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ECOWISE HOLDINGS LIMITED
(Company Registration No. 200209835C)

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1. DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE 18-MONTH FINANCIAL PERIOD ENDED 30 APRIL 2023 ("FP2023")

2. MATERIAL DIFFERENCES BETWEEN AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL RESULTS FOR FP2023

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

(i) the Company's announcement dated 29 June 2023 in relation to the unaudited financial results for the FP2023 ("**Unaudited FP2023 Results**"); and
(ii) the Company's annual report for FP2023 ("**AR2023**") published on 29 September 2023.

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

The Board is pleased to announce the completion of the audit of the financial statements relating to the FP2023 ("**FP2023 Audit**"). The Board would like to highlight the following in relation to the FP2023 Audit:

1. Disclaimer of opinion by the independent auditor, Baker Tilly TFW LLP ("**Baker Tilly**")

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board wishes to announce that Baker Tilly has issued a disclaimer of opinion ("**Disclaimer of Opinion**") in their independent auditor's report dated 28 September 2023 (the "**Independent Auditor's Report**") on the audited consolidated financial statements of the Group and the Company for FP2023 (the "**Audited FP2023 Financial Statements**"). Please refer to the Company's AR2023 for a copy of the Independent Auditor's Report and the Audited FP2023 Financial Statements.

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

A. *Opening balances and limitation of scope in relation to the China subsidiaries;*

B. *Disposal Group classified as held for sale (in relation to the China subsidiaries);*

C. *Internal audit under "Notice of Compliance" ("NOC");*

D. *Impairment assessment of the Group's property, plant and equipment in Malaysia;*

E. *Valuation of equity investment at fair value through profit or loss (previously classified as investment in an associate); and*

F. *Use of the going concern assumption*.

Please refer to the copy of the Independent Auditor's Report in Appendix 1 to this announcement for further details. Shareholders are advised to read this announcement together with the Independent Auditor's Report and the Audited FP2023 Financial Statements in full.

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2. Material variances between Unaudited FP2023 Results and the Audited FP2023 Financial Statements

   Pursuant to Catalist Rule 704(5), the Board would like to announce that following completion of the FP2023 Audit, certain adjustments were made to the Unaudited FP2023 Results to arriveat the Audited FP2023 Financial Statements. Details and explanation for material variances are set out in Appendix 2 to this announcement.

3. Going concern and the Group's plans going forward

   As set out in the Directors' Statement, after considering the measures taken by the Company and the Group with respect to Company's and the Group's ability to continue as a going concern as described in Note 2(b) to the Audited FP2023 Financial Statements, the Directors are of the opinion that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

   An extract of Note 2(b) to the Audited FP2023 Financial Statements pertaining to the Company's and the Group's going concern assumption is shown in Appendix 3 to this announcement.

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

   The Board notes the bases for Disclaimer of Opinion in the Audited FP2023 Financial Statements in Baker Tilly's Independent Auditor's Report.

   The Company will seek advice with its lawyers and other relevant professionals to determine the appropriate steps to be taken to address all matters raised in Baker Tilly's Independent Auditor's Report.

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

By Order of the Board

2 October 2023

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

The contact person for the Sponsor is Ms. Lee Khai Yinn (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Appendix 1

Independent Auditor's Report

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the 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 30 April 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial period from 1 November 2021 to 30 April 2023, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

1) *Opening balances and limitation of scope in relation to the China subsidiaries*

   The independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 October 2021 expressed a disclaimer of opinion. The extract of the basis for disclaimer of opinion is disclosed in Note 43 to the financial statements.

   In view of the matters described in the Basis for Disclaimer of Opinion on the financial statements for the financial year ended 31 October 2021, we are unable to determine whether the opening balances as at 1 November 2021 are fairly stated. Since the opening balances as at 1 November 2021 enter into the determination of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial period ended 30 April 2023, we are unable to determine whether any adjustments might have been found necessary in respect of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial period ended 30 April 2023.

