher value-added tyre retread liners that can last longer distance, consume lesser fuel and adoptable for advance applications. At the same time, SRIT has also embarked on other collaborations with the objective to produce its own brand of new "green" tyres to make its Total Tyre Management services even more competitive.

In Singapore, the Group shall endeavour to leverage on its good reputation as a reliable, trust-worthy and pioneering total solutions provider in the waste management and renewable energy fields to secure more sales through business arrangements with reputable companies in the pharmaceutical industries and relevant government agencies. This will help to contain our unit cost and bring not only monetary benefits for parties involved to share, but also jointly contribute to the conservation of resources and environment in Singapore.

The smooth implementation of the cooperation/joint venture model between the Group and Chongqing Municipal Transport Development and Investment (Group) Co., Ltd (including the acceptance for commercial use of retreaded pneumatic tyres for Light Rail Trains) has attracted interests from other cities across China to adopt similar arrangement so as to attain "low carbon" and sustainable development for their huge logistic and transport industries.

For China market, the Group had already spent a fair amount of efforts and resources in trying to capture some niche market where our core competencies and business network can be applied for added advantage. In this regards, the Group just began to review all the operational unit and assets that it owned in totality with the intent to formulate a comprehensive plan that can bring improved and more secured returns for the investments made by the Group to date.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank the management and staff for their dedication, hard work and contributions to the Group. I would also like to express my heartfelt appreciation to all our shareholders, business associates, partners and customers for their continuing support and confidence in the Group.

Further, I would like to take this opportunity to thank Mr. Ang Mong Seng, who retired from the Board on 27 February 2015, for his services rendered to Group. I would also like to welcome Mr. Wong Joo Wan, who joined the Board on 26 May 2015. I am confident that with his rich and diverse experience, he will be a strong addition to our Board.

## LEE THIAM SENG

*Executive Chairman and CEO*  
January 2016

# 主席致辞

## 尊敬的股东：

### 回顾2015

我谨代表董事会在此向您们呈上绿科集团截至2015年10月31日的财政年度报告。

在2015财政年度，马来西亚货币出乎意料地大幅疲软，对日升集团的复合橡胶材料生产和翻新轮胎业务带来极为不利的影响，导致整个集团的营业额下降13.5%，至6300万元。较低的原材料价格造成日升集团的营业额下降，然而新加坡业务部门同比略高的营业额及时抵消了日升集团的逆势。

相较于2014财政年度1000万元的亏损，整个集团在2015财政年度扭亏为盈，取得90万元的小幅盈利。2014财政年度的亏损主要是因为集团对在中国的两座生物质热电厂作出减值亏损。

### 展望2016

从2015年第三季度开始，日升集团生产复合橡胶材料的新工厂已正式投入运转。同时，日升集团也取得世界前十名轮胎生产商佳通(Giti)轮胎的销售权，开始出售佳通轮胎。新工厂不仅使用了先进的德国科技，而且具备更大的生产能力。

它将使日升集团可以进一步扩大产品范围，为现有客户和海外市场提供更多的服务。新工厂也将进一步提升已经高度整合的商业模式价值，降低生产成本。

此外，日升集团将继续与马来西亚橡胶局合作，对特种自然橡胶(“Ekoprena”)进行科学研究，并与世界著名的橡胶复合材料生产商德国/奥地利的凯柏橡胶(Kraiberg)合作，生产创新、优质、更具价值的翻新轮胎内衬。这种内衬可以行驶更长的距离、消耗更少的燃料，而且适用于其他先进的设施。同时，日升也展开了其它的一些合作计划，希望可以生产自家品牌的绿色轮胎，加强综合轮胎管理业务的竞争力。

在新加坡，作为一家值得信赖的综合环境管理先驱公司，我们将利用在废物管理和再生能源领域的良好声誉，与一些信誉卓越的制药商和一些相关的政府部门进行商业合作，争取更多的业务和项目。这类合作不仅有助我们遏制成本，为参与合作的各方带来实质的利益，同时也将各方联合起来，为保护新加坡的环境和资源共同作出贡献！

集团与重庆市交通开发投资(集团)有限公司的合作、合资经营已顺利展开,商业用翻新充气轮胎已使用于轻轨列车。它吸引了来自中国其它城市交通业者的兴趣,他们也希望为自己庞大的物流和运输业构建“低碳”和可持续性的发展模式。

在中国,集团正在竭力争取一些我们富有竞争力和业务网络的市场,同时也在着手对中国的所有业务单位和资产进行评估,希望制订一套综合的发展方案,使得集团在中国迄今为止的投资可以取得更确定、更好的回报。

#### 鸣谢

我谨代表董事会,在此衷心地感谢集团所有的管理层和全体员工,感谢大家对集团的全心奉献和辛勤工作。我也在此鸣谢所有的股东、业务伙伴和尊敬的客户,谢谢大家对本集团的不懈支持和坚强信心。

最后,我希望借此机会感谢前董事洪茂诚先生多年来为公司所作的贡献。洪茂诚先生已于2015年2月27日辞去董事一职。同时,我也谨代表董事会热烈欢迎王如萬先生加入绿科集团。王如萬先生于2015年5月26日被正式任命为公司的董事。我坚信凭借王先生丰富的阅历经验,他必将为董事会注入更强的活力。

再次感谢全体股东!

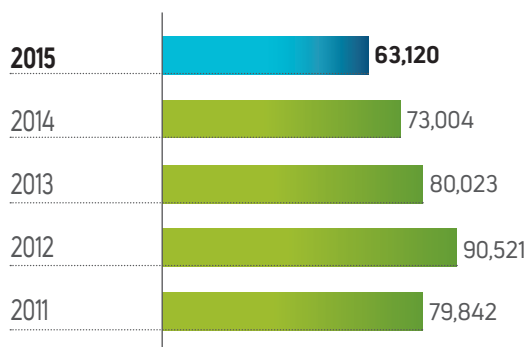
#### 李添胜

执行主席和首席执行官

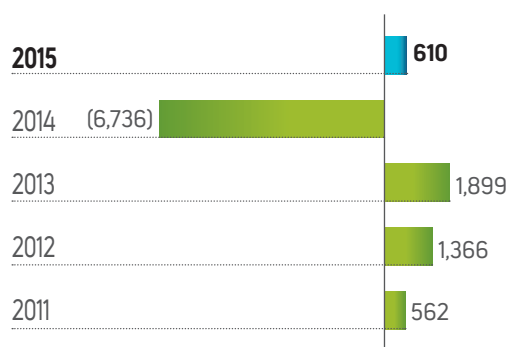
2016年1月

# FINANCIAL HIGHLIGHTS

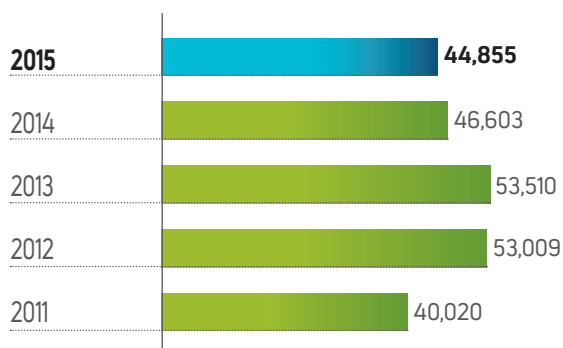
## GROUP REVENUE (\$'000)



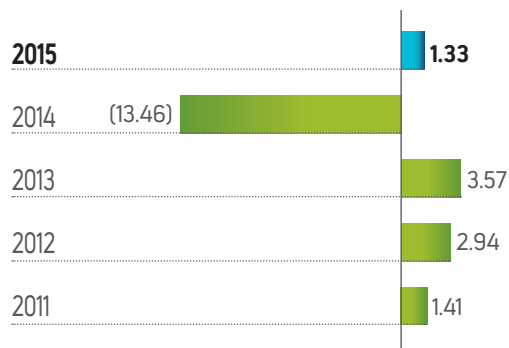
## PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$'000)



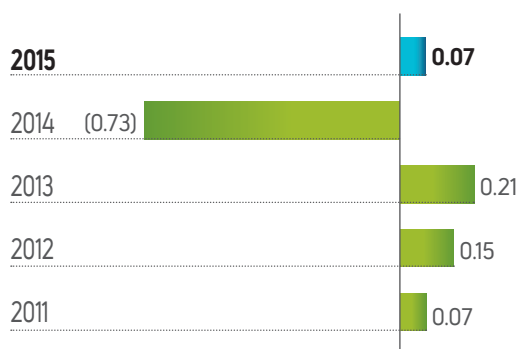
## EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$'000)



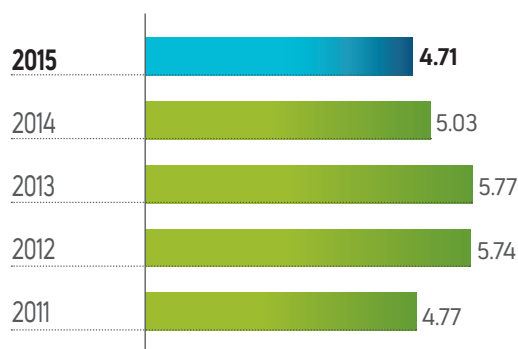
## RETURN ON EQUITY, ATTRIBUTABLE TO OWNERS OF THE COMPANY (%)



## BASIC EARNINGS/(LOSS) PER SHARES (CENTS)



## NET ASSETS VALUE PER SHARE (CENTS)



| FINANCIAL RESULTS (\$'000)                                    | FY 2015       | FY 2014  | FY 2013 | FY 2012 | FY 2011 |
|---------------------------------------------------------------|---------------|----------|---------|---------|---------|
| <b>Revenue</b>                                                | <b>63,120</b> | 73,004   | 80,023  | 90,521  | 79,842  |
| Gross Profit                                                  | <b>14,015</b> | 15,745   | 18,416  | 17,710  | 13,635  |
| Profit/(loss) before income tax                               | <b>1,559</b>  | (8,960)  | 2,823   | 3,429   | 2,273   |
| Profit/(loss) after income tax                                | <b>904</b>    | (10,019) | 1,854   | 1,718   | 932     |
| Non-controlling Interest                                      | <b>294</b>    | (3,283)  | (45)    | 352     | 370     |
| Profit/(loss) attributable to Owners of the Company           | <b>610</b>    | (6,736)  | 1,899   | 1,366   | 562     |
| STATEMENT OF FINANCIAL POSITION (\$'000)                      | FY 2015       | FY 2014  | FY 2013 | FY 2012 | FY 2011 |
| Property, plant and equipment                                 | <b>23,792</b> | 27,149   | 42,273  | 29,162  | 37,743  |
| Cash and cash equivalents                                     | <b>7,732</b>  | 11,402   | 15,271  | 18,527  | 12,785  |
| Current assets                                                | <b>40,568</b> | 51,328   | 48,212  | 50,267  | 43,822  |
| <b>Total assets</b>                                           | <b>88,683</b> | 104,581  | 120,705 | 102,966 | 87,132  |
| Current liabilities                                           | <b>26,869</b> | 37,069   | 47,082  | 28,405  | 24,152  |
| Total liabilities                                             | <b>41,096</b> | 54,532   | 60,060  | 42,484  | 34,312  |
| Working capital                                               | <b>13,699</b> | 14,259   | 1,130   | 21,862  | 19,670  |
| Equity Attributable to Owners of the Company                  | <b>44,855</b> | 46,603   | 53,510  | 53,009  | 40,020  |
| RATIOS                                                        | FY 2015       | FY 2014  | FY 2013 | FY 2012 | FY 2011 |
| Current ratio (times)                                         | <b>1.51</b>   | 1.38     | 1.02    | 1.77    | 1.81    |
| Return on Equity, Attributable to Owners of the Company (%) * | <b>1.33</b>   | (13.46)  | 3.57    | 2.94    | 1.41    |
| Return on assets (%) *                                        | <b>0.63</b>   | (5.98)   | 1.70    | 1.44    | 0.65    |
| Basic earnings/(loss) per shares (cents)                      | <b>0.07</b>   | (0.73)   | 0.21    | 0.15    | 0.07    |
| Net assets value per share (cents)                            | <b>4.71</b>   | 5.03     | 5.77    | 5.74    | 4.77    |

\* In calculating return on Equity, Attributable to Owners of the Parent and return on assets, the average basis has been used.

# FINANCIAL AND OPERATIONS REVIEW



## STATEMENT OF COMPREHENSIVE INCOME

The Group's revenue for financial year ended 31 October 2015 ("FY2015") of S\$63.12 million was S\$9.88 million or 13.5% lower as compared to financial year ended 31 October 2014 ("FY2014"). The decline was due to lower revenue recorded by the Group's Resource Recovery segment and the foreign exchange translation effect. The sales recorded by the Group's rubber compounds and retreaded tyres businesses under Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group") had decreased mainly due to lower domestic sales and lower rubber compound prices as a result of lower raw material prices and lower tyres retread sales volumes and prices as compared to FY2014. In FY2014, there was also a S\$3.00 million revenue for a medium-term supply and construct contract with higher stage of completion to an associate company.

The Group's gross profit of S\$14.02 million in FY2015 were lower as compared to S\$15.75 million in FY2014 mainly attributed to lower revenue from the Group's Resource Recovery segment from the sale of rubber compounds and retreaded tyres.

There was no dividend income in FY2015.

Other gains increased by S\$0.05 million to S\$0.80 million in FY2015 mainly due to higher foreign exchange gain of S\$0.10 million and government grant of S\$0.03 million but partially offset by lower gain on disposal of property, plant and equipment of S\$0.09 million.

Marketing and distribution expenses decreased by 10.6% to S\$3.31 million mainly due to lower manpower cost, sales representative expenses, commission and traveling expenses.

Administrative expenses decreased by 15.8% to S\$7.71 million in FY2015 mainly due to decreased in manpower costs attributable to lower headcount and bonuses, depreciation expenses, consultancy fees and travelling expenses partially offset by higher professional and legal fees.

Depreciation expenses decreased by 5.1% to S\$2.78 million in FY2015 mainly due to overall lower depreciable assets attributable to the Group's Renewable Energy segment as compared to FY2014.

Finance costs increased by 13.5% to S\$1.20 million in FY2015 mainly due to higher loans and borrowings in the Group's Resource Recovery segment for advance rubber mixing plant in Malaysia.

Other losses decreased by S\$10.79 million in FY2015 mainly due to impairment losses on Wuhan ecoWise Energy Co., Ltd ("Wuhan ecoWise") and Hivern Investments Pte Ltd's ("Hivern") and its subsidiary's property, plants and equipment amounting to S\$11.63 million in FY2014 partially offset by reversal of impairment loss for assets held for sale of S\$1.03 million in FY2014.

The Group's share of losses from associates and jointly-controlled entity comprised the Group's share of losses of S\$0.85 million in FY2015. They were mainly incurred by Chongqing eco-CTIG Rubber Technology Co., Ltd., Geocycle Singapore Pte. Ltd. and China-UK Low Carbon Enterprise Co., Ltd.

The Group recorded profit before income tax of S\$1.56 million in FY2015 mainly due to lower other losses. In FY2014, the Group recorded loss before tax of S\$8.96 million attributed mainly to impairment losses attributable to Hivern and its subsidiary, Wuhan ecoWise, which is non recurring.

The Group recorded income tax expenses of S\$0.66 million in FY2015, comprised mainly of taxation charges from taxable profit of the Group's Resource Recovery segment and its Singapore Renewable Energy segment.

Due to the above factors, the Group recorded a profit of S\$0.90 million in FY2015 as compared to a loss of S\$10.02 million in FY2014.

## STATEMENT OF FINANCIAL POSITION

The Group's non-current assets decreased by S\$5.14 million to S\$48.12 million as at 31 October 2015.

The Group's property, plant and equipment decreased by S\$3.36 million to S\$23.79 million as at 31 October 2015 mainly attributed to depreciation charges of S\$2.78 million and translation effects of movements in foreign exchange rates of S\$3.75 million, partially offset by the acquisition of plant and equipment of S\$2.85 million and reinstatement cost for lease premises in Singapore of S\$0.35 million. Effects of movements in foreign exchange rate loss were mainly attributable to property, plant and equipment held by SRIT Group in Malaysia.

Investments in associates and a jointly-controlled entity decreased by S\$0.70 million mainly attributed to the Group's share of losses from associates and jointly-controlled entity of S\$0.85 million and foreign exchange translation gain of S\$0.15 million.



# FINANCIAL AND OPERATIONS REVIEW



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\$13.14 million as at 31 October 2014 to S\$12.57 million as at 31 October 2015 attributed to billings to and collections from the customer.

The Group's current assets had decreased by S\$10.76 million to S\$40.57 million as at 31 October 2015 mainly due to decrease in recoverable amount of "assets held for sale" by S\$7.19 million, cash and cash equivalent by S\$3.67 million, inventories by S\$0.47 million and other assets S\$0.23 million, partially offset by higher trade and other receivables of S\$0.78 million.

As a result of extinguishment of liabilities by S\$7.22 million and, consequently, the impairment loss on assets held for sale of S\$7.46 million, assets held for sale in connection with the Hivern's and its subsidiary's assets had decreased by S\$7.19 million.

The Group's non-current liabilities decreased by S\$3.24 million mainly due to repayment of loan and borrowings, partially offset by provision for reinstatement costs for lease premises in Singapore.

The Group's current liabilities decreased by S\$10.20 million to S\$26.87 million as at 31 October 2015 mainly due to extinguishment of Hivern's liabilities of S\$7.22 million and settlement of payables in its Renewable Energy segment.

## STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents decreased by S\$4.18 million in FY2015 mainly due to net cash flows from operating activities of S\$0.29 million, net cash flows used in investing activities of S\$2.71 million and financing activities of S\$1.76 million.

Net cash flow from operating activities for FY2015 was S\$0.29 million, lower compared to FY2014, is mainly attributable to higher export sales which resulted in an increase in trade and other receivables. In FY2015, trade and other payables decreased due to the settlement of certain Hivern's and its subsidiary's creditors.

Cash flows used in investing activities of S\$2.71 million comprised mainly the Group's capital expenditure on property, plant and equipment amounted to S\$2.62 million in FY2015, sales proceeds received from the disposal of plant and equipment amounted to S\$0.07 million, loan to a jointly-controlled entity of S\$0.22 million and interest income received from finance lease amounted to S\$0.06 million. The Group capital expenditure is primary concentrated in its Resource Recovery segment.

Cash flows used in financing activities of S\$1.76 million comprised mainly repayments of loans and borrowings of S\$2.98 million, finance costs of S\$1.55 million and dividend paid to non-controlling interest of subsidiaries of S\$0.17 million; partially offset by new loans drawn down amounting to S\$3.00 million in FY 2015.

The Group shall endeavour to capitalize on its reputation as a trust-worthy and pioneering total solution provider, in the rubber and tyre, waste management and renewable energy fields to secure more business arrangements, with “green” conscious minded companies in the industries that the Group is in (such as logistic, mining, rubber goods, pharmaceutical) and government agencies, that will not only bring about cost benefits for parties to share but also contribute to the encouraged “low-carbon” economy.



# BUSINESS OVERVIEW



## RESOURCE RECOVERY SEGMENT

The Group has over thirty years of experience in the Resource Recovery business which handles a diverse variety of industrial materials with operations in Singapore, Malaysia and China.

## Rubber Compound Manufacturing and Tyre Retreading Business

The Group's rubber compound manufacturing and tyre retreading business are undertaken by wholly owned Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group") based in Malaysia. The principal activities of SRIT Group are as follows:

- Manufacturing of rubber compound and custom made compounds such as precured tread liners, cushion gum, perforated sidewall veneer and masterbatch for tyre retreading, industrial belting, mechanical rubber goods and other industries;
- Retreading of tyres, sold under own brand names (such as Suintex, Winner, Autoways and Trakar) for market differentiation, distributing branded new tyres (under a distribution right from Giti, a world top tyre manufacturing group) and rendering Total Tyre Management services to the transport and logistic industries;
- Manufacturing of specialty compounds for the IT, automotive and other industries by a joint venture company Saiko Rubber (Malaysia) Sdn Bhd with a well-established Japanese company.

The integrated business model of SRIT Group allows it to optimise its product ranges and improve operational efficiency for cost savings to be achieved within and across the business

units. The Group had, in May 2015, successfully commissioned a modern and highly automated rubber mixing plant that encompasses advanced German and European technologies.

This new compounding plant has enhanced SRIT's technological capability, increased its plant capacity and further improved on the competitiveness in the manufacturing of rubber compounds and retread liners. SRIT Group has since then further expanded its product offering and strengthened its existing market position.

In addition, SRIT had made advancement as a technologically leading company by collaborating with the authoritative Malaysia Rubber Board on the use of its specialty epoxidised natural rubber ("Ekoprena") and the world renowned rubber compounding manufacturer, Kraiberg of Germany/Austria, to produce retread liners that last longer distance and consume lesser fuel and can be adopted for advanced application (such as axial pneumatic tyres of the Mass Rapid/Light Rail Trains).

For FY2015, the Group's new Joint Venture company Chongqing eco-CTIG Rubber Technology Co., Ltd. has expanded its Total Tyre Management service to about 2,700 city buses and expects to cover almost all Chongqing Municipal Transport Development and Investment (Group) Co., Ltd's ("CTIG") estimated 9,500 buses within this and next year. The retreaded tyres are produced by its technologically advanced plant that was successfully start-up in July 2014. This plant also produced the retreaded LRT tyres that were approved recently by CTIG and the relevant transport authorities in China for commercial use. In addition, the plant also extended its tyre retreading services to a bus company in the nearby city of Chengdu.

With the new advanced rubber compounding plant, competitive cost of production in Malaysia and proven technological capabilities in new product development and application, the Group will put more emphasis and resources to expand its products and services to both existing and new overseas market. This laid the foundation for SRIT Group to transform itself from the current dominant domestic player to become a dynamic regional company in the Rubber and Tyre industries.

#### Used and Washed Copper Slag Related Business

The Group is a pioneer in repurposing the recycled copper slag as an approved sand alternative used in the construction industry. Geocycle Singapore Pte Ltd ("Geocycle Singapore"), the Group's joint venture with Holcim Singapore, owns and operates Singapore's largest waste copper slag processing plant with Holcim Singapore providing offtake of its products. The main use of washed copper slag after proper processing by Geocycle Singapore is in ready-mix concrete for the production of eco-concrete™.

#### Electrical and Electronic Waste Management

Chongqing Zhongtian Electronic Waste Management Co., Ltd, which the Group holds a 15% stake, holds the license to operate an exclusive special business concession as the sole operator to carry out the business of collection, recovery, processing and disposal of electrical and electronic waste in Chongqing, China for a period of 12 years with effect from October 2010.

#### Organic Materials and Resources

The Group's 15,000 m<sup>2</sup> composting facility at Sarimbun Recycling Park is capable of processing more than 24,000 metric tonnes of horticultural waste each year. Using the Group's proprietary in-vessel technology, ecoWise Active Composting Technology, ecoACT™, the Group's wholly owned subsidiary ecoWise Resources Pte Ltd produces compost that can be used as organic fertilizer and conditioner that improves soil-nutrient level.

The Group's compost has been awarded the Singapore Green Label by the Singapore Environmental Council for "100% Natural Organic Fertilizer".

The facility at Sarimbun Recycling Park also prepares biomass fuel for the Group's biomass co-generation power plant at Gardens by the Bay, using horticultural waste and wood waste.

#### RENEWABLE ENERGY SEGMENT

The Group currently has two operating biomass co-generation power plants in Singapore. The Group's biomass co-generation power plants at Gardens by the Bay and Sungei Kadut continued their stable operations. The additional dryer that was installed in February 2014 has enabled the biomass co-generation power plant at Sungei Kadut to increase its steam output and secure higher revenue from increased drying of other food wastes from Food & Beverage manufacturers.

The Group has over the course of FY2015 actively implemented its formulated plan to optimise its investment value in Hibern and its wholly owned subsidiary, Changyi Enersave Biomass to Energy Co., Ltd ("CEBEC") through a sale that leverages on the assets owned by CEBEC in China. At the date of this report, the Group is negotiating with one of the potential buyers while simultaneously evaluating other possible options to improve the value of the assets held for sale.

#### INTEGRATED ENVIRONMENTAL MANAGEMENT SOLUTIONS SEGMENT

ecoWise Solutions Pte Ltd ("EWS") and its subsidiaries, ecoWise Technologists and Engineers Pte Ltd provide technological system, products and services in the field of environmental solutions. These two companies focus on the development of 'low carbon' and eco-friendly business and projects, technology incubation, technology commercialisation and low carbon solutions with an aim to provide a holistic scope of environmental solutions to customers. EWS has secured some new businesses in FY2015 in the energy and waste management businesses with multi-national pharmaceutical companies in the Tuas Biomedical Park.

The Group has secured additional grant from a government agency to do a "Proof of Value" research and development work in resource recovery related to reclamation work.

The Group also owns a 20% stake in China UK Low Carbon Enterprise Co., Ltd, the technology incubation and venture capital arm of China Energy Conservation and Environmental Protection Group, the largest Chinese State Owned Enterprise focusing in the energy conservation and environmental protection sector.



