

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

This announcement has been prepared by Eindex Corporation Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

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The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Unaudited Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2021

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EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(A) Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group					
		2H2021 (unaudited)	2H2020 (unaudited)	Change	FY2021 (unaudited)	FY2020 (audited)	Change
Note		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	9,148	17,289	(47)	16,835	20,395	(17)
Cost of sales		(7,121)	(13,372)	(47)	(12,945)	(16,083)	(20)
Gross profit		2,027	3,917	(48)	3,890	4,312	(10)
Other income		201	365	(45)	267	664	(60)
Administrative expenses		(2,165)	(2,379)	(9)	(4,368)	(4,604)	(5)
Reversal of expected credit loss/(Expected credit loss) on trade receivables		14	(22)	n.m.	7	(22)	n.m.
Other operating expenses		(14)	(4)	n.m.	(14)	(4)	n.m.
Results from operating activities		63	1,877	(97)	(218)	346	n.m.
Finance income		17	18	(6)	35	41	(15)
Finance costs		(121)	(124)	(2)	(258)	(230)	12
Net finance cost		(104)	(106)	(2)	(223)	(189)	18
(Loss)/Profit before income tax	6	(41)	1,771	n.m.	(441)	157	n.m.
Income tax expense	7	(233)	(275)	(15)	(234)	(275)	(15)
(Loss)/Profit for the period/year		(274)	1,496	n.m.	(675)	(118)	n.m.
Other comprehensive (loss)/ income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translation of foreign operations		(28)	48	n.m.	(83)	86	n.m.
Total comprehensive (loss)/income for the period/year, net of tax		(302)	1,544	n.m.	(758)	(32)	n.m.
(Loss)/income for the period/year attributable to:							
Equity holders of the Company		(412)	1,007	n.m.	(953)	(607)	57
Non-controlling interests		138	489	(72)	278	489	(43)
		(274)	1,496	n.m.	(675)	(118)	n.m.
Total comprehensive (loss)/income for the period/year attributable to:							
Equity holders of the Company		(431)	1,048	n.m.	(1,043)	(528)	98
Non-controlling interests		129	496	(74)	285	496	(43)
		(302)	1,544	n.m.	(758)	(32)	n.m.
(Loss)/Profit per share attributable to owners of the Company							
Basic and diluted (S\$ cents)		(0.38)	0.94	n.m.	(0.88)	(0.56)	57

n.m. denotes not meaningful

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(B) Condensed interim statement of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	5,466	7,437	-	-
Intangible assets	9	152	171	-	-
Subsidiaries		-	-	9,300	9,300
Total non-current assets		5,618	7,608	9,300	9,300
Current assets					
Inventories		5,797	3,160	-	-
Trade and other receivables		11,362	8,854	2,445	2,910
Cash and bank balances		1,977	5,144	102	115
Other investments	10	1,103	1,316	-	-
Total current assets		20,239	18,474	2,547	3,025
Total assets		25,857	26,082	11,847	12,325
EQUITY AND LIABILITIES					
Capital, reserves and non-controlling interests					
Share capital	11	14,917	14,917	14,917	14,917
Reserves		(10,791)	(10,701)	-	-
Retained earnings / (Accumulated losses)		1,822	2,775	(5,245)	(4,734)
Equity attributable to owners of the Company		5,948	6,991	9,672	10,183
Non-controlling interests		811	526	-	-
Total equity		6,759	7,517	9,672	10,183

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(B) Condensed interim statement of financial position (cont'd)

	Note	Group		Company	
		As at	As at	As at	As at
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities					
Loans and borrowings	12	1,157	2,439	-	-
Deferred tax liabilities		202	180	-	-
Total non-current liabilities		1,359	2,619	-	-
Current liabilities					
Loans and borrowings	12	3,009	3,582	-	-
Trade and other payables		12,887	11,051	2,175	2,142
Contract liabilities		1,416	1,067	-	-
Income tax payable		427	246	-	-
Total current liabilities		17,739	15,946	2,175	2,142
Total liabilities		19,098	18,565	2,175	2,142
Total equity and liabilities		25,857	26,082	11,847	12,325
Net asset value per ordinary share (S\$ cents)		5.52	6.49	8.98	9.45

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(C) Condensed interim statement of changes in equity

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1.2021 (audited)	14,917	(9,138)	(1,687)	124	2,775	6,991	526	7,517
Loss for the year	-	-	-	-	(953)	(953)	278	(675)
<i>Other comprehensive (loss)/income</i>								
Foreign currency translation differences from foreign operations	-	-	(90)	-	-	(90)	7	(83)
Total comprehensive (loss)/income for the period/year, net of tax	-	-	(90)	-	(953)	(1,043)	285	(758)
Balance at 31.12.2021 (unaudited)	14,917	(9,138)	(1,777)	124	1,822	5,948	811	6,759

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(C) Condensed interim statement of changes in equity (cont'd)

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1.2020 (audited)	14,917	(9,138)	(1,766)	124	3,382	7,519	-	7,519
Loss for the year	-	-	-	-	(607)	(607)	489	(118)
<i>Other comprehensive (loss)/income</i>								
Foreign currency translation differences from foreign operations	-	-	79	-	-	79	7	86
Total comprehensive (loss)/income for the period/year, net of tax	-	-	79	-	(607)	(528)	496	(32)
Capital injection from non-controlling interests	-	-	-	-	-	-	132	132
Losses before capital injection into a subsidiary relating to non-controlling interests	-	-	-	-	-	-	(102)	(102)
Balance at 31.12.2020 (audited)	14,917	(9,138)	(1,687)	124	2,775	6,991	526	7,517

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(C) Condensed interim statement of changes in equity (cont'd)