   Furthermore, on the following matters which were similarly disclaimed by the predecessor auditors (Note 43) and relating to the China subsidiaries including Chongqing ecoWise Investment Management Co., Ltd. ("CQEIM"), Changyi Enersave Biomass to Energy Co., Ltd. ("CEBEC") and Chongqing eco-CTIG Rubber Technology Co., Ltd. ("CERT") (collectively, the "China subsidiaries") which have a continuing relevance to the current period financial statements are described below:

   a) the service agreements entered by CQEIM and the related accounting implications;

   b) the disclosure of related party relationships, transactions and balances in relation to the China subsidiaries;

1) *Opening balances and limitation of scope in relation to the China subsidiaries (cont'd)*

c) the completeness of the China subsidiaries included for the Group's consolidation purpose;

d) the accounting of long outstanding payable in relation to CEBEC;

e) the recoverability of receivables in relation to the China subsidiaries.

We were unable to obtain sufficient appropriate audit evidence such as confirmations from the lawyers, banks, related parties and third parties, and supporting documents for verification of certain balances and transactions for the China subsidiaries. We were also unable to carry out the necessary audit procedures to complete the review of subsequent events of the China subsidiaries from 30 April 2023 up to the date of this report.

Accordingly, we are unable to satisfy ourselves with regards to the recording and measurement of all transactions relating to China subsidiaries that may have occurred or are related to the above-mentioned matters during the financial period ended 30 April 2023 and whether the profit or loss, assets and liabilities are complete and fairly stated as at 30 April 2023, and the possible effect of these matters on the comparability of the current financial period's figures and the corresponding figures.

2) *Disposal Group classified as held for sale (in relation to the China subsidiaries)*

As at 30 April 2023, assets and liabilities in relation to the China subsidiaries have been reclassified as disposal group classified as held-for-sale which amounted to $1,056,000 and $2,410,000 respectively, as disclosed in Note 11 to the financial statements. The results of the Chinese subsidiaries have also been presented as "Discontinued operations" in the current financial period with the preceding financial year comparatives similarly re-presented

As at the date of this report, the sale of the China subsidiaries has not been completed and due to the circumstances described in Note 11, management is unable to provide further justification that the criteria to be classified as held-for-sale have been satisfactorily met in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. Consequently, we are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the classification and measurement of the disposal group classified as held-for-sale as at 30 April 2023.

In addition to Basis for Disclaimer (1), we are also unable to satisfy ourselves whether the loss from discontinued operations, and assets and liabilities directly associated to the disposal group classified as held-for-sale are complete and fairly stated as at 30 April 2023, including but not limited to the items described below:

(i) the loss from discontinued operations (net of tax) of $7,225,000 and assets and liabilities directly associated to the disposal group classified as held-for-sale as disclosed in Note 11 to the financial statements;

(ii) the basic and diluted loss per share attributable to equity holders of the Company for loss from discontinued operations as disclosed in Note 14 to the financial statements;

(iii) the reasonableness and appropriateness of expected credit loss recognised in the consolidated profit or loss and disclosures of credit risk related to the receivables as disclosed in Note 38(b) to the financial statements;

2) *Disposal Group classified as held for sale (in relation to the China subsidiaries) (cont'd)*

(iv) the reasonableness and appropriateness of impairment loss recognised in the consolidated profit or loss in relation to the disposal group classified as held-for-sale as disclosed in Note 11 to the financial statements;

(v) any other gain or loss to be recognised on the remeasurement of the disposal group classified as held-for-sale;

(vi) the cash flows effects of the discontinued operations to the consolidated statement of cash flows of the Group as disclosed in Note 11 to the financial statements;

(vii) the disclosure of related party information relating to disposal group; and

(viii) the disclosure of segment information relating to the disposal group.