# SUSTAINABILITY REPORT AND CORPORATE SOCIAL RESPONSIBILITY (“CSR”)



Being involved primarily in the business of resource recovery, waste to renewable energy and integrated environmental “Low Carbon” solution provider, the Group has already been promoting, developing and pursuing businesses that are sustainable, together with our like-minded partners, in the three key countries (Singapore, Malaysia and China) that we operate in.

## SUSTAINABILITY STATEMENT

ecoWise Holdings Limited, its subsidiaries and associate companies (the “Group”) view the principles of sustainability in business development as an integral part of our business. As a resource recovery, renewable energy and integrated environmental solutions provider, the Group seeks to be a sustainable and profitable organisation by being committed to improving the environment and well-being of the communities that we serve.

## ECOWORLD. BETTER WORLD

As guided by the Group’s Vision and Mission Statements, sustainability is fundamental to ecoWise Holdings Limited’s culture and policies, which reflects the corporate social and environmental sustainability commitments that we make to our stakeholders such as shareholders, clients, employees and the societies.

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

1. assists the logistic and transport industries to reduce the consumption of new tyres by providing quality retreaded tyres and Total Tyre Management services;
2. as a valued waste management company to the Food and Beverages manufacturers by recovering their wastes, such as wet spent grain and soya bean waste into useful ingredients for animal feeds;
3. as a pioneer in repurposing the recycled washed copper slag, generated by the shipyards and fabrication yards, as an approved sand alternatives used in the construction industry;
4. contributes to the sustainability of Singapore as a “City in a Garden” by recovering some of the horticultural wastes as organic fertilizer and the remaining, by mixing with wood wastes generated by the industries, as biomass fuel for producing “green” renewable energy.

## ACHIEVEMENTS

The Group recovered on average about 180,000 tons of solid waste and converted 140,000 tons of it into re-purposed eco-products per year over the past years and has helped to reduce the amount of wastes going to public incinerators and landfill at Pulau Semakau. Furthermore, the Group's green industrial processes are capable of reducing total carbon dioxide emission by 84,000 tons per year.

In 2015, the Company's biomass co-generation plant at the iconic Gardens by the Bay won the 2015 Asean Energy Awards, 1<sup>st</sup> Runner Up in the Co-Generation Category. This Design, Build and Operate Agreement showcased an excellent Private-Public Partnership Renewable Energy Project that encompasses an environmentally friendly and efficient biomass plant to power the Flower Dome and Cloud Forest at the iconic Gardens by the Bay.

The Company is not only committed to sustainable development by its own, it is also fully supportive of communities' efforts towards sustainable development. In the year under review, the Company donated to the Hong Kah North ("HKN") Eco Community Fund and took part in the launch of HKN's "Towards Zero Waste Community" event on 20 December 2015.

In addition, the Company also supports new initiatives and developments that shape the futures of Singapore, such as powering the Auto-Riders ("driverless vehicles") with "green" electricity that are undergoing trial operations at Gardens by the Bay.

These achievements and commitments have enabled us to perform with high standards of good corporate governance and ethics; provide products and services that meet the rising expectation of clients and business partners; attract quality employees; provide meaningful support in our communities; and improve the social and environmental impacts of our business practices.

## OUR SUSTAINABILITY AND CSR POLICIES AND COMMITMENTS

- Ensure sound corporate governance and compliance practices, and increase transparency on reporting of those activities;
- Maintain ethical policies and providing training to ensure that all employees perform with high standards of integrity and trust;
- Develop and enhance products and services that provide high degree of socially and environmentally responsible options for our stakeholders;
- Implement and/or expand environmentally sustainable management and business practices; and
- Build relationships with stakeholders whose sustainability and CSR goals and activities are aligned with our expectations.

# BOARD OF DIRECTORS



## LEE THIAM SENG

Chairman and Chief Executive Officer  
Executive and Non-Independent Director

Date of first appointment as a director: 12 November 2002  
Date of last re-election as a director: 27 February 2015  
Length of service as a director (as at 31 October 2015): 13 years  
Age (as at 31 October 2015): 54

**Board committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Chartered Financial Consultant, American College, USA.  
Diploma (Merit) in Electrical Engineering, Singapore Polytechnic

### Present Directorships (as at 31 October 2015)

*Other Listed companies*

Nil

*Other Principal Commitments*

Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 November 2012 to 31 October 2015)**

Nil



## LOW KIAN BENG

Deputy Chief Executive Officer  
Executive and Non-Independent Director

Date of first appointment as a director: 1 January 2011  
Date of last re-election as a director: 28 February 2014  
Date of next re-election as a director: 29 February 2016  
Length of service as a director (as at 31 October 2015): 4 years 9 months  
Age (as at 31 October 2015): 58

**Board committee(s) served on:**  
Nil

**Academic & Professional Qualification(s):**  
Master of Business Administration (Distinction), Oklahoma City University, USA  
B.SC. (Honors) in Engineering, Imperial College of Science and Technology, London

### Present Directorships (as at 31 October 2015)

*Other Listed companies*

Nil

*Other Principal Commitments*

Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 November 2012 to 31 October 2015)**

Nil



### NG CHER YAN

Non-Executive and Lead Independent Director

Date of first appointment as a director: 19 November 2004  
Date of last re-election as a director: 28 February 2013  
Date of next re-election as a director: 29 February 2016  
Length of service as a director (as at 31 October 2015): 11 years  
Age as at 31 October 2015: 56

#### Board committee(s) served on:

Audit Committee (Chairman)<sup>1</sup>  
Remuneration Committee (Member)<sup>2</sup>  
Nominating Committee (Member)<sup>3</sup>

#### Academic & Professional Qualification(s):

Practicing public accountant, Fellow Chartered Accountant of Singapore  
Member of the Institute of Chartered Accountants in Australia  
Bachelor of Accountancy, National University of Singapore.

#### Present Directorships (as at 31 October 2015)

##### Other Listed companies

Samko Timber Limited  
Vicplas International Ltd  
Mermaid Maritime Public Company Ltd  
MoneyMax Financial Services Ltd  
Bull Will Co. Ltd. (listed in Taiwan)

##### Other Principal Commitments

Plus LLP, Chartered Accountants Partner

#### Past Directorships in listed companies held over the preceding 3 years (from 1 November 2012 to 31 October 2015)

Kian Ann Engineering Ltd

Notes: <sup>1</sup> Appointed on 19 November 2004

<sup>2</sup> Appointed on 19 November 2004

<sup>3</sup> Appointed on 28 December 2012



### ONG TAI TIONG DESMOND

Non-Executive and Independent Director

Date of first appointment as a director: 9 April 2014  
Date of last re-election as a director: 27 February 2015  
Length of service as a director (as at 31 October 2015): 1 year 6 months  
Age (as at 31 October 2015): 46

#### Board committee(s) served on:

Nominating Committee (Chairman)<sup>1</sup>  
Audit Committee (Member)<sup>2</sup>  
Remuneration Committee (Member)<sup>3</sup>

#### Academic & Professional Qualification(s):

Bachelor of Laws, National University of Singapore

#### Present Directorships (as at 31 October 2015)

##### Other Listed companies

Fabchem China Limited

##### Other Principal Commitments

JLC Advisors LLP Partner  
Singapore Dance Theatre Director

#### Past Directorships in listed companies held over the preceding 3 years (from 1 November 2012 to 31 October 2015)

Nil

Notes: <sup>1</sup> Appointed on 9 April 2014

<sup>2</sup> Appointed on 9 April 2014

<sup>3</sup> Appointed on 9 April 2014

# BOARD OF DIRECTORS



## WONG JOO WAN

Non-Executive and Independent Director

Date of first appointment as a director: 26 May 2015  
 Date of next re-election as a director: 29 February 2016  
 Length of service as a director (as at 31 October 2015): 5 months  
 Age (as at 31 October 2015): 46

### Board committee(s) served on:

Remuneration Committee (Chairman)<sup>1</sup>  
 Audit Committee (Member)<sup>2</sup>  
 Nominating Committee (Member)<sup>3</sup>

### 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

### Present Directorships (as at 31 October 2015)

*Other Listed companies*  
 Lifebranz Limited  
 KLW Holdings Limited

*Other Principal Commitments*  
 Alternative Advisors Pte. Ltd. Director

### Past Directorships in listed companies held over the preceding 3 years (from 1 November 2012 to 31 October 2015)

Nil

Notes: <sup>1</sup> Appointed on 26 May 2015

<sup>2</sup> Appointed on 26 May 2015

<sup>3</sup> Appointed on 26 May 2015

# MANAGEMENT TEAM



**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 20 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 13 years and has extensive knowledge and experience in the industries in which the Group operates.

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

**LOW KIAN BENG**  
Deputy CEO

Mr. Low was appointed as an Executive Director on 1 January 2011 and Deputy Chief Executive Officer on 1 June 2010. Mr Low is responsible for the overall management of the operations of the Group's companies, corporate planning as well as charting and implementation of the business strategies of the Group. He is also the Managing Director for the Group's rubber compound manufacturing and tyre retreading business units under Sunrich Integrated Sdn. Bhd. and its subsidiaries in Malaysia.

Mr. Low has more than 25 years of senior management experience, covering various functions and countries in Asia, in the environmental, tyre and rubber, petrochemicals, energy and engineering services industries in the region. Prior to joining the Group, he was the Managing Director and CEO of Envipure Pte Ltd from 2006 till 2010 and SP Corporation Ltd., a SGX-ST listed company, from 2000 to 2006.

**ALOYSIUS CHAN BUANG HENG**  
Group Financial Controller

Mr Chan joined the Group in January 2005 and is responsible for the administration, accounting and financial management of the Group. He has more than 30 years' experience covering auditing, accounting and financial management in the commercial, manufacturing sectors and public accounting. Mr Chan is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant with the Institute of Singapore Chartered Accountants. He holds a Master of Business Administration from the University of Hull (UK).

# MANAGEMENT TEAM



## FONG SEOK PHOY

Director, ecoWise  
International Pte. Ltd.  
Deputy Managing Director,  
Sunrich Integrated  
Sdn. Bhd. and subsidiaries

Mr Fong joined the Group in July 2010 and is responsible for international marketing and procurement of products and services that are synergetic to the Group's companies. He is also the Deputy MD and Head of Regional Business Development for the Group's rubber compound manufacturing and tyre retreading business. Over his more than 40 years of career, he has acquired vast experience in marketing and trading of rubber, chemicals and energy related products. His coverage includes the existing re-purposed environmental products, rubber compounding and tyre retreading business. He was also involved in the development of environmental related and clean technology projects in Malaysia and the region. He holds an honours degree in Chemical and Materials Engineering from University of Auckland, New Zealand under the Colombo Plan scholarship.

## DANIEL LIAO HONG HAI

General Manager,  
China Region

Mr Liao joined the Group in July 2009 and is responsible for the Group's business development in the China region. He has more than 20 years' experience covering project planning and management, international trade and co-operation, international project financing in China. He has extensive experience in the public relationship dealing with the local governmental authorities in China. He holds a diploma in Economics and Trade from the Sichuan International Studies University. He is a state senator of Chongqing Municipality City, the director of Federation of Returned Overseas Chinese, Vice president of Chongqing Oversea Chinese Chamber of Commerce, the member and senior investment consultant of Chongqing Association of Enterprises with Foreign Investment and Chongqing Investment Promotion Association. He is also the Vice Chairman of Youth Committee of China Federation of Returned Overseas Chinese and Vice President of Singapore Chongqing Chamber of Commerce.

## CHIN HON MENG

Executive Director of  
Sun Tyre Industries Sdn  
Bhd and Saiko Rubber (M)  
Sdn Bhd  
Human Resource Director  
of Sunrich Integrated  
Sdn Bhd and subsidiaries

Mr Chin joined Sun Rubber Industry Sdn Bhd as the General Manager of Manufacturing in 2001 and has been in-charge of manufacturing, quality management and research & development activities. He has more than 24 years' experience in Tyre Retreading and Compounding manufacturing industries. He holds a Master of Business Administration from Universiti Malaya; a Bachelor of Science majoring in Chemistry from Universiti Sains Malaysia and a Diploma in Rubber Technology from the Plastics and Rubber Institute of Malaysia.

## KENNY HUANG JIANFANG

Assistant General  
Manager –  
Group Operations

Mr Huang joined the Group in July 2007 and is responsible for the operations of the biomass co-generation plant at Sungei Kadut, used copper slag and compost activities undertaken by the Group's subsidiaries including Bee Joo Industries Pte Ltd and Bee Joo Environmental Pte Ltd. He began his career in the waste management business in 2003 on the application of recycle used copper slag for construction aggregate ("Eco-Concrete") and has more than 14 years' experience in waste management activities. He holds a Diploma of Business Administration and Marketing from Murdoch University.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

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

This Report describes the Group's continuous efforts in FY2015 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.

## 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 judgement 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.

#### Guideline 1.3

#### Delegation of Authority to Board Committees

The Board has delegated specific responsibilities to three 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,

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

responsibilities as well as qualifications for committee membership. 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.

## 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 Articles of Association (the "Articles"). 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 FY2015

|                             | Board Committees                |           |           |           |            |              |
|-----------------------------|---------------------------------|-----------|-----------|-----------|------------|--------------|
|                             | AGM                             | EGM       | Board     | Audit     | Nominating | Remuneration |
|                             | Scheduled                       | Scheduled | Scheduled | Scheduled | Scheduled  | Scheduled    |
| <b>No. of meetings held</b> | 1                               | 1         | 4         | 4         | 1          | 3            |
| <b>Board Members</b>        | <b>No. of Meetings Attended</b> |           |           |           |            |              |
| Lee Thiam Seng              | 1                               | 1         | 4         | 4*        | 1*         | 3*           |
| Low Kian Beng               | 1                               | 1         | 4         | 4*        | 1*         | 3*           |
| Ng Cher Yan                 | 1                               | 1         | 4         | 4         | 1          | 3            |
| Ong Tai Tiong Desmond       | 1                               | 1         | 4         | 4         | 1          | 3            |
| Ang Mong Seng <sup>#</sup>  | –                               | –         | 1         | 1         | 1          | 1            |
| Wong Joo Wan <sup>@</sup>   | –                               | 1         | 2         | 2         | –          | 1            |

\* by invitation

<sup>#</sup> Resigned on 27 February 2015

<sup>@</sup> Appointed on 26 May 2015.

## 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

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

Mr Wong Joo Wan was appointed as a Director of the Company in FY2015. After his appointment, an orientation programme, which included presentation by key management staff and on-site visits to some of the Company's plants in both Singapore and Malaysia, was arranged for him in August 2015.

The Directors participate in seminars and discussions to keep themselves updated on the latest changes and developments concerning the Group and keep abreast of the latest regulatory changes. 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. Mr Ong Tai Tiong Desmond and Mr Wong Joo Wan paid a visit to the Company's subsidiary in Malaysia in August 2015. In the case of new investment proposals, where appropriate, the Independent Non-Executive Directors are also invited for site visits to the investee company so as to facilitate their evaluation of the proposal.

### ***Briefings and updates provided to the Directors in FY2015***

- 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;
- Introduction and update on the Minimum Trading Price ("MTP") by SGX-ST;
- Information on new audit quality indicators framework to enhance auditor selection process;
- Understanding the Directors' and Executive Officers' Undertakings;
- CEO and Deputy CEO updated the Board at quarterly meetings on strategic and business development of the Group; and
- Deputy CEO and Group Financial Controller updated the Board at quarterly meetings on the segmental business operation and development of the Group.

The Directors are encouraged to attend other appropriate courses, conferences and seminars at the Company's expenses.

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

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Guideline 1.7

### Formal Letter to Director on Appointment

Upon the appointment of Mr Wong Joo Wan on 26 May 2015, a formal letter of appointment was provided to him. 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 Listing Manual of the SGX-ST and other regulatory requirements. In addition, Mr Wong 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

The Board comprises two Executive Directors and three Independent Non-Executive Directors. The Independent Non-Executive Directors make up more than half of the Board.

### Guideline 2.2

#### Composition of Independent Directors on the Board

The Board comprises the following Directors. Independent Directors make up more than half of the Board.

| Name of Directors     | Board of Directors            | Audit Committee | Nominating Committee | Remuneration Committee |
|-----------------------|-------------------------------|-----------------|----------------------|------------------------|
| Lee Thiam Seng        | Executive Director (Chairman) |                 |                      |                        |
| Low Kian Beng         | Executive Director            |                 |                      |                        |
| Ng Cher Yan           | Independent Director          | Chairman        | Member               | Member                 |
| Ong Tai Tiong Desmond | Independent Director          | Member          | Chairman             | Member                 |
| Wong Joo Wan          | Independent Director          | Member          | Member               | Chairman               |

### Guideline 2.3

#### Board Independence

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

### Guideline 2.4

#### Independence of Directors Who Have Served on the Board beyond Nine 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 9 years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with shareholders' interest.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

In respect of Mr Ng Cher Yan who having served more than 11 years, the Board has considered specifically his length of service and his continued independence. The Board has determined that the Director concerned remained independent in character and judgement and there were no relationships or circumstances which were likely to affect, or could appear to affect, the Director's judgement. In determining Mr Ng's independence, the Board has considered that Mr Ng has no relationship with the Company, its related corporations and its substantial shareholders and the Chairman. Save for the 1,231,500 shares issued to Mr Ng under the existing performance share plan, Mr Ng has no other direct or indirect interest in the equity of the Company and except for shares which may be issued to him under the existing performance share plan, he will not receive other securities in the Company and does not provide any billable services to the Company. Mr Ng is also not financially dependent on the Company or its associates. Additionally, the Board also considered Mr Ng's invaluable expertise, experience and knowledge and that the other Independent Directors are relatively new to the Company. Accordingly, taking into account the factors above and having weighed the need for Board refreshment against the benefits to the Company that Mr Ng may provide, the Board is satisfied as to the performance and continued independence of judgment of Mr Ng.

The Continuing Sponsor of the Company has also reviewed and confirmed the independence of Mr Ng. Mr Ng will be retiring by rotation under Article 107 of the Articles at the coming AGM and has agreed to offer himself for re-election as a Director of the Company. If re-elected, Mr Ng's appointment will be for 2 years, subject to the Board and Continuing Sponsor's review of his independence annually.

## Guideline 2.5

### Board Composition and Size

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

The Directors consider the Board's present size of 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. On the occasion of the launch of the Corporate Governance Guides for Board in Singapore in 2015, the Company together with some other publicly listed companies has made a pledge in support of board diversity, which was published in the Business Times on 28 August 2015.

## Guideline 2.6

### Competency of the Board

The Board comprises high caliber individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge. The biographies of the Directors are set out in this Annual Report.

## 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

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.

### 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 Ng Cher Yan, as the Lead Independent Director. Shareholders of the Company with serious concerns that could have a material impact on

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

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 Ng Cher Yan or the Audit Committee members of the Group.

## Guideline 3.4

### Independent Directors to Meet Periodically

The Independent Directors of the Company discuss issues via meetings, telephone, electronic devices as the situations require without the presence of the Executive Director. 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 Ong Tai Tiong Desmond as the Chairman, Mr Ng Cher Yan and Mr Wong Joo Wan as members, whom are all Independent Non-Executive Directors. The NC meets at least once a year.

The Key Terms of Reference:

- 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;
- 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 whether each director is independent 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 Articles of the Company require all Directors to submit themselves for re-nomination and re-election at regular intervals and at least every 3 years. Article 107 of the Articles provides that one third of the Board or the number nearest to one third is to retire by rotation at every AGM. Article 117 of the Company's Articles of Association 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 Article 107:

- (a) Mr Low Kian Beng
- (b) Mr Ng Cher Yan

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

The NC recommended and the Board approved the appointment of Mr Wong Joo Wan in May 2015 in place of the retired Director Mr Ang Mong Seng. In compliance with Article 117 of the Articles of the Company, the NC has recommended and the Board has agreed for Mr Wong to seek re-election at the forthcoming AGM.

Upon re-election, Mr Ng Cher Yan shall remain as the Chairman of the AC and a member of the NC and RC, Mr Wong Joo Wan shall remain as the Chairman of the RC and a member of the AC and NC and Mr Low Kian Beng shall remain as a Director of the Board. He is also the Deputy Chief Executive Officer of the Company.

In FY2015, 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 Determining 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 Independent Non-Executive Directors of the Company. The NC has also reviewed the number of years served by each Independent Non-Executive Director. Having considered their in-depth knowledge of the Group's business operations, past and continuous contributions at Board level in terms of impartial and constructive advice, the Board is of the view that there is no material conflict between their tenure and their ability to discharge their role as Independent Non-Executive Directors.

## Guideline 4.4

### Directors' Time Commitment

As a Director's ability to commit time to the Group's affairs is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is six and all Directors have complied.

Having reviewed each Director's directorships in other companies as well as each Director's attendance and contribution to the Board in FY2015, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities.

## Guideline 4.5

### Appointment of Alternate Directors

The 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

After Mr Ang Mong Seng's decision not to seek the re-appointment at the 2015 AGM held on 27 February 2015, Mr Wong Joo Wan was identified as the suitable candidate. His curriculum vitae was circulated to the NC. Having reviewed and assessed Mr Wong Joo Wan's qualifications, employment history and past experience, the NC recommended to the Board to appoint Mr Wong Joo Wan as a Director of the Company. The formal appointment was made on 26 May 2015 and the related announcements were made on the same day via SGXNet.

## Guideline 4.7

### Key Information on Directors

Key information on each Director is set out on pages 20 to 22. It is also available on the Company's website.

## **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 the evaluation factors such as Board structure concerning Board size and strong presence of independent element, 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 FY2015 based on the following criteria:-

- Right responsibilities defined in the terms of reference;
- Composition and rotation;
- Size of the committee;
- Independence 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;

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

- Candid discussion;
- Sufficient time devoted to agenda items;
- Information transparency;
- Records of minutes;
- Reporting to the Board; and
- Sufficient expertise and recommendation to the Board;

## 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 among 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
- Appropriate 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 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. The Board has separate and independent access to Management.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Guideline 6.2

### Provision of Information to the Board

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, requires 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.

## 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 January 2010.

## **Remuneration Matters**

### **Principle 7: Procedures for Developing Remuneration Policies**

## Guideline 7.1

### Remuneration Committee

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.

The RC comprises three Independent Non-Executive Directors, namely, Mr Wong Joo Wan, Mr Ng Cher Yan and Mr Ong Tai Tiong Desmond. Mr Wong Joo Wan is the Chairman of the RC.

### ***The Key Terms of reference:***

- 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 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;

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

- Consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code; and
- Administering the ecoWise Performance Share Plan.

## Guideline 7.2

### Procedure for Setting Remuneration

The RC review and recommend to the Board the specific remuneration packages for each Executive Director as well as for the 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.

## 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 Contract

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.

## **Principle 8: Level and Mix of Remuneration**

### Guideline 8.1

#### Remuneration of Executive Directors and Key Management Personnel

In setting remuneration package, 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.

The Executive Directors do not receive directors' fees. The remuneration for the Executive Directors and the top 5 key management personnel comprises of fixed component and variable component. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group and individual.

Following the engagement of Hay Group (S) Pte. Ltd. ("Hay Group"), an independent third party, to review the Executive Directors' total remuneration package in FY2014, the Company engaged Hay Group in FY2015 again to review a few key management personnel's total remuneration package so as to assist the RC in its overall assessment of key management personnel's remuneration.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Guideline 8.2

### Long-term Incentive Scheme

The RC is responsible for administering the Company's Performance Share Plan (the "**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. The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years, i.e. 22 March 2017.

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 the financial year ended 31 October 2015, directors' fees of S\$129,500 are recommended by the Board and are subject to the approval of shareholders at the Company's AGM to be held on 29 February 2016.

## 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 plus one 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, as it is still under review.

## **Principle 9: Disclosure on Remuneration**

## Guideline 9.1

### Remuneration Report

Details of the remuneration of Executive Directors of the Company and top five key management personnel of the Group for the financial year ended 31 October 2015 are set out below.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Guideline 9.2

### Remuneration of Directors

| Executive Directors | Base/Fixed Salary % | Variable or Performance Related Income/Bonus % | Benefits in kind % | ecoWise PSP <sup>(1)</sup> % | Total % | Total S\$ |
|---------------------|---------------------|------------------------------------------------|--------------------|------------------------------|---------|-----------|
| Lee Thiam Seng      | 75.0                | –                                              | 2.0                | 23.0                         | 100     | 632,854   |
| Low Kian Beng       | 97.7                | –                                              | 2.3                | –                            | 100     | 345,000   |

The directors' fees for Independent Non-Executive Directors for the financial year ended 31 October 2015 are set out below:

| Directors' Fees (S\$)        |         |
|------------------------------|---------|
| <b>Independent Directors</b> |         |
| Ng Cher Yan                  | 50,250  |
| Ong Tai Tiong Desmond        | 45,250  |
| Wong Joo Wan*                | 19,000  |
| Ang Mong Seng**              | 15,000  |
|                              | <hr/>   |
|                              | 129,500 |

\* The Director's fee for Mr Wong Joo Wan was prorated as he was appointed on 26 May 2015.

\*\* The Director's fee for Mr Ang Mong Seng was prorated as he resigned on 27 February 2015.