	Share capital	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000
Balance at 1.1.2021 (audited)	14,917	(4,734)	10,183
Loss for the period, representing total comprehensive loss for the period	-	(511)	(511)
Balance at 31.12.2021 (unaudited)	14,917	(5,245)	9,672

	Share capital	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000
Balance at 1.1.2020 (audited)	14,917	(4,283)	10,634
Loss for the period, representing total comprehensive loss for the period	-	(451)	(451)
Balance at 31.12.2020 (audited)	14,917	(4,734)	10,183

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(D) Condensed interim consolidated statement of cash flows

	Group	
	FY2021 (unaudited)	FY2020 (audited)
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/Profit before tax	(441)	157
Adjustments for:		
Amortisation of intangible assets	19	15
Bad debts written off	2	1
(Reversal of expected credit loss)/		
Expected credit loss on trade receivables	(7)	22
Depreciation of property, plant and equipment	1,452	962
Loss on disposal of property, plant and equipment	4	-
Government grant – overprovision in previous year	(24)	-
Property, plant and equipment written off	1	3
Overprovision of service fee	-	(26)
Write-back of inventories (net)	(20)	(89)
Gain on lease modification	(9)	-
Interest expenses	258	230
Interest income	(35)	(41)
Effects of exchange rate changes	85	95
	1,285	1,329
Changes in working capital:		
Inventories	(2,617)	93
Trade and other receivables	(2,503)	(3,935)
Trade and other payables	938	4,813
Contract liabilities	349	604
Cash (used in)/generated from operations	(2,548)	2,904
Interest received	35	41
Tax paid	(42)	(68)
Net cash (used in)/generated from operating activities	(2,555)	2,877
Cash flows from investing activities		
Purchase of property, plant and equipment	(44)	(109)
Expenditure on intangible assets	-	(15)
Net proceeds from other investments	276	422
Net cash generated from investing activities	232	298

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(D) Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	FY2021 (unaudited)	FY2020 (audited)
	S\$'000	S\$'000
Cash flows from financing activities		
Interest paid	(124)	(161)
Proceeds from short-term financing	-	521
Repayment of short-term financing	(56)	-
Principal payment of lease liabilities	(527)	(681)
Proceeds from bank borrowings	125	489
Repayment of bank borrowings	(16)	-
Capital injection from non-controlling interests	-	132
Net cash (used in)/generated from financing activities	(598)	300
Net (decrease)/increase in cash and cash equivalents	(2,921)	3,475
Cash and cash equivalents at the beginning of the financial year	4,249	790
Effect of exchange rate changes on cash and cash equivalents	(180)	(16)
Cash and cash equivalents at the end of the financial year	1,148	4,249
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	1,977	5,144
Bank overdraft	(829)	(895)
Cash and cash equivalents as per consolidated statement of cash flows	1,148	4,249

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

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(E) Notes to the unaudited condensed interim consolidated financial statements

1 Corporate information

Indec Corporation Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is 100H Pasir Panjang Road, OC@ Pasir Panjang, #01-01 Singapore 118524. The Company was listed on the Catalist Board of the SGX-ST on 15 January 2016.

The immediate and ultimate holding company is Weiye Holdings Limited, a company incorporated in Singapore and listed on the Stock Exchange of Hong Kong.

These unaudited condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”).

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are:

- (a) design, manufacture and distribution of clean room equipment;
- (b) design, manufacture and distribution of heating, ventilation and air-conditioning equipment;
- (c) design, manufacture and distribution of environmental and technological solutions products such as air purifiers integrated solutions; and
- (d) distribution and installation of cooling towers.

COVID-19 Impact

The COVID-19 outbreak and the measures taken to contain the spread of the virus variants have negatively impacted the Group’s operations and its financial performance for the financial year ended 31 December 2021. The Group saw an estimated 30% decline in production output with the mandated 60% workforce capacity and shorter working hours by the Malaysian government at its manufacturing plant in Malaysia from 28 May 2021 to end September 2021. The Group’s manufacturing operations have gradually resumed after 100% of the workforce had been vaccinated. The collective actions by the Singapore government to slow down community transmission including tougher action taken on positive cases among workers who are infected since early September 2021¹, saw a significant decline in the Group’s revenue in the fourth quarter of 2021 (“Q4 2021”).

The COVID-19 pandemic remains fluid as the world continues to tackle uncertainties from the emergence of new variants. From time to time, the Group’s business operations will inevitably be affected by the safe management measures implemented by governments in the region where the Group operates. Moreover, the Group has begun to feel the impact of global semiconductor supply shortages in Q4 2021 and this snowball effect of the COVID-19 pandemic on the global chip crisis could begin to ease only in the second half of 2022². Unless the supply of electrical components could otherwise catch up in due course, the Group expects that the cleanroom equipment business segment may experience a slowdown after the order books have been fully fulfilled in the first half of 2022. Against the backdrop of ongoing challenges, the Group will continue to maintain a cautious outlook and adjust its strategy from time to time for the next twelve months to safeguard its financial position.

¹ <https://www.gov.sg/article/slowing-down-covid-19-community-transmission>

² <https://www.fitchratings.com/research/corporate-finance/global-chip-shortage-to-ease-in-2h22-improvement-will-not-be-linear-07-02-2022>

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(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation

The unaudited condensed interim financial statements for the six months ("2H2021") and full year ended 31 December 2021 ("FY2021") have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020 ("FY2020").

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The unaudited condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

The Group has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2021:

a. Amendments to SFRS(I) 16 Covid-19-related Rent Concessions

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group and of the Company.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

The preparation of the unaudited condensed financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for FY2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

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(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

- Impairment of non-financial assets, including property, plant and equipment and intangible asset;
- Depreciation of property, plant and equipment and amortisation of intangible asset;
- Valuation of trade receivables; and
- Valuation of inventories.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Control over a subsidiary, Henan Yunzhi Security Technology Co., Ltd, with an effective interest of 35%.