3) *Internal audit under "Notice of Compliance" ("NOC")*

Included in the basis for disclaimer of opinion of the financial year ended 31 October 2021, as disclosed in Note 43 to the financial statements, Singapore Exchange Regulation Pte. Ltd. ("SGX RegCo") has issued a NOC which required the Company to commission an internal audit ("Internal Audit").

As at the date of this report, the Internal Audit is still on-going. Consequently, we are unable to determine the potential financial impact, if any, arising from the findings of the NOC. We are also unable to determine whether any additional audit procedures or any adjustments arising thereon may be required, and whether there will be any impact on the financial statements.

4) *Impairment assessment of the Group's property, plant and equipment in Malaysia*

As disclosed in Note 15 to the financial statements, the carrying amount of the Group's property, plant and equipment in Malaysia was $9,465,000 (31 October 2021: $16,800,000) and an impairment loss of $452,000 was recognised to write down the carrying amount of the Group's property, plant and equipment in Malaysia to its recoverable amount during the financial period ended 30 April 2023. Furthermore, in Note 43 to the financial statements, the basis for disclaimer of opinion of the preceding financial year included the impairment assessment on the Group's property, plant and equipment in Malaysia.

Since the opening balances as at 1 November 2021 enter into the determination of the current period's consolidated profit or loss, we are unable to determine whether adjustments to the current period's consolidated profit or loss and accumulated losses as at 1 November 2021 might be necessary in respect of the impairment loss of $452,000 recognised during the current financial period ended 30 April 2023. We were also unable to determine whether the necessary disclosures as required by SFRS (I) 1-36 were complete.

5) *Valuation of equity investment at fair value through profit or loss (previously classified as investment in an associate)*

As at 30 April 2023, the carrying amount of the Group's equity investment at fair value through profit or loss in relation to China-UK Low Carbon Enterprise Co., Ltd ("CULCEC") was $1,513,000 (31 October 2021: $1,513,000 classified as investment in an associate).

As disclosed in the Note 26 to the financial statements, the Group owned a 20% equity interest in CULCEC, which was previously accounted for as investment in an associate. The liquidation of CULCEC was approved by the court in China on 21 December 2020. As at 30 April 2023, the Group reclassified the investment in an associate to equity investment at fair value through profit or loss in accordance with SFRS(I) 9 Financial Instruments.

As at 30 April 2023, the Group assessed the fair value of the investment in unquoted equity shares by reference to the liquidator report dated on 31 December 2020 as there has been no update on the liquidation status of CULCEC. We are unable to satisfy ourselves that the carrying amount of the Group’s equity investment at fair value through profit or loss as at 30 April 2023 is fairly stated, and whether the classification of the Group’s investment in an associate as at 31 October 2021 was appropriate.

6) *Use of the going concern assumption*

We draw attention to Note 2(b) to the financial statements with respect to the Group’s and the Company’s ability to continue as going concerns. During the financial period ended 30 April 2023, the Group incurred a net loss of $14,082,000 (2021: $6,832,000). As at 30 April 2023, the Group’s and the Company’s current liabilities exceeded the current assets by $1,364,000 (31 October 2021: $76,000) and $7,486,000 (31 October 2021: $6,320,000) respectively. These conditions give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

The ability of the Group and of the Company to meet their liabilities as and when they fall due depends on the conclusion of the courses of action described in note 2(b). We were not provided with sufficient appropriate audit evidence to perform required assessment in order to conclude on the appropriateness of management’s use of the going concern basis of accounting.