## Guideline 9.3

### Remuneration of Top 5 Key Management Personnel

| Key Management Personnel        | Base/Fixed Salary % | Variable or Performance Related Income/Bonus % | Benefits in kind % | ecoWise PSP <sup>(1)</sup> % | Total % |
|---------------------------------|---------------------|------------------------------------------------|--------------------|------------------------------|---------|
| <b>S\$250,000 to S\$300,000</b> |                     |                                                |                    |                              |         |
| Aloysius Chan Buang Heng        | 90.4                | 9.6                                            | –                  | –                            | 100.0   |
| Fong Seok Phoy                  | 90.7                | 9.3                                            | –                  | –                            | 100.0   |
| <b>Below S\$250,000</b>         |                     |                                                |                    |                              |         |
| Chin Hon Meng                   | 75.9                | 21.2                                           | 2.9                | –                            | 100.0   |
| Daniel Liao Hong Hai            | 90.7                | 9.3                                            | –                  | –                            | 100.0   |
| Kenny Huang Jianfang            | 83.7                | 16.3                                           | –                  | –                            | 100.0   |

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

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

In aggregate, the total remuneration paid to the top five key management personnel in financial year ended 2015 is S\$1,026,000.

## 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 the financial year ended 31 October 2015.

## Guideline 9.5

### Employee Share Schemes

During the financial year ended 31 October 2015, the RC has reviewed and approved the vesting and issuance of 2,000,000 performance shares to Mr Lee Thiam Seng under the Fourth Grant of ecoWise PSP, having achieved the vesting criteria set by the RC. The grant of award of this 2,000,000 performance shares was approved by the shareholders of the Company at the AGM held on 28 February 2013. The award was granted on 29 January 2014 at the issue price of S\$0.072 and vested to Mr Lee Thiam Seng on 17 November 2014. The market price of the Company's shares on the vesting date was S\$0.073.

## Guideline 9.6

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

The fixed component of remuneration for the Executive Directors is based on the service agreements entered between the Company and the Executive Directors. Similarly, the fixed component of remuneration for the top 5 key management personnel is based on the employment contracts with them. The variable component of remuneration for both Executive Directors and top 5 key management personnel is linked to the performance of the Group and individual.

## **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 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 reviewed the Group's financial statements, overall business operation, operational practices and procedures at the quarterly Board meetings and discussed or be updated on the relevant legislative and regulatory requirements either at Board meetings or via electronic mails.

In accordance with Rule 705(5) of the Rules of Catalist of SGX-ST, the Board provides negative assurance confirmation to shareholders for the quarterly financial statements.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## 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](http://www.ecowise.com.sg).

## **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 end of 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 summarized 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.

### 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, the AC and the Board are of the opinion that the Group's internal controls, addressing financial,

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

operational, compliance and information technology controls, and risk management systems, were adequate as at 31 October 2015. This is in turn supported by assurance from the CEO, Deputy CEO and the Group Financial Controller that:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and
- (b) they have evaluated the effectiveness of the Group's 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 Ng Cher Yan and comprises Mr Ong Tai Tiong Desmond and Mr Wong Joo Wan as members, all of whom are Independent Non-Executive Directors.

### Guideline 12.2

#### Expertise of AC Members

Two members of the AC have strong accounting and financial management expertise and experience. Mr Ng Cher Yan is a practicing public accountant, who has years of extensive experience in accounting, auditing, financial management and corporate governance. 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. Mr Wong also specialises in investigations and litigation support services. The Board is of the view that the members of the AC are adequately qualified to discharge their responsibilities and they have the accounting or related financial management expertise or experience, as the Board exercises its business judgment. 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 authorize 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Guideline 12.4

### Duties of AC

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

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

The duties of the AC include:

- Reviewing the audit plans and report submitted to the Audit Committee by 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 Listing Manual, and by such amendments made thereto from time to time;
- Reviewing interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and
- Reviewing the adequacy of the Group's internal controls.

## Guideline 12.5

### Meeting with External and Internal Auditors

During the financial year, the external auditors was 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 without the presence of Management annually.

## Guideline 12.6

### Independence of External Auditors

For the year ended 31 October 2015, the aggregate amount of fees paid or payable to external auditors of the Group amounted to S\$365,000, including audit fees of S\$306,000 and non-audit services fees of S\$59,000. 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

The Group has complied with Rule 712 and Rule 715 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 victimization 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 financial year 2015, the AC carried out the following activities:-

- Reviewed quarterly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- Reviewed and approved the interested/related parties transactions;
- Reviewed and approved the annual audit plan of the external auditors;
- Reviewed the report to the AC of the external auditors;
- Reviewed the internal audit report by the internal auditors;
- Reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for Board approval; and
- Met with the external 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

### Non-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.

## **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 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Guideline 13.2

### Adequately Resourced Internal Audit Function

In the course of financial year 2015, 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.

## Guideline 13.3

### Qualified Internal Auditors

NGL Tricor Governance Sdn Bhd is a consultancy practice specialising in providing independent assurance services for corporations that requires 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.

## Guideline 13.4

### Standards for Internal Audit

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

## Guideline 13.5

### Internal Audit Function Reviewed by AC

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

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

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

In the course of financial year 2015, 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## 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 Articles of Association 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.

### Guideline 14.3

#### Proxies for Nominee Companies

The Company strongly encourages and supports shareholders to participate at the general meeting. While the Company's Articles of Associate currently provide for a limit of up to two proxies for each shareholder (including nominee companies), the Company has, in compliance with the spirit of the Code, allowed nominee companies to specify, in writing, the names of the beneficial shareholders of the Company who are attending the Company's general meetings as observers.

## 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 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.

### 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 Catalyst of SGX-ST and Financial Reporting Standards;

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

- SGXNET and news releases;
- Disclosures to the SGX-ST; and
- The Group's website at [www.ecowise.com.sg](http://www.ecowise.com.sg) on which shareholders can access information relating to the Group.

## Guideline 15.3 & 15.4

### Regular Dialogue with Shareholders

Shareholders are strongly encouraged to participate at general meetings, which provide as the major platform for shareholders to engage and dialogue with the Company directly. All Directors, key management staff, the Company's external auditors and lawyers (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. In the meantime, general meeting 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 of Enquiry Form is embedded in the Company's website.

## Guideline 15.5

### Dividend Policy

The Company clearly recognizes shareholders' desire to receive return from their investment and always endeavours to maximize their return. 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 the financial year under review.

## **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 proxies to attend and vote on his behalf at the meeting through proxy forms deposited 48 hours before the meeting. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## 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, Management, Company Secretary, 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.

# CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2015

## Internal Code on Dealings in Securities

The Group has put in place an internal code on dealings with securities ("Internal Code"). This Internal Code has been issued to Directors and officers setting up the implications on insider trading.

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 weeks before the announcement of quarterly results and one 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 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 officers 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 Chief Executive Officer 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 2015.

## Non-Sponsor Fees

There are no non-sponsor fees paid to the Sponsor for the financial year ended 31 October 2015.

## Statement of Compliance

The Board confirms that for the financial year ended 31 October 2015, the Company has generally adhered to the principles and guidelines as set out in the Code.

# CONTENTS

|    |                                                                         |
|----|-------------------------------------------------------------------------|
| 50 | Statement by Directors                                                  |
| 56 | Independent Auditors' Report                                            |
| 58 | Consolidated Statement of Profit or Loss and Other Comprehensive Income |
| 59 | Statements of Financial Position                                        |
| 61 | Consolidated Statements of Changes in Equity                            |
| 63 | Statements of Changes in Equity                                         |
| 64 | Consolidated Statement of Cash Flows                                    |
| 66 | Notes to the Financial Statements                                       |

# STATEMENT BY DIRECTORS

The directors of the Company are pleased to present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 October 2015.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors in office at date of report

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

### Executive Directors

Lee Thiam Seng

Low Kian Beng

### Independent Directors

Ng Cher Yan

Wong Joo Wan

Ong Tai Tiong Desmond

(Appointed on 26 May 2015)

# STATEMENT BY DIRECTORS

## 3. Directors' interests in shares and debentures

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 (other than wholly-owned subsidiaries) as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

| Name of directors and corporations in which interests are held | At beginning of the reporting year                 | Direct interests<br>At end of the reporting year | At 21 November 2015 |
|----------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------|---------------------|
| <u>The Company –</u><br><u>ecoWise Holdings Limited</u>        | <u>Number of ordinary shares with no par value</u> |                                                  |                     |
| Lee Thiam Seng                                                 | 33,509,388                                         | 35,509,388                                       | 35,509,388          |
| Low Kian Beng                                                  | 6,250,000                                          | 6,250,000                                        | 6,250,000           |
| Ng Cher Yan                                                    | 1,231,500                                          | 1,231,500                                        | 1,231,500           |
| <u>The Company –</u><br><u>ecoWise Holdings Limited</u>        | <u>Number of ecoWise performance shares</u>        |                                                  |                     |
| Lee Thiam Seng                                                 | 2,000,000                                          | –                                                | –                   |
| <u>The Company –</u><br><u>ecoWise Holdings Limited</u>        | <u>Number of ordinary shares with no par value</u> |                                                  |                     |
| Lee Thiam Seng                                                 | 218,229,375                                        | 218,229,375                                      | 218,229,375         |

By virtue of Section 7 of the Act, Mr. Lee Thiam Seng is deemed to have an interest in the Company and in all the related body corporations 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 any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other related body corporate, except as disclosed in Paragraph 5 in this report.

# STATEMENT BY DIRECTORS

## 5. Share options

### Share options

During the reporting year, no option to take up unissued shares of the Company or any subsidiary was granted.

At the end of the reporting year, there were no unissued shares of the Company or any subsidiary 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. 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 (Chairman), Mr. Ng Cher Yan and Mr. Ong Tai Tiong Desmond. 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 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 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.

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.

# STATEMENT BY DIRECTORS

## 5. Share options (Continued)

### ecoWise Performance Share Plan (Continued)

During the reporting year, the number of performance shares granted, vested and cancelled under the Share Plan are as follows:

| <b>Date of grant</b> | <b>At<br/>1 November<br/>2014</b> | <b>Number of ecoWise performance shares</b> |                                       |                              | <b>At<br/>31 October<br/>2015</b> |
|----------------------|-----------------------------------|---------------------------------------------|---------------------------------------|------------------------------|-----------------------------------|
|                      |                                   | <b>Granted<br/>during the<br/>year</b>      | <b>Vested<br/>during the<br/>year</b> | <b>Cancelled/<br/>Lapsed</b> |                                   |
| 29 January 2014      | 2,000,000                         | –                                           | (2,000,000)                           | –                            | –                                 |

The outstanding performance shares as at 1 November 2014 were issued and allotted to the eligible participant on 17 November 2014.

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 2015, 45,232,225 performance shares have been granted, of which 42,693,788 performance shares have been vested (after adjustment for rights cum warrants issue on 1 November 2007 and rights issue on 26 September 2008).

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

|                              | <b>Performance<br/>shares granted<br/>during reporting<br/>year ended<br/>31 October<br/>2015</b> | <b>Number of ecoWise performance shares</b> | <b>Aggregate<br/>performance<br/>shares granted<br/>since<br/>commencement<br/>of Share Plan to<br/>31 October<br/>2015<sup>(1)</sup></b> | <b>Aggregate<br/>performance<br/>shares vested<br/>since<br/>commencement<br/>of Share Plan to<br/>31 October<br/>2015<sup>(1)</sup></b> | <b>Aggregate<br/>performance<br/>shares<br/>outstanding at<br/>31 October<br/>2015</b> |
|------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <b>Executive directors</b>   |                                                                                                   |                                             |                                                                                                                                           |                                                                                                                                          |                                                                                        |
| Lee Thiam Seng               | –                                                                                                 | 13,767,825                                  | 13,219,388                                                                                                                                | –                                                                                                                                        |                                                                                        |
| Low Kian Beng                | –                                                                                                 | 1,500,000                                   | 750,000                                                                                                                                   | –                                                                                                                                        |                                                                                        |
| <b>Independent directors</b> |                                                                                                   |                                             |                                                                                                                                           |                                                                                                                                          |                                                                                        |
| Ng Cher Yan                  | –                                                                                                 | 1,124,250                                   | 1,059,250                                                                                                                                 | –                                                                                                                                        |                                                                                        |
| <b>Other participants</b>    | –                                                                                                 | 28,840,150                                  | 27,665,150                                                                                                                                | –                                                                                                                                        |                                                                                        |
|                              | –                                                                                                 | 45,232,225                                  | 42,693,788                                                                                                                                | –                                                                                                                                        |                                                                                        |

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

# STATEMENT BY DIRECTORS

## 6. Independent auditors

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

## 7. Report of audit committee

The members of the Audit Committee during the reporting year and at the date of this report are as follows:

|                       |                                                             |
|-----------------------|-------------------------------------------------------------|
| Ng Cher Yan           | (Chairman of Audit Committee and Lead Independent Director) |
| Wong Joo Wan          | (Independent Director)                                      |
| Ong Tai Tiong Desmond | (Independent Director)                                      |

The Audit Committee performs the functions specified by Section 201B (5) of the Act and the Listing Manual of the Singapore Securities Exchange Trading Limited ("SGX-ST").

Functions of the Audit Committee include the following:

- (a) Review with the independent external auditors their audit plan;
- (b) Review with the independent external auditors their evaluation of the Company's internal accounting controls that are relevant to their statutory audit, their report on the financial statements and the assistance given by the management to them;
- (c) Review with the internal auditors their 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 them;
- (d) Review the financial statements of the Group and the Company prior to their submission to the board of directors of the Company for adoption; and
- (e) Review the interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

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 auditors' objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The Audit Committee has recommended to the board of directors that RSM Chio Lim LLP will be nominated for re-appointment as the independent auditors 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 auditors, and reviews performed by management, other committees of 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 reporting year ended 31 October 2015.

# STATEMENT BY DIRECTORS

## 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 25 December 2015, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

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

On behalf of the directors

.....  
**Lee Thiam Seng**  
Director

.....  
**Low Kian Beng**  
Director

29 January 2016

# INDEPENDENT AUDITORS' REPORT

to the Members of ECOWISE HOLDINGS LIMITED (Registration No: 200209835C)

## Report on the financial statements

We have audited the accompanying financial statements of ecoWise Holdings Limited (the "Company") and its subsidiaries (collectively, 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 2015, 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 a summary of significant accounting policies and other explanatory information.

## Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore 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.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date.

# INDEPENDENT AUDITORS' REPORT

to the Members of ECOWISE HOLDINGS LIMITED (Registration No: 200209835C)

## Emphasis of matter

As is more fully disclosed in Note 28 to the financial statements, management has reviewed and concluded that assets and liabilities of two wholly-owned subsidiaries in the Group, Hivern Investments Pte Ltd and Chanyi Enersave Biomass to Energy Co., Ltd, continue to meet the requirements of Singapore Financial Reporting Standard 105, Non-current Assets Held for Sale and Discontinued Operations, to be classified as held for sale as at 31 October 2015. Based on the current discussions and negotiations with potential buyers, management has reviewed and assessed the carrying amount of the Group's net assets classified as held for sale while the related sale negotiations are in progress. Management has determined that the assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. It is reasonably possible that, based on existing knowledge, the outcomes within the next reporting year could be different and adjustment may be required to increase or decrease the carrying amount of the Group's net assets held for sale. Our audit opinion is not qualified in respect of this matter.

## 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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

29 January 2016

Partner-in-charge: Chan Weng Keen  
Effective from reporting year ended 31 October 2012

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 OCTOBER 2015

|                                                                            | Notes | 2015<br>\$'000 | 2014<br>\$'000 |
|----------------------------------------------------------------------------|-------|----------------|----------------|
| <b>Revenue</b>                                                             | 5     | <b>63,120</b>  | 73,004         |
| Cost of sales                                                              |       | (49,105)       | (57,259)       |
| <b>Gross profit</b>                                                        |       | <b>14,015</b>  | 15,745         |
| <b>Other items of income</b>                                               |       |                |                |
| Finance income                                                             | 6     | 59             | 68             |
| Dividend income                                                            | 7     | –              | 113            |
| Other gains                                                                | 8     | 798            | 747            |
| <b>Other items of expenses</b>                                             |       |                |                |
| Marketing and distribution expenses                                        |       | (3,308)        | (3,699)        |
| Administrative expenses                                                    |       | (7,713)        | (9,163)        |
| Finance costs                                                              | 9     | (1,199)        | (1,056)        |
| Other losses                                                               | 8     | (239)          | (11,032)       |
| Share of results from associates and jointly-controlled entity, net of tax |       | (854)          | (683)          |
| <b>Profit/(loss) before income tax</b>                                     |       | <b>1,559</b>   | (8,960)        |
| Income tax expenses                                                        | 12    | (655)          | (1,059)        |
| <b>Profit/(loss) for the year, net of tax</b>                              |       | <b>904</b>     | (10,019)       |
| <b>Other comprehensive (loss)/income</b>                                   |       |                |                |
| <b>Items that will not be reclassified to profit or loss:</b>              |       |                |                |
| Defined benefit plan actuarial gains/(losses), net                         | 32    | 6              | (90)           |
| <b>Items that may be reclassified subsequently to profit or loss:</b>      |       |                |                |
| Exchange differences on translating foreign operations, net of tax         |       | (4,802)        | 135            |
| Effective portion of changes in fair value of cash flow hedges             | 26    | (106)          | 29             |
| Total other comprehensive (loss)/income for the year, net of tax           |       | (4,902)        | 74             |
| <b>Total comprehensive loss for the year</b>                               |       | <b>(3,998)</b> | (9,945)        |
| <b>Profit/(loss) for the year, net of tax attributable to:</b>             |       |                |                |
| Owners of the Company                                                      |       | 610            | (6,736)        |
| Non-controlling interests                                                  |       | 294            | (3,283)        |
|                                                                            |       | <b>904</b>     | (10,019)       |
| <b>Total comprehensive loss for the year attributable to:</b>              |       |                |                |
| Owners of the Company                                                      |       | (3,430)        | (6,577)        |
| Non-controlling interests                                                  |       | (568)          | (3,368)        |
|                                                                            |       | <b>(3,998)</b> | (9,945)        |
| <b>Earnings/(losses) per share</b>                                         |       |                |                |
| Basic and diluted earnings/(losses) per share (cents)                      | 13    | <b>0.07</b>    | (0.73)         |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2015

|                                           |       | Group          |                | Company        |                |
|-------------------------------------------|-------|----------------|----------------|----------------|----------------|
|                                           | Notes | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>ASSETS</b>                             |       |                |                |                |                |
| <b>Non-current assets</b>                 |       |                |                |                |                |
| Property, plant and equipment             | 15    | 23,792         | 27,149         | 302            | 372            |
| Intangible assets                         | 16    | 1,365          | 1,732          | –              | –              |
| Land use rights                           | 17    | 1,103          | 1,068          | –              | –              |
| Investments in subsidiaries               | 18    | –              | –              | 43,731         | 41,634         |
| Investment in a jointly-controlled entity | 19    | 3,558          | 3,923          | –              | –              |
| Investments in associates                 | 20    | 4,527          | 4,862          | –              | –              |
| Other financial assets                    | 21    | 1,057          | 1,057          | –              | –              |
| Other receivables                         | 22    | 635            | 635            | –              | –              |
| Finance lease receivables                 | 23    | 11,920         | 12,543         | –              | –              |
| Deferred tax assets                       | 12    | 158            | 284            | –              | –              |
| <b>Total non-current assets</b>           |       | <b>48,115</b>  | <b>53,253</b>  | <b>44,033</b>  | <b>42,006</b>  |
| <b>Current assets</b>                     |       |                |                |                |                |
| Inventories                               | 24    | 8,253          | 8,719          | –              | –              |
| Income tax receivables                    |       | 372            | 435            | –              | 12             |
| Trade and other receivables               | 22    | 17,817         | 17,035         | 5,341          | 5,140          |
| Finance lease receivables                 | 23    | 652            | 593            | –              | –              |
| Other assets                              | 25    | 620            | 856            | 86             | 88             |
| Derivative financial instruments          | 26    | 44             | 16             | –              | –              |
| Cash and cash equivalents                 | 27    | 7,732          | 11,402         | 1,362          | 1,024          |
|                                           |       | <b>35,490</b>  | <b>39,056</b>  | <b>6,789</b>   | <b>6,264</b>   |
| Assets classified as held for sale        | 28    | 5,078          | 12,272         | –              | –              |
| <b>Total current assets</b>               |       | <b>40,568</b>  | <b>51,328</b>  | <b>6,789</b>   | <b>6,264</b>   |
| <b>Total assets</b>                       |       | <b>88,683</b>  | <b>104,581</b> | <b>50,822</b>  | <b>48,270</b>  |

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2015

|                                                                         |       | Group          |                | Company        |                |
|-------------------------------------------------------------------------|-------|----------------|----------------|----------------|----------------|
|                                                                         | Notes | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>EQUITY AND LIABILITIES</b>                                           |       |                |                |                |                |
| <b>Equity</b>                                                           |       |                |                |                |                |
| Share capital                                                           | 29    | 48,035         | 46,191         | 48,035         | 46,191         |
| Accumulated losses                                                      |       | (61)           | (657)          | (5,744)        | (4,172)        |
| Foreign currency translation reserves                                   | 30    | (5,083)        | (1,560)        | –              | –              |
| Other reserves                                                          | 31    | 1,964          | 2,629          | –              | 144            |
| <b>Equity attributable to owners of the Company</b>                     |       | <b>44,855</b>  | 46,603         | <b>42,291</b>  | 42,163         |
| Non-controlling interests                                               |       | 2,732          | 3,446          | –              | –              |
| <b>Total equity</b>                                                     |       | <b>47,587</b>  | 50,049         | <b>42,291</b>  | 42,163         |
| <b>Non-current liabilities</b>                                          |       |                |                |                |                |
| Provision, non-current                                                  | 32    | 982            | 704            | –              | –              |
| Loans and borrowings                                                    | 33    | 10,993         | 14,137         | 23             | 43             |
| Deferred tax liabilities                                                | 12    | 2,226          | 2,583          | –              | –              |
| Deferred income                                                         | 34    | 26             | 39             | –              | –              |
| <b>Total non-current liabilities</b>                                    |       | <b>14,227</b>  | 17,463         | <b>23</b>      | 43             |
| <b>Current liabilities</b>                                              |       |                |                |                |                |
| Income tax payables                                                     |       | 520            | 521            | 27             | 30             |
| Trade and other payables                                                | 35    | 9,384          | 23,291         | 5,449          | 3,394          |
| Derivative financial instruments                                        | 26    | 124            | 4              | –              | –              |
| Loans and borrowings                                                    | 33    | 14,034         | 12,467         | 3,032          | 2,640          |
| Deferred income                                                         | 34    | 8              | 16             | –              | –              |
| Other liabilities                                                       | 36    | 766            | 770            | –              | –              |
|                                                                         |       | 24,836         | 37,069         | 8,508          | 6,064          |
| Liabilities directly associated with assets classified as held for sale | 28    | 2,033          | –              | –              | –              |
| <b>Total current liabilities</b>                                        |       | <b>26,869</b>  | 37,069         | <b>8,508</b>   | 6,064          |
| <b>Total liabilities</b>                                                |       | <b>41,096</b>  | 54,532         | <b>8,531</b>   | 6,107          |
| <b>Total equity and liabilities</b>                                     |       | <b>88,683</b>  | 104,581        | <b>50,822</b>  | 48,270         |

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

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 OCTOBER 2015

| Group                                                                                                       | Total<br>Equity<br>\$'000 | Non-<br>Controlling<br>Interests<br>\$'000 | Parent<br>Sub-Total<br>\$'000 | Share<br>Capital<br>\$'000 | Retained<br>Earnings/<br>(Accumulated<br>Losses)<br>\$'000 | Other<br>Reserves<br>\$'000 | Foreign<br>Currency<br>Translation<br>Reserves<br>\$'000 |
|-------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------|-------------------------------|----------------------------|------------------------------------------------------------|-----------------------------|----------------------------------------------------------|
| <b>Current year:</b>                                                                                        |                           |                                            |                               |                            |                                                            |                             |                                                          |
| At 1 November 2014                                                                                          | 50,049                    | 3,446                                      | 46,603                        | 46,191                     | (657)                                                      | 2,629                       | (1,560)                                                  |
| Movements in equity:                                                                                        |                           |                                            |                               |                            |                                                            |                             |                                                          |
| Total comprehensive (loss)/income for the year                                                              | (3,998)                   | (568)                                      | (3,430)                       | –                          | 614                                                        | (521)                       | (3,523)                                                  |
| Acquisition of interest in subsidiaries from non-controlling interests with no change in control (Note 18A) | –                         | 18                                         | (18)                          | –                          | (18)                                                       | –                           | –                                                        |
| Dividends paid to non-controlling interests of subsidiaries                                                 | (164)                     | (164)                                      | –                             | –                          | –                                                          | –                           | –                                                        |
| Issue of ordinary shares (Note 29)                                                                          | 1,700                     | –                                          | 1,700                         | 1,700                      | –                                                          | –                           | –                                                        |
| Issue of ordinary shares under ecoWise performance share plan (Note 29 and 31A)                             | –                         | –                                          | –                             | 144                        | –                                                          | (144)                       | –                                                        |
|                                                                                                             | <u>(2,462)</u>            | <u>(714)</u>                               | <u>(1,748)</u>                | <u>1,844</u>               | <u>596</u>                                                 | <u>(665)</u>                | <u>(3,523)</u>                                           |
| At 31 October 2015                                                                                          | <u>47,587</u>             | <u>2,732</u>                               | <u>44,855</u>                 | <u>48,035</u>              | <u>(61)</u>                                                | <u>1,964</u>                | <u>(5,083)</u>                                           |