3 Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and Revenue Information

The Group is organised into the following main business segments:

(i) Clean room equipment ("CRE");

A clean room provides an environment where the humidity, temperature and particles in the air are precisely controlled. Clean room equipment includes fan filter units, air showers, clean booths, pass boxes, clean hand dryers and clean benches, amongst others.

(ii) Heating ventilation and air-conditioning products ("HVAC");

Heating ventilation and air-conditioning products are essentially deflection grilles and air diffusers installed to channel and regulate the airflow into the environment within the building to ensure an even distribution of air within the confined space.

(iii) Air purification integrated solutions ("AP");

Air purification equipment (also referred to as air cleaners) are electrical devices that remove solid and gaseous pollutants from the air such as formaldehyde and PM2.5 which may pose adverse health risks that include breathing difficulties, asthma and allergies. Through the function of air filters or sterilizing systems built into each air purification equipment, the concentration of dust, contaminants, fine particles and volatile organic compounds in the air are reduced to the benefit of individuals within the immediate vicinity. Integrated with air purification systems, other solutions such as smart home equipment with integrated security system implementation services, renovation materials, and supply and installation of smart door and window systems have been included in this segment.

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(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

(iv) Others.

Others refers to cooling towers which is complementary to the heating ventilation and air-conditioning products in Singapore.

The Group's acting Chief Executive Officer ("CEO") monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment loss before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment loss is used to assess performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no inter-segment sales within the Group.

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(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

The following is an analysis of the Group's revenue and results by reportable segment:

4.1 Reportable Segments

	Group			
	Revenue		Segments results	
	2H2021 (unaudited)	2H2020 (unaudited)	2H2021 (unaudited)	2H2020 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
CRE	1,763	4,252	178	311
HVAC	2,828	2,591	(290)	601
AP	4,491	10,230	62	647
Others	66	216	(43)	(21)
	9,148	17,289	(93)	1,538
Unallocated items:				
Other income			178	360
Other operating expenses			(7)	(26)
Finance income			-	-
Finance cost			(119)	(101)
(Loss)/Profit before income tax			(41)	1,771
Income tax expense			(233)	(275)
(Loss)/Profit after income tax			(274)	1,496

	Group			
	Revenue		Segments results	
	FY2021 (unaudited)	FY2020 (audited)	FY2021 (unaudited)	FY2020 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
CRE	3,587	5,222	(203)	(142)
HVAC	5,874	4,183	(47)	(272)
AP	7,241	10,667	(93)	266
Others	133	323	(70)	(39)
	16,835	20,395	(413)	(187)
Unallocated items:				
Other income			240	577
Other operating expenses			(14)	(26)
Finance income			-	-
Finance cost			(254)	(207)
(Loss)/Profit before income tax			(441)	157
Income tax expense			(234)	(275)
Loss after income tax			(675)	(118)

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(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Group	
	As at 31.12.2021 (unaudited)	As at 31.12.2020 (audited)
<u>Segment assets</u>		
CRE	1,391	2,638
HVAC	2,109	2,983
AP	12,706	12,302
Others	35	89
Total segment assets	16,241	18,012
Unallocated assets [#]	9,616	8,070
Consolidated total assets	25,857	26,082
<u>Segment liabilities</u>		
CRE	626	576
HVAC	84	68
AP	9,476	7,710
Others	39	30
Total segment liabilities	10,225	8,384
Unallocated liabilities [^]	8,873	10,181
Consolidated total liabilities	19,098	18,565

Unallocated assets are mainly related to a portion of the property, plant and equipment, other investments and cash and cash equivalents which are utilised by more than one segment of the Group.

[^] Unallocated liabilities are mainly related to the Group's loans and borrowings from external parties and the immediate holding company which are utilised by more than one segment of the Group.

	Group					
	CRE	HVAC	AP	Others	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>2H2021 (unaudited)</u>						
Other segment information:						
(Reversal of credit loss)/Expected						
credit loss on trade receivables	1	(26)	-	-	11	(14)
Amortisation of						
intangible assets	-	-	-	-	9	9
Depreciation of PPE	12	(240)	881	1	-	654
Capital expenditure	-	-	266	(4)	40	302

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4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Group					
	CRE	HVAC	AP	Others	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>2H2020 (unaudited)</u>						
Other segment information:						
(Reversal of credit loss)/Expected						
credit loss on trade receivables	(18)	(29)	-	-	69	22
Amortisation of						
intangible assets	-	-	-	-	7	7
Depreciation of PPE	196	53	342	(1)	-	590
Capital expenditure	-	-	2,989	-	89	3,078
<u>FY2021 (unaudited)</u>						
Other segment information:						
(Reversal of credit loss)/Expected						
credit loss on trade receivables	1	3	-	-	(11)	(7)
Amortisation of						
intangible assets	-	-	-	-	19	19
Depreciation of PPE	306	253	881	12	-	1,452
Capital expenditure	-	-	266	-	44	310
<u>FY2020 (audited)</u>						
Other segment information:						
(Reversal of credit loss)/Expected						
credit loss on trade receivables	(18)	(29)	-	-	69	22
Amortisation of						
intangible assets	-	-	-	-	15	15
Depreciation of PPE	331	275	342	14	-	962
Capital expenditure	-	-	2,989	-	166	3,155

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(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