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

Other Matter

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 October 2021 were audited by another auditor whose report dated 14 May 2022 expressed a disclaimer of opinion on the financial statements as disclosed in Note 43 to the financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Low See Lien.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

28 September 2023

Appendix 2
Material Variances Between Audited and Unaudited Figures for FP2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period from 1 November 2021 to 30 April 2023

	Group			
	FP2023 (S$'000) Audited	FP2023 (S$'000) Unaudited	FP2023 (S$'000) Variances	Note
Continuing Operations				
Revenue	**43,446**	44,665	(1,219)	**1**
Cost of Sales	**(39,541)**	(39,884)	343	**2**
Gross Profit	**3,905**	4,781	(876)	
Other Items of Income				
Finance Income	**4**	4	-	
Other Gains	**409**	559	(150)	**3**
Other Items of Expenses				
Marketing and Distribution Expenses	**(1,240)**	(1,162)	(78)	**4**
Administrative Expenses	**(7,643)**	(8,435)	792	**5**
Finance Costs	**(1,047)**	(1,047)	-	
Other Losses	**(1,089)**	-	(1,089)	**6**
Share of (Losses)/Profits from Associate and Jointly Controlled Entity, Net of Tax	**-**	-	-	
Profit Before Income Tax	**(6,701)**	(5,300)	(1,401)	
Income Tax Expense	**(156)**	39	(195)	**7**
Loss for the Period	**(6,857)**	(5,261)	(1,596)	
Discontinued Operations				
Loss from Discontinued Operations, Net of Tax	**(7,225)**	(1,039)	(6,186)	**8**
Total Loss	**(14,082)**	(6,300)	(7,782)	
Other Comprehensive Income/(Loss)				
Items that may be Reclassified Subsequently to Profit or Loss:				
Exchange Differences on Translating Foreign Operations, Net of Tax	**(827)**	(1,872)	1,045	**9**
Effective Portion of Changes in Fair Value of Cash Flow Hedges	**8**	8	-	
Item that may not be Reclassified Subsequently to Profit or Loss:				
Defined Benefit Plan - Actuarial (Loss)/Gain	**(46)**	47	(93)	**10**
Total Other Comprehensive Loss for the Period	**(865)**	(1,817)	952	
Total Comprehensive Loss for the Period	**(14,947)**	(8,117)	(6,830)	
Loss for the Period Attributable to:				
Owners of the Company	**(14,032)**	(6,251)	(7,781)	
Non-Controlling Interests	**(50)**	(49)	(1)	
	(14,082)	(6,300)	(7,782)	

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Period from 1 November 2021 to 30 April 2023 (Cont'd)

	Group			
	FP2023 (S$'000) Audited	**FP2023 (S$'000) Unaudited**	**FP2023 (S$'000) Variances**	**Note**
Loss for the Period Attributable to Equity Holders of the Company				
Loss from Continuing Operations	**(6,807)**	(5,212)	(1,595)	
Loss from Discontinued Operations	**(7,225)**	(1,039)	(6,186)	
	(14,032)	(6,251)	(7,781)	
Total Comprehensive Loss for the Period Attributable to:				
Owners of the Company	**(14,897)**	(8,068)	(6,829)	
Non-Controlling Interests	**(50)**	(49)	(1)	
Total Comprehensive Loss for the Period	**(14,947)**	(8,117)	(6,830)	

Notes to Consolidated Statement of Profit or Loss and Other Comprehensive Income for FP2023

1. The variance in revenue is due to (i) audit adjustment of S$797,000 in relation to sales cut off error, (ii) unreconciled differences on intercompany transactions in FP2023 of S$292,000 which were identified during the FP2023 Audit, and (iii) permanent consolidation adjustment of S$130,000 in relation to finance lease income in prior periods.

2. The variance in cost of sales is mainly due to (i) reversal of cost of sales of S$639,000 in connection with the sales cut off error mentioned above, (ii) additional depreciation expense of S$159,000, and (iii) provision for obsolete inventories of S$100,000.

3. The variance in other gains of S$150,000 is mainly due to adjustment of foreign exchange differences in Malaysia.

4. The variance in marketing and distribution expenses is due to audit adjustment passed to account for depreciation for the reinstatement cost.

5. The variance in administrative expenses is due to (i) over-accrual of professional fees of S$334,000, (ii) over-accrual of fine and penalty of S$105,000, (iii) over-accrual of staff cost of S$460,000, (iv) partially offset by additional impairment of property, plant and equipment and investment properties of S$107,000.

