
QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE ANNUAL REPORT OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Enviro-Hub Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 April 2022 in relation to the Company’s Annual Report for the financial year ended 31 December 2021 (“**AR 2021**”) announced on 6 April 2022, and wishes to respond as follows: -

Query 1: We noted the differences in the preliminary final results announced on 24 February 2022 and the audited accounts in your annual report. In accordance with Rule 704(6), please disclose and explain the material adjustments.

Response: The Group has made an adjustment in relation to the provision of fair value gain on precious metal inventory held as at financial year end. The adjustment has no significant impact to the Group’s overall financial positions announced on 24 February 2022. The financial implication of the adjustment has been disclosed as follows:

Consolidated statement of profit or loss and other comprehensive income
Year ended 31 December 2021

	Audited	Unaudited	Variance	
	\$'000	\$'000	\$'000	%
Continuing operations				
Revenue	40,423	40,423	–	–
Cost of sales	(31,213)	(31,213)	–	–
Gross profit	9,210	9,210	–	–
Other income	6,363	6,873	(510)	(7.4)
Selling and distribution expenses	(3,014)	(3,014)	–	–
General and administrative expenses	(4,989)	(4,989)	–	–
Reversal of/(allowance for) impairment losses on trade and other receivables	69	69	–	–
Other operating expenses	(244)	(244)	–	–
Results from operating activities	7,395	7,905	(510)	(6.5)
Finance income	43	43	–	–
Finance costs	(2,320)	(2,320)	–	–
Net finance costs	(2,277)	(2,277)	–	–
Share of profit of associates (net of tax)	516	516	–	–
Profit/(loss) before taxation	5,634	6,144	(510)	(8.3)
Income tax (expense)/credit	(45)	(45)	–	–
Profit/(loss) for the year	5,589	6,099	(510)	(8.4)
Other comprehensive income				
Items that are or may be reclassified to profit or loss:				
Translation differences relating to financial statements of foreign operations and a subsidiary with functional currency in foreign currency	53	56	(3)	(5)
Other comprehensive income for the year	53	56	(3)	(5)
Total comprehensive income for the year	5,642	6,155	(513)	(8.3)
Profit/(loss) attributable to:				
Owners of the Company	2,690	3,200	(510)	(15.9)
Non-controlling interests	2,899	2,899	–	–
Profit/(loss) for the year	5,589	6,099	(510)	(8.4)
Total comprehensive income attributable to:				
Owners of the Company	2,565	3,078	(513)	(16.7)
Non-controlling interests	3,077	3,077	–	–
Total comprehensive income for the year	5,642	6,155	(513)	(8.3)
Earnings per share:				
Basic and diluted (cents)	0.21	0.25	0.04	16.0

Statements of financial position
As at 31 December 2021

	Audited \$'000	Unaudited \$'000	Variance	
			\$'000	%
Non-current assets				
Property, plant and equipment	35,825	35,825	–	–
Intangible assets	26,855	26,855	–	–
Investment properties	59,702	59,702	–	–
Subsidiaries	–	–	–	–
Investments in associates	–	–	–	–
Trade and other receivables	2	2	–	–
	<u>122,384</u>	<u>122,384</u>	–	–
Current assets				
Assets held for sale	6,695	6,695	–	–
Inventories	6,894	7,407	(513)	(6.9)
Trade and other receivables	6,127	6,127	–	–
Cash and cash equivalents	15,273	15,273	–	–
	<u>34,989</u>	<u>35,502</u>	(513)	(6.9)
Total assets	<u>157,373</u>	<u>157,886</u>	(513)	(0.3)
Equity attributable to owners of the Company				
Share capital	126,820	126,820	–	–
Foreign currency translation reserve	107	110	(3)	(2.7)
Other reserve	(6,852)	(6,852)	–	–
Accumulated losses	(39,428)	(38,918)	(510)	1.3
	<u>80,647</u>	<u>81,160</u>	(513)	(0.6)
Non-controlling interests	(810)	(810)	–	–
Total equity	<u>79,837</u>	<u>80,350</u>	(513)	(0.6)
Non-current liabilities				
Loans and borrowings	20,636	20,636	–	–
Trade and other payables	4,350	4,350	–	–
Deferred tax liabilities	416	416	–	–
	<u>25,402</u>	<u>25,402</u>	–	–
Current liabilities				
Loans and borrowings	32,639	32,639	–	–
Trade and other payables	19,477	19,477	–	–
Current tax payable	18	18	–	–
	<u>52,134</u>	<u>52,134</u>	–	–
Total liabilities	<u>77,536</u>	<u>77,536</u>	–	–
Total equity and liabilities	<u>157,373</u>	<u>157,886</u>	(513)	(0.6)

Query 2: We note the Board opined, with the concurrence of the Audit Committee, that there are adequate controls in place within the Group addressing material financial, operational, compliance and information technology risks to meet the needs of the Group in their current business environment. Besides what has been disclosed, Rule 1207(10) also requires the board's comment on the adequacy and effectiveness of the issuer's risk management systems. Please provide the board's comment on the adequacy and effectiveness of the Company's risk management systems.

Response: The Company had engaged independent consultant -KPMG Services Pte. Ltd. to assist in the review of the Group’s governance structure in response to the requirements under Listing Rule 1207(10). This includes reviewing the Group’s structure and mechanism of its various business, operational activities and internal functions in arriving at the requirement for the Board and the Audit Committee (AC) to issue an opinion on the internal controls system. The Board, the Audit Committee (“AC”) and the Management assume the responsibility of the risk management function on ongoing basis. The Management has also put in place a financial risk management policy and regularly reviews the Company’s business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the directors and AC. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. Details of the Group’s risk management policy are set out in Note 32 “Financial Risk Management” of the Notes to the Consolidated Financial Statements.

The Board with the concurrence of AC is of the opinion that the risk management within the Group that has been maintained by the Group’s management and that was in place throughout the financial year are adequate and effective.

Query 3: Rule 1207(10C) requires the Audit Committee's comment on whether the internal audit function is independent, effective and adequately resourced. Please provide the Audit Committee's comment in accordance with the rule.

Response:

The Group has outsourced its internal audit function to audit professionals, Nexis TS Risk Advisory Pte Ltd. The internal auditor (“IA”) plans its internal audit schedule and scope of work in consultation with the Audit Committee (“AC”) and reports directly and independently to the AC. The AC reviews and approves the annual audit plan and resources to ensure that the IA has the necessary resources to adequately perform their duties. The AC also reviews the activities of the IA on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The AC also decides on the appointment, termination and remuneration of outsourced internal audit professionals.

The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the internal audit function is independent, effective and adequately resourced, has unfettered access to all the Group’s documents, records, properties and personnel, including the AC. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals.

BY ORDER OF THE BOARD

Raymond Ng
Executive Chairman
14 April 2022