<u>Group</u>	<u>CRE</u> <u>S\$'000</u>	<u>HVAC</u> <u>S\$'000</u>	<u>AP</u> <u>S\$'000</u>	<u>Others</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
<u>2H2021 (unaudited)</u>					
Primary geographical markets					
Singapore	583	2,783	-	58	3,424
Malaysia	817	26	-	-	843
People's Republic of China	-	1	4,491	-	4,492
Vietnam	22	-	-	-	22
Thailand	2	-	-	-	2
Hong Kong	-	-	-	-	-
Philippines	142	-	-	-	142
Others	206	17	-	-	223
	1,772	2,827	4,491	58	9,148
Major products/service line					
Sale of goods	1,720	2,827	532	58	5,137
Installation service	52	-	3,959	-	4,011
	1,772	2,827	4,491	58	9,148
Timing of revenue recognition					
At a point in time	1,772	2,827	4,491	58	9,148
<u>2H2020 (audited)</u>					
Primary geographical markets					
Singapore	2,221	2,729	-	214	5,164
Malaysia	1,711	10	-	-	1,721
People's Republic of China	-	3	10,230	-	10,233
Vietnam	110	-	-	-	110
Thailand	-	-	-	-	-
Hong Kong	-	-	-	-	-
Philippines	11	-	-	-	11
Others	28	22	-	-	50
	4,081	2,764	10,230	214	17,289
Major products/service line					
Sale of goods	4,001	2,764	6,635	214	13,614
Installation service	80	-	3,595	-	3,675
	4,081	2,764	10,230	214	17,289
Timing of revenue recognition					
At a point in time	4,081	2,764	10,230	214	17,289

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

Group	CRE S\$'000	HVAC S\$'000	AP S\$'000	Others S\$'000	Total S\$'000
<u>FY2021 (unaudited)</u>					
Primary geographical markets					
Singapore	1,364	5,430	-	133	6,927
Malaysia	901	27	-	-	928
People's Republic of China	-	2	7,241	-	7,243
Vietnam	32	-	-	-	32
Thailand	747	-	-	-	747
Hong Kong	-	379	-	-	379
Philippines	272	-	-	-	272
Others	271	36	-	-	307
	3,587	5,874	7,241	133	16,835
Major products/service line					
Sale of goods	3,535	5,874	1,068	133	10,610
Installation service	52	-	6,173	-	6,225
	3,587	5,874	7,241	133	16,835
Timing of revenue recognition					
At a point in time	3,587	5,874	7,241	133	16,835
<u>FY2020 (audited)</u>					
Primary geographical markets					
Singapore	2,832	4,145	-	323	7,300
Malaysia	2,146	10	-	-	2,156
People's Republic of China	-	3	10,667	-	10,670
Vietnam	110	-	-	-	110
Thailand	11	-	-	-	11
Hong Kong	-	-	-	-	-
Philippines	53	-	-	-	53
Others	70	25	-	-	95
	5,222	4,183	10,667	323	20,395
Major products/service line					
Sale of goods	5142	4,183	7,072	323	16,720
Installation service	80	-	3,595	-	3,675
	5,222	4,183	10,667	323	20,395
Timing of revenue recognition					
At a point in time	5,222	4,183	10,667	323	20,395

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

A breakdown of sales:

	Group		Increase/ (Decrease)
	FY2021	FY2020	
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	7,687	3,106	n.m
(b) Operating loss after tax before deducting minority interests reported for first half year	(401)	(1,614)	(75)
(c) Sales reported for second half of year	9,148	17,289	(47)
(d) Operating profit/ (loss) after tax before deducting minority interests reported for second half year	(274)	1,496	n.m

5 Financial assets and financial liabilities

Fair value measurement

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

5 Financial assets and financial liabilities (cont'd)

The carrying amounts and fair values of financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020, including their levels in the fair value hierarchy are as follows:

	Carrying amount				Fair value
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total	Level 2
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
31.12.2021 (unaudited)					
Trade and other receivables	11,042	-	-	11,042	-
Cash and cash equivalents	1,977	-	-	1,977	-
Debt investments	636	467	-	1,103	467
	13,655	467	-	14,122	
Loan and borrowings	-	-	(4,166)	(4,166)	-
Trade and other payables	-	-	(12,887)	(12,887)	-
	-	-	(17,053)	(17,053)	
31.12.2020 (audited)					
Trade and other receivables	8,642	-	-	8,642	-
Cash and cash equivalents	5,144	-	-	5,144	-
Debt investments	709	607	-	1,316	607
	14,495	607	-	15,102	
Loan and borrowings	-	-	(6,021)	(6,021)	-
Trade and other payables	-	-	(11,051)	(11,051)	-
	-	-	(17,072)	(17,072)	
Company					
31.12.2021 (unaudited)					
Trade and other receivables	2,435	-	-	2,435	-
Cash and cash equivalents	102	-	-	102	-
	2,537	-	-	2,537	-
Trade and other payables	-	-	(2,175)	(2,175)	-
31.12.2020 (audited)					
Trade and other receivables	2,901	-	-	2,901	-
Cash and cash equivalents	115	-	-	115	-
	3,016	-	-	3,016	-
Trade and other payables	-	-	(2,142)	(2,142)	-

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

6 Financials Before Taxation

6.1 Significant Items

	Group					
	2H2021 (unaudited)	2H2020 (unaudited)	Change	FY2021 (unaudited)	FY2020 (audited)	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income						
Government grants						
- Overprovision in previous year	-	-	n.m.	24	-	n.m.
- Current year	(40)	(201)	(80)	(51)	(464)	(89)
Net foreign exchange gains	(99)	(116)	(15)	(167)	(143)	17
Write-back of inventories (net)	(20)	(89)	(78)	(20)	(89)	(78)
Expenses						
Amortisation of intangible assets	9	7	29	19	15	27
Bad debts written off	2	1	100	2	1	100
Depreciation of property, plant and equipment ⁽¹⁾	654	590	11	1,452	962	51
Employee benefits expense	1,813	1,802	1	3,654	3,618	1
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	5,706	11,982	(52)	9,854	13,760	(28)
Loss on disposal of property, plant and equipment	4	-	n.m.	4	-	n.m.
Property, plant and equipment written-off	-	3	(100)	1	3	(67)
Research and development	68	119	(43)	161	281	(43)
Short-term and low value leases expenses	89	153	(42)	158	158	-

⁽¹⁾ Included in cost of sales and administrative expenses.