6. The variance in other losses is due to (i) additional impairment of property, plant and equipment of S$558,000, (ii) additional provision for doubtful debts of S$73,000, and (iii) adjustment of foreign exchange differences of S$458,000.

7. The variance in income tax expense relates to under-provision of income tax of S$217,000 less over-provision of deferred income tax of S$22,000 in Malaysia in prior years.

8. The variance in loss from discontinued operations relates to additional impairment of assets in the China subsidiaries.

9. The variance in exchange differences on translating foreign operations is due to (i) adjustments as mentioned in notes 3 and 6 above, and (ii) adjustment of S$437,000 relating to prior years.

10. The variance in the actuarial gain/loss is due to adjustment made after updating the defined benefit plan during the FP2023 Audit.

Statement of Financial Position
as at 30 April 2023

	Group			
	30 April 2023 (S$'000) Audited	**30 April 2023 (S$'000) Unaudited**	**30 April 2023 (S$'000) Variances**	**Note**
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	12,140	18,392	(6,252)	1
Right-of-use Assets	5,558	5,611	(53)	1
Investment Properties	1,486	1,528	(42)	1
Investment in an Associate	-	1,513	(1,513)	2
Finance Lease Receivables	4,474	4,694	(220)	3
Other Non-financial Assets	-	311	(311)	4
Total Non-Current Assets	23,658	32,049	(8,391)	
Current Assets				
Inventories	3,546	3,328	218	5
Financial assets at fair value through profit or loss	1,513	-	1,513	2
Trade and Other Receivables	7,188	9,422	(2,234)	6
Finance Lease Receivables	1,369	1,459	(90)	3
Derivative Financial Instruments	16	15	1	
Other Non-financial Assets	791	759	32	4
Cash and Cash Equivalents	908	1,195	(287)	7
	15,331	16,178	(847)	
Assets Held for Sale	20	-	20	1
Disposal Group Assets Classified as Held for Sale	1,056	1,056	-	8
Total Current Assets	16,407	17,234	(827)	
Total Assets	40,065	49,283	(9,218)	
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	47,890	47,890	-	
Accumulated Losses	(27,428)	(19,647)	(7,781)	9
Foreign Currency Translation Reserves	(5,852)	(6,897)	1,045	10
Other Reserves	2,182	2,220	(38)	
Equity Attributable to Owners of the Company	16,792	23,566	(6,774)	
Non-Controlling Interests	(36)	(35)	(1)	
Total Equity	16,756	23,531	(6,775)	
LIABILITIES				
Non-Current Liabilities				
Provisions	1,096	1,095	1	
Loans and Borrowings	3,448	8,049	(4,601)	11
Lease Liabilities	341	198	143	
Deferred Tax Liabilities	653	675	(22)	
Total Non-Current Liabilities	5,538	10,017	(4,479)	
Current Liabilities				
Income Tax Payable	137	131	6	
Trade and Other Payables	7,461	10,621	(3,160)	12
Loans and Borrowings	7,288	3,308	3,980	11
Lease Liabilities	475	617	(142)	
	15,361	14,677	684	
Liabilities Directly Associated with Disposal Group Classified as Held for Sale	2,410	1,058	1,352	12
Total Current Liabilities	17,771	15,735	2,036	
Total Liabilities	23,309	25,752	(2,443)	
Total Equity and Liabilities	40,065	49,283	(9,218)	

Notes to the Statement of Financial Position as at 30 April 2023

1. The variances are due to (i) additional depreciation and impairment of S$807,000 as described in notes 2, 4, 5 and 6 in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023, (ii) reclassification of property, plant and equipment of China subsidiaries of S$5.43 million into disposal group assets and into assets held for sale of S$20,000.

2. The variances are due to reclassification of investment in an associate to financial assets at fair value through profit or loss.