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

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 OCTOBER 2015

| Group                                                                           | Total<br>Equity<br>\$'000 | Non-<br>Controlling<br>Interests<br>\$'000 | Parent<br>Sub-Total<br>\$'000 | Share<br>Capital<br>\$'000 | Retained<br>Earnings/<br>(Accumulated<br>Losses)<br>\$'000 | Other<br>Reserves<br>\$'000 | Foreign<br>Currency<br>Translation<br>Reserves<br>\$'000 |
|---------------------------------------------------------------------------------|---------------------------|--------------------------------------------|-------------------------------|----------------------------|------------------------------------------------------------|-----------------------------|----------------------------------------------------------|
| <b>Prior year:</b>                                                              |                           |                                            |                               |                            |                                                            |                             |                                                          |
| At 1 November 2013                                                              | 60,645                    | 7,135                                      | 53,510                        | 46,191                     | 6,622                                                      | 2,488                       | (1,791)                                                  |
| Movements in equity:                                                            |                           |                                            |                               |                            |                                                            |                             |                                                          |
| Total comprehensive (loss)/income for the year                                  | (9,945)                   | (3,368)                                    | (6,577)                       | –                          | (6,816)                                                    | 8                           | 231                                                      |
| Equity-settled share based expenses (Note 31A)                                  | 144                       | –                                          | 144                           | –                          | –                                                          | 144                         | –                                                        |
| Acquisition of interest in subsidiary from non-controlling interests (Note 18A) | (125)                     | (114)                                      | (11)                          | –                          | –                                                          | (11)                        | –                                                        |
| Dividends paid to owners of the Company (Note 14)                               | (463)                     | –                                          | (463)                         | –                          | (463)                                                      | –                           | –                                                        |
| Dividends paid to non-controlling interests of subsidiaries                     | (207)                     | (207)                                      | –                             | –                          | –                                                          | –                           | –                                                        |
|                                                                                 | <u>(10,596)</u>           | <u>(3,689)</u>                             | <u>(6,907)</u>                | <u>–</u>                   | <u>(7,279)</u>                                             | <u>141</u>                  | <u>231</u>                                               |
| At 31 October 2014                                                              | <u>50,049</u>             | <u>3,446</u>                               | <u>46,603</u>                 | <u>46,191</u>              | <u>(657)</u>                                               | <u>2,629</u>                | <u>(1,560)</u>                                           |

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

# STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 OCTOBER 2015

| Company                                                                            | Total<br>Equity<br>\$'000 | Share<br>Capital<br>\$'000 | Retained<br>Earnings/<br>(Accumulated<br>Losses)<br>\$'000 | Other<br>Reserve<br>\$'000 |
|------------------------------------------------------------------------------------|---------------------------|----------------------------|------------------------------------------------------------|----------------------------|
| <b>Current year:</b>                                                               |                           |                            |                                                            |                            |
| At 1 November 2014                                                                 | 42,163                    | 46,191                     | (4,172)                                                    | 144                        |
| Movements in equity:                                                               |                           |                            |                                                            |                            |
| Total comprehensive loss for the year                                              | (1,572)                   | –                          | (1,572)                                                    | –                          |
| Issue of ordinary shares (Note 29)                                                 | 1,700                     | 1,700                      | –                                                          | –                          |
| Issue of ordinary shares under ecoWise<br>performance share plan (Note 29 and 31A) | –                         | 144                        | –                                                          | (144)                      |
|                                                                                    | 128                       | 1,844                      | (1,572)                                                    | (144)                      |
| At 31 October 2015                                                                 | 42,291                    | 48,035                     | (5,744)                                                    | –                          |
| <b>Prior year:</b>                                                                 |                           |                            |                                                            |                            |
| At 1 November 2013                                                                 | 48,346                    | 46,191                     | 2,155                                                      | –                          |
| Movements in equity:                                                               |                           |                            |                                                            |                            |
| Total comprehensive loss for the year                                              | (5,864)                   | –                          | (5,864)                                                    | –                          |
| Equity-settled share-based expenses (Note 31A)                                     | 144                       | –                          | –                                                          | 144                        |
| Dividends paid to owners of the Company (Note 14)                                  | (463)                     | –                          | (463)                                                      | –                          |
|                                                                                    | (6,183)                   | –                          | (6,327)                                                    | 144                        |
| At 31 October 2014                                                                 | 42,163                    | 46,191                     | (4,172)                                                    | 144                        |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 OCTOBER 2015

|                                                                          | 2015<br>\$'000 | 2014<br>\$'000 |
|--------------------------------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities</b>                              |                |                |
| Profit/(loss) before income tax                                          | 1,559          | (8,960)        |
| Depreciation of property, plant and equipment                            | 2,784          | 2,933          |
| Impairment loss on property, plant and equipment                         | –              | 11,635         |
| Impairment loss on assets held for sale – made/(reversed)                | 7,456          | (1,029)        |
| Extinguishment of liabilities (Note 28)                                  | (7,217)        | –              |
| Gain on disposal of property, plant and equipment                        | (42)           | (132)          |
| Amortisation of intangible assets                                        | 92             | 99             |
| Amortisation of land use rights                                          | 25             | 75             |
| Amortisation of deferred expenses                                        | –              | 7              |
| Share of results of associates and jointly-controlled entity, net of tax | 854            | 683            |
| Impairment loss on other financial assets                                | –              | 27             |
| Net fair value gain on derivative financial instruments                  | (31)           | (55)           |
| Provision for retirement benefit obligations expenses, net               | 43             | 68             |
| Amortisation of deferred income                                          | (15)           | (21)           |
| Finance lease income                                                     | (1,369)        | (1,408)        |
| Finance income                                                           | (59)           | (68)           |
| Dividend income                                                          | –              | (113)          |
| Finance costs                                                            | 1,199          | 1,056          |
| Equity-settled share-based expenses                                      | –              | 144            |
| <b>Operating cash flows before changes in working capital</b>            | <b>5,279</b>   | <b>4,941</b>   |
| Inventories                                                              | (835)          | 476            |
| Trade and other receivables                                              | (2,408)        | 2,510          |
| Finance lease receivables                                                | 564            | 524            |
| Other assets                                                             | 219            | 1,120          |
| Trade and other payables                                                 | (3,298)        | (1,495)        |
| Other liabilities                                                        | (4)            | (3,372)        |
| Finance lease income received                                            | 1,369          | 1,408          |
| Retirement benefit obligations paid                                      | (18)           | (104)          |
| Decrease in cash restricted in use over 3 months                         | –              | (10)           |
| <b>Net cash flows from operations before income tax</b>                  | <b>868</b>     | <b>5,998</b>   |
| Income tax paid                                                          | (575)          | (1,076)        |
| <b>Net cash flows from operating activities</b>                          | <b>293</b>     | <b>4,922</b>   |

# CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 OCTOBER 2015

|                                                                                                   | 2015<br>\$'000 | 2014<br>\$'000 |
|---------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Cash flows from investing activities</b>                                                       |                |                |
| Acquisition of property, plant and equipment (Note 27B)                                           | (2,624)        | (3,405)        |
| Proceeds from disposal of property, plant and equipment                                           | 70             | 153            |
| Loan to an associate                                                                              | –              | (35)           |
| Loan to a jointly-controlled entity                                                               | (221)          | –              |
| Proceeds from disposal of other financial assets                                                  | –              | 9              |
| Proceeds from government grant to acquire property, plant and equipment                           | –              | 12             |
| Interest income received                                                                          | 59             | 68             |
| <b>Net cash flows used in investing activities</b>                                                | <b>(2,716)</b> | <b>(3,198)</b> |
| <b>Cash flows from financing activities</b>                                                       |                |                |
| Proceeds from new loans and borrowings                                                            | 2,998          | 4,659          |
| Repayments of loans and borrowings                                                                | (2,980)        | (9,015)        |
| Interest expenses paid                                                                            | (1,546)        | (1,030)        |
| Acquisition of non-controlling interests without change in control                                | *              | (125)          |
| Dividends paid to owners of the Company                                                           | –              | (463)          |
| Dividends paid to non-controlling interests of subsidiaries                                       | (164)          | (207)          |
| (Increase)/decrease in cash restricted in use over 3 months                                       | (64)           | 197            |
| <b>Net cash flows used in financing activities</b>                                                | <b>(1,756)</b> | <b>(5,984)</b> |
| <b>Net decrease in cash and cash equivalents</b>                                                  | <b>(4,179)</b> | <b>(4,260)</b> |
| Effect of exchange rate changes on cash and cash equivalents                                      | (277)          | 37             |
| Cash and cash equivalents, consolidated statement of cash flows, beginning balance                | 10,296         | 14,519         |
| <b>Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 27A)</b> | <b>5,840</b>   | <b>10,296</b>  |

\* Amount less than \$1,000

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 1. General

ecoWise Holdings Limited (the "Company") is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). During the reporting year, the Company was transferred from the Main Board of the SGX-ST to Catalyst of the SGX-ST.

The financial statements for the reporting year ended 31 October 2015 comprise those of the Company and its subsidiaries (collectively, the "Group") and the Group's interests in associates and a jointly-controlled entity. All financial information presented in Singapore Dollars have been rounded to the nearest thousand ("S\$'000"), unless otherwise indicated.

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

The principal activities of the Company are those of an investment holding company and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

The registered office and principal place of business of the Company is located at 17 Kallang Junction, #04-03, Singapore 339274.

## 2. Summary of significant accounting policies

### Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Singapore Companies Act, Chapter 50 (the "Act"). The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the current reporting year that were recognised in other comprehensive income in the current or previous reporting years.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Basis of preparation of the financial statements (Continued)

Apart from those involving estimations, management has made judgements in the process of applying the Group'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 at the end of this note to the financial statements, where applicable.

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 FRS 39.

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

### Foreign currency transactions

The functional currency of the Company is Singapore Dollars as it reflects the primary economic environment in which the Company operates in.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates ruling at the dates of the transactions. At the end of each reporting period, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the exchange rates ruling at the end of the reporting period and fair value dates, respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit or loss, except when recognised in other comprehensive income.

The presentation currency is the functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Translation of financial statements of other entities

Each entity in the Group determines its appropriate functional currency to reflect the primary economic environment in which the entity operates in. In translating the financial statements of an investee for incorporation in the consolidated financial statements to the presentation currency, the assets and liabilities denominated in other currencies are translated at the exchange rates ruling at the end of the reporting period and the profit or loss items are translated at average exchange rates for the reporting period. 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 investee.

### Segment reporting

The Group 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 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.

### 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 period 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue from services rendered 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.
- Operation and maintenance service income relates to generation and distribution of electricity and heat and related services are recognised upon service rendered.
- The finance lease income from finance lease arrangement represents the interest income on the finance lease receivables and is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Revenue recognition (Continued)

- Interest income is recognised using the effective interest method.
- Dividend income from equity instruments is recognised when the Group's right to receive payment is established.

### 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 agrees to contribute to independently administered funds, such as the Central Provident Fund in Singapore and Employees Provident Fund in Malaysia.

#### Defined benefit plan

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Employee benefits (Continued)

#### 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.

### Income tax

Income tax expenses comprise current tax and deferred tax. Current and deferred taxes are recognised as an income or an expense in the profit or loss. The income taxes payables 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 at the end of each reporting period; the effects of future changes in tax laws or rates are not anticipated.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

A deferred tax asset or liability is recognised for all temporary differences, unless the temporary differences arise 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 temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of the reversal of the 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced, if necessary, by the amount of any tax benefits based on available evidence, are not expected to be realised.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Borrowing costs

Borrowing costs comprise interest expense on borrowings and unwinding of the discount on provisions and contingent consideration that are recognised in the profit or loss.

Borrowing costs that are interest expenses and other costs incurred in connection with the borrowing of funds 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 completed.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest expenses are calculated using the effective interest method.

### 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.

Cost 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 Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the 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 the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Depreciation is provided on a straight-line basis 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 62 and 69 years |
| Leasehold properties and improvements | – | Over remaining lease periods of 10 to 50 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Property, plant and equipment (Continued)

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 the profit or loss.

The residual value and the useful life of an asset is reviewed at least at the end of each reporting period 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 reporting periods are adjusted.

Cost 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.

### 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".

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Leases (Continued)

#### Finance leases (Continued)

##### (a) When the Group is a lessor: (Continued)

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 costs which are allocated to each reporting period 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 periods in which they are incurred. The assets are depreciated as owned depreciable assets.

#### Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards 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 the 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### 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 Group and 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 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 Group.

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 Group 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.

### 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) whereby (a) being the aggregate of (i) the consideration transferred measured at acquisition date fair value; (ii) the amount of any non-controlling interests in the acquiree measured either at fair value or at the non-controlling interests' 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 interests in the acquiree; and (b) being the net of the identifiable assets acquired and the liabilities assumed measured at acquisition date fair values in accordance with FRS 103 – Business Combinations.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Intangible assets (Continued)

#### Goodwill (Continued)

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 is tested for impairment at least annually. Impairment on goodwill 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 business 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 Group at which the goodwill is monitored for internal management purposes and is not larger than a segment.

### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group and the Group 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 Company'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 company has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 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 FRS 39 indicates that the investment may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Associates (Continued)

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 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.

### 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 FRS 28.

In the consolidated financial statements, the accounting for investment in a jointly controlled entity is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the jointly controlled entity is 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 a jointly controlled entity in excess of the reporting entity's interest in the relevant jointly controlled entity 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 a jointly controlled entity are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entity are changed where necessary to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method from the date that when its investment ceases to be a jointly controlled entity and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former jointly controlled entity is measured at fair value at the date that it ceases to be a jointly controlled entity.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed to constitute a business. It is accounted for by using the acquisition method of accounting. There were no acquisitions during the reporting year.

The cost of a business combination includes the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer at the acquisition date. 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 FRS 32 – Financial Instruments: Presentation and FRS 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 FRS 103 – Business Combinations.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. If there is 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 interests 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.

Goodwill and fair value adjustments resulting from the application of acquisition method of accounting at the date of acquisition are treated as assets and liabilities of the acquired entity and are recorded at the exchange rates prevailing at the acquisition-date and are subsequently translated at the exchange rates ruling at the end of the reporting period.

Where the fair values are estimated on a provisional basis, they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

### Non-controlling interests

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. Where the non-controlling interests are 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 Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Non-controlling interests (Continued)

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of non-controlling interests, the difference between any consideration paid and the relevant share of the carrying amount of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals without loss of control are also recorded in equity.

### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at 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 non-financial assets is reviewed at the end of each 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.

In assessing fair value less costs of disposal, available recent market transactions are taken into consideration. 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).

At the end of each reporting year, non-financial assets, other than goodwill, with impairment loss recognised in previous reporting 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.

### 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 FRS 105 in certain circumstances. 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.

Any impairment loss on initial classification and subsequent measurement is recognised in profit or loss as other losses. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss as other gains or losses.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### 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.

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.

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 inventories is made where the cost is not recoverable or if the selling prices have declined.

### Non-derivative financial assets

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 FRS 39 – Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control. 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.

The Group's non-derivative financial assets include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Subsequent measurements of the non-derivative financial assets are as follows:

#### Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy.

Attributable transaction costs are recognised in the profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit or loss.

Financial assets designated at fair value through profit or loss comprise equity shares that otherwise would have been classified as available-for-sale.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Non-derivative financial assets (Continued)

#### Loans and receivables

Loans and receivables comprise trade and other receivables, cash and cash equivalents and finance lease receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any impairment losses.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude short-term deposits which are pledged to the bank as security and cannot be withdrawn on demand. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

#### Available-for-sale financial assets

The Group's investments in certain equity shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in other comprehensive income and presented within equity in other reserves is transferred to the profit or loss.

### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances and on demand deposits. 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.

### Non-derivative 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. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Non-derivative financial liabilities (Continued)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 – Financial Instruments: Recognition and Measurement is as follows:

#### 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. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 – Provisions, Contingent Liabilities and Contingent Assets and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18 – Revenue. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

#### Other financial liabilities

All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

### 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 2015

## 2. Summary of significant accounting policies (Continued)

### Derivative financial instruments and hedge accounting (Continued)

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

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific 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. 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

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Fair value measurement (Continued)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state 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.

### Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

### 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.

Provisions are 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 the profit or loss in the reporting period they occur.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### 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. A government grant in recognition of specific expenses is recognised as income in profit or loss over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A government grant related to depreciable assets is allocated to income over the periods 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.

### 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, actual figures may differ from these estimates.

#### Carrying amount of assets classified as held for sale

Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. The classification of assets as held for sale required management's judgement in determining whether the planned disposal is highly probable and the sale to be realised within one year from the date of classification. As at the end of the reporting year, the carrying amount of the Group's assets classified as held for sale affected by the assumption is disclosed in Note 28.

#### Impairment of property, plant and equipment

An assessment is made at the end of each reporting year whether there is any indication that the assets may be impaired. If any such indication exists, an estimate is made of the recoverable amounts of the assets. The recoverable amounts of cash-generating units is determined based on value in use calculations. These calculations require the use of estimates. 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 property, plant and equipment are disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Critical judgements, assumptions and estimation uncertainties (Continued)

#### Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to severe market conditions. When useful lives are less than previously estimated useful lives, depreciation charges are increased or the carrying amounts impaired for technically obsolete or non-strategic 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 adjustments to the carrying amounts of property, plant and equipment are disclosed in Note 15.

#### Impairment of subsidiaries

When a subsidiary is in net equity deficit and has suffered operating losses, the recoverable amount of the investee is estimated to assess whether the investment in the investee has suffered any impairment. This determination 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 subsidiary, including factors such as industry and sector performance and operational and financing cash flows. 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 adjustments to the carrying amounts of the investments in subsidiaries.

As at the end of the reporting year, the carrying amounts of the Company's subsidiaries affected by the assumptions were \$16,135,000 (2014: \$12,312,000).

#### Net realisable value of inventories

A review is made periodically on inventories for obsolescence and excess inventory and declines in net realisable value below cost and an allowance is recorded against the carrying amounts of inventories for any such obsolescence, excess and declines. These reviews require management to consider the future demands for the inventories. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of each 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 expected usage, ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the end of each reporting year. Possible changes in these estimates could result in revisions to the carrying amounts of the inventories.

As at the end of the reporting year, the carrying amount of the Group's inventories is disclosed in Note 24.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 2. Summary of significant accounting policies (Continued)

### Critical judgements, assumptions and estimation uncertainties (Continued)

#### Allowance for doubtful trade receivables

An allowance is made for doubtful trade receivables 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. Management generally analyses trade receivables, historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible, impairment and uncollectibility is determined individually for each specific customer. In cases where that process is not feasible, a collective evaluation of impairment is performed. As at the end of the reporting year, the trade receivables carrying amount in Note 22 approximates its fair value and the carrying amount might change within the next reporting year but the change would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

## 3. Related party relationships and transactions

FRS 24 – Related Party Disclosures defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person (i) has control or joint-control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group; (ii) One entity is an associate or jointly-controlled entity of the other entity; (iii) Both entities are jointly-controlled entities of the same third party; (iv) One entity is a jointly-controlled entity of a third entity and the other entity is an associate of the third entity; (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) The entity is controlled or jointly-controlled by a person identified in (a); or (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### 3A. Related companies

Related companies in these financial statements include the members of the ecoWise group of companies, associates and jointly-controlled entity.

There are transactions and arrangements between the Group and related companies and the effects of these on the basis determined between the parties are reflected in these financial statements.

The current related company balances are unsecured without fixed repayment terms and interest, unless stated otherwise. For non-current related company balances, if significant, an interest is imputed, unless stated otherwise, based on the prevailing market interest rate for similar debt less the interest rate, if any, as provided in an agreement. For financial guarantees, a fair value is imputed and is recognised accordingly, if significant, where no charge is payable.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 3. Related party relationships and transactions (Continued)

### 3A. Related companies (Continued)

#### Significant related company transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, significant related company transactions include the following:

|                                   | Group          |                |
|-----------------------------------|----------------|----------------|
|                                   | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Associates:</u>                |                |                |
| Management fee income             | (1,105)        | (1,405)        |
| Purchase of services              | 860            | 1,093          |
| Dividend income                   | –              | (113)          |
| <u>Jointly-controlled entity:</u> |                |                |
| Sale of goods                     | (221)          | (130)          |
| Service income                    | –              | (3,358)        |

### 3B. Related parties other than related companies

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

The current related party balances are unsecured without fixed repayment terms and interest, unless stated otherwise. For non-current related party balances, if significant, an interest is imputed, unless stated otherwise, based on the prevailing market interest rate for similar debt less the interest rate, if any, provided in an agreement. For financial guarantees, a fair value is imputed and is recognised accordingly, if significant, where no charge is payable.

#### Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, significant related party transactions include the following:

|                                                   | Group          |                |
|---------------------------------------------------|----------------|----------------|
|                                                   | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Non-controlling interests in subsidiaries:</u> |                |                |
| Sale of goods                                     | (3,353)        | (2,837)        |
| Purchase of goods                                 | 2,416          | 2,227          |
| Purchase of services                              | 237            | 289            |
| Operating lease expenses                          | 9              | 9              |
| Purchase of property, plant and equipment         | –              | 11             |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 3. Related party relationships and transactions (Continued)

### 3C. Key management compensation

Key management are the directors and those persons having authority and responsibility over the activities of the Group. Key management compensation comprised those of directors and other key management personnel totalling 7 (2014: 8) persons. Key management compensation is included under employee benefits expense.

|                                                 | Group          |                |
|-------------------------------------------------|----------------|----------------|
|                                                 | 2015<br>\$'000 | 2014<br>\$'000 |
| Salaries and other short-term employee benefits | 2,480          | 2,392          |
| Equity-settled share-based expenses             | –              | 144            |

Included in the above amounts are the following items:

|                                                                 | Group          |                |
|-----------------------------------------------------------------|----------------|----------------|
|                                                                 | 2015<br>\$'000 | 2014<br>\$'000 |
| Remuneration of directors of the Company                        | 978            | 829            |
| Remuneration of directors of the subsidiaries                   | 558            | 535            |
| Fees to directors of the Company                                | 129            | 121            |
| Fees to directors of the subsidiaries                           | 86             | 105            |
| Equity-settled share-based expenses to directors of the Company | –              | 144            |
| Others                                                          | 15             | –              |

Further information about the remuneration of directors of the Company is provided in the Report on Corporate Governance.

## 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 FRS 108 – Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management reporting purposes, the Group has three operating segments, which form the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technologies and marketing strategies. For each of the strategic business units, management reviews internal management reports on at least a quarterly basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 4. Financial information by operating segments (Continued)

### 4A. Information about operating segment profit or loss, assets and liabilities (Continued)

The following summary describes the operations in each of the Group's operating segments:

- (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.
- (c) 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 and energy management facilities.

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.

Inter-segment sales are based on agreed price lists. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those disclosed in Note 2 to the financial statements.