6.2 Related Party Transactions

	Group			
	2H2021 (unaudited)	2H2020 (unaudited)	FY2021 (unaudited)	FY2020 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Expenses/(Income)				
<i>Immediate and ultimate holding company</i>				
- Interest expenses paid/payable	33	32	65	69
- Shared services income received/receivable	(6)	(6)	(12)	(12)
<i>Non-controlling shareholders</i>				
- Rental paid/payable	261	269	792	269

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

7 Income Tax Expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	2H2021 (unaudited)	2H2020 (unaudited)	FY2021 (unaudited)	FY2020 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense				
- Current year	198	259	199	259
- Under provision in respect of prior years	10	9	10	9
	208	268	209	268
Deferred tax expense				
- Origination and reversal of temporary differences	16	10	16	10
- Under/(Over) provision in respect of prior years	9	(3)	9	(3)
	25	7	25	7
Tax expense on operations	233	275	234	275

8 Property, Plant and Equipment

During FY2021, the Group acquired property, plant and equipment with an aggregate cost of S\$310,000 (FY2020: S\$3.14 million) of which S\$44,000 (FY2020: S\$110,000) was paid in cash and S\$266,000 (FY2020: S\$3.03 million) was acquired by means of lease liabilities. Property, plant and equipment with carrying amount of S\$4,000 was disposed during FY2021 (31.12.2020: S\$ Nil).

8.1 Valuation of Freehold Land and Building ("Property assets")

The management undertook their annual review of the carrying amounts of Property assets under property, plant and equipment for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken by the Group.

The fair value of the Group's Property assets is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the Comparison Method and the Depreciated Replacement Cost Method of valuation to determine the fair value of the Properties.

On 31 December 2021, the Group has reviewed the fair value of the Group's Property assets for financial reporting purposes, which has been determined based on the Property assets' highest and best use. Management has assessed that the recoverable amount of the Group's Property assets is above of its carrying value, and concluded that the Group's Property assets are not impaired.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

9 Intangible assets

Intangible assets comprise development expenditure capitalised in relation to new product technologies developed by the Group and software.

For the financial year ended 31 December 2021, the Group did not have additions to intangible assets.

For the financial year ended 31 December 2020, the Group had additions to intangible assets amounting to S\$15,000.

9.1 Impairment loss

In the prior financial years, due to continued operating losses and tighter market conditions, management assessed that there were indicators of impairment on the recoverable amount of the North Asia cash-generating-unit (“CGU”) that included the development cost capitalised. Accordingly, the Group recorded an impairment loss in the statement of comprehensive income in the prior financial year to fully impair the development cost capitalised.

During the financial year ended 31 December 2021, the North Asia CGU continued to incur losses, and management has assessed that the recoverable amounts and the development cost remained fully impaired.

10 Other Investments

	Group	
	As at 31.12.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000
Debt investments at fair value through profit or loss (“FVTPL”)	467	607
Debt investment at amortised cost	636	709
	1,103	1,316

Debt investment classified as at amortised cost of the Group has a fixed interest rate of 3.30% (As at 31 December 2020: 3.50%) per annum and matures within 3 months.

Debt investments at FVTPL have variable returns of 3.17% (As at 31 December 2020: 3.2%) per annum.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

11 Share Capital

	Group and Company			
	As at 31.12.2021 (unaudited)	As at 31.12.2020 (audited)	As at 31.12.2021 (unaudited)	As at 31.12.2020 (audited)
	No. of shares	S\$'000	No. of shares	S\$'000
At the beginning and the end of the financial year	107,700,000	14,917	107,700,000	14,917

The Company did not hold any treasury shares as at 31 December 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

The Company did not have any outstanding options and convertible securities as at 31 December 2021 and 31 December 2020.

12 Loans and borrowings

	Group	
	As at 31.12.2021 (unaudited)	As at 31.12.2020 (audited)
	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	3,009	3,582
Unsecured	-	-
	3,009	3,582
<u>Amount repayable after one year</u>		
Secured	1,157	2,439
Unsecured	-	-
	1,157	2,439

Details of any collateral

The Group's loans and borrowings comprised finance leases and right-of-use liabilities.

(a) Bank overdrafts and loans are secured by a charge over the following:

- (i) legal mortgage over the Group's freehold property; and
- (ii) deed of debenture provided by a subsidiary for Malaysia Ringgit 10 million.

(b) The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(E) Notes to the unaudited condensed interim consolidated financial statements (cont'd)

12 Loans and borrowings (cont'd)

During the current financial year, a subsidiary has secured an additional credit facility limit of S\$939,000 (MYR 2.90 million equivalent) with Public Bank Berhad for the subsidiary's operational working capital.

13 Event occurring after reporting date

On 13 January 2022, the Group announced that Eindec Singapore Pte. Ltd ("Eindec Singapore"), a wholly owned subsidiary of the Company, had exercised two options to purchase two office units at 10 Bukit Batok Crescent, The Spire, Singapore 658079 (the "Properties") to be used as the Company's office premises upon expiry of its existing tenancy at 100H Pasir Panjang Road, #01-01 OC@Pasir Panjang, Singapore 118524. The consideration for the Properties amounted to an aggregate cash consideration of S\$1.50 million (the "Purchase Consideration"), where S\$1.20 million or 80% of the Purchase Consideration will be financed by bank borrowings.

As at the date of this announcement, the purchase of the Properties is still in progress.