3. The variances are due to (i) permanent consolidation adjustment of S$130,000 in relation to finance lease income in prior period as described in note 1 in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023, (ii) reclassification of the current portion of the finance lease from non-current liabilities to current liabilities, and (iii) a reduction by S$180,000 in the current portion of the finance lease arising from the audit adjustment.

4. The variances are due to (i) reclassification of other non-financial assets of China subsidiaries of S$279,000 into disposal group assets and into other non-financial assets of S$32,000 under current assets.

5. The variance is mainly due to (i) reversal of cost of sales of S$639,000, (ii) provision for obsolete inventories of S$100,000 as described in note 2 in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023, and (iii) reclassification of inventories of S$284,000 to disposal group assets classified as held for sale.

6. The variance is due to (i) audit adjustment of S$797,000 in relation to sales cut off error, (ii) unreconciled differences on intercompany transactions in FP2023 of S$292,000, (iii) additional provision for doubtful debts of S$73,000 as described in notes 1 and 6 in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023, and (iv) reclassification of trade and other receivables of China subsidiaries of S$1.07 million into disposal group assets.

7. The variance is due to reclassification of cash and bank balances of China subsidiaries into disposal group assets.

8. Other than the land use right of S$1.06 million, all the assets of China subsidiaries have been impaired as at the balance sheet date.

9. Refer to variances as explained in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023.

10. Refer to variances as explained in note 9 in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023.

11. The variances are due to (i) reclassification of current portion of loans and borrowings of S$3.98 million from non-current liabilities to current liabilities and (ii) reclassification of loan from director of S$621,000 to trade and other payables.

12. The variances are mainly due to (i) over-accrual of expenses of S$792,000 as described in note 5 in the reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023 and (ii) reclassification of liabilities directly associated with disposal group.

Consolidated Statement of Cash Flows
for the financial period from 1 November 2021 to 30 April 2023

	FP2023 (Audited) $'000	FP2023 (Unaudited) $'000	Variance
Cash flows from operating activities			
Loss before tax from continuing operations	**(6,701)**	(5,261)	(1,440)
Loss before tax from discontinued operations	**(7,225)**	(1,039)	(6,186)
	(13,926)	(6,300)	(7,626)
Adjustments for:			
Income tax credit	**-**	(39)	39
Depreciation of property, plant and equipment	**3,478**	3,061	417
Depreciation of right-of-use assets	**1,968**	1,130	838
Depreciation of investment properties	**149**	150	(1)
Write-off of property, plant and equipment	**-**	10	(10)
Gain on disposal of property, plant and equipment	**(232)**	(232)	–
Impairment loss on investment properties	**43**	–	43
Impairment loss on property, plant and equipment	**4,678**	–	4,678
Impairment loss on right-of-use assets	**37**	–	37
Impairment on assets of disposal group classified as held-for sale	–	955	955
Allowance for doubtful debts	**2,710**	–	2,710
Inventories written off	**208**	–	208
Amortisation of land use rights	**84**	84	–
Net fair value loss on derivative financial instruments	**(9)**	(8)	(1)
Provision for retirement benefit obligations expenses, net	**6**	21	(15)
Finance income	**(1,106)**	(4)	(1,102)
Finance costs	**1,047**	1,047	-
Net foreign exchange loss/(gain)	**846**	(488)	1,334
Operating cash flows before changes in working capital	**(19)**	(613)	594
Inventories	**1,122**	1,548	(426)
Trade and other receivables	**(2,017)**	(2,496)	479
Lease receivables	**2,989**	1,573	1,416
Other non-financial assets	**527**	249	278
Trade and other payables	**667**	2,788	(2,121)
Provisions	–	(39)	39
Net cash flows from operations	**3,269**	3,010	259
Income tax paid	**(719)**	(201)	(518)
Income tax credit	–	(39)	39
Net cash flows from operating activities	**2,550**	2,809	(259)

Consolidated Statement of Cash Flows
for the financial period from 1 November 2021 to 30 April 2023 (Cont'd)

