



**EINDEC CORPORATION LIMITED**  
(Company Registration No. 201508913H)  
(Incorporated in the Republic of Singapore on 2 April 2015)

## **MEDIA RELEASE**

### **For Immediate Release**

## **Eindec's 1H2016 Revenue Rises 49% To S\$9.8 million**

### **Highlights**

- Sale of air purifiers boosts revenue and lifts overall gross margin to 38.5%
- Net asset value per share improves to 13.82 cents
- Air purifier industry prospects remain positive

<b>Half year ended 30 June (S\$'000)</b>	<b>1H2016</b>	<b>1H2015</b>	<b>Change</b>
Revenue	9,824	6,600	▲49%
Gross Profit	3,784	2,303	▲64%
Profit Before Tax	642	415	▲55%
Profit After Tax	277	358	▼23%
Earnings Per Share (Singapore cents)	0.26	0.34	▼24%

**SINGAPORE, 12 August 2016:** **CATALIST-LISTED** Eindec Corporation Limited (英德集团有限公司) ("Eindec" or together with its subsidiaries, the "Group"), a regional clean air environmental and technological solutions provider, announced that revenue for the half year ended 30 June 2016 ("**1H2016**") rose by 48.8% to S\$9.8 million, from S\$6.6 million a year ago mainly due to contribution from the new air purifier products segment.

The lower revenue from the clean room equipment, HVAC products and other products segments offsets the increase in the new revenue stream from air purifier product segment., which were affected by the lacklustre global economic growth and the global downturn in the offshore oil and gas sector as the low oil prices dampened the customers' demand for HVAC products such as fire and smoke dampers to be used on board of oil rigs.

For 1H2016, the air purifier products segment was the largest revenue contributor at 45.4%, followed by HVAC products at 32.3%, clean room equipment at 20.3% and others segment at 2.0%.

The air purifier products segment, which has a higher profit margin of 51.4%, also lifted overall gross profit margin to 38.5% in 1H2016, compared with 34.9% in 1H2015. As such, gross profit increased by 64.3% to S\$3.8 million.

However, an increase in other operating expenses related to start-up of new environmental and technological solution products business operation as well as higher tax expenses in the People's Republic of China ("PRC"), and additional corporate expenses as a listed company have led to a 22.6% decrease in net profit to S\$277,000 in 1H2016, as compared with S\$358,000 in 1H2015.

**Mr. Paul Chia (谢伟豪), the Group's Executive Director and CEO said: *"The new air purifier business has injected a new growth engine to our revenue. While the macro environment remains challenging, we believe that prospects for the air purifier business remains positive underpinned by increasing consumer awareness of health issues related to air pollution."***

### **Financial Position**

The Group had net assets of S\$14.9 million as at 30 June 2016, translating into a net asset value per share of 13.82 Singapore cents compared with 12.68 Singapore cents as at 31 December 2015.

### **Business Outlook**

The immense and sustained economic growth in the PRC has led to increasing levels of hazardous smog and worsening air pollution in the PRC, particularly in large cities coupled with increasing urban population. Meanwhile, the middle class in the PRC has continued to become increasingly affluent and public awareness on air pollution has increased. This has resulted in increased demand for air purifiers from urban household consumers. The prospects of the PRC's consumer air purifier industry are buoyed by challenges in air

pollution control, with an expected compounded annual growth rate of 30.2% from 2014 to 2017<sup>1</sup>.

We have made inroads into the hospital and industrial segments and have completed projects in Ren Min Hospital and Zhong Yuan Bank in Zheng Zhou, Henan Province and Tsinghua University in Shenzhen, Guangdong Province.

In addition, our research and development team has achieved a new breakthrough in commercial air purifiers leading to a successful tender award by a property developer in Henan Province. The total award of RMB33 million in total contract value comprises RMB3 million for the first phase for research & development and design and RMB30 million for the second phase for supply and installation phase in year 2017. We have commenced and have received our first progress payment for the first phase. The success of this project will mark the Group's focus to target our commercial air purifiers in the real estate industry.