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

|                                           | Group          |                |
|-------------------------------------------|----------------|----------------|
|                                           | 2015<br>\$'000 | 2014<br>\$'000 |
| Revenue from major products and services: |                |                |
| Sales of rubberised products              | 45,183         | 51,479         |

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

## NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

#### 4. Financial information by operating segments (Continued)

#### 4B. Profit or loss reconciliation

[illegible]

## 31 OCTOBER 2015

#### 4C. Assets and liabilities reconciliation

[illegible]

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 4. Financial information by operating segments (Continued)

### 4D. Other material items

| Group                                                               | Renewable Energy |                | Resource Recovery |                | Integrated Environmental Management Solutions |                | Elimination    |                | Group          |                |
|---------------------------------------------------------------------|------------------|----------------|-------------------|----------------|-----------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                     | 2015<br>\$'000   | 2014<br>\$'000 | 2015<br>\$'000    | 2014<br>\$'000 | 2015<br>\$'000                                | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Depreciation of property, plant and equipment:                      |                  |                |                   |                |                                               |                |                |                |                |                |
| Allocated to operating segments                                     | 1,030            | 1,374          | 1,657             | 1,452          | 22                                            | 27             | –              | –              | 2,709          | 2,853          |
| Unallocated corporate depreciation                                  |                  |                |                   |                |                                               |                |                |                | 75             | 80             |
| Total depreciation of property, plant and equipment                 |                  |                |                   |                |                                               |                |                |                | 2,784          | 2,933          |
| (Gain)/loss on disposal of property, plant and equipment            | (12)             | (18)           | (31)              | (114)          | 1                                             | –              | –              | –              | (42)           | (132)          |
| Impairment loss on property, plant and equipment – made/ (reversed) | –                | 11,825         | –                 | (190)          | –                                             | –              | –              | –              | –              | 11,635         |
| Impairment loss on assets held for sale – made/(reversed)           | 7,456            | (1,029)        | –                 | –              | –                                             | –              | –              | –              | 7,456          | (1,029)        |
| Extinguishment of liabilities (Note 28)                             | (7,217)          | –              | –                 | –              | –                                             | –              | –              | –              | (7,217)        | –              |
| Amortisation of intangible assets                                   | –                | –              | 92                | 99             | –                                             | –              | –              | –              | 92             | 99             |
| Amortisation of land use rights                                     | 25               | 75             | –                 | –              | –                                             | –              | –              | –              | 25             | 75             |
| Impairment loss on other financial assets                           | –                | –              | –                 | 27             | –                                             | –              | –              | –              | –              | 27             |
| Net fair value gain on derivative financial instruments             | –                | –              | (31)              | (137)          | –                                             | –              | –              | –              | (31)           | (137)          |
| Provision for retirement benefit obligations expenses, (net)        | –                | –              | 43                | 68             | –                                             | –              | –              | –              | 43             | 68             |
| Amortisation of deferred income                                     | (6)              | (11)           | (9)               | (10)           | –                                             | –              | –              | –              | (15)           | (21)           |
| Allowance for inventory obsolescence – made/ (reversed)             | 41               | 174            | (14)              | 7              | –                                             | –              | –              | –              | 27             | 181            |
| Allowance for doubtful receivables – made/ (reversed)               | 12               | 390            | (32)              | 9              | –                                             | –              | –              | –              | (20)           | 399            |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 4. Financial information by operating segments (Continued)

### 4E. Geographical information

In presenting information based on geographical segments, segment revenue is based on geographical location of the customers and segment assets are based on geographical location of the assets as follows:

| Group                      | Revenue        |                | Non-current assets |                |
|----------------------------|----------------|----------------|--------------------|----------------|
|                            | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000     | 2014<br>\$'000 |
| Singapore                  | 17,889         | 18,122         | 4,432              | 5,098          |
| Malaysia                   | 35,266         | 41,715         | 20,860             | 24,244         |
| Australia                  | 7,019          | 5,512          | –                  | –              |
| People's Republic of China | 221            | 3,490          | 9,053              | 9,392          |
| Others                     | 2,725          | 4,165          | –                  | –              |
|                            | <b>63,120</b>  | <b>73,004</b>  | <b>34,345</b>      | <b>38,734</b>  |

### 4F. Information about major customers

During the reporting year ended 31 October 2015, the revenue derived from one external customer (2014: Nil) in the Group's Resource Recovery operating segment was in excess of 10% of the Group's revenue. The revenue contributed by this customer amounted to \$7,016,000 (2014: Nil) or approximately 11% (2014: Nil) of the Group's total revenue.

## 5. Revenue

|                       | Group          |                |
|-----------------------|----------------|----------------|
|                       | 2015<br>\$'000 | 2014<br>\$'000 |
| Sale of goods         | 49,753         | 55,873         |
| Service income        | 10,638         | 14,186         |
| Management fee income | 1,105          | 1,405          |
| Finance lease income  | 1,369          | 1,408          |
| Others                | 255            | 132            |
|                       | <b>63,120</b>  | <b>73,004</b>  |

## 6. Finance income

|                                             | Group          |                |
|---------------------------------------------|----------------|----------------|
|                                             | 2015<br>\$'000 | 2014<br>\$'000 |
| Interest income from financial institutions | 53             | 64             |
| Other interest income                       | 6              | 4              |
|                                             | <b>59</b>      | <b>68</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 7. Dividend income

|                                           | Group          |                |
|-------------------------------------------|----------------|----------------|
|                                           | 2015<br>\$'000 | 2014<br>\$'000 |
| Dividend income from unquoted corporation | –              | 113            |

## 8. Other gains and (other losses)

|                                                         | Group          |                |
|---------------------------------------------------------|----------------|----------------|
|                                                         | 2015<br>\$'000 | 2014<br>\$'000 |
| Gain on disposal of property, plant and equipment       | 42             | 132            |
| Impairment loss on property, plant and equipment        | –              | (11,635)       |
| Impairment loss on assets held for sale (made)/reversed | (7,456)        | 1,029          |
| Gain on extinguishment of liabilities (Note 28)         | 7,217          | –              |
| Impairment loss on other financial assets               | –              | (27)           |
| Net fair value gain on derivative financial instruments | 31             | 137            |
| Amortisation of deferred income                         | 15             | 21             |
| Government grant income                                 | 118            | 87             |
| Foreign exchange transaction gain, net                  | 467            | 364            |
| Allowance for doubtful receivables – reversed/(made)    | 20             | (399)          |
| Others                                                  | 105            | 6              |
| Net                                                     | 559            | (10,285)       |
| Presented in profit or loss as:                         |                |                |
| Other gains                                             | 798            | 747            |
| Other losses                                            | (239)          | (11,032)       |
|                                                         | 559            | (10,285)       |

## 9. Finance costs

|                                                             | Group          |                |
|-------------------------------------------------------------|----------------|----------------|
|                                                             | 2015<br>\$'000 | 2014<br>\$'000 |
| Interest expenses on borrowings from financial institutions | 909            | 902            |
| Interest expenses on finance lease liabilities              | 259            | 119            |
| Interest expenses on retirement benefit obligations         | 31             | 35             |
|                                                             | 1,199          | 1,056          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 10. Employee benefits expenses

|                                                           | Group          |                |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | 2015<br>\$'000 | 2014<br>\$'000 |
| Salaries, bonuses and other wages                         | 12,752         | 13,356         |
| Contributions to defined contribution plans               | 1,003          | 1,085          |
| Provision for retirement benefit obligations expense, net | 43             | 50             |
| Equity-settled share-based expenses                       | –              | 144            |
| Other benefits                                            | 683            | 931            |
|                                                           | <b>14,481</b>  | <b>15,566</b>  |

## 11. 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          |                |
|---------------------------------------------|----------------|----------------|
|                                             | 2015<br>\$'000 | 2014<br>\$'000 |
| Auditors' remuneration:                     |                |                |
| Auditors of the Company                     | 203            | 197            |
| Member firms of the auditors of the Company | 82             | 106            |
| Other auditors                              | 21             | 15             |
| Non-audit fees paid and payable to:         |                |                |
| Auditors of the Company                     | 49             | 44             |
| Member firms of the auditors of the Company | 10             | –              |
| Other auditors                              | –              | 8              |

## 12. Income tax expenses

### 12A. Components of income tax expense recognised in profit or loss

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2015<br>\$'000 | 2014<br>\$'000 |
| Current tax expense                   |                |                |
| Current tax expense                   | 722            | 1,227          |
| Withholding tax expense               | 12             | 30             |
| Adjustments in respect of prior years | (121)          | (264)          |
| Sub-total                             | 613            | 993            |
| Deferred tax expense                  |                |                |
| Deferred tax expense                  | 42             | 66             |
| Total income tax expenses             | <b>655</b>     | <b>1,059</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 12. Income tax expenses (Continued)

### 12A. Components of income tax expense recognised in profit or loss (Continued)

The reconciliation of income taxes below is determined by applying the Singapore corporate income tax rate. The income tax in profit or loss varied from the amount of income tax expense determined by applying the Singapore corporate income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

|                                                                       | Group          |                |
|-----------------------------------------------------------------------|----------------|----------------|
|                                                                       | 2015<br>\$'000 | 2014<br>\$'000 |
| Profit/(loss) before income tax                                       | 1,559          | (8,960)        |
| Add: Share of results from associates and a jointly-controlled entity | 854            | 683            |
|                                                                       | <b>2,413</b>   | <b>(8,277)</b> |
| Income tax using Singapore's income tax rate                          | 410            | (1,407)        |
| Effect of different tax rates in foreign jurisdictions                | 35             | 72             |
| Withholding tax expense                                               | 12             | 30             |
| Non-deductible items                                                  | 166            | 2,471          |
| Tax exempt income                                                     | (97)           | (172)          |
| Tax incentives                                                        | (76)           | (3)            |
| Adjustments to current tax in respect of prior years                  | (121)          | (264)          |
| Deferred tax assets not recognised                                    | 206            | 125            |
| Others                                                                | 120            | 207            |
| Total income tax expenses                                             | <b>655</b>     | <b>1,059</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 12. Income tax expenses (Continued)

### 12B. Movements in deferred tax (liabilities)/assets in the statements of financial position

| Group                                                 | At<br>31 October<br>2013<br>\$'000 | Recognised<br>in Profit<br>or Loss<br>\$'000 | Expired<br>during the<br>year<br>\$'000 | Exchange<br>Differences<br>\$'000 | At<br>31 October<br>2014<br>\$'000 | Recognised<br>in Profit<br>or Loss<br>\$'000 | Expired<br>during the<br>year<br>\$'000 | Exchange<br>Differences<br>\$'000 | At<br>31 October<br>2015<br>\$'000 |
|-------------------------------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------|-----------------------------------|------------------------------------|----------------------------------------------|-----------------------------------------|-----------------------------------|------------------------------------|
| Property, plant<br>and equipment                      | (2,374)                            | (378)                                        | –                                       | 11                                | (2,741)                            | (76)                                         | –                                       | 393                               | (2,424)                            |
| Intangible assets                                     | (392)                              | 26                                           | –                                       | 3                                 | (363)                              | 23                                           | –                                       | 57                                | (283)                              |
| Unutilised tax<br>losses                              | 5,388                              | 193                                          | (632)                                   | 120                               | 5,069                              | 130                                          | (1,812)                                 | 155                               | 3,542                              |
| Unutilised capital<br>allowances                      | –                                  | 146                                          | –                                       | (1)                               | 145                                | 161                                          | –                                       | (36)                              | 270                                |
| Provision for<br>retirement<br>benefit<br>obligations | –                                  | (22)                                         | –                                       | –                                 | (22)                               | –                                            | –                                       | –                                 | (22)                               |
| Other items                                           | 428                                | 94                                           | –                                       | –                                 | 522                                | (74)                                         | –                                       | (68)                              | 380                                |
| Deferred tax<br>assets not<br>recognised              | (5,295)                            | (125)                                        | 632                                     | (121)                             | (4,909)                            | (206)                                        | 1,812                                   | (228)                             | (3,531)                            |
|                                                       | <u>(2,245)</u>                     | <u>(66)</u>                                  | <u>–</u>                                | <u>12</u>                         | <u>(2,299)</u>                     | <u>(42)</u>                                  | <u>–</u>                                | <u>273</u>                        | <u>(2,068)</u>                     |

Presented in statement of financial position as:

Deferred tax liabilities

Deferred tax assets

| Group          |                |
|----------------|----------------|
| 2015<br>\$'000 | 2014<br>\$'000 |
| <u>(2,226)</u> | <u>(2,583)</u> |
| <u>158</u>     | <u>284</u>     |
| <u>(2,068)</u> | <u>(2,299)</u> |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 12. Income tax expenses (Continued)

### 12C. Unrecognised deferred tax assets

| Group                         | 2015                   |                      | 2014                   |                      |
|-------------------------------|------------------------|----------------------|------------------------|----------------------|
|                               | Gross Amount<br>\$'000 | Tax Effect<br>\$'000 | Gross Amount<br>\$'000 | Tax Effect<br>\$'000 |
| Unutilised tax losses         | 16,310                 | 3,963                | 19,214                 | 4,881                |
| Unutilised capital allowances | 439                    | 78                   | 120                    | 28                   |
|                               | <b>16,749</b>          | <b>4,041</b>         | <b>19,334</b>          | <b>4,909</b>         |

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 |                |
|------------------------------|-----------------------|----------------|----------------------------------|----------------|
|                              | 2015<br>\$'000        | 2014<br>\$'000 | 2015<br>\$'000                   | 2014<br>\$'000 |
| Expiring in 31 December 2015 | –                     | 4,870          | –                                | 1,218          |
| Expiring in 31 December 2016 | 4,258                 | 4,033          | 1,065                            | 1,008          |
| Expiring in 31 December 2017 | 3,556                 | 3,368          | 889                              | 842            |
| Expiring in 31 December 2018 | 2,569                 | 2,433          | 642                              | 608            |
| Expiring in 31 December 2019 | 1,057                 | 1,346          | 264                              | 337            |
| Expiring in 31 December 2020 | 1,008                 | –              | 252                              | –              |
|                              | <b>12,448</b>         | <b>16,050</b>  | <b>3,112</b>                     | <b>4,013</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 13. Earnings/(losses) per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings/(losses) per share:

|                                                                              | Group            |                |
|------------------------------------------------------------------------------|------------------|----------------|
|                                                                              | 2015<br>\$'000   | 2014<br>\$'000 |
| Profit/(loss) for the year, net of tax attributable to owners of the Company | 610              | (6,736)        |
|                                                                              |                  |                |
|                                                                              | Number of Shares |                |
|                                                                              | 2015<br>'000     | 2014<br>'000   |
| Weighted average number of equity shares                                     | 941,686          | 926,697        |

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

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

Diluted earnings/(losses) per share are calculated by dividing profit/(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 earnings/(losses) per share for the reporting years are computed using the same basis as basic earnings/(losses) per share as the dilutive effect of the performance shares is not significant.

## 14. Dividends on equity shares

|                                          | Dividend per Share |               |                |                |
|------------------------------------------|--------------------|---------------|----------------|----------------|
|                                          | 2015<br>Cents      | 2014<br>Cents | 2015<br>\$'000 | 2014<br>\$'000 |
| Final tax exempt (1-tier) dividends paid | –                  | 0.05          | –              | 463            |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 15. Property, plant and equipment

| Group                                                           | Construction-<br>in-Progress<br>\$'000 | Leasehold<br>Land<br>\$'000 | Leasehold<br>Properties and<br>Improvements<br>\$'000 | Plant and<br>Equipment<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------|----------------------------------------|-----------------------------|-------------------------------------------------------|----------------------------------|-----------------|
| <b>Cost</b>                                                     |                                        |                             |                                                       |                                  |                 |
| At 1 November 2013                                              | 15,702                                 | 1,620                       | 8,004                                                 | 36,143                           | 61,469          |
| Effects of movements in<br>exchange rates                       | 73                                     | (14)                        | 7                                                     | (61)                             | 5               |
| Additions                                                       | 5,819                                  | –                           | 28                                                    | 1,253                            | 7,100           |
| Transfers from inventories                                      | –                                      | –                           | –                                                     | 405                              | 405             |
| Disposals                                                       | –                                      | –                           | –                                                     | (525)                            | (525)           |
| Transfers to other assets                                       | (21)                                   | –                           | –                                                     | –                                | (21)            |
| Transfers                                                       | (480)                                  | –                           | –                                                     | 480                              | –               |
| Transfers to assets<br>classified as held for sale<br>(Note 28) | (13,628)                               | –                           | –                                                     | (148)                            | (13,776)        |
| At 31 October 2014                                              | 7,465                                  | 1,606                       | 8,039                                                 | 37,547                           | 54,657          |
| Effects of movements in<br>exchange rates                       | (506)                                  | (263)                       | (728)                                                 | (3,034)                          | (4,531)         |
| Additions                                                       | 1,142                                  | –                           | 375                                                   | 1,687                            | 3,204           |
| Disposals                                                       | (20)                                   | –                           | –                                                     | (134)                            | (154)           |
| Transfers                                                       | (7,383)                                | –                           | 2,395                                                 | 4,988                            | –               |
| At 31 October 2015                                              | 698                                    | 1,343                       | 10,081                                                | 41,054                           | 53,176          |
| <b>Accumulated depreciation<br/>and impairment losses</b>       |                                        |                             |                                                       |                                  |                 |
| At 1 November 2013                                              | –                                      | 58                          | 3,237                                                 | 15,901                           | 19,196          |
| Effects of movements in<br>exchange rates                       | 7                                      | –                           | 28                                                    | 48                               | 83              |
| Depreciation for the<br>reporting year                          | –                                      | 26                          | 215                                                   | 2,692                            | 2,933           |
| Transfers from inventories                                      | –                                      | –                           | –                                                     | 101                              | 101             |
| Transfers to assets<br>classified as held for sale<br>(Note 28) | (5,921)                                | –                           | –                                                     | (15)                             | (5,936)         |
| Disposals                                                       | –                                      | –                           | –                                                     | (504)                            | (504)           |
| Impairment loss                                                 | 6,249                                  | –                           | 1,024                                                 | 4,362                            | 11,635          |
| At 31 October 2014                                              | 335                                    | 84                          | 4,504                                                 | 22,585                           | 27,508          |
| Effects of movements in<br>exchange rates                       | 19                                     | (16)                        | 17                                                    | (802)                            | (782)           |
| Depreciation for the<br>reporting year                          | –                                      | 23                          | 229                                                   | 2,532                            | 2,784           |
| Disposals                                                       | –                                      | –                           | –                                                     | (126)                            | (126)           |
| At 31 October 2015                                              | 354                                    | 91                          | 4,750                                                 | 24,189                           | 29,384          |
| <b>Carrying amounts</b>                                         |                                        |                             |                                                       |                                  |                 |
| At 1 November 2013                                              | 15,702                                 | 1,562                       | 4,767                                                 | 20,242                           | 42,273          |
| At 31 October 2014                                              | 7,130                                  | 1,522                       | 3,535                                                 | 14,962                           | 27,149          |
| At 31 October 2015                                              | 344                                    | 1,252                       | 5,331                                                 | 16,865                           | 23,792          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 15. Property, plant and equipment (Continued)

| Company                             | Construction-<br>in-Progress<br>\$'000 | Plant and<br>Equipment<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|----------------------------------------|----------------------------------|-----------------|
| <u>Cost</u>                         |                                        |                                  |                 |
| At 1 November 2013                  | 103                                    | 788                              | 891             |
| Additions                           | –                                      | 7                                | 7               |
| Transfer to other assets            | (21)                                   | –                                | (21)            |
| Disposals                           | –                                      | (5)                              | (5)             |
| At 31 October 2014                  | 82                                     | 790                              | 872             |
| Additions                           | –                                      | 6                                | 6               |
| Disposals                           | –                                      | (1)                              | (1)             |
| At 31 October 2015                  | 82                                     | 795                              | 877             |
| <u>Accumulated depreciation</u>     |                                        |                                  |                 |
| At 1 November 2013                  | –                                      | 425                              | 425             |
| Depreciation for the reporting year | –                                      | 80                               | 80              |
| Disposals                           | –                                      | (5)                              | (5)             |
| At 31 October 2014                  | –                                      | 500                              | 500             |
| Depreciation for the reporting year | –                                      | 75                               | 75              |
| Disposals                           | –                                      | –*                               | –               |
| At 31 October 2015                  | –                                      | 575                              | 575             |
| <u>Carrying amounts</u>             |                                        |                                  |                 |
| At 1 November 2013                  | 103                                    | 363                              | 466             |
| At 31 October 2014                  | 82                                     | 290                              | 372             |
| At 31 October 2015                  | 82                                     | 220                              | 302             |

\* Amount less than \$1,000

The depreciation expense is charged as follows:

|                                     | Group          |                | Company        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Cost of sales                       | 2,236          | 2,036          | –              | –              |
| Administrative expenses             | 406            | 714            | 75             | 80             |
| Marketing and distribution expenses | 142            | 183            | –              | –              |
| Total                               | 2,784          | 2,933          | 75             | 80             |

Fully depreciated property, plant and equipment still in use have a cost of \$16,966,000 (2014: \$16,011,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 15. Property, plant and equipment (Continued)

### 15A. Impairment loss on property, plant and equipment

#### (a) Wuhan ecoWise Energy Co., Ltd. ("Wuhan ecoWise")

Included in the property, plant and equipment of the Group is a coal-fired power plant of a non-wholly owned subsidiary, Wuhan ecoWise. This plant was intended to be converted to a biomass co-generation power plant. The coal-fired power plant has ceased operations for the plant conversion.

Due to prolonged delay by the local shareholders to inject additional capital and to convert the coal-fired power plant to a biomass co-generation power plant, the Group recognised impairment losses totalling \$6,481,000 in the reporting year ended 31 October 2014 on the related assets in the profit or loss as follows:

- (i) Impairment loss on property, plant and equipment of \$5,904,000 under other losses;
- (ii) Allowance for doubtful receivables of \$390,000 under other losses;
- (iii) Allowance for inventory obsolescence of \$119,000 under cost of sales; and
- (iv) Write-off of prepayments of \$68,000 under administrative expenses.

No additional impairment loss was recognised in the current reporting year.

#### (b) Others

As at 31 October 2014, the Group has also assessed the recoverable amount of certain of its plant and equipment in the Resource Recovery operating segment and reversed impairment loss on plant and equipment of \$190,000. The Group considered the amount and expected usage of the plant and equipment and assessed the recoverable amount based on its estimated value in use at a pre-tax discount value of 12% (Level 3). The impairment loss on plant and equipment was recorded under other losses in the profit or loss.

There was no reversal of impairment loss in the current reporting year.

### 15B. 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        |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Plant and equipment | <u>4,025</u>   | <u>5,045</u>   | <u>55</u>      | <u>185</u>     |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 15. Property, plant and equipment (Continued)

### 15C. 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 33A and 33B) are as follows:

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2015<br>\$'000 | 2014<br>\$'000 |
| Construction-in-progress              | –              | 3,838          |
| Leasehold land                        | 1,252          | 1,522          |
| Leasehold properties and improvements | 4,719          | 3,161          |
| Plant and equipment                   | 15,745         | 14,231         |
|                                       | <b>21,716</b>  | <b>22,752</b>  |

## 16. Intangible assets

| Group                                                     | Trademarks<br>\$'000 | Customer<br>Relationships<br>\$'000 | Goodwill<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------|----------------------|-------------------------------------|--------------------|-----------------|
| <u>Cost</u>                                               |                      |                                     |                    |                 |
| At 1 November 2013                                        | 1,822                | 52                                  | 273                | 2,147           |
| Effects of movements in exchange rates                    | (15)                 | –                                   | (2)                | (17)            |
| At 31 October 2014                                        | 1,807                | 52                                  | 271                | 2,130           |
| Effects of movements in exchange rates                    | (296)                | (8)                                 | (44)               | (348)           |
| At 31 October 2015                                        | <b>1,511</b>         | <b>44</b>                           | <b>227</b>         | <b>1,782</b>    |
| <u>Accumulated amortisation and<br/>impairment losses</u> |                      |                                     |                    |                 |
| At 1 November 2013                                        | 285                  | 16                                  | –                  | 301             |
| Effects of movements in exchange rates                    | (2)                  | –                                   | –                  | (2)             |
| Amortisation for the reporting year                       | 94                   | 5                                   | –                  | 99              |
| At 31 October 2014                                        | 377                  | 21                                  | –                  | 398             |
| Effects of movements in exchange rates                    | (70)                 | (3)                                 | –                  | (73)            |
| Amortisation for the reporting year                       | 87                   | 5                                   | –                  | 92              |
| At 31 October 2015                                        | <b>394</b>           | <b>23</b>                           | <b>–</b>           | <b>417</b>      |
| <u>Carrying amounts</u>                                   |                      |                                     |                    |                 |
| At 1 November 2013                                        | 1,537                | 36                                  | 273                | 1,846           |
| At 31 October 2014                                        | 1,430                | 31                                  | 271                | 1,732           |
| At 31 October 2015                                        | <b>1,117</b>         | <b>21</b>                           | <b>227</b>         | <b>1,365</b>    |

The amortisation of trademarks and customer relationships were included in marketing and distribution expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 16. Intangible assets (Continued)

### 16A. Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's CGU identified through operating subsidiaries as follows:

|                                                         | 2015<br>\$'000 | 2014<br>\$'000 |
|---------------------------------------------------------|----------------|----------------|
| Name of subsidiary                                      |                |                |
| Sunrich Resources Sdn. Bhd. (Resource Recovery segment) | 227            | 271            |

The recoverable amount of goodwill allocated to the CGU, Sunrich Resources Sdn. Bhd., 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 based on financial budgets.

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:

|                                                                                                                              | Range (Weighted Average) |           |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------|
|                                                                                                                              | 2015                     | 2014      |
| Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets | 8% to 15%                | 8% to 15% |
| Estimated discount rate using pre-tax rate that reflect current market assessments at the risks specific to the CGU          | 12%                      | 12%       |
| 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

31 OCTOBER 2015

## 17. Land use rights

|                                                           | Group          |                |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Cost</u>                                               |                |                |
| At beginning of the reporting year                        | 1,208          | 3,627          |
| Effects of movements in exchange rates                    | 68             | 95             |
| Transfers to assets classified as held for sale (Note 28) | –              | (2,514)        |
| At end of the reporting year                              | 1,276          | 1,208          |
| <u>Accumulated amortisation and impairment losses</u>     |                |                |
| At beginning of the reporting year                        | 140            | 135            |
| Effects of movements in exchange rates                    | 8              | 4              |
| Amortisation for the reporting year                       | 25             | 75             |
| Transfers to assets classified as held for sale (Note 28) | –              | (74)           |
| At end of the reporting year                              | 173            | 140            |
| <u>Carrying amounts</u>                                   |                |                |
| At beginning of the reporting year                        | 1,068          | 3,492          |
| At end of the reporting year                              | 1,103          | 1,068          |

As at 31 October 2015 and 2014, the Group's land use rights relates to a parcel of land located in the People's Republic of China and the land use rights are owned by Wuhan ecoWise Energy Co. Ltd, a non-wholly owned subsidiary in the Group. The land use rights expire on 14 June 2059.

During the reporting year, the management has performed a valuation by engaging a third party professional valuation firm to determine the fair value of land use rights. The fair value of the land use rights has been determined using direct comparison method whereby sale transactions of comparable land use rights have been taken into consideration with regards to their location, tenure, age and size, amongst other factors. Based on the valuation results, the management is satisfied that there is no impairment loss on carrying amounts of the land use rights.