	1.11.2021 to 30.4.2023 (Audited) $'000	**1.11.2020 to 31.10.2021 (Unaudited) $'000**	**Variance**
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(870)**	(613)	(257)
Proceeds from disposal of property, plant and equipment	**232**	552	(320)
Interest income received	–	4	(4)
Net cash flows used in investing activities	**(638)**	(57)	(581)
Cash flows from financing activities			
Repayments of loans and borrowings	**(809)**	(762)	(47)
Lease liabilities - principal portion paid	**(1,487)**	(1,585)	98
Loan from directors	**621**	–	621
Interest expense paid	**(1,047)**	(1,047)	–
Net cash flows used in financing activities	**(2,722)**	(3,394)	672
Net decrease in cash and cash equivalents	**(810)**	(642)	(168)
Effect of exchange rate changes on cash and cash equivalents	**(183)**	(67)	(116)
Cash and cash equivalents, beginning balance	**1,772**	1,772	–
Cash and cash equivalents, ending balance	**779**	1,063	(284)

Notes to the Consolidated Statement of Cash Flows for FP2023

The variance in net cash flows from operating activities of S$259,000 is mainly due to impairment of cash and bank balances of China subsidiaries and the movements in current assets and liabilities as described in the reconciliation of statement of financial position as at 30 April 2023.

The variance in net cash flows used in investing activities of S$581,000 is mainly due to grossing up of property, plant and equipment acquired under lease liabilities.

The variance in net cash flows used in financing activities of S$672,000 was mainly due to reclassification of loan from director of S$621,000 from operating activities into financing activities.

For further details, refer to the variances as described in reconciliation of consolidated statement of profit or loss and other comprehensive income for FP2023 and statement of financial position as at 30 April 2023.

Appendix 3

Note 2(b) to the Audited FP2023 Financial Statements

2 Summary of significant accounting policies (cont'd)

(b) Material uncertainties related to going concern

As at the date of approval of these financial statements by the Board of Directors for issue, there are material uncertainties on the ability of the Group to continue as a going concern. Management noted that while the Group had loss before tax of $6,701,000 for the current reporting period (31.10.2021: loss before tax of $4,678,000), it had net current liabilities of $1,364,000 at 30 April 2023 (31.10.2021: net current liabilities of $76,000), and generated net cash of $2,550,000 (31.10.2021: $2,121,000) from operating activities for the current reporting period.

During the current reporting period, Management carried out the following measures to enable the Group to continue as a going concern:

a) Restructured the bank borrowings in Malaysia in relation to overdue payments as at 31 October 2021;

b) Repaired certain machinery and equipment in June 2022 so that the subsidiaries in Singapore and Malaysia are able to resume, to the extent possible, their former scale of operations;

c) Obtained a short term loan from its Executive Director and Chairman, Mr. Lee Thiam Seng to augment the Group's working capital requirements;

d) Further stabilised the operations in Singapore and Malaysia by (i) securing more orders from existing customers, (ii) obtaining orders from new customers and (iii) resuming former products and services that have been inactive in the prior periods;

e) Continue to work with strategic partners to offer more products and services that are synergistic with current operations;

f) Continue to explore collaboration opportunities with various technology companies in areas such as digitalisation, ICA (instrumentation, computerisation, and automation) and modularisation of process unit for developing and owning intellectual properties and proprietary know-how in the environmental industries; and

g) Continue to monetise its non-core assets in Singapore and Malaysia;

Management prepared the financial statements using the going concern assumption on the basis that the actions that it has taken and continue to undertake are sufficient to mitigate the going concern uncertainty.

As at the date these financial statements were authorised for issue, the directors express the further opinion that the ability of the Company and the Group to pay their debts as and when they fall due is dependent on the continued success of the above efforts.

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

Notwithstanding, please read this Note 2(b) in conjunction with paragraph 6 of the report of the external auditor dated 28 September 2023.