(F) Other information required pursuant to Appendix 7C of the Catalyst Rules

OTHER INFORMATION

1 Review

The condensed consolidated statement of financial position of Eindec Corporation Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month and full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

1.1 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2020 are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group

2(a) Income Statement

(i) Revenue, cost of sales and gross profit

2H2021 vs 2H2020

	Revenue		
	2H2021	2H2020	Change
	(unaudited)	(unaudited)	
	S\$'000	S\$'000	%
CRE	1,763	4,252	(59)
HVAC	2,828	2,591	9
AP	4,491	10,230	(56)
Others	66	216	(69)
	9,148	17,289	(47)

The Group's revenue decreased by S\$8.14 million or 47%, from S\$17.29 million for the six months ended 31 December 2020 ("2H2020") to S\$9.15 million in 2H2021. The decrease in revenue was mainly due to the decrease in revenue contribution from the enhanced AP segment. The slowdown in the AP segment was not only affected by the selling price ceiling implemented by the government of the People's Republic of China ("PRC") earlier, but also the real estate industry in China where the government of PRC has placed further pressure on the real estate industry by reducing developers' reliance on debt. In addition to the above, the decline in revenue in 2H2021 (as compared to 2H2020) was due to disruption of sales in FY2020. With the first outbreak of COVID-19 in early 2020, various cities implemented lock-downs. This resulted in a disruption in the completion of sales by the Group in the first half of 2020 ("1H2020") where it recognized lower revenue for 1H2020, and subsequently, higher revenue for 2H2020 as the Group was able to resume its operations gradually in 2H2020. In FY2021, the Group experienced normalized sales during the year.

In tandem with the decrease in revenue, the Group's cost of sales decreased by S\$6.25 million or 47%, from S\$13.37 million in 2H2020 to S\$7.12 million in 2H2021. As a result, gross profit decreased from S\$3.92 million in 2H2020 to S\$2.03 million in 2H2021, while the Group's gross profit margin remained relatively stable at between 22% and 23%.

FY2021 vs FY2020

	Revenue		
	FY2021	FY2020	Change
	(unaudited)	(audited)	
	S\$'000	S\$'000	%
CRE	3,587	5,222	(31)
HVAC	5,874	4,183	(40)
AP	7,241	10,667	(32)
Others	133	323	(59)
	16,835	20,395	(17)

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(a) Income Statement (cont'd)

The Group reported a decline in revenue by S\$3.56 million or 17%, from S\$20.40 million in FY2020 to S\$16.84 million for FY2021, mainly as a result of the following:

1. The CRE segment reported a decrease in revenue by S\$1.63 million or 31%, from S\$5.22 million in FY2020 to S\$3.59 million in FY2021, mainly due to delay in the award of projects amidst the spread of Delta variant in the various countries where the Group participated.
2. The AP segment reported a decrease in revenue by S\$3.43 million or 32%, from S\$10.67 million in FY2020 to S\$7.24 million in FY2021. The performance for the AP segment was affected by the PRC's credit tightening measures put on the property sector.
3. Cooling tower revenue recorded under Other segment declined by S\$0.19 million or 59%, from S\$0.32 million in FY2020 to S\$0.13 million in FY2021. The supply of cooling tower was affected by the shifting of supplier's factory from China to Vietnam which prolonged the lead time for delivery.
4. The decline in the above-mentioned business segments were cushioned by the increase in revenue from the HVAC segment. The HVAC segment reported an increase in revenue by S\$1.69 million, from S\$4.18 million in FY2020 to S\$5.87 million in FY2021, mainly due to delay in the delivery of projects from FY2020 to FY2021. Projects delivered in FY2021 represented a mix of on-going projects secured in prior years and Additions & Alterations ("A&A") works in Singapore.

Please refer to Section E, Note 4.1 of this announcement for further details.

With the decrease in revenue, cost of sales decreased by S\$3.13 million or 19%, from S\$16.08 million in FY2020 to S\$12.95 million in FY2021.

As a result, the Group's gross profit decreased by S\$0.42 million or 10%, from S\$4.31 million in FY2020 to S\$3.89 million in FY2021. Correspondingly, the gross profit margin reported by the Group improved from 21% in FY2020 to 23% in FY2021.

(ii) Other income

2H2021 vs 2H2020

Other income decreased by S\$0.16 million or 45%, from S\$0.37 million in 2H2020 to S\$0.20 million in 2H2021. The decrease was mainly due to (i) the absence of the Job Support Scheme and foreign worker levy rebate granted by the Singapore government as the Group was not eligible to receive in 2H2021 (2H2020: S\$0.20 million); and (ii) decrease in foreign exchange gain of S\$17,000 mainly due to the depreciation of Singapore Dollar against United States Dollar. The aforementioned decrease was partially offset by (i) increase in sundry income of S\$47,000, and (ii) reversal of expected credit loss on trade receivables of S\$7,000 due to lower allowance of expected credit loss on trade receivables in FY2021 following the repayment of overdue trade receivables.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(a) Income Statement (cont'd)

FY2021 vs FY2021

Other income decreased by S\$0.39 million or 60%, from S\$0.66 million in FY2020 to S\$0.27 million in FY2021, mainly due to the decrease of S\$0.44 million in Job Support Scheme and foreign worker levy rebate. The decrease was partially offset by (i) increase in miscellaneous income of S\$51,000; (ii) reversal of expected credit loss on trade receivables of S\$7,000 as explained above; and (iii) increase in foreign exchange gain of S\$24,000 mainly due to appreciation of Singapore Dollar against Ringgit Malaysia.

(iii) Administrative expenses

The Group's administrative expenses decreased by S\$0.21 million or 9%, from S\$2.38 million in 2H2020 to S\$2.17 million in 2H2021. The decrease in administrative expenses was mainly due to (i) decrease in marketing expenses, travelling expenses and various repair and maintenance expenses as a result of further cost control measures implemented within the Group; and (ii) lower research and development expenses for air purifier products. Correspondingly, the total administrative expenses decreased by S\$0.23 million or 5%, from S\$4.60 million in FY2020 to S\$4.37 million in FY2021.