Amortisation of land use rights was included in administrative expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 18. Investments in subsidiaries

|                                          | Company        |                |
|------------------------------------------|----------------|----------------|
|                                          | 2015<br>\$'000 | 2014<br>\$'000 |
| Unquoted equity shares, at cost          | 23,024         | 20,524         |
| Less: Allowance for impairment loss      | (1,450)        | (1,450)        |
|                                          | 21,574         | 19,074         |
| Loans due from subsidiaries              | 29,807         | 29,174         |
| Less: Allowance for doubtful receivables | (7,650)        | (6,614)        |
|                                          | 22,157         | 22,560         |
| Net carrying amount                      | 43,731         | 41,634         |

Movements in allowance for impairment loss are as follows:

|                                            |       |       |
|--------------------------------------------|-------|-------|
| At beginning and end of the reporting year | 1,450 | 1,450 |
|--------------------------------------------|-------|-------|

Movements in allowance for doubtful receivables are as follows:

|                                         |       |       |
|-----------------------------------------|-------|-------|
| At beginning of the reporting year      | 6,614 | 860   |
| Allowance for doubtful receivables made | 1,036 | 5,754 |
| At end of the reporting year            | 7,650 | 6,614 |

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.

During the reporting year ended 31 October 2015, the Company converted \$2,500,000 of the loans due from ecoWise Solutions Pte. Ltd. to ordinary share capital in the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 18. Investments in subsidiaries (Continued)

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

| Name of subsidiary                             | Country of incorporation/<br>place of operation | Principal activities                                                                                                                              | Effective equity interests held by the Group |        |
|------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------|
|                                                |                                                 |                                                                                                                                                   | 2015 %                                       | 2014 % |
| <u>Held by the Company</u>                     |                                                 |                                                                                                                                                   |                                              |        |
| Asia Cleantech Hub Pte. Ltd. <sup>(a)</sup>    | Singapore                                       | Dormant                                                                                                                                           | 100                                          | 100    |
| Bee Joo Environmental Pte. Ltd. <sup>(a)</sup> | Singapore                                       | General waste management services                                                                                                                 | 100                                          | 100    |
| Bee Joo Industries Pte. Ltd. <sup>(a)</sup>    | Singapore                                       | Processing and recycling of used copper slag, horticultural and other waste and operating of biomass co-generation plant                          | 100                                          | 100    |
| ecoWise Energy Pte. Ltd. <sup>(a)</sup>        | Singapore                                       | Renewable energy business and investment holdings                                                                                                 | 100                                          | 100    |
| ecoWise International Pte. Ltd. <sup>(a)</sup> | Singapore                                       | International procurement and trading of rubberised related goods and research and experimental development on environment and clean technologies | 100                                          | 100    |
| ecoWise New Energy Pte. Ltd. <sup>(a)</sup>    | Singapore                                       | Investment holding of renewable energy business                                                                                                   | 100                                          | 100    |
| ecoWise Resources Pte. Ltd. <sup>(a)</sup>     | Singapore                                       | Processing and recycling of horticultural and other waste                                                                                         | 100                                          | 100    |
| ecoWise RubberTech Pte. Ltd. <sup>(a)</sup>    | Singapore                                       | Processing of rubberised related goods and investment holding                                                                                     | 100                                          | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 18. Investments in subsidiaries (Continued)

| Name of subsidiary                                               | Country of incorporation/<br>place of operation | Principal activities                                                                                                           | Effective equity interests held by the Group |        |
|------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------|
|                                                                  |                                                 |                                                                                                                                | 2015 %                                       | 2014 % |
| <u>Held by the Company (Continued)</u>                           |                                                 |                                                                                                                                |                                              |        |
| ecoWise Solutions Pte. Ltd. <sup>(a)</sup>                       | Singapore                                       | Developing and commercialising ecology solutions, research and development of technologies relating to environmental solutions | 100                                          | 100    |
| ecoWise Ventures Pte. Ltd. <sup>(a)</sup>                        | Singapore                                       | Investment holding                                                                                                             | 100                                          | 100    |
| Sunrich Resources Sdn. Bhd. <sup>(b)</sup>                       | Malaysia                                        | Investment holding                                                                                                             | 100                                          | 100    |
| <u>Held by subsidiaries</u>                                      |                                                 |                                                                                                                                |                                              |        |
| ecoWise Technologists and Engineers Pte. Ltd. <sup>(b)</sup>     | Singapore                                       | Provision of environmental solutions consultancy services                                                                      | 80                                           | 80     |
| ecoWise Marina Power Pte. Ltd. <sup>(b)</sup>                    | Singapore                                       | Operation and maintenance of biomass co-generation plant                                                                       | 100                                          | 100    |
| Hivern Investments Pte. Ltd. <sup>(b)</sup>                      | Singapore                                       | Investment holding                                                                                                             | 100                                          | 99     |
| Chongqing ecoWise Investment Management Co., Ltd. <sup>(c)</sup> | People's Republic of China                      | Service provider for project and investment consultancy and management                                                         | 100                                          | 100    |
| Changyi Enersave Biomass to Energy Co., Ltd. <sup>(c)</sup>      | People's Republic of China                      | Generation and sale of electricity and heat                                                                                    | 100                                          | 99     |
| Wuhan ecoWise Energy Co., Ltd. <sup>(c)(d)</sup>                 | People's Republic of China                      | Generation and sale of electricity and steam                                                                                   | 49                                           | 49     |
| Sunrich Integrated Sdn. Bhd. <sup>(b)</sup>                      | Malaysia                                        | Investment holding                                                                                                             | 100                                          | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 18. Investments in subsidiaries (Continued)

| Name of subsidiary                                      | Country of incorporation/<br>place of operation | Principal activities                                                       | Effective equity interests held by the Group |        |
|---------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------|--------|
|                                                         |                                                 |                                                                            | 2015 %                                       | 2014 % |
| <u>Held by subsidiaries (Continued)</u>                 |                                                 |                                                                            |                                              |        |
| Autoways Industries Sdn. Bhd. <sup>(b)</sup>            | Malaysia                                        | Trading of retread tyres and related rubberised products                   | 96                                           | 96     |
| Ecogreen Products and Services Sdn. Bhd. <sup>(b)</sup> | Malaysia                                        | Production, trading and consultancy services related to biomass products   | 100                                          | 80     |
| Gulf Rubber (M) Sdn. Bhd. <sup>(b)</sup>                | Malaysia                                        | Retreading of tyres, dealing in rubberised products and investment holding | 84                                           | 84     |
| Gulf Rubber Suntex Sdn. Bhd. <sup>(b)</sup>             | Malaysia                                        | Trading of retread tyres and related rubberised products                   | 71                                           | 71     |
| Saiko Rubber (Malaysia) Sdn. Bhd. <sup>(b)</sup>        | Malaysia                                        | Manufacturing and trading of rubberised products and investment holding    | 51                                           | 51     |
| Sun Rubber Industry Sdn. Bhd. <sup>(b)</sup>            | Malaysia                                        | Manufacturing and trading of rubberised products and investment holding    | 100                                          | 100    |
| Sunrich Global Marketing Sdn Bhd. <sup>(b)</sup>        | Malaysia                                        | Dormant                                                                    | 100                                          | 100    |
| Sun Tyre & Auto Products Sdn. Bhd. <sup>(b)</sup>       | Malaysia                                        | Trading of new and retread tyres and related rubberised products           | 100                                          | 100    |
| Sun Tyre Industries Sdn. Bhd. <sup>(b)</sup>            | Malaysia                                        | Retreading of tyres, dealing in rubberised products and investment holding | 100                                          | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 18. Investments in subsidiaries (Continued)

| Name of subsidiary                         | Country of<br>incorporation/<br>place of<br>operation | Principal activities                                        | Effective<br>equity interests<br>held by the Group |           |
|--------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|-----------|
|                                            |                                                       |                                                             | 2015<br>%                                          | 2014<br>% |
| <u>Held by subsidiaries (Continued)</u>    |                                                       |                                                             |                                                    |           |
| Sunrich Marketing Sdn. Bhd. <sup>(b)</sup> | Malaysia                                              | Trading of retread tyres and<br>related rubberised products | 100                                                | 100       |
| Trakar Suntex Sdn. Bhd. <sup>(b)(d)</sup>  | Malaysia                                              | Trading of retread tyres and<br>related rubberised products | 43                                                 | 43        |
| Winner Suntex Sdn. Bhd. <sup>(b)</sup>     | Malaysia                                              | Trading of retread tyres and<br>related rubberised products | 75                                                 | 75        |

(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 2015 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 and 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.

## 18A. Acquisition of non-controlling interests without change in control

On 2 June 2015, the Group acquired the remaining 1% equity interest in Hivern Investments Pte Ltd ("Hivern") for a cash consideration of \$1. After the acquisition, Hivern became a wholly-owned subsidiary in the Group.

On 8 May 2015, the Group acquired the remaining 20% equity interest in Ecogreen Products and Services Sdn Bhd ("Ecogreen") for a cash consideration of \$545. After the acquisition, Ecogreen became a wholly-owned subsidiary in the Group.

On 30 May 2014, the Group acquired an additional 20% equity interests in Autoways Industries Sdn. Bhd. ("Autoways") for a cash consideration \$125,000, increasing its equity interests from 76% to 96%. The carrying amount of Autoways' net assets in the Group's financial statements on the date of acquisition was \$568,000. The Group recognised a decrease in non-controlling interests and other reserves of \$114,000 and \$11,000, respectively, in the reporting year ended 31 October 2014.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 18. Investments in subsidiaries (Continued)

### 18B. Subsidiaries with material non-controlling-interests ("NCI")

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

|                                                                                                                                                               | Group          |                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                               | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Wuhan ecoWise Energy Co., Ltd.</u>                                                                                                                         |                |                |
| Loss during the reporting year allocated to NCI                                                                                                               | (82)           | (3,691)        |
| Accumulated NCI at the end of the reporting year                                                                                                              | (1,369)        | (1,205)        |
| Summarised financial information of the subsidiary not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations: |                |                |
| Current assets                                                                                                                                                | 3              | 283            |
| Non-current assets                                                                                                                                            | 1,103          | 1,068          |
| Current liabilities                                                                                                                                           | (4,243)        | (4,033)        |
| Loss for the reporting year                                                                                                                                   | (162)          | (3,569)        |
| Total comprehensive loss                                                                                                                                      | (322)          | (3,626)        |
| Operating cash flows, decrease                                                                                                                                | (74)           | (989)          |
| Net cash flows, (decrease)/increase                                                                                                                           | (218)          | 219            |
| <u>Saiko Rubber (Malaysia) Sdn. Bhd.</u>                                                                                                                      |                |                |
| Profit for the year allocated to NCI                                                                                                                          | 361            | 349            |
| Accumulated NCI at the end of the reporting year                                                                                                              | 3,414          | 3,850          |
| 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                                                                                                                    | 147            | 181            |
| Current assets                                                                                                                                                | 5,781          | 6,222          |
| Non-current assets                                                                                                                                            | 2,442          | 3,213          |
| Current liabilities                                                                                                                                           | (1,549)        | (1,849)        |
| Non-current liabilities                                                                                                                                       | (340)          | (445)          |
| Revenue                                                                                                                                                       | 9,334          | 9,999          |
| Profit for the reporting year                                                                                                                                 | 700            | 663            |
| Total comprehensive income                                                                                                                                    | 702            | 648            |
| Operating cash flows, increase                                                                                                                                | 69             | 627            |
| Net cash flows, decrease                                                                                                                                      | (372)          | (123)          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 19. Investment in a jointly-controlled entity

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

| Name of jointly-controlled entity                                                                  | Country of incorporation/<br>place of operation | Principal activities                                      | Effective equity interests held by the Group |           |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|----------------------------------------------|-----------|
|                                                                                                    |                                                 |                                                           | 2015<br>%                                    | 2014<br>% |
| Held by a subsidiary<br>Chongqing eco-CTIG Rubber<br>Technology Co., Ltd. ("CECRT") <sup>(a)</sup> | People's<br>Republic of<br>China                | Retreading of tyres and dealing<br>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.

|                                                                     | Group          |                |
|---------------------------------------------------------------------|----------------|----------------|
|                                                                     | 2015<br>\$'000 | 2014<br>\$'000 |
| Revenue                                                             | 2,290          | 2              |
| Loss for the reporting year                                         | (739)          | (635)          |
| Other comprehensive income/(loss)                                   | 177            | (732)          |
| Total comprehensive loss                                            | (562)          | (1,367)        |
| Depreciation and amortisation                                       | (30)           | (25)           |
| Finance income                                                      | 1              | 18             |
| Finance costs                                                       | (1)            | (1)            |
| Current assets                                                      | 1,560          | 1,613          |
| Cash and cash equivalents                                           | 391            | 170            |
| Non-current assets                                                  | 4,457          | 4,493          |
| Current liabilities                                                 | (543)          | (71)           |
| Reconciliation:                                                     |                |                |
| Net assets of the jointly-controlled entity                         | 5,474          | 6,035          |
| Proportion of the Group's interest in the jointly-controlled entity | 65%            | 65%            |
| Carrying amount of the interest in the jointly-controlled entity    | 3,558          | 3,923          |

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 20. Investment in associates

|                                               | Group          |                |
|-----------------------------------------------|----------------|----------------|
|                                               | 2015<br>\$'000 | 2014<br>\$'000 |
| Unquoted equity shares, at cost               | 5,187          | 5,187          |
| Share of profit or loss:                      |                |                |
| At beginning of the reporting year            | (325)          | (512)          |
| Share of loss for the reporting year          | (360)          | (271)          |
| Share of foreign currency translation reserve | 25             | 458            |
| At end of the reporting year                  | (660)          | (325)          |
| Carrying amount                               | 4,527          | 4,862          |

The associates held by the Group are as follows:

| Names of associates                                    | Country of incorporation/<br>place of operation | Principal activities                                   | Effective equity interests held by the Group |        |
|--------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------|----------------------------------------------|--------|
|                                                        |                                                 |                                                        | 2015 %                                       | 2014 % |
| <u>Held by subsidiaries</u>                            |                                                 |                                                        |                                              |        |
| Geocycle Singapore Pte. Ltd. <sup>(a)</sup>            | Singapore                                       | Management and recycling of industrial waste materials | 50                                           | 50     |
| China-UK Low Carbon Enterprise Co., Ltd <sup>(b)</sup> | People's Republic of China                      | Investment holding                                     | 20                                           | 20     |

(a) For the purpose of equity accounting of the associate, the unaudited management financial statements at 31 October 2015 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.

(b) For the purpose of equity accounting of the associate, SBA Stone Forest Shanghai Certified Public Accountants (Partnership) an affiliate firm of RSM Chio Lim LLP, carried out agreed-upon procedures on major account balances.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 20. Investments in associates (Continued)

### 20A. Information on material associate

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

|                                                     | Group          |                |
|-----------------------------------------------------|----------------|----------------|
|                                                     | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>China-UK Low Carbon Enterprise Co., Ltd</u>      |                |                |
| Revenue                                             | 464            | 673            |
| (Loss)/profit for the reporting year                | (116)          | 180            |
| Other comprehensive income                          | 125            | 2,291          |
| Total comprehensive income                          | 9              | 2,471          |
| Finance income                                      | 241            | 396            |
| Current assets                                      | 19,199         | 18,700         |
| Cash and cash equivalents                           | 18,605         | 17,820         |
| Non-current assets                                  | 3,223          | 2,991          |
| Current liabilities                                 | (1,022)        | (301)          |
| Reconciliation:                                     |                |                |
| Net assets of the associate                         | 21,400         | 21,390         |
| Proportion of the Group's interest in the associate | 20%            | 20%            |
| Carrying amount of the interest in the associate    | 4,280          | 4,278          |

Information about the Group investment in associate that is not material is as follows:

|                                     | Group          |                |
|-------------------------------------|----------------|----------------|
|                                     | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Geocycle Singapore Pte. Ltd.</u> |                |                |
| Loss from continuing operations     | (674)          | (613)          |
| Other comprehensive loss            | —              | —              |
| Total comprehensive loss            | (674)          | (613)          |
| Net assets of the associate         | 493            | 1,166          |

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 21. Other financial assets

|                                                                                       | Group          |                |
|---------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                       | 2015<br>\$'000 | 2014<br>\$'000 |
| Unquoted equity shares in corporations as available-for-sale financial asset, at cost | <b>1,057</b>   | 1,057          |

As at the end of the reporting year, unquoted equity share in corporation represent a 15% investment in unlisted equity interests in a Company registered and operating in the People's Republic of China. The investee is engaged in recycling of electrical and electronic waste management.

The fair value of the unquoted investments as available-for-sale financial asset is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. Consequently, the investment is carried at cost less impairment losses.

## 22. Trade and other receivables

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Trade receivables</u>           |                |                |                |                |
| Outside parties                    | <b>16,714</b>  | 16,096         | –              | –              |
| Allowance for doubtful receivables | <b>(551)</b>   | (755)          | –              | –              |
| Net                                | <b>16,163</b>  | 15,341         | –              | –              |
| Factored trade receivables         | <b>237</b>     | 75             | –              | –              |
| Related parties                    | –              | 61             | –              | –              |
| Subsidiaries                       | –              | –              | <b>4,675</b>   | 5,096          |
| Associates                         | <b>113</b>     | 66             | –              | –              |
| Jointly-controlled entity          | <b>365</b>     | 125            | –              | –              |
| Sub-total                          | <b>16,878</b>  | 15,668         | <b>4,675</b>   | 5,096          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 22. Trade and other receivables (Continued)

|                                                   | Group          |                | Company        |                |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                   | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Other receivables                                 |                |                |                |                |
| Outside parties                                   | 790            | 1,327          | 3              | 4              |
| Allowance for doubtful receivables                | (293)          | (284)          | –              | –              |
| Net                                               | 497            | 1,043          | 3              | 4              |
| Subsidiaries                                      | –              | –              | 663            | 40             |
| Associate                                         | 635            | 635            | –              | –              |
| Jointly-controlled entity                         | 221            | 115            | –              | –              |
| Related parties                                   | 221            | 209            | –              | –              |
| Sub-total                                         | 1,574          | 2,002          | 666            | 44             |
| Total trade and other receivables                 | 18,452         | 17,670         | 5,341          | 5,140          |
| Presented in statements of financial position as: |                |                |                |                |
| Non-current <sup>(a)</sup>                        | 635            | 635            | –              | –              |
| Current                                           | 17,817         | 17,035         | 5,341          | 5,140          |
|                                                   | 18,452         | 17,670         | 5,341          | 5,140          |

(a) The non-current amount relates to other receivable from an associate.

Movements in the allowance for trade receivables are as follows:

|                                                      | Group          |                |
|------------------------------------------------------|----------------|----------------|
|                                                      | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year                   | 755            | 635            |
| Effects of movements in exchange rates               | (63)           | 1              |
| Allowance for doubtful receivables – (reversed)/made | (42)           | 138            |
| Bad debts written off                                | (99)           | (19)           |
| At end of the reporting year                         | 551            | 755            |

Movements in the allowance for other receivables are as follows:

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year    | 284            | 23             |
| Effects of movements in exchange rate | (3)            | –              |
| Allowance for doubtful receivables    | 12             | 261            |
| At end of the reporting year          | 293            | 284            |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 22. Trade and other receivables (Continued)

At the end of the reporting year, factored trade receivables of \$237,000 (2014: \$75,000) were assigned to a bank. The factoring facility is covered by a corporate guarantee provided by the Company to a subsidiary. Since these receivables did not meet the FRS 39 – Financial Instruments: Recognition and Measurement derecognition requirements, they were recognised as receivables even though they were legally sold without recourse.

Other receivables due from subsidiaries are unsecured, bear interest at 2.75% (2014: 2.75%) per annum and have no fixed terms of repayment.

Other receivables due from an associate are unsecured, non-interest bearing and not expected to be repaid within the next 12 months.

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

## 23. 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 INT FRS 104 – 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<br>finance lease<br>receivables<br>\$'000 | Unearned<br>finance<br>income<br>\$'000 | Net finance<br>lease<br>receivables<br>\$'000 |
|--------------------------------|---------------------------------------------------|-----------------------------------------|-----------------------------------------------|
| <b>2015</b>                    |                                                   |                                         |                                               |
| Receivable within one year     | 1,938                                             | (1,286)                                 | 652                                           |
| Receivable within 2 to 5 years | 7,735                                             | (4,537)                                 | 3,198                                         |
| Receivable after 5 years       | 12,087                                            | (3,365)                                 | 8,722                                         |
|                                | <u>21,760</u>                                     | <u>(9,188)</u>                          | <u>12,572</u>                                 |
| <b>2014</b>                    |                                                   |                                         |                                               |
| Receivable within one year     | 1,932                                             | (1,339)                                 | 593                                           |
| Receivable within 2 to 5 years | 7,735                                             | (4,860)                                 | 2,875                                         |
| Receivable after 5 years       | 14,025                                            | (4,357)                                 | 9,668                                         |
|                                | <u>23,692</u>                                     | <u>(10,556)</u>                         | <u>13,136</u>                                 |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 23. Finance lease receivables (Continued)

|                                                   | Group          |                |
|---------------------------------------------------|----------------|----------------|
|                                                   | 2015<br>\$'000 | 2014<br>\$'000 |
| Presented in statements of financial position as: |                |                |
| Non-current                                       | 11,920         | 12,543         |
| Current                                           | 652            | 593            |
|                                                   | <b>12,572</b>  | <b>13,136</b>  |

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 10.02% (2014: 10.02%) per annum.

The finance lease receivables are pledged as security to secure loans and borrowings (Note 33B).

## 24. Inventories

|                  | Group          |                |
|------------------|----------------|----------------|
|                  | 2015<br>\$'000 | 2014<br>\$'000 |
| Raw materials    | 3,150          | 3,659          |
| Work-in-progress | 397            | 574            |
| Finished goods   | 4,037          | 3,714          |
| Consumables      | 669            | 772            |
|                  | <b>8,253</b>   | <b>8,719</b>   |

Inventories are stated after allowance for inventory obsolescence as follows:

|                                               | Group          |                |
|-----------------------------------------------|----------------|----------------|
|                                               | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year            | 359            | 276            |
| Effects of movements in exchange rates        | (7)            | 3              |
| Allowance for inventory obsolescence          | 27             | 181            |
| Reclassified to property, plant and equipment | –              | (101)          |
| Inventory written off                         | (122)          | –              |
| At end of the reporting year                  | <b>257</b>     | <b>359</b>     |

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales during the reporting year amounted to \$28,129,000 (2014: \$29,717,000).

A floating charge amounting to \$4,306,000 (2014: \$3,952,000) has been created over certain inventories of the Group as security to secure loans and borrowings (Note 33C).

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 25. Other assets

|                             | Group          |                | Company        |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Prepayments                 | 346            | 587            | 27             | 43             |
| Deposits to secure services | 274            | 269            | 59             | 45             |
|                             | <b>620</b>     | <b>856</b>     | <b>86</b>      | <b>88</b>      |

## 26. Derivative financial instruments

|                                                                                   | Group          |                |
|-----------------------------------------------------------------------------------|----------------|----------------|
|                                                                                   | 2015<br>\$'000 | 2014<br>\$'000 |
| Current assets – derivative financial instruments with positive fair values:      |                |                |
| Forward foreign exchange contracts – cash flow hedges                             | 44             | 16             |
| Current liabilities – derivative financial instruments with negative fair values: |                |                |
| Forward foreign exchange contracts – cash flow hedges                             | (124)          | (4)            |

The movements during the reporting year are as follows:

|                                                         | Group          |                |
|---------------------------------------------------------|----------------|----------------|
|                                                         | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year                      | 12             | (72)           |
| Effect of movements in exchange rate                    | (17)           | –              |
| Gains recognised in profit or loss                      | 31             | 55             |
| (Losses)/gains recognised in other comprehensive income | (106)          | 29             |
| At end of the reporting year                            | <b>(80)</b>    | <b>12</b>      |

|                            | Notional<br>Amount<br>\$'000 | Reference<br>Currency | Maturity      | Fair Value<br>\$'000 |
|----------------------------|------------------------------|-----------------------|---------------|----------------------|
| <u>2015</u>                |                              |                       |               |                      |
| Forward currency contracts | 95                           | AUD                   | November 2015 | (8)                  |
| Forward currency contracts | 814                          | AUD                   | December 2015 | (33)                 |
| Forward currency contracts | 1,443                        | AUD                   | January 2016  | (65)                 |
| Forward currency contracts | 1,231                        | AUD                   | February 2016 | (5)                  |
| Forward currency contracts | 672                          | USD                   | November 2015 | 11                   |
| Forward currency contracts | 452                          | USD                   | December 2015 | 22                   |
| Forward currency contracts | 71                           | USD                   | January 2016  | (2)                  |
|                            |                              |                       |               | <b>(80)</b>          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 26. Derivative financial instruments (Continued)

|                            | Notional<br>Amount<br>\$'000 | Reference<br>Currency | Maturity      | Fair Value<br>\$'000 |
|----------------------------|------------------------------|-----------------------|---------------|----------------------|
| 2014                       |                              |                       |               |                      |
| Forward currency contracts | 235                          | AUD                   | November 2014 | 6                    |
| Forward currency contracts | 359                          | AUD                   | December 2014 | 10                   |
| Forward currency contracts | 254                          | AUD                   | January 2015  | (3)                  |
| Forward currency contracts | 90                           | AUD                   | February 2015 | (1)                  |
|                            |                              |                       |               | <u>12</u>            |

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.