Further to our China research & development roadmap, we have also launched a new series of ceiling and wall-mounted fresh air purifiers during the current period. We are planning a joint research and development project for outdoor air purifiers with a renown Chinese University, which we expect completion in year 2017.

In addition, our air purifiers are now available for sale on various ecommerce channels such as Wechat, Qoo10 and Lazada.

The Group has also begun the sale of air purifiers in Singapore with initial success through Courts (Singapore) Pte Ltd and retailers. Furthermore, we have also completed research and development of a new series of air purifiers for the industrial and commercial sectors, ready for launch in Singapore during the second half of year 2016.

Given the global economic doldrums, the momentum of growth in Asia has been dampened, amid a multi-year restructuring of the Chinese economy, lacklustre demand in key export markets and the slow pace of domestic reforms in certain economies. The unpredictable

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<sup>1</sup> PRC Consumer Air Purifier Industry Report by Converging Knowledge Private Limited dated 10 September 2015. Please refer to the Offer Document for further details.

consequences of the UK vote to leave the European Union further dented confidence globally<sup>2</sup>.

With the lacklustre global economic growth, the corresponding growth of the global building, electronics, pharmaceutical, biotechnology, chemical and food and beverage industries which require clean room equipment and HVAC equipment may be negatively affected. Although the majority of our revenue from our clean room and HVAC equipment businesses was generated from the building and electronics industry in Singapore and the ASEAN countries, we are seeing signs of an upturn in the second half of year 2016 as we are following up on positive leads in the region. Productivity wise, we continue to enhance our efforts in material cost savings, restructuring of operational processes and engineering design.

The Ministry of Trade and Industry, Singapore, has forecasted Singapore's gross domestic product growth to be between 2.0% and 4.0% in each year from 2015 to 2020<sup>3</sup>. However, forecasted Singapore's gross domestic product growth had been adjusted downwards to between 1.0% and 2.0%, from 1.0% and 3.0% for FY2016<sup>4</sup>.

The current global downturn in offshore oil and gas sector due to the low oil prices may affect customers' demand for fire and smoke dampers to be used on board of oil rigs in the next 12 months.

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*This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 12 August 2016.*

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<sup>2</sup> Monetary Authority of Singapore's Annual Report 2015/2016.

<sup>3</sup> Article entitled Singapore's Economic Growth Potential Up to 2020 ([https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-First-Quarter-2015/BA\\_1Q15.pdf](https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-First-Quarter-2015/BA_1Q15.pdf)).

<sup>4</sup> The Ministry of Trade and Industry, Singapore Press Release ([https://www.gov.sg/resources/sgpc/media\\_releases/mti/press\\_release/P-20160811-1](https://www.gov.sg/resources/sgpc/media_releases/mti/press_release/P-20160811-1))

## **ABOUT EINDEC CORPORATION LIMITED (SGX STOCK CODE: 42Z)**

**Eindec Corporation Limited**, together with its subsidiaries ("**Eindec**" or the "**Group**") is a regional clean air environmental and technological solutions group with diversified product lines spanning the commercial, industrial and consumer market segments.

Started in 1984, the Group has an established track record in the design, manufacture and distribution of clean room and heating, ventilation and air-conditioning ("**HVAC**") equipment across a diversified customer base, which includes the building, clean room, and offshore oil & gas industries.

Leveraging on its technological expertise in clean room equipment, Eindec has diversified into the air purifier market with its own brand of smart air purifiers for distribution to the consumer market in the PRC.

Based in Singapore, Eindec operates two facilities in Singapore and Malaysia to design, fabricate, install and test products, which are sold regionally, including Southeast Asia, PRC and Europe.

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Issued on behalf of **EINDEC CORPORATION LIMITED** by:

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