Depreciation expense increased by S\$60,000 or 10%, from S\$0.59 million in 2H2020 to S\$0.65 million in 2H2021. The increase was mainly due to increase in right-of-use ("ROU") assets which resulted in higher depreciation charges of property, plant and equipment. As a result, depreciation expense increased by S\$0.49 million or 51%, from S\$0.96 million in FY2020 to S\$1.45 million in FY2021.

(iv) Finance income

Finance income remained relatively stable in 2H2021 and 2H2020.

Finance income decreased by S\$6,000 or 15%, from S\$41,000 in FY2020 to S\$35,000 in FY2021 mainly due to lower principal amount invested in the short-term capital protected investments with banks.

(v) Finance costs

Finance cost remained relatively stable in 2H2021 and 2H2020.

Finance cost increased by S\$28,000 or 12%, from S\$0.23 million in FY2020 to S\$0.26 million in FY2021 mainly due to the increase in ROU lease interest expenses on lease liabilities.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

(vi) Loss for the period/year

As a result of the aforementioned, the Group recorded a net loss of S\$0.27 million for 2H2021 as compared to net profit of S\$1.50 million in 2H2020. Correspondingly, the Group's net loss for FY2021 expanded from S\$0.12 million in FY2020 to S\$0.68 million in FY2021.

2(b) Statement of financial position

The Group's working capital and net assets decreased in tandem with the losses reported by the Group in FY2021. As at 31 December 2021, the Group recorded positive working capital of S\$2.50 million (FY2020: S\$2.53 million) and the net asset value per ordinary share of 5.52 (FY2020: 6.49) Singapore cents.

(i) Non-current assets

Non-current assets decreased by S\$1.99 million or 26%, from S\$7.61 million as at 31 December 2020 to S\$5.62 million as at 31 December 2021, mainly due to decrease in property, plant and equipment ("PPE"). PPE decreased from S\$7.44 million as at 31 December 2020 to S\$5.47 million as at 31 December 2021, mainly due to (i) termination of ROU assets of S\$0.85 million as a result of the termination of lease agreement; and (ii) depreciation charges of ROU assets and PPE of S\$1.20 million and S\$0.25 million respectively. The decrease in PPE was partially offset by: (i) purchase of plant and machineries of S\$0.04 million; and (ii) increase in ROU assets of S\$0.27 million due to the signing of a new tenancy agreement.

Intangible assets decreased by S\$19,000 or 11%, from S\$171,000 as at 31 December 2020 to S\$152,000 as at 31 December 2021, mainly due to the amortisation of software.

(ii) Current assets

Current assets increased by S\$1.77 million or 10%, from S\$18.47 million as at 31 December 2020 to S\$20.24 million as at 31 December 2021, due to increase in trade and other receivables and inventories, partially offset by decrease in short-term financial instruments and cash and bank balances.

Trade and other receivables increased by S\$2.51 million or 28%, from S\$8.85 million as at 31 December 2020 to S\$11.36 million as at 31 December 2021, mainly due to slower repayment by customers in the AP segment. The Group's debtor turnover days increased from 150 days as at 31 December 2020 to 197 days as at 31 December 2021.

Inventories increased by S\$2.64 million or 84%, from S\$3.16 million as at 31 December 2020 to S\$5.80 million as at 31 December 2021, mainly due to increase in raw materials acquired and work-in-progress inventories put into production for the order books secured in the last quarter of FY2021 which will be subsequently delivered in the first half of FY2022.

Other investments as at 31 December 2021 relates to investment in short-term capital protected investment with banks. Decrease in other investment of S\$0.21 million or 16% from S\$1.32 million as at 31 December 2020 to S\$1.10 million as at 31 December 2021 was due to partial redemption of short-term financial instruments for working capital purposes.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalyst Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(b) Statement of financial position (cont'd)

Cash and bank balances decreased by S\$3.16 million or 62% from S\$5.14 million as at 31 December 2020 to S\$1.98 million as at 31 December 2021. Please refer to Section 2(c) below on statement of cash flows for explanations on the decrease in cash and bank balances of the Group.

(iii) **Non-current liabilities**

Non-current liabilities decreased by S\$1.26 million or 48% from S\$2.62 million as at 31 December 2020 to S\$1.36 million as at 31 December 2021, mainly due to decrease in loans and borrowings, offset by increase in deferred tax liabilities.

Loan and borrowings which comprised bank loans, finance leases and ROU liabilities decreased by S\$1.28 million or 53% from S\$2.44 million as at 31 December 2020 to S\$1.16 million as at 31 December 2021, mainly due to (i) decrease in ROU liabilities of S\$1.21 million resulted from the termination of lease agreements; and (ii) repayment of finance leases and term loans of S\$74,000.

Deferred tax liabilities increased by S\$22,000 or 12% from S\$0.18 million as at 31 December 2020 to S\$0.20 million as at 31 December 2021 as a result of (i) origination of temporary differences of S\$16,000; and (ii) under-provision of deferred tax expense in prior years of S\$9,000, partially offset by exchange difference of S\$3,000.

(iv) **Current liabilities**

Current liabilities increased by S\$1.79 million or 11%, from S\$15.95 million as at 31 December 2020 to S\$17.74 million as at 31 December 2021, mainly due to increase in trade and other payables, contract liabilities and income tax payables, partially offset by decrease in loan and borrowings.

Trade and other payables increased by S\$1.84 million or 17% from S\$11.05 million as at 31 December 2020 to S\$12.89 million as at 31 December 2021, mainly due to (i) increase in purchase of raw materials for order books secured in the last quarter of FY2021 as explained in para 2(b)(ii) above; and (ii) slower settlement of trade and other payables in the AP segment.