## 27. Cash and cash equivalents

|                           | Group          |                | Company        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Not restricted in use     | <u>7,103</u>   | 10,837         | <u>1,362</u>   | 1,024          |
| Restricted in use         | <u>629</u>     | 565            | <u>–</u>       | –              |
|                           | <u>7,732</u>   | 11,402         | <u>1,362</u>   | 1,024          |
| Interest earning balances | <u>1,539</u>   | 1,765          | <u>–</u>       | –              |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 27. Cash and cash equivalents (Continued)

Details of restricted cash balances are as follows:

|                                                                            | Group          |                |
|----------------------------------------------------------------------------|----------------|----------------|
|                                                                            | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Under operating activities:</u>                                         |                |                |
| Bank balances set aside for payments to specific debtors                   | 10             | 10             |
| Fixed deposits held by banks as security deposits for performance bonds    | 40             | 30             |
|                                                                            | 50             | 40             |
| <u>Under financing activities:</u>                                         |                |                |
| Fixed deposits held by banks as security deposits for loans and borrowings | 79             | 25             |
| Bank balances held by banks as security deposits for loans and borrowings  | 500            | 500            |
|                                                                            | 579            | 525            |
|                                                                            | 629            | 565            |

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 0.3% and 3.0% (2014: 0.1 % and 3.0%) per annum.

## 27A. Cash and cash equivalents in the consolidated statement of cash flows

|                                                                                                              | Group          |                |
|--------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                              | 2015<br>\$'000 | 2014<br>\$'000 |
| Cash and cash equivalents in the statement of financial position                                             | 7,732          | 11,402         |
| Cash and cash equivalents restricted in use                                                                  | (629)          | (565)          |
| Bank overdrafts                                                                                              | (1,263)        | (541)          |
| Cash and cash equivalents for consolidated statement of cash flows purposes at the end of the reporting year | 5,840          | 10,296         |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 27. Cash and cash equivalents (Continued)

## 27B. Non-cash transactions

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

|                                                                      | Group          |                |
|----------------------------------------------------------------------|----------------|----------------|
|                                                                      | 2015<br>\$'000 | 2014<br>\$'000 |
| Provision for reinstatement cost                                     | 350            | –              |
| Acquisition of plant and equipment under finance lease agreements    | 230            | 3,695          |
| Issue of ordinary shares for the performance shares vested (Note 29) | 144            | –              |
| Issue of ordinary shares for settlement of debt (Note 29)            | 1,700          | –              |

## 28. Assets classified as held for sale

The major classes of assets and liabilities of the assets classified as held for sale under FRS 105 as at 31 October 2015 are as follow:

|                                                                                 | Group          |                |
|---------------------------------------------------------------------------------|----------------|----------------|
|                                                                                 | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Assets:</u>                                                                  |                |                |
| Property, plant and equipment                                                   | 2,519          | 9,828          |
| Land use rights                                                                 | 1,698          | 1,698          |
| Inventories                                                                     | 37             | 37             |
| Trade and other receivables                                                     | 368            | 368            |
| Other assets                                                                    | 456            | 341            |
| Assets classified as held for sale                                              | 5,078          | 12,272         |
| <u>Liabilities directly associated with assets classified as held for sale:</u> |                |                |
| Trade and other payables                                                        | (1,247)        | –              |
| Related party loan payable                                                      | (786)          | –              |
| Net asset directly classified as held for sale                                  | 3,045          | 12,272         |

In October 2014, the Group formulated a plan to optimise its investment value in Hivern Investments Pte. Ltd. ("Hivern") and its subsidiary, Changyi Enersave Biomass to Energy Co.,Ltd ("CEBEC") through a sale that leveraged on the assets owned by CEBEC. Hivern was acquired on 30 May 2013.

On 16 October 2014, the Group entered into a Memorandum of Understanding ("MOU") with a third party (the "Potential Buyer") for the disposal of 95% of the assets only in Hivern and its subsidiary to the Potential Buyer.

One of the conditions under the MOU required the Group to be fully responsible to discharge the liabilities due to the scheme creditors of Hivern. The Group wrote to the scheme creditors of Hivern in October 2014 requesting modification to the Scheme of Arrangement by offering a full and final settlement sum of \$200,000 for liabilities totalling approximately \$7,417,000. On 18 December 2014, the application to modify the Scheme of Arrangement of Hivern was granted by the High Court of Singapore. The gain on extinguishment of the liabilities was \$7,217,000.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 28. Assets classified as held for sale (Continued)

In the light of the planned disposal, the assets only of Hivern and CEBEC were presented and recorded under assets held for sale in the consolidated statement of financial position as at 31 October 2014.

The MOU with the Potential Buyer expired in March 2015 with no extension.

During the reporting year, the Group was in negotiations with some new potential buyers while simultaneously evaluating other possible options to improve the value of the assets. As at the date of these financial statements, negotiation with one of the new potential buyers has reached an advanced stage.

Management has reviewed and concluded that Hivern group continues to meet the requirements of FRS 105 to be classified as held for sale as at 31 October 2015.

Based on the current discussions and negotiations with potential buyers, management has reviewed and assessed the carrying amount of the Group's net assets classified as held for sale while the related sale negotiations are in progress. Management has determined that the assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. It is reasonably possible that, based on existing knowledge, the outcomes within the next reporting year could be different and adjustment may be required to increase or decrease the carrying amount of the Group's net assets held for sale.

## 29. Share capital

|                                                                  | Number of Ordinary<br>Shares With No Par Value |         | Share Capital  |                |
|------------------------------------------------------------------|------------------------------------------------|---------|----------------|----------------|
|                                                                  | 2015                                           | 2014    | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Group and Company</b>                                         |                                                |         |                |                |
| At beginning of the reporting year                               | <b>926,697</b>                                 | 926,697 | <b>46,191</b>  | 46,191         |
| Issue of ordinary shares under ecoWise<br>Performance Share Plan | <b>2,000</b>                                   | –       | <b>144</b>     | –              |
| Issue of ordinary shares as settlement<br>of debt                | <b>24,286</b>                                  | –       | <b>1,700</b>   | –              |
| At end of the reporting year                                     | <b>952,983</b>                                 | 926,697 | <b>48,035</b>  | 46,191         |

### Ordinary shares

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

Issuance of ordinary shares during the reporting year:

- (a) On 29 January 2014, pursuant to ecoWise Performance Share Plan, the Company granted share awards of 2,000,000 shares in the share capital of the Company to an eligible participant. As at 31 October 2014, these share awards remained outstanding and they were issued and allotted to the eligible participant on 17 November 2014.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 29. Share capital (Continued)

### Ordinary shares (Continued)

- (b) On 5 December 2014, the Company entered into a conditional assignment agreement ("Agreement") with Philip Ventures Enterprise Fund 2 Ltd and Zhang Gong Jun, collectively referred to as the "Assignors".

Under the Agreement, the Assignors assigned absolutely to the Company all their respective present and future right, title, benefits and interest in the debt ("Debt") due and owing by Changyi Enersave Biomass to Energy Co., Ltd ("CEBEC"), an indirect wholly-owned subsidiary of the Company, free of all charges, liens, encumbrances, equities and claims whatsoever.

In consideration of the assignment, the Company paid the Assignors an amount of \$1,200,000 and issued 14,285,714 new ordinary shares in the capital Company at \$0.07 per share to the Assignors, representing \$1,000,000.

- (c) On 20 August 2015, the Company entered into a conditional Settlement Deed ("Deed") with Changyi Enersave Biomass to Energy Co., Ltd ("CEBEC"), Weihai Xin Neng Management Co., Ltd ("WXN") and Tay Wee Kwang ("TWK").

The Company is the indirect legal and beneficial owner of the total issued share capital of CEBEC which had a debt in the amount of RMB2,730,000 ("Debt") owing to TWK that has been assigned to WXN, whom on 17 June 2015, filed an action against CEBEC in relation to the Debt (the "Suit") with the People's Court of Changyi City, the People's Republic of China ("Court") and further on 10 July 2015 obtained an order from the Court to prevent CEBEC from transfer, lease and mortgage its buildings but no impact to the normal operation of the buildings ("Court Order").

As a full and final settlement of the Debt, the Company issued 10,000,000 new ordinary shares in the Company ("Consideration Shares") to TWK as directed and authorised by WXN on 9 October 2015 at \$0.07 representing \$700,000 as the consideration. TWK and WXN have since procured the withdrawal of the Court Order and discontinuance of the Suit.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 29. Share capital (Continued)

### 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.

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        |                |
|-------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                   | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Loans and borrowings                                              | 25,027         | 26,604         | 3,055          | 2,683          |
| Less: Cash and cash equivalents                                   | (7,732)        | (11,402)       | (1,362)        | (1,024)        |
| Net debt                                                          | 17,295         | 15,202         | 1,693          | 1,659          |
| Adjusted capital:                                                 |                |                |                |                |
| Total equity                                                      | 47,587         | 50,049         | 42,291         | 42,163         |
| Less: Amount accumulated in equity in<br>relation cash flow hedge | 80             | (12)           | –              | –              |
| Adjusted capital                                                  | 47,667         | 50,037         | 42,291         | 42,163         |
| Debt-to-adjusted capital ratio                                    | 36.3%          | 30.4%          | 4.0%           | 3.9%           |

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted mainly from the drawdown of new borrowings and the weakening of Malaysian Ringgit against Singapore Dollars.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 30. Foreign currency translation reserve

|                                                        | Group          |                |
|--------------------------------------------------------|----------------|----------------|
|                                                        | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year                     | (1,560)        | (1,791)        |
| Exchange differences on translating foreign operations | (3,523)        | 231            |
| At end of the reporting year                           | (5,083)        | (1,560)        |

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.

## 31. Other reserves

|                                                            | Group          |                | Company        |                |
|------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                            | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Equity-settled share-based compensation reserve (Note 31A) | –              | 144            | –              | 144            |
| Hedging reserve (Note 31B)                                 | (88)           | 9              | –              | –              |
| Other reserve (Note 31C)                                   | 2,052          | 2,476          | –              | –              |
|                                                            | <b>1,964</b>   | <b>2,629</b>   | <b>–</b>       | <b>144</b>     |

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.

## 31A. Equity-settled share-based compensation reserve

|                                                               | Group          |                | Company        |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                               | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year                            | 144            | –              | 144            | –              |
| Equity-settled share-based expenses                           | –              | 144            | –              | 144            |
| Issue of ordinary shares under ecoWise Performance Share Plan | (144)          | –              | (144)          | –              |
| At end of the reporting year                                  | –              | 144            | –              | 144            |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 31. Other reserves (Continued)

### 31A. Equity-settled share-based compensation reserve (Continued)

#### 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. Ng Cher Yan and Mr. Ong Tai Tiong, Desmond. 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.

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 2015, 45,232,225 performance shares have been granted (after adjustments for rights cum warrants issue on 1 November 2007 and rights issue on 26 September 2008).

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 31. Other reserves (Continued)

### 31A. Equity-settled share-based compensation reserve (Continued)

#### ecoWise performance share plan (Continued)

At the end of the reporting year, the number of performance shares granted, vested and cancelled under the Share Plan are as follows:

| Date of Grant   | Number of ecoWise performance shares |         |             |                      | At<br>31 October<br>2015 |
|-----------------|--------------------------------------|---------|-------------|----------------------|--------------------------|
|                 | At<br>1 November<br>2014             | Granted | Vested      | Cancelled/<br>Lapsed |                          |
| 29 January 2014 | 2,000,000                            | –       | (2,000,000) | –                    | –                        |

The outstanding performance shares as at 1 November 2014 were issued and allotted to the eligible participant on 17 November 2014.

The above number of performance shares represents the shares required if participants are awarded at 100% of the grant. However, the performance shares vested at the vesting date are dependent on the level of achievement against the pre-set performance conditions and targets.

The equity-settled share-based compensation reserve is not available for distribution as cash dividends.

### 31B. 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.

### 31C. Other reserve

|                                        | Group          |                |
|----------------------------------------|----------------|----------------|
|                                        | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year     | 2,476          | 2,508          |
| Effects of movements in exchange rates | (424)          | (32)           |
| At end of the reporting year           | 2,052          | 2,476          |

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 32. Provisions, non-current

|                                             | Group          |                |
|---------------------------------------------|----------------|----------------|
|                                             | 2015<br>\$'000 | 2014<br>\$'000 |
| Retirement benefit obligations (Note 32A)   | 632            | 704            |
| Provision for reinstatement cost (Note 32B) | 350            | –              |
|                                             | <b>982</b>     | <b>704</b>     |

### 32A. 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          |                |
|-----------------------------------------------------|----------------|----------------|
|                                                     | 2015<br>\$'000 | 2014<br>\$'000 |
| At beginning of the reporting year                  | 704            | 620            |
| Effects of movements in exchange rates              | (119)          | (5)            |
| Current service cost                                | 43             | 50             |
| Interest expenses on retirement benefit obligations | 31             | 35             |
| Defined benefit plan actuarial (gain)/losses        | (6)            | 90             |
| Effects of deferred taxation                        | (3)            | 18             |
| Retirement benefit obligations paid                 | (18)           | (104)          |
| At end of the reporting year                        | <b>632</b>     | <b>704</b>     |

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

|                                    | Group     |           |
|------------------------------------|-----------|-----------|
|                                    | 2015<br>% | 2014<br>% |
| 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 32. Provisions, non-current (Continued)

### 32B. Provision for reinstatement cost

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2015<br>\$'000 | 2014<br>\$'000 |
| Movements in above provision:      |                |                |
| At beginning of the reporting year | –              | –              |
| Additions                          | 350            | –              |
| At end of the reporting year       | 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.

## 33. Loans and borrowings

|                                      | Group          |                | Company        |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Non-current liabilities</b>       |                |                |                |                |
| Bank loan A (Note 33A)               | 194            | 293            | –              | –              |
| Bank loan B (Note 33B)               | 6,220          | 7,851          | –              | –              |
| Bank loan C (Note 33C)               | 2,245          | 2,796          | –              | –              |
| Finance lease liabilities (Note 33D) | 2,334          | 3,197          | 23             | 43             |
| Sub-total                            | 10,993         | 14,137         | 23             | 43             |
| <b>Current liabilities</b>           |                |                |                |                |
| Bank loan A (Note 33A)               | 99             | 95             | –              | –              |
| Bank loan B (Note 33B)               | 1,646          | 1,635          | –              | –              |
| Bank loan C (Note 33C)               | 536            | 615            | –              | –              |
| Bank overdraft A (Note 33C)          | 138            | –              | –              | –              |
| Bankers' acceptances A (Note 33C)    | 5,098          | 4,180          | –              | –              |
| Trust receipts (Note 33E)            | 459            | 1,017          | –              | –              |
| Finance lease liabilities (Note 33D) | 675            | 804            | 20             | 37             |
| Bank loans D (Note 33F)              | 3,012          | 2,811          | 3,012          | 2,603          |
| Bank overdrafts B (Note 33F)         | 1,125          | 541            | –              | –              |
| Bankers' acceptances B (Note 33G)    | 1,246          | 769            | –              | –              |
| Sub-total                            | 14,034         | 12,467         | 3,032          | 2,640          |
| Total loans and borrowings           | 25,027         | 26,604         | 3,055          | 2,683          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 33. Loans and borrowings (Continued)

The non-current portion is repayable as follows:

|                           | Group          |                | Company        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Due within 2 to 5 years   | 10,320         | 11,910         | 23             | 43             |
| Due after 5 years         | 673            | 2,227          | –              | –              |
| Total non-current portion | 10,993         | 14,137         | 23             | 43             |

The range of interest rates per annum paid are as follows:

|                           | Group          |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2015<br>%      | 2014<br>%      | 2015<br>\$'000 | 2014<br>\$'000 |
| Bank loans                | 2.17% to 7.65% | 2.13% to 7.65% | 13,952         | 16,096         |
| Trust receipts            | 2.85% to 2.91% | 2.70% to 2.90% | 459            | 1,017          |
| Bankers' acceptances      | 4.59% to 6.18% | 4.59% to 6.18% | 6,344          | 4,949          |
| Bank overdrafts           | 6.25% to 7.85% | 7.85%          | 1,263          | 541            |
| Finance lease liabilities | 2.48% to 7.45% | 2.48% to 8.52% | 3,009          | 4,001          |

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

### 33A. Bank loan A

The loan is secured by a legal charge over plant and equipment of the subsidiary with net carrying amount of \$557,000 (2014: \$622,000) and repayable over 5 years commencing from September 2013. The loan is covered by a corporate guarantee from the Company.

### 33B. 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 23 and pledges of average bank balances of the Group amounting to \$500,000 (2014: \$500,000) as disclosed in Note 27. It is guaranteed by the Company and repayable by December 2020.

### 33C. Bank loan C, bankers' acceptances A and bank overdraft A

These borrowings are secured by a charge over the construction-in-progress Nil (2014: \$3,838,000), leasehold land of \$1,252,000 (2014: \$1,522,000), leasehold properties and improvements of \$4,719,000 (2014: \$3,161,000), plant and equipment of \$11,163,000 (2014: \$8,564,000) and pledges of inventories of \$4,306,000 (2014: \$3,952,000) and fixed deposits amounting to \$22,000 (2014: \$25,000) of the Group as disclosed in Notes 15C, 24 and 27.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 33. Loans and borrowings (Continued)

### 33D. Finance lease liabilities

The finance lease liabilities are payable as follows:

|                         | Minimum<br>Lease<br>Payments<br>\$'000 | Finance<br>Costs<br>\$'000 | Principal<br>\$'000 |
|-------------------------|----------------------------------------|----------------------------|---------------------|
| <b>Group</b>            |                                        |                            |                     |
| <b>2015</b>             |                                        |                            |                     |
| Due within one year     | 869                                    | (194)                      | 675                 |
| Due within 2 to 5 years | 2,366                                  | (317)                      | 2,049               |
| Due after 5 years       | 336                                    | (51)                       | 285                 |
|                         | <b>3,571</b>                           | <b>(562)</b>               | <b>3,009</b>        |
| <b>2014</b>             |                                        |                            |                     |
| Due within one year     | 1,080                                  | (276)                      | 804                 |
| Due within 2 to 5 years | 3,251                                  | (589)                      | 2,662               |
| Due after 5 years       | 585                                    | (50)                       | 535                 |
|                         | <b>4,916</b>                           | <b>(915)</b>               | <b>4,001</b>        |
| <b>Company</b>          |                                        |                            |                     |
| <b>2015</b>             |                                        |                            |                     |
| Due within one year     | 27                                     | (7)                        | 20                  |
| Due within 2 to 5 years | 32                                     | (9)                        | 23                  |
|                         | <b>59</b>                              | <b>(16)</b>                | <b>43</b>           |
| <b>2014</b>             |                                        |                            |                     |
| Due within one year     | 46                                     | (9)                        | 37                  |
| Due within 2 to 5 years | 59                                     | (15)                       | 44                  |
|                         | <b>105</b>                             | <b>(24)</b>                | <b>81</b>           |

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 (Notes 15B and 15C).

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 33. Loans and borrowings (Continued)

### 33E. 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. The trust receipts are guaranteed by the Company.

### 33F. Bank loans D and bank overdrafts B

Bank loans D and bank overdrafts B of the Group and the Company are unsecured and are repayable within the next 12 months. The bank overdrafts are covered by a corporate guarantee from the Company.

### 33G. Bankers' acceptances B

Bankers' acceptance B of the Group and the Company are unsecured and are repayable within the next 12 months. The bankers' acceptances are covered by a corporate guarantee from the Company.

## 34. Deferred income

|                                                   | Group          |                |
|---------------------------------------------------|----------------|----------------|
|                                                   | 2015<br>\$'000 | 2014<br>\$'000 |
| Deferred government grant income                  | 34             | 55             |
| Presented in statements of financial position as: |                |                |
| Non-current                                       | 26             | 39             |
| Current                                           | 8              | 16             |
|                                                   | 34             | 55             |

## 35. Trade and other payables

|                                         | Group          |                | Company        |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
|                                         | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Trade payables                          |                |                |                |                |
| Outside parties and accrued liabilities | 8,734          | 16,839         | 1,017          | 969            |
| Related parties                         | 601            | 930            | -              | -              |
| Associates                              | -              | 5              | -              | -              |
| Subsidiaries                            | -              | -              | -              | 67             |
| Sub-total                               | 9,335          | 17,774         | 1,017          | 1,036          |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 35. Trade and other payables (Continued)

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Other payables                  |                |                |                |                |
| Supplier of plant and equipment | –              | 5,517          | –              | –              |
| Subsidiaries                    | –              | –              | 4,429          | 2,354          |
| Associates                      | 5              | –              | –              | –              |
| Other outside parties           | 44             | –              | 3              | 4              |
| Sub-total                       | 49             | 5,517          | 4,432          | 2,358          |
| Total trade and other payables  | 9,384          | 23,291         | 5,449          | 3,394          |

Other payables to subsidiaries and associates are unsecured, interest free and no fixed term of repayment.

## 36. Other liabilities

|                                                                                           | Group          |                | Company        |                |
|-------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                           | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Due to a jointly controlled entity on service contract                                    | (766)          | (770)          | –              | –              |
| Aggregate amount of costs incurred and recognised profits to date on uncompleted contract | 4,234          | 4,230          | –              | –              |
| Less: Progress payments received and receivable and advances received to-date             | (5,000)        | (5,000)        | –              | –              |
| Amount due to a jointly controlled entity arising from service contract                   | (766)          | (770)          | –              | –              |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks

### 37A. Classification of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities are as follows:

|                                                             | Group          |                | Company        |                |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                             | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Financial assets</u>                                     |                |                |                |                |
| Loans and receivables:                                      |                |                |                |                |
| Trade and other receivables (Note 22)                       | 18,452         | 17,670         | 5,341          | 5,140          |
| Finance lease receivables (Note 23)                         | 12,572         | 13,136         | –              | –              |
| Cash and cash equivalents (Note 27)                         | 7,732          | 11,402         | 1,362          | 1,024          |
| Available-for-sale financial assets:                        |                |                |                |                |
| Unquoted equity shares (Note 21)                            | 1,057          | 1,057          | –              | –              |
| Derivative financial instruments<br>at fair value (Note 26) | 44             | 16             | –              | –              |
|                                                             | <u>39,857</u>  | <u>43,281</u>  | <u>6,703</u>   | <u>6,164</u>   |
| <u>Financial liabilities</u>                                |                |                |                |                |
| Financial liabilities at amortised cost:                    |                |                |                |                |
| Loans and borrowings (Note 33)                              | 25,027         | 26,604         | 3,055          | 2,683          |
| Trade and other payables (Note 35)                          | 9,384          | 23,291         | 5,449          | 3,394          |
| Derivative financial instruments<br>at fair value (Note 26) | 124            | 4              | –              | –              |
|                                                             | <u>34,535</u>  | <u>49,899</u>  | <u>8,504</u>   | <u>6,077</u>   |

Further quantitative disclosures are included throughout these financial statements.

### 37B. 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 both 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.

### 37C. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37C. Financial risk management (Continued)

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.

### 37D. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37D. Credit risk on financial assets (Continued)

The credit terms granted to customers are generally between 14 to 90 days (2014: 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          |                |
|----------------------------|----------------|----------------|
|                            | 2015<br>\$'000 | 2014<br>\$'000 |
| Past due less than 60 days | 3,366          | 4,060          |
| Past due 61 to 90 days     | 520            | 827            |
| Past due 91 to 180 days    | 396            | 453            |
| Past due over 180 days     | 678            | 1,376          |
|                            | <b>4,960</b>   | <b>6,716</b>   |

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

|                        | Group          |                |
|------------------------|----------------|----------------|
|                        | 2015<br>\$'000 | 2014<br>\$'000 |
| Past due over 180 days | 551            | 755            |

The allowance for doubtful trade receivables as disclosed in Note 22 to the financial statements is based on individual accounts totalling \$551,000 (2014: \$755,000) that are determined to be impaired at the end of the reporting year.

- (c) At end of the reporting year, approximately 27% (2014: 16%) of trade receivables are due from three customers as follows:

|                 | Group          |                |
|-----------------|----------------|----------------|
|                 | 2015<br>\$'000 | 2014<br>\$'000 |
| Top 1 customer  | 2,563          | 935            |
| Top 2 customers | 3,605          | 1,837          |
| Top 3 customers | <b>4,511</b>   | <b>2,500</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37D. Credit risk on financial assets (Continued)

(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 27 represent amounts with less than 90-days maturity.