Contract liabilities increased by S\$0.35 million or 33% from S\$1.07 million as at 31 December 2020 to S\$1.42 million as at 31 December 2021, mainly due to increase in advanced payment from customers for on-going projects.

Income tax payable increased by S\$0.18 million or 74% from S\$0.25 million as at 31 December 2020 to S\$0.43 million as at 31 December 2021, mainly due to provision of current year income tax recorded by profitable subsidiaries in FY2021.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

2 Review of performance of the Group (cont'd)

2(b) Statement of financial position (cont'd)

Loans and borrowings decreased by S\$0.57 million or 16% from S\$3.58 million as at 31 December 2020 to S\$3.01 million as at 31 December 2021, mainly due to (i) termination of lease agreements and repayment of lease liabilities of S\$0.44 million; (ii) repayment of short-term financing loans of S\$0.14 million upon maturity; and (iii) repayment of finance leases of S\$70,000.

(v) **Non-controlling interests**

Non-controlling interests of S\$0.81 million as at 31 December 2021 (S\$0.53 million as at 31 December 2020) related to profits accounted by 35%-owned subsidiary, Henan Yunzhi and 51%-owned subsidiary, Henan Construction.

2(c) Statement of cash flows

Net cash used in operating activities in FY2021 was S\$2.56 million. This was mainly due to (i) increase in inventories of S\$2.62 million, (ii) increase in trade and other receivables of S\$2.50 million, partially offset by (iii) increase in trade and other payables of S\$0.94 million; (iv) increase in contract liabilities of S\$0.35 million, and (v) profit before changes in working capital of S\$1.29 million.

Net cash generated from investing activities in FY2021 was S\$0.23 million, mainly due to redemption of short-term capital protected investments of S\$0.28 million, partially offset by purchase of property, plant and equipment of S\$44,000.

Net cash used in financing activities in FY2021 was S\$0.60 million, mainly due to (i) repayment of lease liabilities of S\$0.53 million, (ii) interest paid to financial institutions of S\$0.12 million, (iii) repayment of short-term financing of S\$56,000, and (iv) repayment of bank borrowings of S\$S\$16,000, partially offset by (v) proceeds from bank borrowings S\$0.13 million.

As a result, the Group utilised cash and cash equivalents of S\$2.92 million in FY2021. The cash and cash equivalents as at 31 December 2021 amounted to S\$1.15 million.

3 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group had on 3 January 2022 announced a surge in sales orders for the supply of HVAC and CRE equipment for new projects in both Singapore and the overseas markets. Barring unforeseen circumstances, the bulk of the order books will be fulfilled within the next 12 months.

While governments are looking forward to reopening their economies, the progress is gradual with uncertainties aplenty, in particular, where the current Omicron variant of coronavirus appears to trigger a spike in cases globally. This could potentially continue to weigh on the Group's business operations and financial performance.

Due to COVID-19 restrictions, the productivity in the Group's manufacturing plant is constrained by manpower shortages. The Group is looking to expand its production workforce and enhance process automation to cope with the increase in sales orders, amidst the labour shortage situation in Malaysia⁴.

The global chip shortage prompted by the Covid-19 pandemic has snowballed and this ongoing crisis is resulting in raw materials supply disruption, especially for some components applied in the Group's proprietary cleanroom equipment. While the Group is committed to delivering contracted orders to our customers, the adverse impact of supply shortage on key components in our proprietary products could potentially lead to cancellation or delay in sales orders.

The Group remains cautious in its outlook for the next 12 months and will be mindful of the evolving business environment amidst the disruptions to the supply chain and delays in projects, predominantly in the semiconductor industry and construction sector, which are undermined by the Covid-19 pandemic. To ensure long term sustainability, the Group will continue to exercise prudence and vigilance to safeguard its financial position.

As at the date of this announcement, the Group has current outstanding balance-of-works on hand of approximately S\$17.35 million.

⁴ <https://www.theedgemarkets.com/article/fmm-msia-needs-replenish-over-600000-foreign-workers-2022-overcome-current-acute-manpower>

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

5 Dividend information

5a. Current Financial Period Reported on

Any dividend recommended/declared for the current financial period reported on?

No dividend has been declared or recommended for FY2021, as the Group recorded net loss for FY2021 and the Board of Directors deems it appropriate to conserve funds for the Group's business activities.

5b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

None.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

6 Interested person transactions ("IPTs")

The Group had obtained a general mandate from shareholders for IPTs at the Company's extraordinary general meeting held on 27 April 2018 and was last renewed at the annual general meeting held on 22 April 2021. Please refer to the addendum to the 2020 annual report of the Company dated 7 April 2021 for further details.

There were no interested person transactions conducted under the IPT Mandate pursuant to Rule 920 that were more than S\$100,000 in FY2021.

7 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings under Rule 720(1) of the Catalist Rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H of the Catalist Rules.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(F) Other information required pursuant to Appendix 7C of the Catalist Rules (cont'd)

8 Review of the performance of the Group – turnover and earnings

Please refer to Section F(2a) of this announcement.

9 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules

There is no relative of a director or chief executive officer or substantial shareholder of the issuer occupying a managerial position in the issuer or any of its principal subsidiaries pursuant to Rule 704(13) of the Catalist Rules.

10 Disclosure pursuant to Rule 706A of the Catalist Rules

The Company did not acquire or dispose shares in an entity which will result in that entity in becoming or ceasing to be, a subsidiary or associated company of the Company, or result in a change in the Company's shareholding percentage in a subsidiary or associated company during FY2021.

ORDER OF THE BOARD

EINDEC CORPORATION LIMITED

Zhang Wei
Non-Executive Chairman

Singapore
28 February 2022