### 37E. 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 financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

|                          | Less than<br>1 year<br>\$'000 | Due within<br>2 to 5 years<br>\$'000 | Due after<br>5 years<br>\$'000 | Total<br>\$'000 |
|--------------------------|-------------------------------|--------------------------------------|--------------------------------|-----------------|
| <b>Group</b>             |                               |                                      |                                |                 |
| <b>2015</b>              |                               |                                      |                                |                 |
| Loans and borrowings     | 14,504                        | 11,146                               | 729                            | 26,379          |
| Trade and other payables | 9,384                         | –                                    | –                              | 9,384           |
|                          | <b>23,888</b>                 | <b>11,146</b>                        | <b>729</b>                     | <b>35,763</b>   |
| <b>2014</b>              |                               |                                      |                                |                 |
| Loans and borrowings     | 13,161                        | 13,255                               | 2,330                          | 28,746          |
| Trade and other payables | 23,291                        | –                                    | –                              | 23,291          |
|                          | <b>36,452</b>                 | <b>13,255</b>                        | <b>2,330</b>                   | <b>52,037</b>   |
| <b>Company</b>           |                               |                                      |                                |                 |
| <b>2015</b>              |                               |                                      |                                |                 |
| Loans and borrowings     | 3,039                         | 32                                   | –                              | 3,071           |
| Trade and other payables | 5,449                         | –                                    | –                              | 5,449           |
|                          | <b>8,488</b>                  | <b>32</b>                            | <b>–</b>                       | <b>8,520</b>    |
| <b>2014</b>              |                               |                                      |                                |                 |
| Loans and borrowings     | 2,673                         | 59                                   | –                              | 2,732           |
| Trade and other payables | 3,394                         | –                                    | –                              | 3,394           |
|                          | <b>6,067</b>                  | <b>59</b>                            | <b>–</b>                       | <b>6,126</b>    |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37E. Liquidity risk – financial liabilities maturity analysis (Continued)

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 70 days (2014: 75 days). The other payables are with short-term durations. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

Derivative financial instruments in respect of the Group's forward foreign currency contracts are net settled and expected to be settled within the next 12 months (Note 26).

The following table analyses the financial guarantee contracts based on the earliest dates in which the maximum guaranteed amount could be drawn down:

|                               | Less than<br>1 year<br>\$'000 | Due within<br>2 to 5 years<br>\$'000 | Due after<br>5 years<br>\$'000 | Total<br>\$'000 |
|-------------------------------|-------------------------------|--------------------------------------|--------------------------------|-----------------|
| <b>Company</b>                |                               |                                      |                                |                 |
| <b>2015</b>                   |                               |                                      |                                |                 |
| Financial guarantee contracts | 5,585                         | 6,525                                | 200                            | 12,310          |
| <b>2014</b>                   |                               |                                      |                                |                 |
| Financial guarantee contracts | 3,247                         | 7,193                                | 1,407                          | 11,847          |

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          |                |
|---------------------------------|----------------|----------------|
|                                 | 2015<br>\$'000 | 2014<br>\$'000 |
| Unutilised loans and borrowings | 9,741          | 35,621         |
| Unutilised factoring facilities | 2,000          | 3,500          |

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37F. 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        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <u>Financial assets</u>      |                |                |                |                |
| Fixed rates                  | 14,112         | 13,439         | 104            | 38             |
| <u>Financial liabilities</u> |                |                |                |                |
| Floating rates               | 21,725         | 22,215         | 3,012          | 2,602          |
| Fixed rates                  | 3,302          | 4,389          | 43             | 81             |
|                              | <b>25,027</b>  | <b>26,604</b>  | <b>3,055</b>   | <b>2,683</b>   |

### Sensitivity analysis

For the variable rate financial assets and liabilities, a hypothetical increase of 100 basis points (2014: 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 (2014: 100 basis points) in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

|                                              | Group          |                |
|----------------------------------------------|----------------|----------------|
|                                              | 2015<br>\$'000 | 2014<br>\$'000 |
| Pre-tax (loss)/profit for the reporting year | (217)          | 222            |

The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37G. 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 Japanese yen. 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 exposures to foreign currencies are as follows:

| Group                              | Australian Dollar<br>\$'000 | Chinese Renminbi<br>\$'000 | Singapore Dollars<br>\$'000 | United States Dollar<br>\$'000 | Japanese Yen<br>\$'000 | Euro<br>\$'000 | Total<br>\$'000 |
|------------------------------------|-----------------------------|----------------------------|-----------------------------|--------------------------------|------------------------|----------------|-----------------|
| <b>2015</b>                        |                             |                            |                             |                                |                        |                |                 |
| <u>Financial assets</u>            |                             |                            |                             |                                |                        |                |                 |
| Cash and cash equivalents          | 168                         | 1                          | 1                           | 531                            | –                      | –              | 701             |
| Trade and other receivables        | 2,563                       | 222                        | 11                          | 142                            | –                      | 329            | 3,267           |
| Total financial assets             | 2,731                       | 223                        | 12                          | 673                            | –                      | 329            | 3,968           |
| <u>Financial liabilities</u>       |                             |                            |                             |                                |                        |                |                 |
| Trade and other payables           | –                           | –                          | –                           | (113)                          | (94)                   | –              | (207)           |
| Loans and borrowings               | –                           | –                          | –                           | (459)                          | –                      | –              | (459)           |
| Total financial liabilities        | –                           | –                          | –                           | (572)                          | (94)                   | –              | (666)           |
| Net financial assets/(liabilities) | 2,731                       | 223                        | 12                          | 101                            | (94)                   | 329            | 3,302           |
| <b>2014</b>                        |                             |                            |                             |                                |                        |                |                 |
| <u>Financial assets</u>            |                             |                            |                             |                                |                        |                |                 |
| Cash and cash equivalents          | 290                         | 1                          | 70                          | 101                            | –                      | –              | 462             |
| Trade and other receivables        | 897                         | 270                        | 9                           | 1,947                          | –                      | 3              | 3,126           |
| Total financial assets             | 1,187                       | 271                        | 79                          | 2,048                          | –                      | 3              | 3,588           |
| <u>Financial liabilities</u>       |                             |                            |                             |                                |                        |                |                 |
| Trade and other payables           | –                           | –                          | –                           | (830)                          | (117)                  | –              | (947)           |
| Loans and borrowings               | –                           | –                          | –                           | (1,017)                        | –                      | –              | (1,017)         |
| Total financial liabilities        | –                           | –                          | –                           | (1,847)                        | (117)                  | –              | (1,964)         |
| Net financial assets/(liabilities) | 1,187                       | 271                        | 79                          | 201                            | (117)                  | 3              | 1,624           |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 37. Financial instruments: information on financial risks (Continued)

### 37G. Foreign currency risk (Continued)

| Company                     | Malaysian Ringgit |                |
|-----------------------------|-------------------|----------------|
|                             | 2015<br>\$'000    | 2014<br>\$'000 |
| Financial assets            |                   |                |
| Trade and other receivables | 492               | 275            |

#### Sensitivity analysis

A hypothetical 10% (2014: 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% (2014: 10%) weakening of the above currencies against the functional currency of the respective subsidiaries would have an equal but opposite effect. This analysis has been carried out without taking into consideration of hedged transactions and assumes all other variables remain constant.

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Pre-tax profit for the reporting year | 330            | 162            | 49             | 28             |

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

## 38. Capital commitments

At the end of the reporting year, the Group and the Company had the following capital commitments:

|                                              | Group          |                | Company        |                |
|----------------------------------------------|----------------|----------------|----------------|----------------|
|                                              | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Acquisition of property, plant and equipment |                |                |                |                |
| Contracted but not recognised                | –              | 1,635          | –              | –              |

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 39. 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        |                |
|-------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                 | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Not later than 1 year                           | 552            | 480            | 191            | 4              |
| Later than 1 year and not later than 5 years    | 898            | 901            | 210            | 12             |
| Later than 5 years                              | –              | 67             | –              | –              |
| Operating lease expenses for the reporting year | 1,180          | 1,205          | 198            | 178            |

## 40. Contingent liabilities

The Company has undertaken to provide continued financial support to two 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 \$850,000 to enable these subsidiaries to meet their obligations as and when they fall due.

## 41. Event subsequent to the end of the reporting year

On 21 January 2016, the Company granted 4,500,000 ordinary shares to an eligible participant pursuant to the Share Plan disclosed in Note 31A. The vesting of these shares shall be in March 2017 and is contingent 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 42. Changes and adoption of financial reporting standards

For the current reporting year, the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

| FRS No.     | Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FRS 19      | Amendments To FRS 19:<br>Defined Benefit Plans: Employee Contributions                                                                                                                                                                                                                                                                                                                                                                                                         |
|             | Improvements to FRSs (Issued in January 2014).<br>Relating to:<br>FRS 102 Share-based Payment<br>FRS 103 Business Combinations<br>FRS 108 Operating Segments<br>FRS 113 Fair Value Measurement<br>FRS 16 Property, Plant and Equipment<br>FRS 24 Related Party Disclosures<br>FRS 38 Intangible Assets<br>Improvements to FRSs (Issued in February 2014).<br>Relating to:<br>FRS 103 Business Combinations<br>FRS 113 Fair Value Measurement<br>FRS 40 Investment Property (*) |
| FRS 27      | Consolidated and Separate Financial Statements (Amendments to)                                                                                                                                                                                                                                                                                                                                                                                                                 |
| FRS 27      | Separate Financial Statements (Revised)                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| FRS 28      | Investments in Associates and Jointly controlled entity (Revised)                                                                                                                                                                                                                                                                                                                                                                                                              |
| FRS 36      | Amendments to FRS 36:<br>Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)                                                                                                                                                                                                                                                                                                                                                                    |
| FRS 39      | Amendments to FRS 39:<br>Novation of Derivatives and Continuation of Hedge Accounting (*)                                                                                                                                                                                                                                                                                                                                                                                      |
| FRS 110     | Consolidated Financial Statements                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| FRS 110     | Amendments to FRS 110, FRS 111 and FRS 112                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| FRS 111     | Joint Arrangements                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| FRS 112     | Disclosure of Interests in Other Entities                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| INT FRS 121 | Levies (*)                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

(\*) Not relevant to the entity.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2015

## 43. Future changes in financial reporting standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following reporting year.

| FRS No.           | Title                                                                                                                               | Effective date for periods beginning on or after |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| FRS 1             | Amendments to FRS 1: Disclosure Initiative                                                                                          | 1 January 2016                                   |
| FRS 16 & 38       | Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation                               | 1 January 2016                                   |
| FRS 16 & 41       | Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)                                                                     | 1 January 2016                                   |
| FRS 27            | Amendments to FRS 27: Equity Method in Separate Financial Statements                                                                | 1 January 2016                                   |
| FRS 110 & 28      | Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Jointly controlled entity | 1 January 2016                                   |
| FRS 110, 112 & 28 | Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*)                            | 1 January 2016                                   |
| FRS 111           | Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)                                             | 1 January 2016                                   |
| FRS 114           | Regulatory Deferral Accounts (*)                                                                                                    | 1 January 2016                                   |
| Various           | Improvements to FRSs (November 2014)                                                                                                | 1 January 2016                                   |
|                   | FRS 105 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal.                              |                                                  |
|                   | FRS 107 Financial Instruments: Disclosures – Servicing contracts. (*)                                                               |                                                  |
|                   | FRS 19 Employee Benefits – Discount rate: regional market issue. (*)                                                                |                                                  |
|                   | FRS 34 Interim Financial Reporting – Disclosure of information elsewhere in the interim financial report. (*)                       |                                                  |
| FRS 115           | Revenue from Contracts with Customers                                                                                               | 1 January 2018                                   |
| FRS 109           | Financial Instruments                                                                                                               | 1 January 2018                                   |

(\*) Not relevant to the entity.

# SHAREHOLDINGS STATISTICS

AS AT 15 JANUARY 2016

## SHARE CAPITAL

|                  |   |                    |
|------------------|---|--------------------|
| Number of shares | : | 952,983,029        |
| Class of shares  | : | Ordinary shares    |
| Voting rights    | : | One vote per share |
| Treasury shares  | : | Nil                |

## DISTRIBUTION OF SHAREHOLDINGS

| Range of Shareholdings | No. of Shareholders | %      | No. of Shares | %      |
|------------------------|---------------------|--------|---------------|--------|
| 1 – 99                 | 4                   | 0.19   | 187           | 0.00   |
| 1,00 – 1,000           | 54                  | 2.52   | 41,617        | 0.00   |
| 1,001 – 10,000         | 298                 | 13.92  | 2,190,455     | 0.23   |
| 10,001 – 1,000,000     | 1,707               | 79.77  | 207,225,562   | 21.75  |
| 1,000,001 and above    | 77                  | 3.60   | 743,525,208   | 78.02  |
|                        | 2,140               | 100.00 | 952,983,029   | 100.00 |

## SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 15 January 2016, approximately 63.36% 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   | Ecohub Pte. Ltd.                             | 128,229,375        | 13.46        |
| 2   | SBS Nominees Private Limited                 | 64,472,000         | 6.77         |
| 3   | DBSN Services Pte. Ltd.                      | 63,000,000         | 6.61         |
| 4   | Hong Leong Finance Nominees Pte Ltd          | 45,200,000         | 4.74         |
| 5   | Bank of Singapore Nominees Pte. Ltd.         | 36,711,512         | 3.85         |
| 6   | Maybank Nominees (Singapore) Private Limited | 28,699,000         | 3.01         |
| 7   | Ong Keng Hua Sunny                           | 27,835,125         | 2.92         |
| 8   | OCBC Securities Private Limited              | 24,427,450         | 2.56         |
| 9   | Tan Jin Beng Winston                         | 22,987,533         | 2.41         |
| 10  | Phillip Securities Pte Ltd                   | 19,783,590         | 2.08         |
| 11  | Citibank Nominees Singapore Pte Ltd          | 18,544,000         | 1.95         |
| 12  | Maybank Kim Eng Securities Pte. Ltd.         | 17,350,512         | 1.82         |
| 13  | Ong King Sun                                 | 16,959,375         | 1.78         |
| 14  | UOB Kay Hian Private Limited                 | 16,779,900         | 1.76         |
| 15  | Phillip Ventures Enterprise Fund 2 Ltd       | 14,285,714         | 1.50         |
| 16  | DBS Nominees (Private) Limited               | 13,200,275         | 1.39         |
| 17  | Ching Wee Ling (Zhong Huiling)               | 10,148,000         | 1.06         |
| 18  | CIMB Securities (Singapore) Pte. Ltd.        | 9,677,062          | 1.02         |
| 19  | Lau Hong Keong                               | 9,369,500          | 0.98         |
| 20  | Chan Buang Heng                              | 8,119,850          | 0.85         |
|     |                                              | <b>595,779,773</b> | <b>62.52</b> |

# SHAREHOLDINGS STATISTICS

AS AT 15 JANUARY 2016

## SUBSTANTIAL SHAREHOLDERS AS AT 15 JANUARY 2016

| No. | Name of Shareholders               | Direct Interest<br>No. of Shares | % of<br>Shares | Deemed Interest<br>No. of Share | % of<br>Shares |
|-----|------------------------------------|----------------------------------|----------------|---------------------------------|----------------|
| 1   | ecoHub Pte. Ltd.                   | 218,229,375                      | 22.90          | —                               | —              |
| 2   | Strategic Capital Holdings Limited | 63,000,000                       | 6.61           | —                               | —              |
| 3   | Lee Thiam Seng                     | 35,509,388 <sup>(1)</sup>        | 3.73           | 218,229,375 <sup>(2)</sup>      | 22.90          |
| 4   | Ma Ong Kee                         | —                                | —              | 88,000,000 <sup>(3)</sup>       | 9.23           |

### Notes:

- (1) 35,500,000 shares of which are held through Bank of Singapore Nominees Pte Ltd.
- (2) Lee Thiam Seng is the sole shareholder of ecoHub Pte. Ltd. which in turn holds 218,229,375 shares (of which 45,000,000 are held through Hong Leong Finance Nominees Pte Ltd and 45,000,000 are held through SBS Nominees Pte Ltd), representing 22.90% 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.
- (3) Ma Ong Kee is the sole shareholder of Strategic Capital Holdings Limited which in turn holds 63,000,000 shares through DBSN Services Pte Ltd, representing 6.61% of the issued share capital of the Company. He also holds 25,000,000 shares through Maybank Nominees (S) Pte Ltd, representing 2.62% of the issued share capital of the Company. Accordingly, Ma Ong Kee has a deemed interest in the 88,000,000 shares in the Company.

# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the **2016 Annual General Meeting** of the shareholders of the Company will be held at 17 Kallang Junction, #04-03, Singapore 339274 on Monday, 29 February 2016 at 10.00 a.m. to transact the following businesses:

## ORDINARY BUSINESS

- |                                                                                                                                                                                                                                     |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 October 2015 together with the Auditors' Report thereon.                                                                       | <b>Resolution 1</b> |
| 2. To re-elect Mr Low Kian Beng, who will be retiring by rotation under Article 107 of the Company's Articles of Association (the "Articles") and who, being eligible, offers himself for re-election as a director of the Company. | <b>Resolution 2</b> |
| 3. To re-elect Mr Ng Cher Yan, who will be retiring by rotation under Article 107 of the Articles and who, being eligible, offers himself for re-election as a director of the Company.                                             | <b>Resolution 3</b> |
| 4. To re-elect Mr Wong Joo Wan, who will cease to hold office under Article 117 of the Articles and who, being eligible, offers himself for re-election as a director of the Company.                                               | <b>Resolution 4</b> |
| 5. To approve the Director's fee of SGD 15,000/- for the period from 1 November 2013 to 28 February 2014 for Mr Ong Teck Ghee.                                                                                                      | <b>Resolution 5</b> |
| 6. To approve the Directors' fees of SGD 129,500/- for the year ended 31 October 2015.                                                                                                                                              | <b>Resolution 6</b> |
| 7. To re-appoint Messrs RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration.                                                                                                                      | <b>Resolution 7</b> |

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 8. <b>Authority to Allot and Issue Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Resolution 8</b> |
| <p>That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "<b>Companies Act</b>") and in accordance with Rule 806 of the Listing Manual Section B: Rules of Catalist (the "<b>Rules of Catalist</b>") of the Singapore Exchange Securities Trading Limited ("<b>SGX-ST</b>"), authority be and is hereby given to the Directors of the Company to:-</p> <p>(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or</p> |                     |

# ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant of any instrument made or granted by the directors while this Resolution was in force,

provided that:-

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuant of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:-
  - (i) new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue or consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall 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.

# ANNUAL GENERAL MEETING

## 9. Authority to grant Awards in accordance with ecoWise Performance Share Plan

## Resolution 9

That approval be and is hereby given to the Directors to grant awards in accordance with the provisions of the ecoWise Performance Share Plan ("Share Plan") and to allot and issue or deliver from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of Awards under the Share Plan, provided that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan shall not exceed 15% of the total number of issued shares of the Company from time to time.

10. And to transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

**Zhong Xiaowen**  
Company Secretary  
Singapore

Date: 12 February 2016

# ANNUAL GENERAL MEETING

## EXPLANATORY NOTES TO THE NOTICE OF THE 2016 ANNUAL GENERAL MEETING ("AGM"):

**Resolution 1** – is to receive and adopt the Audited Financial Statements for the financial year ended 31 October 2015 together with the Reports of the Directors and the Auditors which can be found in this Annual Report.

**Resolution 2** – Mr Low Kian Beng will, upon re-election as Director of the Company, remain as Director of the Company. He is considered an Executive and Non-Independent Director. Mr Low is also the Deputy Chief Executive Officer of the Company.

**Resolution 3** – Mr Ng Cher Yan will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and as a member of the Remuneration Committee and Nominating Committee. He is also the Lead Independent Director. He is considered an Independent Director.

**Resolution 4** – Mr Wong Joo Wan will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee. He is considered an Independent Director.

**Resolution 5** – is to approve the payment of Director's fee of SGD 15,000/- to Mr Ong Teck Ghee for the period from 1 November 2013 to 28 February 2014. Mr Ong Teck Ghee resigned as a Director of the Company on 28 February 2014.

**Resolution 6** – is to approve the payment of Directors' fees of SGD 129,500/- for the year ended 31 October 2015, for services rendered by the Directors on the Board as well as on various Board Committees. The Director's fee for Mr Wong Joo Wan was prorated as he was appointed on 26 May 2015. Similarly, the Director's fee for Mr Ang Mong Seng was prorated as he resigned on 27 February 2015.

**Resolution 7** – is to re-appoint Messrs RSM Chio Lim LLP, appointed since 2002, as the Company's Auditors and to authorise the Directors to fix their remuneration. The Company has complied with Rule 713(1) of the Rules of Catalist by ensuring that the audit partner is not in charge of more than 5 consecutive years of audits. The current audit partner, Mr Chan Weng Keen, was appointed effective from reporting year ended 31 October 2012.

**Resolution 8** – is to empower the Directors of the Company to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which not exceeding 50% may be issued other than on a pro rata basis to existing shareholders. For determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

**Resolution 9** – 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) 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.

# ANNUAL GENERAL MEETING

## Proxies:

1. 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 (2) proxies to attend, speak and vote at the 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.
2. Pursuant to Section 181(1C) of the Companies Act, 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 which each proxy has been appointed shall be specified in the proxy form. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under seal of the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 17 Kallang Junction, #04-03, Singapore 339274 not less than 48 hours before the time appointed for holding the above Meeting.

---

*This document 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 document.*

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

*The contact person for the Sponsor is Mr Bernard Lui  
Telephone number: (65) 6389 3000  
Email address: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com)*

## Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (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.

# PROXY FORM

## IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the 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 requests 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.

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a member(s) of **ecoWise Holdings Limited** (the "Company"), hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings |
|------|---------|----------------------|-----------------------------|
|      |         |                      |                             |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings |
|------|---------|----------------------|-----------------------------|
|      |         |                      |                             |

as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the **2016 Annual General Meeting** of the Company to be held 17 Kallang Junction, #04-03, Singapore 339274 on Monday, 29 February 2016 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

| No. | Resolutions                                                                                                                        | For | Against |
|-----|------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1   | Adoption of Directors' Report and Audited Financial Statements for the year ended 31 October 2015 and the Auditors' Report         |     |         |
| 2   | Re-election of Mr Low Kian Beng as Director                                                                                        |     |         |
| 3   | Re-election of Mr Ng Cher Yan as Director                                                                                          |     |         |
| 4   | Re-election of Mr Wong Joo Wan as Director                                                                                         |     |         |
| 5   | Approval of Directors' fees for the period from 1 November 2013 to 28 February 2014 for Mr Ong Teck Ghee                           |     |         |
| 6   | Approval of Directors' fees for the year ended 31 October 2015                                                                     |     |         |
| 7   | Re-appointment of Messrs RSM Chio Lim LLP as Auditors                                                                              |     |         |
| 8   | Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Rules of Catalyst |     |         |
| 9   | Approval of Awards in accordance with ecoWise Performance Share Plan                                                               |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

| Total number of Shares in | No. of Shares |
|---------------------------|---------------|
| (a) CDP Register          |               |
| (b) Register of Members   |               |

\_\_\_\_\_  
Signature or Common Seal of shareholder



## NOTES:

1. The Chairman of the Annual General Meeting will be exercising his right under Article 80 of the Company's Articles of Association to demand a poll in respect of each of the resolutions to be put to vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.
2. 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, Cap 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
3. 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 (2) proxies to attend, speak and vote at the 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.
4. Pursuant to Section 181(1C) of the Companies Act, 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 which each proxy has been appointed shall be specified in the proxy form.
5. A proxy need not be a member of the Company.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 common seal or under the hand of its attorney or duly authorised officer.
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 Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act.
8. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notorially certified copy thereof, must be deposited at the registered office of the Company at 17 Kallang Junction, #04-03, Singapore 339274 not later than 48 hours before the time appointed for the Annual General Meeting.
9. 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 at 48 hours before the time appointed for holding the Annual General 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 the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 February 2016.

*This page has been intentionally left blank.*

*This page has been intentionally left blank.*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

*Lee Thiam Seng (Chairman)*  
*Low Kian Beng*

### Independent Directors

*Ng Cher Yan (Lead Independent Director)*  
*Ong Tai Tiong Desmond*  
*Wong Joo Wan*

### AUDIT COMMITTEE

*Ng Cher Yan (Chairman)*  
*Ong Tai Tiong Desmond*  
*Wong Joo Wan*

### NOMINATING COMMITTEE

*Ong Tai Tiong Desmond (Chairman)*  
*Ng Cher Yan*  
*Wong Joo Wan*

### REMUNERATION COMMITTEE

*Wong Joo Wan (Chairman)*  
*Ng Cher Yan*  
*Ong Tai Tiong Desmond*

### COMPANY SECRETARY

*Zhong Xiaowen*

## AUDITORS

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

*Partner-in-charge: Chan Weng Keen*  
*Effective from reporting year ended 31 October 2012*

## 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*  
*United Overseas Bank Limited*  
*Malayan Banking Berhad*  
*OCBC Bank (Malaysia) Berhad*

## REGISTER OFFICE/CONTACT DETAILS

*Co. Registration No.: 200209835C*

*17 Kallang Junction #04-03*  
*Singapore 339274*  
*Tel: 65 65362489*  
*Fax: 65 65367672*  
*Website: [www.ecowise.com.sg](http://www.ecowise.com.sg)*



ecoworld · better world

ecoWise Holdings Limited  
Co. Reg: 200209835C

17 Kallang Junction #04-03  
Singapore 339274

Tel: 65 - 6536 2489  
Fax: 65 - 6536 7672

**[www.ecowise.com.sg](http://www.ecowise.com.sg)**